CONSTANTIN
MEDIEN AG

ANNUAL REPORT 2014

Simplified corporate structure

As of December 31, 2014

CONSTANTIN MEDIEN AG

Major subsidiaries of Constantin Medien AG

100%

- sport1
- sport1 MEDIA
- PLAZAMEDIA

52,39%

Highlight

Major subsidiaries of Highlight Communications AG

100%

- TEAM MARKETING
- Constantin Film
- RAINBOW HOME ENTERTAINMENT
- constantin entertainment

68.99%

- HIGHLIGHT EVENT & ENTERTAINMENT

Key Figures

in EUR million

	12/31/2014	12/31/2013*
Non-current assets	**235.1**	267.1
Film assets	**133.3**	172.2
Other intangible assets	**32.9**	32.1
Balance sheet total	**424.7**	493.5
Subscribed capital	**93.6**	85.1
Equity	**62.5**	54.9
Equity ratio (in percent)	**14.7%**	11.1%
Non-current financial liabilities	**97.6**	109.6
Current financial liabilities	**67.6**	124.0
	1/1 to 12/31/2014	1/1 to 12/31/2013*
Sales	**487.8**	458.3
Sports	**148.2**	147.4
Film	**295.6**	268.3
Sports- and Event-Marketing	**41.1**	39.7
Other Business Activities	**2.9**	2.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**123.4**	94.0
Amortization, depreciation and impairment	**-102.0**	-86.1
Profit from operations (EBIT)	**21.4**	7.9
Earnings before taxes (EBT)	**8.4**	-3.1
Net loss attributable to shareholders	**-3.3**	-11.0
Cash flow from operating activities	**122.3**	79.1
Cash flow for investing activities	**-68.0**	-120.2
Cash flow for/from financing activities	**-64.2**	33.4
	12/31/2014	12/31/2013
Shares outstanding in million	**86.2**	77.7
Share price in Euro	**1.30**	1.69
Market capitalization (based on shares outstanding)	**112.1**	131.3
	1/1 to 12/31/2014	1/1 to 12/31/2013*
Average number of shares outstanding (basic) in million	**81.5**	77.7
Earnings per share (basic) in EUR	**-0.04**	-0.14
Earnings per share (diluted) in EUR	**-0.04**	-0.14
Employees (at closing)	**1,512**	1,496

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

The Year

January 2014

Effective January 1, 2014, Bernhard Burgener, Chairman of the Management Board of Constantin Film AG, moves to the Company's Supervisory Board and is elected as Chairman of this Board, after the previous office holder Fred Kogel resigned ahead of time.

At Bavarian Film Awards ceremony, the Constantin Film blockbuster "Fack Ju Göhte" receives the Audience Award. The Constantin Film co-production "Ostwind" receives the Bavarian Film Award in the category Best Children's and Teen Film of 2013.

Since the end of January, SPORT1 US can also be received in SD and HD quality via Entertain, the pay-TV platform of Deutsche Telekom.

February 2014

Of the Winter Olympics 2014 in Sochi, SPORT1 broadcasts a total of 27 live women's and men's ice-hockey matches in free-TV and also as livestream on SPORT1.de.

March 2014

In mid-March, SPORT1 announces the acquisition of the pay-TV exploitation rights to Major League Baseball (MLB) for the German-speaking region for the next three match periods. The MLB is part of the program of SPORT1 US.

In mid-March, the Constantin Film co-production "3096" receives the "Deutscher Hörfilmpreis" in the category Theatrical Film. The Constantin Film TV series "Dahoam is Dahoam" receives the Audience Award.

April 2014

At the beginning of April SPORT1 acquires broadcasting rights for the FIBA Basketball World Cup 2014 in Spain from August 30 to September 2014.

May 2014

At the beginning of May, SPORT1 announces the acquisition of the pay-TV exploitation rights for the National Hockey League (NHL) for the seasons 2014/15 and 2015/16. SPORT1 US will be broadcasting the NHL starting in October 2014.

At the German Film Award ceremony held on May 9, "Fack Ju Göhte" is honoured with the prize in the category "Best-visited Film". The Constantin Film co-production "Ostwind" is awarded "Best Children's Film" in 2013.

On May 19, Constantin Medien AG terminates the negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in the context of the sale of 100 percent of shares in the PLAZAMEDIA group agreed on December 5, 2014, as well as the sale of 25.1 percent of shares each in Sport1 GmbH and Sport1 Media GmbH (previously Constantin Sport Marketing GmbH).

June 2014

PLAZAMEDIA provides extensive production services during the 2014 FIFA World Cup™ in Brazil, including for ZDF and HBS.

At the Conference of the International Union of Cinemas (UNIC) in mid-June, Constantin Film AG is awarded the CineEurope Independent Film Award for its performance in the last 30 years.

July 2014

As of July 1, SPORT1 agrees a co-operation with Studio71 in the multichannel network area. Within the co-operation, SPORT1's current YouTube channels are developed further and new video channels are added.

On July 4, Constantin Medien AG places 8,469,220 new shares with selected investors as part of a capital increase against cash contributions excluding subscription rights of the shareholders. The capital increase results in net proceeds of EUR 10.3 million for the Company.

On July 30, the Annual General Meeting of Constantin Medien AG appointed Jean-Baptiste Felten and René Camenzind to the Company's Supervisory Board. The former Supervisory Board Members Werner E. Klatten and Fred Kogel resigned from the Board. Dr Dieter Hahn is subsequently appointed as the new Chairman of the Supervisory Board.

In July, SPORT1.de reaches its best unique user value in its history. At 3.57 million unique users, the online platform significantly exceeds the prior year value of 2.92 million.

On July 31, the extensive relaunch of all online and mobile offers of SPORT1 starts and is performed in several steps and includes extensive innovations.

August 2014

On August 28, Constantin Medien AG prematurely repays in full the 9% corporate bond 2010/2015 with a volume of EUR 30.0 million.

September 2014

SPORT1 acquires the free-TV rights to the Beko Basketball Bundesliga from Deutsche Telekom for the match periods 2014/15 and 2015/16.

"Fack ju Göhte" also sets new benchmarks in Home Entertainment exploitation and exceeds the magic threshold of one million DVDs and Blu-rays sold at the end of September.

October 2014

Since October 9, the marketing subsidiary Constantin Sport Marketing has appeared with its new positioning, extended performance spectrum and under the new name SPORT1 MEDIA – with a clear focus on marketing of the offers under the SPORT1 umbrella brand.

November 2014

At the end of November, SPORT1 acquires extensive exploitation rights form ADFAC including live and magazine reporting of the ADAC GT Masters for the 2015 season.

December 2014

On December 11, the continuation of the successful marketing co-operation between the Vienna Philharmonic Orchestra and Highlight Event AG up to 2022 is announced.





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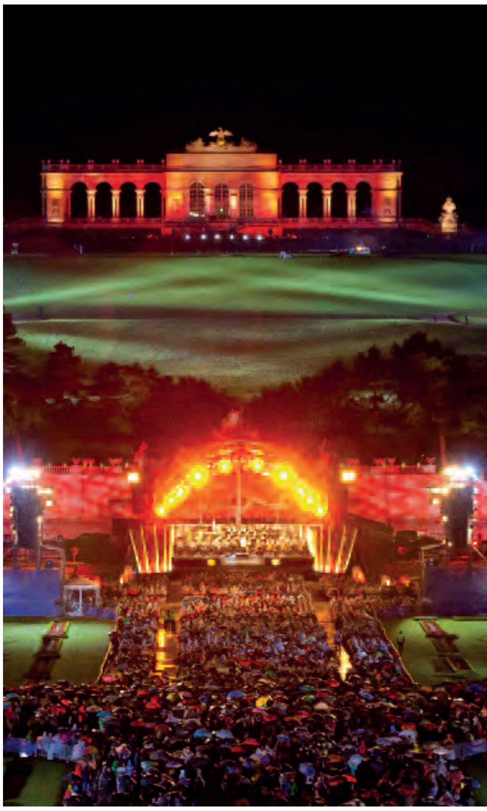





WINNERS


Content

The Company

Combined Group Management and Management Report

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. Constantin Medien AG 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

Finance Calendar

THE COMPANY

Foreword by the Chairman of the Management Board

Dear Shareholders,

In 2014, the Constantin Medien Group developed positively both strategically and economically and exceeded its own expectations. The Company particularly enjoyed dynamic growth in the second half of the year, especially caused by the Segments Sports and Film. Consequently, we were able to nearly triple profit from operations (EBIT) for the full year to EUR 21.4 million. It is pleasing that all operating segments contributed to the increase of the EBIT.

Group net profit increased by EUR 10.3 million to EUR 3.9 million. At EUR -3.3 million, the earnings attributable to shareholders contained therein were not only significantly better than the previous year at EUR -11.0 million, but also above the forecast of EUR -13 million to EUR -15 million, which we had announced in May 2014 after the sale of PLAZAMEDIA to Sky had been canceled. We also exceeded the earnings forecast, which had been adjusted to EUR -7 million to EUR -9 million in November 2014. Compared to last year, Group sales improved by 6.4 percent to EUR 487.8 million, being fully within our expectations. These key figures show that Constantin Medien is moving in the right direction economically – even though what we have achieved is of course only an intermediate step on the path to stable positive results.

In the Segment Sports, we made further progress last year in the digital transformation of our activities. The successes in the segment's realignment, which was initiated in 2012, particularly regarding the platforms under the umbrella brand SPORT1, are becoming ever more apparent. We are succeeding in increasingly monetarizing the high investments that we made in programs, production and numerous multimedia platforms in 2013 and 2014.

In 2014, the free-TV channel SPORT1 achieved a good market share of 1.3 percent in the core target group of 14 to 49-year-old men, taking into account the strong competition of the mega event 2014 FIFA World Cup™. SPORT1+ and SPORT1 US were able to further expand their subscriber base slightly and have become established names in the growth market pay-TV. In addition, the cumulated access figures of our online and mobile offers continued to develop further. In line with the continued strong shift from online to mobile use, particularly the mobile area set new benchmarks with significant growth: Page impressions went up by 67 percent to around 280 million, and visits increased by 25 percent to around 35 million a month on average. Access figures in the video area also rose significantly last year, also due to the expansion of our SPORT1-YouTube channels – by 17.1 percent to 5.9 million video views.

Against this background, the Segment Sports increased its sales slightly to EUR 148.2 million in 2014, thus successfully compensating for the loss of revenues from the Bundesliga channel LIGA total!, which was still included in the figures until mid-2013. The segment earnings improved from EUR -3.2 million last year to EUR 3.7 million, also thanks to lower cost of materials and licenses.

In 2014, the Segment Film benefited from a broader coverage of the value chain, enabling the different developments in the individual business areas to be balanced. The TV service productions area developed above expectations in an environment, which was somewhat more favorable again to TV producers. The Home Entertainment area also showed strong growth, above all due to the very good sales from the new releases “Fack Ju Göhte” and “The Mortal Instruments – City of Bones”. The success comedy “Fack Ju Göhte”, which attracted more than 7 million viewers since its theatrical release at the end of October 2013, also set new benchmarks for the industry in digital Home Entertainment distribution. In a slightly weaker German theatrical market, which was also influenced by the Football World Cup, sales of the theatrical distribution area were slightly below those of the previous year, as expected. Especially, in the fourth quarter, as planned, Constantin Film released fewer films than in the same period in 2013. Overall, the Constantin Film Group released 14 films to German theaters in 2014. With a viewer market share in Germany of 7.5 percent, it was again able to confirm its pole position among independent distributors. This was primarily due to the Constantin in-house productions “Fack Ju Göhte”, which attracted another 1.7 million moviegoers in 2014, the comedy “Männerhort” and the teen adventure “Fünf Freunde 3” with close to 1.2 million viewers each. The licensed film “Die Mannschaft” also achieved good viewer figures at around 850,000 viewers. The Constantin Film production “Pompeii” was internationally successful in 2014. Overall, the sales of the Segment Film in 2014 went up by 10.2 percent to EUR 295.6 million. Segment earnings increased by EUR 4.4 million to EUR 9.1 million.

The Segment Sports- and Event-Marketing developed slightly above expectations in 2014 with a sales increase of 3.5 percent to EUR 41.1 million. Segment earnings increased by 14.8 percent to EUR 16.3 million. The commercial TV and sponsorship rights for the UEFA Champions League and the UEFA Europa League, each for the match periods 2015/16 to 2017/18, were marketed very successfully by our Swiss marketing subsidiary TEAM. In a difficult market environment, TEAM was able to conclude several contracts for both tournaments in the TV rights area and pushed on the negotiations in the sponsorship rights area so that further agreements can be expected in the foreseeable future. Viewer interest in the two club tournaments continues to be unbroken. For instance, the UEFA Champions League final, which was broadcast to more than 200 countries in May 2014, reached peak figures of around 380 million viewers, thereby once again confirming its status as the world's most watched sports event.

At constant sales of EUR 2.9 million, the Segment Other Business Activities was able to significantly improve its segment earnings by EUR 1.7 million to EUR -1.6 million caused by cost savings. Once again, Highlight Event AG was able to conclude the marketing of the Vienna Philharmonic Orchestra and the Eurovision Song Contest with profit. Highlight Event AG also successfully realized the project "Eurovision Young Musicians", which it organized for the first time. In early December 2014, the agency agreement between Highlight Event AG and the Vienna Philharmonic Orchestra was also extended early until 2022.

One important target of the year under review was to secure a stable financial basis for our Group. After Constantin Medien AG had already successfully issued a five-year corporate bond with a volume EUR 65 million last year, other important components followed in July 2014 with a cash capital increase excluding the subscription right (net proceeds: EUR 10.3 million) and a loan agreed with a private investor. The two capital measures made it possible to prematurely repay the corporate bond issued in 2010 with a nominal value of EUR 30 million in full at the end of August 2014 and at the same time to reduce the Group's financing costs.

At the end of 2013, we had agreed the sale of 100 percent of the PLAZAMEDIA group and 25.1 percent each in Sport1 GmbH and the marketer Sport1 Media GmbH (formerly Constantin Sport Marketing GmbH) to Sky Deutschland Fernsehen GmbH & Co. KG. However, the transaction was under the condition that SPORT1 and PLAZAMEDIA would conclude a new multi-year production framework contract. After we were unable to reach an agreement regarding this production framework contract with Sky in spite of long and intense negotiations, Constantin Medien AG withdrew from the agreement. The PLAZAMEDIA group is and will remain an important part of our Group. We are convinced that our sports production subsidiary with its extensive competences will successfully expand its customer base, develop new revenue models and adapt to customer needs in the digital age.

Dear Shareholders,

In current year 2015, our full attention will be on the consistent multimedia use and distribution of our varied contents. Digitization, and hence the convergence of the different types of media, changes in the use of devices and the fact that users are perpetually connected to the internet will remain the key drivers of development in our industry, which have an influence on all of our operating segments.

Against this background, we will continue our investments in programs and platforms in the Segment Sports in 2015. By acquiring extensive audiovisual media rights to the UEFA Europa League 2015/16 to 2017/18, SPORT1 secured a premium right at the very start of the year, which we want to market optimally across the platforms – from free-TV via online/mobile to our digital radio channel SPORT1.fm. The development of new mobile offers, the further promotion of social media activ-ities as well as the expansion of the video business and the performance spectrum of our multi-platform marketer SPORT1 MEDIA are also important action fields this year. For the Segment Sports we assume a further increase in sales and earnings for 2015

In the Segment Film, a total of 13 new releases are planned for 2015, of which 11 are in-house and co-productions. These include the comedy "Frau Müller muss weg", which has already attracted around one million viewers. We are expecting a similar performance of the teen adventure "Ostwind 2", which will be released in mid-May, and of "Fack Ju Göhte 2". The sequel to the by far most successful film of 2013 will hit German cinemas in mid-September 2015. The Home Entertainment area will profit particularly from the new releases of the Constantin Film theatrical successes of the past year. For instance, the licensed film “Step Up: All In”, released on the market at the start of January, shot directly to second place on the German DVD sales charts. Similar sales successes are e.g. expected for “Männerhort” and “Fünf Freunde 4”. However, the Home Entertainment area will not be able to repeat its exceptionally good business development last year. TV service production should be able to continue its positive 2013 performance. Overall, in 2015, a decline in sales and earnings is assumed for the Segment Film. Nevertheless, we will do our utmost to achieve a positive further development in the film business for the current year and for 2016, both with national and international successes.

An unchanged stable earnings contribution on a high level we are expecting for the Segment Sports- and Event-Marketing. The activities of TEAM will focus on the early renewal of the cooperation with our long-term partner UEFA for the marketing of the UEFA Champions League and the UEFA Europa League.

At Group level, we expect sales for the 2015 financial year of between EUR 450 million and EUR 490 million. Considering the holding costs and the financial expenses and taxes, the Management Board is expecting Group earnings attributable to shareholders of between EUR 0 million and EUR 2 million.

The Management Board also will focus on reducing the complexity of the Constantin Medien Group in order to further lower costs, accelerate processes and strengthen power overall. For historic reasons, Constantin Medien AG and Highlight Communications AG are two separately listed companies, as well as two companies with different profitability and headquartered in two countries. In the medium to long-term, we want to develop options to dissolve dual structures and to drive forward the integration of the different parts of the Group. We not only view this as an important step to further increase the profitability of the Group, but also for a better recognition on the stock market.

I would like to thank all employees on all levels of our Group for their commitment and successful contribution in the 2014 financial year. I would like to thank you, dear shareholders, for your support and confidence in our Company. I am looking forward to driving on the change of Constantin Medien together with you.

With best regards,

B. Burgener

Bernhard Burgener
Chairman of the Management Board

Boards

Management Board

As of October 1, 2014, the Management Board was extended from two to three Members: As of December 31, 2014, the Management Board of Constantin Medien AG was structured as follows:

Bernhard Burgener, Chairman of the Management Board/CEO
Mr Bernhard Burgener has been CEO of Constantin Medien AG since September 1, 2008. He is responsible for the strategic development of the entire Group, the support of major stockholders, M&A activities, Communications, Company and Stock Corporation Law and Compliance. In addition, he is also responsible for the entire operating business of the Constantin Medien subsidiaries Sport1 GmbH and Sport1 Media GmbH (operating under Constantin Sport Marketing GmbH up to the end of September 2014).

Furthermore, he is also responsible through the affiliated company Highlight Communications AG where he is President and Delegate of the Board of Directors, for the Film Segment, inter alia comprising the Highlight Communications subsidiary Constantin Film AG and for the Sports- and Event-Marketing Segment, which comprises the Highlight Communications' subsidiary Team Holding AG. At Constantin Film AG, Mr Bernhard Burgener is Member of the Supervisory Board and since January 7, 2014, holds the position of the Chairman of this Committee. At Team Holding AG, Mr Bernhard Burgener is the President (Chairman) of the Board of Directors. Mr Bernhard Burgener is also the President (Chairman) of the Board of Directors of the Highlight Communications company Highlight Event & Entertainment AG, which bundles the activities of the Segment Other Business Activities.

Antonio Arrigoni, Chief Financial Officer/CFO
Mr Antonio Arrigoni has been CFO of Constantin Medien AG since April 1, 2008. He is responsible for the areas Finance, Investor Relations, Accounting, Controlling, Internal Audit, Human Resources, Legal as well as IT. Mr Antonio Arrigoni is also Member of the Board of Directors of Highlight Communications AG and Managing Director of Constantin Sport Medien GmbH.

Fred Kogel,
Chief Officer Production, Process Management, Integration
Since October 1, 2014 Mr Fred Kogel has been Chief Officer, Production, Process Management and Integration of Constantin Medien AG. His responsibilities include inter alia the realization of co-operation possibilities and synergies in the collaboration of the Group companies, particularly at the location Munich/Ismaning. Furthermore, Mr Fred Kogel assumes the operating responsibility for the production activities of the Constantin Medien subsidiary PLAZAMEDIA GmbH TV- und Film-Produktion and its subsidiaries in Austria and Switzerland. In parallel, as Member of the Management Board of the group company Constantin Film AG, Mr Fred Kogel is responsible for the areas TV, Personnel and also for Process Management and Integration, since October 1, 2014.

Supervisory Board

As of December 31, 2014, the Supervisory Board of Constantin Medien AG was structured as follows:*

Dr Dieter Hahn, Chairman

Dr Bernd Kuhn, Deputy Chairman

René Camenzind, Member

Jean-Baptiste Felten, Member

Andrea Laub, Member

Jan P. Weidner, Member

*For further information regarding the Boards of the Constantin Medien AG, please refer to the Report of the Supervisory Board, to the Declaration of Corporate Governance, to the combined Group management and management report as well as in the notes to the consolidated financial statements, note 13 other information and disclosures.

Report of the Supervisory Board

Dr Dieter Hahn,
Chairman of the Supervisory Board

In the 2014 financial year, the Supervisory Board of Constantin Medien AG met its obligations in accordance with the law and the Company's Articles of Association, duly advising the Management Board of Constantin Medien AG, as well as monitoring its activities.

Based on written and verbal reports, the Management Board informed the Supervisory Board on a regular, timely and comprehensive basis about the business development, the planning and the situation of the Company, including risk status and risk management. On the basis of these reports, the Supervisory Board dealt in detail with the business performance of Constantin Medien AG and the Constantin Medien Group, as well as all significant business issues.

The Supervisory Board consists of six Members which are elected by the General Meeting of the Company in accordance with § 5 Number 1 of the Articles of Association of Constantin Medien AG. In the 2014 financial year, the following change occurred within the composition of the Company's Supervisory Board:

At the Annual General Meeting of Constantin Medien AG held on July 30, 2014 in Munich, Mr Jean-Baptiste Felten and Mr René Camenzind were newly appointed to the Supervisory Board. Mr Werner E. Klatten, who had been a Member of the Board since 2008, no longer stood for re-election. Mr Fred Kogel, who had been the Chairman of the Supervisory of Constantin Medien AG since 2009, resigned from office in the context of his upcoming appointment as a Management Board Member effective from October 1, 2014, at the end of the General Meeting. The General Meeting confirmed Dr Dieter Hahn in his appointment and the Supervisory Board then elected him as the Board's new Chairman.

In the 2014 financial year, the Supervisory Board set up two committees:

- The **Nomination and Legal Committee**, which met three times in the 2014 financial year, is responsible inter alia for the preparation and negotiation of employment contracts with Management Board Members. In addition, it develops suggestions for suitable Supervisory Board candidates, which must be elected by the General Meeting. It advises and monitors the Management Board, particularly in terms of compliance with the legal provisions. The Committee consists of three Members: Dr Dieter Hahn (Chairman since July 30, 2014), Dr Bernd Kuhn (Deputy Chairman since July 30, 2014) and Mrs Andrea Laub (Member since July 30, 2014).

- The **Audit Committee**, which met five times in the 2014 financial year, in particular deals with the areas of accounting, internal control systems, risk management system, the selection and monitoring of the auditors, and compliance. It consists of three Members: Mr Jan P. Weidner (Chairman), Dr Dieter Hahn (Deputy Chairman) and Dr Bernd Kuhn (Member since July 30, 2014).

The **Supervisory Board** of Constantin Medien AG held a total of five ordinary and five extraordinary telephone conferences in the 2014 financial year. With the exception of one ordinary and one extraordinary Supervisory Board meeting, with an excused absence of one Member, all Members of the plenum participated in the pre-mentioned Supervisory Board meetings. With the exception of one extraordinary Supervisory Board meeting, as has been common practice in the previous years, in the 2014 financial year, all Members of the Management Board participated in the Supervisory Board meetings in order to report to the Supervisory Board and to answer its questions. And also as in the past years, the Supervisory Board called on the auditors appointed by the General Meeting for the relevant financial year for the consultations. The Management Board and the Members of the Supervisory Board were in regular contact also between the meetings, and so that the Supervisory Board was kept informed about the business situation of Constantin Medien AG and the Constantin Medien Group at all times. This especially applies to the Chairmen of the Management Board and the Supervisory Board. On the basis of detailed documentary information the Supervisory Board also made resolutions by way of circulation between the meetings.

During the 2014 financial year, the Supervisory Board focused primarily on the following issues:

Business situation and performance: The Supervisory Board informed itself regularly of the business situation of Constantin Medien AG and the Constantin Medien Group. The business situation in the Group and in the Segments was discussed in detail. The Management Board reported on the current business development, potential deviations from projections and changes in the strategic environment.

Mid-term planning and future strategic focus: The Supervisory Board dealt with the financial mid-term planning of the Management Board for the Group up to 2016 and with the Group financing, this planning is based on. Its agenda also included the further development and simplification of the basic structure of the Constantin Medien Group with the aim of creating a consistent media group. Thereby, different options for reducing the Group's cost basis and complexity and for increasing awareness on the capital market were discussed.

Non-execution of the agreement with the Sky group: On May 19, 2014, Constantin Medien AG announced its decision no longer to continue negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in the context of the transaction agreed on December 5, 2013. The agreement provided the sale of 100 percent of the shares in PLAZAMEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland) and the sale of 25.1 percent each of the shares in Sport1 GmbH and Sport1 Media GmbH (operating under Constantin Sport Marketing GmbH up to the end of September 2014). The transaction was inter alia subject to a new multi-year production framework agreement between SPORT1 and PLAZAMEDIA; however, it was not possible to reach an agreement with Sky regarding the contract. The Supervisory Board was informed in detail of the status of the negotiations with Sky in several Board meetings and discussed the strategic and economic consequences of a non-execution of the planned transaction.

Approval of capital measures: The Supervisory Board unanimously approved the concept presented by the Management Board to refinance the corporate bond 2010/2015 (nominal value of EUR 30 million). The Company then concluded a loan agreement with a private investor for CHF 14 million and EUR 4.5 million and placed a cash capital increase excluding the subscription right. EUR 10.6 million became available through the issue of 8,469,220 new shares (before issuing costs).

Corporate governance: The Supervisory Board dealt with different corporate governance questions regarding the guidelines and recommendations of the German Corporate Governance Code. This included inter alia the appropriateness of remuneration of the Management Board, the efficiency review of the Supervisory Board and the composition of the Constantin Medien AG's Supervisory Board.

Legal disputes: In the reporting year, the Supervisory Board plenum and particularly the responsible Nominations and Legal Committee again dealt extensively with different legal disputes of Constantin Medien AG. This particularly included the proceedings of Constantin Medien AG vs. Mr Bernard Ecclestone and others before the High Court of Justice in London. These proceedings were based on the sale of shares in the Formula 1 company Speed Ltd. originally held by Constantin Medien AG's legal predecessor via Bayerische Landesbank. The proceedings were already completed at the balance sheet dated December 31, 2014, after the claim was rejected on February 20, 2014, and the appeal against this ruling was not admitted.

The efforts to settle all still pending shareholder lawsuits with a settlement according to the German Capital Investor Proceedings Act (KapMuG) were a further important topic. The lawsuits are based on a number of different circumstances; the background being the drop in the EM.TV & Merchandising AG stock price that occurred during 2000 and 2001 and the information behavior provided by the Company at that time. The above-mentioned settlement was completed successfully, which settled all still pending lawsuits in this matter with the exception of one case.

Statements relating to the disclosures contained within the management report and Group management report of the Company in accordance with § 315 para. 4 of the German Commercial Code (HGB)

Constantin Medien AG disclosed information in the Group management report for the 2014 financial year in accordance with § 315 para. 4 HGB. The disclosures serve to implement 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 takeover bids. 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 and Takeover Act (WpÜG). This is irrespective of whether a takeover bid has been made or is expected. The information serves to enable potential bidders to make a comprehensive assessment of Constantin Medien AG and of potential takeover obstacles. The Supervisory Board has examined the relevant information contained within the combined Group management report and management report. Specific details in respect of this matter can be found in the combined Group management report and management report (chapter 7).

Audit and approval of the annual financial statements

The annual financial statements of Constantin Medien AG, the consolidated financial statements and the combined Group management report and management report of Constantin Medien AG as of December 31, 2014 have been audited by the assigned auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft München ("auditor"), and have been issued with an unqualified Auditor's Certificate. The annual financial statements, the consolidated financial statements and the management report of the Constantin Medien Group and the Constantin Medien AG together with the audit reports, were submitted in a timely manner to all Members of the Supervisory Board, enabling a detailed examination of the documents.

The auditors reported on the key findings of their audit to the Supervisory Board in the Supervisory Board meeting on March 23, 2015. The Supervisory Board examined in detail the annual financial statements of Constantin Medien AG and the consolidated financial statements of the Constantin Medien Group as well as the combined Group management report and management report and acknowledged and approved the findings of the auditors. Following the completion of its examination on March 23, 2015, the Supervisory Board raised no objections to the annual financial statements and the consolidated financial statements. It approved the annual financial statements and the consolidated financial statements of Constantin Medien AG in the form presented by the Management Board. Thereby, the annual financial statements are adopted.

The Constantin Medien Group looks back on a good 2014 financial year. In the Sports Segment, the advancements in digital transformation are beginning to pay off economically. Our varied offers under the SPORT1 umbrella brand are becoming increasingly popular. The Segments Film and Sports- and Event-Marketing also recorded a pleasing development. The main target must continue to be to put the Constantin Medien Group into a position both operationally and structurally to generate stable positive results. Important cornerstones were laid for this in 2014. The Supervisory Board would like to thank the Management Board, Managements and all employees for their dedicated work during the reporting year.

March 2015
Supervisory Board of Constantin Medien AG

Dr. Dieter Hahn
Chairman

Declaration of Corporate Governance pursuant to § 289a German Commercial Code (HGB)

Declaration of compliance with the German Corporate Governance Code

The Management and Supervisory Boards of Constantin Medien AG in March 2015 submitted the annual Declaration of Compliance with the German Corporate Governance Code ("GCGC") required by law, according to § 161 Stock Corporation Act (AktG).

In this, the Management and Supervisory Boards of Constantin Medien AG confirm that Constantin Medien AG duly observed the recommendations of the GCGC published by the Federal Ministry of Justice in the official section of the Federal Gazette, in the version dated June 24, 2014, with the exceptions stated below and that it will continue to do so:

Sections 4.2.5 para. 3 and para. 4 of the GCGC, among others, recommend that the remuneration report presents the contributions and payments to each Management Board Member in the relevant reporting year. The table templates attached to the GCGC as annexes should be used to present this information. The Sections 4.2.5 para. 3 (first bullet) and para. 4 of the DCGK is not met. Constantin Medien AG will continue to present the remuneration of its Management Board Members transparently, but particularly with regard to the different remuneration components of the Company's Board Members views the previous presentation in the remuneration report as preferable compared to Section 4.2.5 para. 3 and para. 4 of the GCGC. The presentation chosen for the remuneration report extensively discloses all payments to the Management Board Members as well as the provisions for any variable remuneration relating to several years.

Section 5.1.2 para. 2 sentence 3 of the GCGC recommends determining an age limit for the Members of the Management Board. This section is not met because in light of the age of Management Board Members of Constantin Medien AG, an age limit currently does not seem necessary. In addition, a general age limit is a very rigid instrument that unnecessarily restricts the flexibility of the Supervisory Board in selecting and/or appointing or reappointing Members to the Management Board.

Section 7.1.2 sentence 4 of the GCGC recommends inter alia that quarterly and interim reports shall be published within 45 days after the end of the reporting period. This section is not met because the decentralized corporate structure of the Constantin Medien Group does not currently allow this 45-day deadline to be observed with the required sustainability and reliability. Once it can be ensured that this deadline can be observed with the required sustainability and reliability, the recommendation of the GCGC will also be met.

The most recent version of the Declaration of Compliance with the GCGC according to § 161 AktG, as well as previous versions, can be found on the homepage www.constantin-medien.de.

Objectives for the composition of the Company's Supervisory Board

The Supervisory Board of Constantin Medien AG aims to take into account the following criteria in its composition:

1. Competence
   Professional qualification and personal competence are the primary prerequisites for the appointment to the Supervisory Board. The Supervisory Board will at all the times focus particularly on these prerequisites, which are essential for observing its legal obligations, when making proposals for appointments to the Supervisory Board. The Supervisory Board must include at least one Member who is independent within the meaning of § 100 (5) AktG and who has expertise in the areas of accounting and auditing.
2. Diversity
   Overall, it is the Supervisory Board's objective to optimally comply with its monitoring and advisory function through the diverse skills and personalities of its Members. This diversity includes inter alia international expertise and a variety of experiences and personal backgrounds, as well as representation by women. When preparing suggestions for the nominations, the extent to which mutually complementary professional profiles, and professional and life experience as well as an adequate representation of both genders can be beneficial to the work of the Supervisory Board, has to be considered in individual cases.
3. Knowledge of the industry
   The Supervisory Board shall have at least two Members with in-depth knowledge and experience of business areas that are important for the Company, particularly the media industry.
4. Management experience
   The Supervisory Board shall have at least two Members with experience of management or supervision in a medium-sized

or large company within the meaning of § 267 HGB (German Commercial Code in its current version) irrespective of its legal form.

5. Internationality
   The Supervisory Board shall have at least one Member whose professional experience provides him/her with international expertise in the Company's area of business.
6. Female Supervisory Board Members
   The Supervisory Board will examine during nominations for appointments to the Supervisory Board whether suitable candidates can be appointed to the committee. The Supervisory Board shall at least include one female Board Member.
7. No material conflicts of interest
   The Supervisory Board shall not include individuals with a conflict of interest that can be expected to not simply be of a temporary nature. As a result, individuals shall not be suggested for appointment to the Supervisory Board if at the same time they have a position on an executive board or act as an advisor for an important competitor of the Company or if they could potentially suffer a conflict of interest due to another activity, e.g. an advisory role for an important contractual partner of the Company. Moreover, the Supervisory Board shall include no more than two former Members of the Company's Management Board. Additionally, the Supervisory Board complies with the provisions of the German Corporate Governance Code regarding conflicts of interest.
8. Age limit
   Candidates shall generally only be proposed for appointment to the Supervisory Board, if they have not reached the age of 70.
9. Number of independent members
   At least half of the Supervisory Board Members shall be independent within the meaning of section 5.4.2 GCGC.

The Supervisory Board already now complies with the prementioned objectives. In addition, the Supervisory Board reviews each of these objectives regularly.

Information regarding corporate governance practices

Principles

The Management and Supervisory Boards work together in good faith for the benefit of the Constantin Medien AG and are committed to the principle of sustainable growth in company value. It is the aim of Constantin Medien AG to consistently justify the trust of its shareholders, customers and employees and to fulfill its corporate responsibilities. Here, the principles of responsible and good corporate governance determine the actions of the management and controlling bodies of the Constantin Medien AG. Thereby, integrity in dealing, as well as credibility, reliability and dependability with employees, business partners and customers, shareholders, investors and the public form the basic principles of conduct.

The Constantin Medien Group is committed to regular, transparent and timely communication. In its annual, half-year and quarterly reports, Constantin Medien AG regularly issues information concerning the financial situation and development of its business. Moreover, information is published by means of press releases and/or ad-hoc notifications.

All aforementioned reports and notices as well as further detailed information about the Constantin Medien AG are made available by the Company on its homepage www.constantin-medien.de.

Shareholders and General Meeting

The shareholders of the Constantin Medien AG are entitled to exercise their rights at the General Meeting, where they may cast their votes. Each shareholder is entitled to participate in the General Meeting, to voice its opinion on individual agenda items, to ask questions and to make applications. The Constantin Medien AG simplifies the process by which shareholders may exercise their voting rights through the appointment of a shareholder-committed voting representative.

Accounting and year-end audit

The Constantin Medien AG prepares its consolidated financial statements and consolidated interim financial statements in conformity with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The annual financial statements of Constantin Medien AG are prepared according to the German Commercial Code (HGB). The preparation of the consolidated and annual financial statements and the supplementary combined Group management and management report is the responsibility of the Management Board. The combined Group management and management report of Constantin Medien AG is prepared pursuant to § 315 HGB. It is based on the requirements and recommendations of the German Accounting Standard No. 20 (DRS 20) of the German Accounting Standards Committee e.V. After the preparation of the consolidated and annual financial statements, they are audited by the independent auditors appointed by the General Meeting and approved and adopted, respectively, by the Supervisory Board.

It was agreed with the auditor that he reports without delay to the Chairman of the Supervisory Board and the Chairman of the Audit Committee of any reasons of exclusion or conflicts of interests as well as any material findings and events discovered during their audit procedures.

Control indicators and controlling system

The Management Board of Constantin Medien AG is responsible for the strategic course and the control of the Group. The operational responsibility of the subsidiaries of the Segment Sports underlies the particular management. Highlight Communications AG, Team Holding AG and Highlight Event & Entertainment AG are autonomously managed by the relevant Board of Directors and Constantin Film AG by their Management Board. Key control indicators comprise financial performance indicators (especially sales and earnings) and non-financial performance indicators (based on the respective business models of the individual segments). Detailed information about the controlling system and performance indicators can be found in the combined Group management and management report under section 1.2 (page 25 et seq.).

The internal control system of the Constantin Medien Group encompasses all principles, procedures and measures undertaken to assure the effectiveness, profitability and appropriateness of the internal and external accounting system and contributes to compliance with authoritative legislation. A detailed description of the elements of the internal control system within the Group, which also incorporates the risk management system across the Group, can be found in the combined Group management and management report under section 9 (page 77 et seq.).

Collaboration between the Management and Supervisory Boards

As a German stock corporation, the Group parent company Constantin Medien 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.

On October 1, 2014, the Management Board of Constantin Medien AG was expanded from two to three Members. It now consists of Mr Bernhard Burgener, Chief Executive Officer, Mr Antonio Arrigoni, Chief Financial Officer, as well as the new Member Mr Fred Kogel, Chief Officer Production, Process Management and Integration. The Management Board is responsible for operating the business of Constantin Medien AG and for representing the Company in third party dealings. The principle tasks of the Management Board include the determination of the corporate strategy, the corporate management and the monitoring of the risk management system.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board on a regular, timely and comprehensive basis of all Constantin Medien AG and Group relevant issues associated with planning, business performance, risk situation and risk management. Here, the Management Board agrees with the Supervisory Board on the corporate strategy and discusses its strategic implementation at regular intervals. Documents requiring decisions, in particular the annual financial statements of Constantin Medien AG, consolidated financial statements and the audit report are forwarded to the Members of the Supervisory Board in advance of the particular meeting. The internal bylaws, governing the Management Board, incorporate veto rights on the part of the Supervisory Board for business transactions of fundamental and particular economic significance.

The Supervisory Board of Constantin Medien AG consists of six Members. The Supervisory Board advises and monitors the Management Board in corporate management. In addition, its responsibilities also include the appointment of Management Board Members. As part of its bylaws, the Supervisory Board currently has a Nominations and Legal Committee as well as an Audit Committee. The Nominations and Legal Committee is responsible in particular for preparing and negotiating contracts with Management Board Members, for developing suggestions for suitable Supervisory Board candidates who have to be elected by the General Meeting, as well as for monitoring and advising the Management Board, particularly in terms of compliance with the legal provisions. The Audit Committee assists the Supervisory Board in its monitoring role, in particular in the areas of accounting, internal control system, risk management system, the selection and monitoring of the auditors, and compliance. The Chairman of the Audit Committee, Mr Jan P. Weidner, is an experienced financial and capital market expert with special knowledge and experience regarding the application of accounting principles and internal control procedures.

In the 2014 financial year, the Supervisory Board convened at a total of five ordinary and five extraordinary Supervisory Board meetings. The Nomination and Legal Committee met three times and the Audit Committee duly met five times.

The Chairman of the Supervisory Board explains the activities of the Supervisory Board and its Committees in its report presented each year to the shareholders in the respective Annual Report of Constantin Medien AG.

Management Board contractual terms

Mr Bernhard Burgener has been Chief Executive Officer of Constantin Medien AG since September 1, 2008. His employment contract has a term until August 31, 2016.

Mr Antonio Arrigoni has been the Chief Financial Officer of Constantin Medien AG since April 1, 2008. His employment contract has a term until December 31, 2017.

Mr Fred Kogel has been Chief Officer Production, Process Management and Integration of Constantin Medien AG since October 1, 2014. His employment contract has a term until September 30, 2017.

Report on Management Board remuneration

In compliance with the German Corporate Governance Code, the monetary remuneration components for each Management Board Member consist of both fixed and variable components. The variable component of remuneration consists of a performance-related bonus and is determined by the Supervisory Board of Constantin Medien AG according to its dutiful discretion. Criteria impacting on the decision are (i) the economic result of the relevant past financial year and the two preceding financial years as well as (ii) the operating performance of the respective Board Member in the three relevant financial years. The amount is set annually after the financial statements of Constantin Medien AG have been approved for the relevant financial year. This bonus is up to 50 percent of the annual fixed salary of the respective Board Member. If the relevant Management Board contract ends during a financial year, the bonus is paid pro rata temporis taking into account the financial situation at the time of the termination. The amount of this variable component of remuneration is contractually limited. In addition to a variable remuneration to be set at dutiful discretion according to the criteria above, the variable component of remuneration of the Management Board Member Fred Kogel particularly consists of contractual payment claims from stock appreciation rights (hereinafter called "stock appreciation rights"). The stock appreciation rights relate to shares of Constantin Medien AG and Highlight Communications AG and are graduated The variable remuneration of the Board Member Fred Kogel consisting of bonus amount and stock appreciation rights is also contractually limited. The contracts of the Management Board Members also contain a so-called severance payment cap in the event that the contract is prematurely terminated without due cause.

The Management Board Members are reimbursed for all out-of-pocket expenses and other costs incurred in performing tasks for the Constantin Medien AG. In addition, a company vehicle is made available to each of them for business and personal use, if applicable. There are no payment guarantees to Members of the Management Board in the event of a change in control relating to the Company.

Report on Supervisory Board remuneration

The remuneration of the Supervisory Board Members is regulated in § 12 of the Articles of Association of Constantin Medien AG. In addition to reimbursement of expenditures incurred, the Members of the Supervisory Board receive a fixed and variable remuneration. The fixed remuneration amounts to EUR 20,000 for a Member of the Supervisory Board, EUR 30,000 for the Deputy Chairman of the Supervisory Board and EUR 60,000 for the Chairman of the Supervisory Board. For each membership in Committees, Supervisory Board Members receive an additional fixed remuneration. The fixed remuneration amounts to EUR 5,000 for a Member of a Committee, EUR 7,500 for the Deputy Chairman of a Committee and EUR 10,000 for the Chairman of a Committee. The variable remuneration for Supervisory Board Members is based on the long-term success of the Company. Remuneration is paid on a pro rata basis for entry into or resignation from the Supervisory Board during the year.

Further information about the Management and Supervisory Board remuneration can be found in the combined Group management and management report under chapter 6, Remuneration Report (page 59 et seq.).

Constantin Medien AG Share

Performance of the capital markets

The German stock market and the most important international capital markets were marked on the whole by a slight upward movement in 2014. As in previous years, also in 2014 most capital markets were primarily driven upward by the expansive monetary policy of the US Federal Reserve and the European Central Bank (EZB), and reached new heights. The low prime rates, the bond buying program of the US Federal Reserve and a large amount of money made available by the central banks supplied the markets with sufficient liquidity in the 2014 stock market year. Individual risk factors, e.g. geopolitical risks in Eastern Europe, the economic development in individual countries, the sovereign debt crisis as well as the stability of the monetary union was paid less attention. Also, amongst others, the strong decline in the oil prize and the expectation of a bond purchasing program by the EZB led to increased prices in the leading German indices.

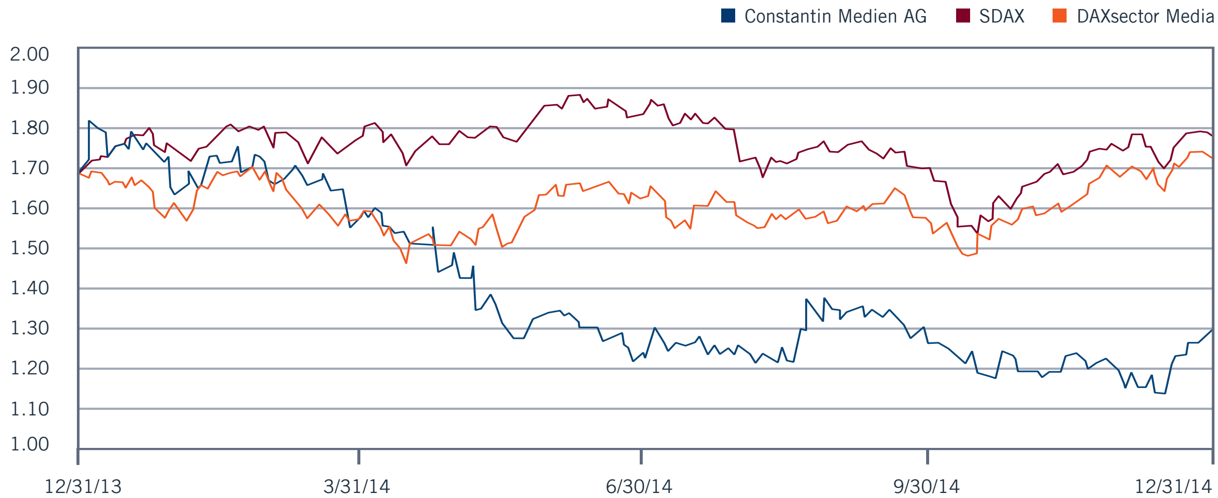
The German leading index DAX rose by 2.7 percent in the calendar year 2014 and closed at 9,806 points on December 31. Temporary, the 10,000-point-mark was exceeded. The small cap and media stocks on the German stock market also showed a positive performance. The German media index (DAXsector Media) improved by 2.5 percent and closed at 350 points. Also the German small cap index (SDAX) closed higher at 7,186 points, after an increase of 5.9 percent during the course of the year.

Constantin Medien share performance

In the 2014 financial year, the Constantin Medien share could not benefit from this overall positive sentiment at the stock exchange, but was marked by a volatile downward movement. Thereby, at the beginning of the year the Constantin Medien share at first followed the prices in the DAXsector Media. However, from May 2014 onwards a downwards trend started, which was followed by a volatile lateral movement in the second half of the year. The Constantin Medien share closed at EUR 1.30 at the end of the year. Over the year, the Constantin Medien share declined by 23.3 percent, thus significantly below the comparative German media index DAXsector Media (+2.5 percent) as well as the small-cap index SDAX (+5.9 percent). As of December 31, 2014, the 52-week high stood at EUR 1.85 (January 6, 2014), with the 52-week low coming in at EUR 1.11 (December 15, 2014). In the further course after the balance sheet date, the Constantin Medien AG's share price at first followed a volatile lateral movement. After a rise of the share price at the beginning of March, it closed at EUR 1.52 on March 13, 2015.

XETRA closing prices of the Constantin Medien share compared to SDAX and DAXsector Media

Comparative indices indexed to Constantin Medien's closing price as of December 31, 2013



Approximately 17.1 million Constantin Medien shares (2013: 30.9 million units) were traded on the German stock exchanges in the 2014 financial year. The average turnover per trading day dropped to around 66,910 shares after around 122,091 shares in the previous year. The position of the Constantin Medien share in the German stock exchange rankings of all MDAX and SDAX listings stood at ranking number 124 as of December 31, 2014 (prior year: 105) in respect of trading volume over the last twelve months, or at ranking number 116 (prior year: 109) for the so-called free float market capitalization.

The Constantin Medien share is being actively monitored by notable research institutions. In the last twelve months, the following institutions published studies on Constantin Medien AG:

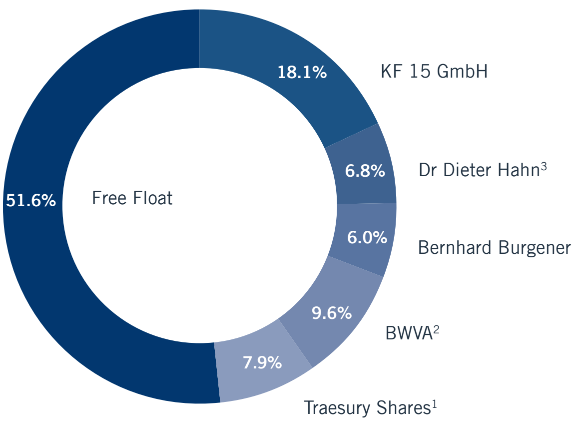
- Oddo Seydler Bank
- DZ Bank
- Deutsche Bank
- Matelan Research

The average fair value as of December 31, 2014 calculated by the four research institutions stood at EUR 1.83 (prior year: EUR 1.79).

Share capital and shareholder structure

Shareholder structure as of December 31, 2014

Share capital: 93.6 million shares



[1] Predominantly held through Highlight Communications AG
[2] Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte
[3] Attribution of further 17,066,648 voting rights according to Art. 21, 22 WpHG

In the third quarter of 2014, Constantin Medien AG increased the Company's share capital. On July 4, 2014, the Company successfully placed 8,469,220 new shares in a capital increase against cash contribution using part of the Authorized Capital 2013/I and excluding subscription rights of the shareholders pursuant to Art. 186 para. 3 sent. 4 AktG (Stock Corporation Act). The placement price of the new shares was EUR 1.25 per share. The registration of the capital increase in the commercial register at the Munich District Court (Amtsgericht) took place on July 16, 2014. Since then, the number of shares of Constantin Medien AG amounts to 93,600,000 shares.

As a consequence of the full consolidation of its subsidiary Highlight Communications AG, its shares in Constantin Medien AG qualify as treasury shares, and so the Company held a total of 7.4 million non-voting treasury shares (7.9 percent of share capital) via Highlight Communications AG as of December 31, 2014. After deducting these treasury shares, there were approximately 86.2 million shares outstanding as of the balance sheet date.

Major voting rights notifications

On July 3, 2014 Dr Dieter Hahn has informed the Company that as of June 30, 2014 he exceeded the 5 percent threshold and on this day would hold 7.65 percent (representing 6,514,600 voting rights) pursuant to Art. 25 WpHG by combination of voting rights which he may unilaterally purchase on the basis of directly held other financial instruments. Thereof, the share of voting rights obtainable through other financial instruments pursuant to Art. 25 WpHG is 4.90 percent (representing 4,171,600 voting rights) and the share of voting rights pursuant to Art. 21, 22 WpHG is 2.75 percent (representing 2,343,000 voting rights).

Furthermore, on October 6, 2014 Dr Dieter Hahn has informed the Company according to Art. 21 para. 1 WpHG that he exceeded the 3 percent, 5 percent, 10 percent and 15 percent thresholds for voting rights on October 1, 2014, and on that day, he holds directly and indirectly 19.47 percent (which corresponds to 18,223,748 voting rights). 16.97 percent of voting rights (representing 15,880,748 voting rights) are attributed to Dr Dieter Hahn in accordance with Art. 21, 22 WpHG. Attributed voting rights are held by the following companies under his control, whose share of the voting rights in

Constantin Medien AG amount to 3 percent or more: KF 15 GmbH & Co. KG, KF 15 Verwaltungs GmbH.

On November 3, 2014 Dr Erwin Conradi has informed the Company according to Art. 21 para. 1 WpHG that his voting rights on Constantin Medien AG have fallen below the 5 percent and 3 percent threshold for voting rights on October 31, 2014 and on that day amount to 0.56 percent (representing 521,450 voting rights).

Also on November 3, 2014 Dr Dieter Hahn has informed the Company according to Art. 21 para. 1 WpHG that his voting rights on Constantin Medien AG have exceeded the 20 percent and 25 percent threshold of the voting rights on October 31, 2014 and on that day amounted to 25.04 percent (representing 23,438,248 voting rights). Thereof, the share of voting rights hold directly is 6.81 percent and the share of voting rights pursuant to Art. 21, 22 WpHG is 18.23 percent. On November 14, 2014 Dr Dieter Hahn has further informed the Company according to Art. 25 para. 1 WpHG that 18.08 percent of the voting rights (representing 16,923,648 voting rights), which are attributed to Dr Dieter Hahn in accordance with Art. 21, 22 WpHG, are now held by the following companies under his control, whose share of the voting rights in Constantin Medien AG amount to 3 percent or more: DBMKFS 2014 GmbH, since November 7, 2014 renamed KF 15 GmbH. The transfer of shares from KF 15 Management GmbH & Co. KG (formerly: KF 15 GmbH & Co. KG) to KF 15 GmbH was executed on December 22, 2014.

These changes in the shareholder structure resulted in a decrease of the free float of the Constantin Medien share to 51.6 percent as of December 31, 2014.

Investor Relations activities

One focus of our Investor Relations activities lies in the timely and comprehensive exchange of information with all interested parties and capital market participants about all important events and developments of the Company. This is based on our annual and interim financial reports that give a detailed overview of our Company's current performance. In addition, press releases and ad hoc announcements provide information about all material events of the Constantin Medien Group to capital market participants. In addition, the Management Board and Investor Relations were available for discussions with analysts, investors and representatives of banks in numerous individual, group and phone meetings in 2014, including the German Equity Capital Forum – the most important investor trade fair for small and medium-sized public companies in Europe.

In addition to direct communication, our website www.constantin-medien.de is the main information tool for all interested parties. It offers all relevant facts on the history and the current development of the Constantin Medien Group in a clear form.

Additional capital market securities of Constantin Medien AG

The share of Highlight Communications AG showed a decrease of 16.1 percent in the 2014 financial year, also underperforming the benchmark indices. The share price closed at EUR 3.33 on December 31, 2014. As of March 13, 2015, the shares traded at EUR 3.80.

On July 24, 2014 the Management Board resolved with the approval of the Supervisory Board to prematurely fully terminate the corporate bond 2010/2015 in accordance with the terms and conditions of the bond. The corporate bond had a volume of EUR 30.0 million, a term of five years until October 2015 and an interest rate of 9.0 percent p.a. The termination was published in the Federal Gazette on July 28, 2014 and made public on the same day on the company´s website. The repayment was made with effect from August 28, 2014. On this day the bond was fully repaid at the nominal amount plus interest accrued until this day.

The corporate bond 2013/2018, with issuance and value date April 23, 2013, a nominal value of EUR 65 million, an interest rate of 7.0 percent p.a. and a term of five years closed on December 31, 2014 at 102.50 percent, thus above the prior year's value (December 31, 2013: 100.00 percent). As of December 31, 2014 the 52-week high stood at 103.50 percent (2013: 102.15 percent) and the 52-week low at 91.75 percent (2013: 94.00 percent). As of March 13, 2015, they traded at 104.75 percent.

Information on Constantin Medien securities as of December 31, 2014

ISIN/WKN	
– Ordinary share (Prime Standard Segment)	DE0009147207/914720
– Highlight Communications AG share (Prime Standard Segment)	CH0006539198/920299
– Corporate bond 2013/2018 (Segment Entry Standards for Bonds)	DE000A1R07C3/A1R07C
Indices	DAXsector Media
Closing rate 12/31/2014 / 52-week high / 52-week low	
– Constantin Medien AG (Xetra)	EUR 1.30 / 1.85 / 1.11
– Highlight Communications AG (Xetra)	EUR 3.33 / 4.18 / 2.79
– Corporate bond 2013/2018 (Frankfurt)	102.5 / 103.5 / 91.8 percent
Share capital (12/31/2014)	93.6 million shares
Shares outstanding (12/31/2014)	86.2 million shares
Corporate bond 2013/2018 outstanding	65,000 bonds
Market capitalization (related to shares outstanding as of 12/31/2014)	
– Constantin Medien AG (Xetra)	EUR 112.1 million
– Highlight Communications AG (Xetra)	EUR 148.1 million
– Corporate bond 2013/2018	EUR 66.6 million

Directors' Dealings/Shareholdings of Board Members as of December 31, 2014

In the 2014 financial year, the Company was notified by Members of the Management Board and the Supervisory Board of the following reportable purchase and sales transactions:

Transactions

Board	Name	Date of notification	Transaction	Securities	Number of shares	Share price (in EUR)	Total volume (in EUR)
Supervisory Board	Dr Dieter Hahn	7/3/2014	Purchase	Share	4,171,600	1.30	**5,423,080.00**
Management Board	Bernhard Burgener	7/21/2014	Purchase	Share	400,000	1.25	**500,000.00**

The Board Members, Mr Bernhard Burgener (Chairman of the Management Board), Dr Dieter Hahn (Chairman of the Supervisory Board) and Mr René Camenzind (Supervisory Board Member) each held a direct or indirect holding in shares or share entitlements exceeding 1 percent of the share capital as of December 31, 2014.

The number of shares held by Mr Bernhard Burgener increased to 5,650,000 shares as a result of the transaction. The number of shares held by Dr Dieter Hahn increased to 6,371,600 shares as a result of the transaction.

In addition, Mr Fred Kogel, Member of the Management Board of Constantin Medien AG since October 1, 2014 holds 350,000 shares of Constantin Medien AG.

No share entitlements associated with option rights for Management Board Members exist.

Shareholdings of Board Members as of December 31, 2014

Board	Name	Number of shares
Management Board	Bernhard Burgener	5,650,000
	Fred Kogel	350,000
	Antonio Arrigoni	6,279
Supervisory Board	Dr Dieter Hahn	6,371,600
	René Camenzind	2,200,656
	Dr Bernd Kuhn	8,470
	Jean-Baptiste Felten	0
	Andrea Laub	0
	Jan P. Weidner	0

COMBINED GROUP MANAGEMENT AND MANAGEMENT REPORT

Combined Group Management and Management Report

1. Basis of the Group

1.1 Group structure and business activities

Constantin Medien AG is an internationally operating media company and based in Ismaning near Munich. The Company is focused on the Segment Sports and, through its holding in the Swiss media company Highlight Communications AG, on the Segments Film, Sports- and Event-Marketing as well as the Segment Other Business Activities.

As parent company, Constantin Medien AG is the controlling holding company. With the areas Finance, Accounting, Controlling, Internal Audit, Communication, Investor Relations, Human Resources and Legal, Constantin Medien AG provides intercompany services and is responsible for the strategic control of the Group. Through its 100-percent subsidiary Constantin Sport Holding GmbH, it holds a 100-percent share in each of the companies in the Segment Sports.

Highlight Communications AG, Pratteln/Switzerland, is a stock corporation according to Swiss law, which has been listed on the Frankfurt Stock Exchange since 1999. Its holdings include 100-percent holdings in Constantin Film AG, in Rainbow Home Entertainment AG, Pratteln/Switzerland, in Rainbow Home Entertainment Ges.m.b.H., Vienna/Austria as well as in Team Holding AG, Lucerne/Switzerland. In addition, it holds a 68.99-percent share in Highlight Event & Entertainment AG, Düdingen/Switzerland, which is listed on the Swiss Stock Exchange (SIX Swiss Exchange).

The **Segment Sports** covers the activities in the TV area with the free-TV channel SPORT1 as well as the pay-TV channels SPORT1+ and SPORT1 US. Furthermore, the online portal SPORT1.de, the mobile SPORT1 applications and the digital sports radio SPORT1.fm belong to the portfolio under the SPORT1 umbrella brand. The diverse offers of SPORT1 are marketed by the multi-platform marketer Sport1 Media GmbH (operating under Constantin Sport Marketing GmbH until the end of September 2014). PLAZAMEDIA is another major Group subsidiary and offers comprehensive services in the field of production together with its subsidiaries in Austria and Switzerland.

On May 19, 2014, Constantin Medien AG announced its decision, not to continue the negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in connection with the transaction agreed on December 5, 2013. The agreement provided the sale of 100 percent of the shares of PLAZAMEDIA GmbH TV-und Film-Produktion (including its subsidiaries in Austria and Switzerland) as well as the sale of 25.1 percent each of the shares in Sport1 GmbH and Sport1 Media GmbH. The transaction was subject, among others, to the conclusion of a new multi-year production framework contract between Sport1 GmbH and PLAZAMEDIA GmbH TV- und Film-Produktion. But despite intense and long negotiations, no agreement could be reached on this arrangement at that time.

In the Segment Sports the main sources of finance in the free-TV/online/mobile area are the advertising and/or sponsoring revenues and in the pay-TV area particularly the contractually agreed guarantee payments and subscriber-based feed-in contracts. In the production area, these include long-term production framework contracts and indirectly also the advertising revenues of the TV channels. The main expense items in the Segment Sports comprise the costs of licensing rights, the costs of production and manufacturing, distribution costs and personnel expenses. In the production sector, these particularly include the costs of production services, investments in technical innovations and extensions, maintenance and service as well as the costs of signal routing and not least personnel.

The **Segment Film** contains the activities of Constantin Film AG and its subsidiaries at home and abroad as well as the Highlight Communications subsidiary Rainbow Home Entertainment. The Constantin Film group is the most important independent German producer and exploiter of productions across the entire fiction and non-fiction audiovisual area. Its operations encompass the development and production of films as well as the exploitation of in-house productions and acquired film rights. In-house film productions in the theatrical area are usually distributed worldwide, while third-party productions are basically exploited in German-speaking countries. In this, all steps along the exploitation chain are utilized (theatrical distribution, Home Entertainment releases, TV broadcast). Apart from theatrical films, the Constantin Film group creates fictional and non-fictional productions for German and foreign TV stations. For purpose of best possible exploiting the video rights for in-house and licensed films, Highlight Communications AG has its own distribution organization. In Switzerland and Austria, distribution is performed by the Rainbow Home Entertainment companies. Distribution on the German market is conducted by Highlight Communications (Deutschland) GmbH in co-operation with Paramount Home Entertainment.

In the Segment Film, the main sources of finance result from the exploitation of in-house and acquired film rights across all steps along the exploitation chain. Additional revenues are generated by production orders for TV channels and by national and international film promotion grants. The main expense items comprise acquisition and exploitation rights from scripts and literary materials, production costs as well as marketing and release and promotion expenses for individual films (marketing and copies).

The **Segment Sports- and Event-Marketing** includes the activities of Team Holding AG (TEAM) and its subsidiaries. The TEAM group specializes in the global marketing of international major sports events. Being one of the world's leading agencies in this field, it exclusively markets on behalf of the European Football Association (UEFA), the UEFA Champions League as well as the UEFA Europa League and the UEFA Super Cup.

In the Segment Sports- and Event-Marketing, the main sources of finance are agency commissions relating to the marketing of TV and sponsoring rights, while personnel expenses make up the largest proportion of expenses.

The **Segment Other Business Activities** includes the activities of Highlight Event & Entertainment AG. The company operates in the event and entertainment business and holds the marketing mandates for the Eurovision Song Contest and the Vienna Philharmonic Orchestra. The Highlight Communications subsidiary Rainbow Home Entertainment AG has a 50.004 percent holding in the full service agency Pokermania GmbH, which specializes in the development of online gaming business models and on the social games market. The activities in the area online/social gaming are included in the Segment Other Business Activities.

In the Segment Other Business Activities, the main sources of finance are revenues resulting from agency commissions relating to the marketing of TV and sponsoring rights as well as from the marketing of online/social gaming products. The main expense items comprise personnel costs and development costs for online/social gaming products, relating to both, the marketing of TV and sponsoring rights as well as to purchasing services.

Others primarily include the activities of the holding company Constantin Medien AG.

1.2 Management system and performance indicators

1.2.1 Group management

The Management Board of Constantin Medien AG is responsible for the strategy and control of the Group. As at October 1, 2014, the Management Board was extended from two to three Members: Mr Bernhard Burgener, Chief Executive Officer, and Mr Antonio Arrigoni, Chief Financial Officer, who were Members previously, as well as the new Member Mr Fred Kogel, Chief Officer Production, Process Management and Integration, now make up the Executive Committee of Constantin Medien AG. With respect to the Group companies of the Segment Sports, the operational responsibility falls to the particular management of each subsidiary. The controlling of the companies within this segment is conducted through shareholder meetings, strategic management meetings and regular meetings of the executive board and the corporate board. Short- and medium-term planning and regular reports are the basis for managing the activities of the sports companies.

Highlight Communications AG and Highlight Event & Entertainment AG as stock corporations subject to Swiss law as well as Constantin Film AG as a stock corporation under German law are autonomously managed by the Board of Directors and the Management Board, respectively. As shareholder, Constantin Medien AG exercises control in the Highlight Communications group by means of its 52.39 percent interest. Here, short- and medium-term planning as well as regular reports to the Boards of these companies also form the basis for managing the corresponding activities. In addition, Highlight Communications AG reports to Constantin Medien AG as part of the regular Group reporting.

1.2.2 Financial performance indicators

Sales figure and earnings attributable to shareholders are the key performance indicators within the Constantin Medien Group. In addition, the financial ratios earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA) and net debt (cash and cash equivalents less financial liabilities) are identified regularly for controlling and managing the segments.

1.2.3 Non-financial performance indicators and success factors

Beyond the financial key performance indicators, non-financial performance indicators and success factors arising from the specific requirements of the particular business model are also of key significance for the Company's performance.

Coverage and market shares: Market and TV viewer research is the basis for Sport1 GmbH for monitoring the programming line-up of its free-TV and pay-TV channels to examine its viewer appeal, to acquire attractive license rights, to develop innovative formats and to ensure programming that accurately reflects viewer preferences.

In the free-TV area, these indicators include the daily coverage and market shares that are surveyed by the Society for Consumer Research (GfK). In case of SPORT1, this is in particular the market share of its core target group of males aged 14 to 49 years (M14-49). In the pay-TV area, the key indicator is the number of subscribers, and in the online area the standardized online coverage currency unique user, which is reported monthly by the Online Research Group (Arbeitsgemeinschaft Online Forschung e.V., AGOF). Moreover, the German Information Association for the Ascertainment of Distribution of Advertising Media e.V. (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V., IVW) monthly reports the number of page impressions (PIs) and visits. In the mobile area, PIs and visits are also reported by IVW. In the video area, video views are determined using Google Analytics, the YouTube Content Management System and YouTube Analytics, and streaming sessions for the digital radio via Triton Digital.

Also, in the Home Entertainment area of the Segment Film, the market share resulting from the rental and sales of DVDs and Blu-rays is a performance indicator for the success of the Constantin Film group. In license trading/TV exploitation and TV service production sectors, coverage and market shares are important ratios for determining the audience success of a broadcast format and often form the basis for decisions regarding future commissions.

Technical coverage: Regarding the free-TV channel SPORT1's appeal as a platform for advertisers, the technical coverage of the channel is of great importance. The coverage of SPORT1 extends to almost 32.2 million and thus 87 percent of all accessible households in Germany. That means that it can be received almost area-wide. In pay-TV, area-wide distribution of the two channels SPORT1+ and SPORT1 US using the main cable network operators and infrastructure providers as far as possible is a non-financial key performance indicator.

Number of visitors: In the theatrical distribution area of Constantin Film AG, the number of viewers generated by a film is a decisive factor because theatrical success usually also impacts subsequent exploitation levels – particularly in Home Entertainment. In spite of intense prior market monitoring in the target groups, the taste of the film-going public is only assessable to a limited extent. In addition, the theatrical films released by Constantin Film AG always compete with titles by other distributors running at the same time so that even a marketing campaign perfectly matched to the relevant film cannot meet the expected viewer figures.

Moreover, non-financial performance indicators and success factors, which are not evaluated quantitatively and used for internal monitoring, are also of key importance to the Company's performance, and essential for the Company's business model.

Access to rights: For the platforms under the umbrella brand SPORT1 the access to and the availability of attractive sports rights are of great importance. This applies in particular to the broadcasting of football matches. The access is also dependent upon factors such as convincing programming concepts, a solid finance basis and a close-knit network of contacts with decision-makers in this area. In free-TV, attractive sports rights are essential to be able to maintain or expand the market share in the core target group (M14-49), for the pay-TV sports channels SPORT1+ and SPORT1 US to guarantee and successively increase their pay value and for the digital sports radio SPORT1.fm to further expand listener and user numbers.

With regard to the acquisition of literary material and scripts, as well as to conclusions of contracts with successful directors, actors and film studios, Constantin Film group faces strong competition. Therefore, Constantin Film AG has been working for decades very closely with renowned and experienced screenwriters, directors and producers in Germany and abroad, who have a high level of know-how in the production of theatrical films and TV formats.

Capacity for innovation: The success of PLAZAMEDIA largely depends on its ability to offer clients high quality and innovative services in the areas of content creation, outside, in-house, studio and post productions as well as in new media, program processing, technology, interactive, digital and mobile offers as well as multimedia handling and digital archiving and distribution of content. Since technical innovations rank among the strategic success factors in the production services business, PLAZAMEDIA puts a special focus on the further development of its technological capabilities in order to fully meet the rising demand for innovative High Definition productions.

Professional expertise and network of contacts: Not only in light of the growing digital and convergent media usage behavior and the transformation to using cross-platform offers, both technology and content competence are essential. Correspondingly, recruiting, advancement and retaining well-trained, qualified, dedicated and creative employees are of high priority.

In addition, a distinctive network of contacts and close and trusting relationships with business partners are important indicators for the success of the group of companies. In the Segment Sports, this applies e.g. with regard to rights holders and the advertising industry or media-political institutions. In the Segment Film, the co-operation with scriptwriters, directors and producers in Germany and abroad is particularly important. In the Segments Sports- and Event-Marketing and Other Business Activities, trusting business relationships with the rights holders and with existing and potential sponsors are essential in marketing major international sports or entertainment events.

1.3 Material legal factors

Constantin Medien AG has to comply with a large number of stock exchange and legal requirements. As a stock corporation listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange according to German law, the Company is in particular subject to the German Stock Exchange and Capital Market legislation and has to comply with the recommendations of the German Corporate Governance Code. Highlight Communications AG is a stock corporation according to Swiss law which has been listed on the Frankfurt Stock Exchange and Highlight Event & Entertainment AG as stock company under Swiss law has to meet the "Codes of Best Practice" of the SIX Swiss Exchange. The operational activities of the companies in the individual segments are in accordance with a variety of media, data protection and copyright laws as well as with regulatory requirements.

Segment Sports

Material legal factors affecting the free-TV channel SPORT1, the pay-TV channels SPORT1+ and SPORT1 US, the online TV offer SPORT1 Livestream as well as the digital sports radio SPORT1.fm are the German Interstate Broadcasting Treaty and the state media laws compliance, being monitored by the individual media institutions from each German Federal State. SPORT1 as well as SPORT1+, SPORT1 US and SPORT1 Livestream fall under the jurisdiction of the Bavarian Regulatory Authority for New Media (BLM). SPORT1.fm falls under the jurisdiction of the Regulatory Authority for Commercial Broadcasting in Hesse (LPR Hessen).

The free-TV channel SPORT1 has a broadcasting license until April 20, 2015. On application by Sport1 GmbH, the Bavarian Regulatory Authority for New Media (BLM) renewed this broadcasting license by eight years until April 20, 2023. The pay-TV channels SPORT1+ and SPORT1 US, the online TV offer SPORT1 Livestream and the sports radio SPORT1.fm, have broadcasting licenses for several years.

As a private broadcaster, Constantin Medien Group is governed by the provisions of the State Treaty for the Protection of Youth in the Media. Under this, it is a requirement to ensure that children and teenagers cannot use offers, which might affect their development into a responsible and socially competent person.

In addition, the Interstate Broadcasting Agreement includes various provisions in the context of advertising. This includes the sweepstake shows legislation, adopted by the State Media Authorities in February 2009, which among others provides stricter rules for call-in formats. The emphasis here is on protecting minors, and especially on stricter transparency requirements for sweepstakes. Furthermore, the State Gambling Treaty is relevant, which became effective on July 1, 2012. It contains the option to grant a limited number of concessions/ licenses (also) to private sports betting providers, which have not yet been placed, and also provides for a ban, which reserves the right of permission regarding the advertising of sports betting offers on TV and online.

Segment Film

In the Segment Film, the Constantin Film group is also governed by a number of legal provisions of particular importance. These include the provisions regarding the copyright protection cct. The law to protect minors is also significant, which specifies that an age rating by Freiwillige Selbstkontrolle Fernsehen e.V. must be provided for theatrical and video films.

German theatrical film production – and this includes Constantin Film – is dependent on funding. In Germany, approx. EUR 170 million at federal and state level are annually spent primarily on funding feature films. The German Federal Film Fund (DFFF) is the most important funding institution, having most recently provided EUR 60 million per year. Like similar instruments in other countries, it promotes production activities on the local market.

From 2015, only EUR 50 million will be available to the DFFF as per the resolution of the Budget Committee of the German Bundestag of November 13, 2014.

Source: Blickpunkt:Film, November 20, 2014

The Federal Constitutional Court ended the legal dispute regarding the Film Funding Act (the court verified whether the Federal Government is authorized to issue the relevant Film Funding Act at all) with a ruling on January 28, 2014, and declared the Film Funding Act to be fully constitutional. According to the Court, the law issued by the Federal Government does not constitute an unauthorized encroachment of the cultural sovereignty of the federal states. As early as 2013, the "EU Commission Cinema Communication" was published with the result that there will be no significant changes for the promotion options of the FFA and the German Federal Film Fund (DFFF). Thus, the permissibility of film promotion in its current format will be legally protected.

Sources: Press release of Producer Alliance, January 28, 2014; Mediabiz/Blickpunkt:Film, November 14, 2013

Segment Sports- and Event-Marketing

On October 4, 2011, the European Court of Justice (EuGH) passed a judgment – the so-called "Murphy judgment" – regarding the award of exclusive TV rights for football matches. In this judgment, the EuGH announced that awarding exclusive territorial rights to channels in the EU economic area, which excludes an offering of their TV services in other EU markets, is in breach of the principle of free movement of services in the EU. The effects of this decision on the activities of the Sports- and Event-Marketing Segment still remain unclear.

Segment Other Business Activities

With regard to the operations of online gaming business models, the Constantin Medien Group is also subject to the State Gambling Treaty 2012.

1.4 Research and development

The evaluation and analysis of market data in the areas viewer, user and customer research, is important for the development and further development of the business areas, in which the Group operates, in order to respond to or anticipate trends in the relevant industry segments and changes in consumer behavior early on. In addition, these data and findings help the companies of the Constantin Medien Group to provide customers, business partners and the advertising industry with capable and substantial information for assessing their investment decisions.

For this purpose, the Group cooperates with different companies specializing in this. In the market and TV viewer research area, these are the Television Research Consortium (Arbeitsgemeinschaft Fernsehforschung, AGF) and the Society for Consumer Research (Gesellschaft für Konsumforschung, GfK). In the online area these are the Online Research Group (Arbeitsgemeinschaft Online Forschung, AGOF) and the German Information Association for the Ascertainment of Distribution of Advertising Media e.V. (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V., IVW), which report the monthly usage data unique user and page impressions (PIs) and visits of the advertising media on the internet, respectively. In the mobile area, PIs and visits are also identified by IVW. In the video area, video views are reported using Google Analytics, the YouTube Content Management System and YouTube Analytics and the streaming sessions for digital radio via Triton Digital.

In-house productions in the Segment Film are partly subjected to an audience test as part of screenings. Awareness figures are also collected for current theatrical releases, e.g. in order to assess and, if applicable, to optimize the effect of the marketing activities for the relevant film.

In addition to these purely quantitative performance data, qualitative data such as for advertising impact research are also an important basis for assessing, classifying and focusing the corporate strategy and operating production and exploitation and/or marketing activities within the different segments. Broad-based studies and research work regarding the development of the media industry, or surveys, screenings and audience tests for own products, are also used. Lavish material is checked for acceptance on the market before production.

2. Economic Report

2.1 Overall economic conditions in the 2014 financial year

In 2014, the global economy developed positively and grew further. However, global growth was lower than assumed originally. As the main reason, the International Monetary Fund (IMF) stated geopolitical conflicts such as in the Ukraine and the Middle East. In addition, the organization identified only a slow economic recovery in the Euro zone, which was becoming less dynamic again in the second half of the year. Overall, the IMF calculated a growth of the global economy of 3.3 percent in 2014.

By contrast, the economy in the Euro zone showed a reticent development and only grew by 0.8 percent according to the IMF. According to the Institute of World Economy (IfW), countries like Spain and Portugal may have made progress in terms of structural reforms, but other countries like France and especially Italy still experience a reform backlog, which is a barrier to economic activities.

The German economy recorded a growth of 1.5 percent in 2014 according to preliminary calculations of the Federal Statistics Office. Growth thus remained significantly below the original expectations of economic experts. The growth in economic performance was primarily due to the increase in private consumer spendings as well as to the investments of companies and the state in equipment such as machinery, hardware and vehicles. According to the German Federal Employment Office, the unemployment rate fell by 0.2 percent in 2014 to 6.7 percent; the average number of people registered as unemployed in the year was thus at the lowest level since the German Reunification.

Sources: International Monetary Fund (IMF), World Economic Outlook, Updates for October 2014 and January 2015; ECB Monthly Report for December 2014, January 2015; Institute of World Economy (IfW), Kiel: "Dämpfer für die Konjunktur", September 11, 2014; Press release of the Federal Statistics Office, January 15, 2015, Federal Employment Office, press release, January 7, 2015

Market environment for media and entertainment in Germany

Generally, the media and entertainment industry in Germany is developing in line with the economy as a whole, with advertising expenses generally linked more closely and closer in time to economic changes than the spending behavior of consumers.

For 2014, the auditing company PricewaterhouseCoopers (PwC) assumes a sales growth for the entire media and entertainment industry in Germany of 1.9 percent to EUR 66.4 billion. This would roughly correspond to the growth rate in 2013 (+1.8 percent). Therefore, as in previous years, the growth drivers were digitized offers, which have basic effects on people's media usage behavior and on the distribution of media contents.

The media categories which benefited particularly from this environment in 2014 were TV, with a sales increase of 3.9 percent (previous year: +2.5 percent) and radio (+3.4 percent after +2.6 percent), whereas magazines (-1.9 percent) and newspapers (-3.5 percent) lost ground as in previous years. For online advertising, the experts expected a growth of 8.1 percent, meaning growth dynamics weakened further as in previous years.

PwC assumed the expenses of the Germans for media consumption going up constantly by 2.0 percent in the reporting year (2013: +2.0 percent to EUR 48.7 billion). Positive influencing factors included the growing distribution of paid content, the general acceptance of the sale of digital content, the good development of the market for internet access and also the public channel financing reform, which took place in 2013.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2014 – 2018", December 2014.

2.2 Sector-specific general conditions, operating performance and analysis of non-financial performance indicators of the segments

2.2.1 Sector-specific general conditions in the Segment Sports

According to the information and media company Nielsen Media Research, the German gross advertising market had a volume of EUR 28.3 billion in 2014 and thus grew by 4.5 percent compared to 2013 (volume: EUR 27.1 billion). Growth was strongest in the second quarter, with an increase of 6.5 percent compared to the previous year. The traditionally advertising-intensive fourth quarter closed with an increase of 5.1 percent compared to 2013 in above-the-line media (TV, radio, online, print, out-of-home).

At a plus of 72.5 percent compared to 2013, the mobile category continues its growth course, with some budget increases of advertisers being particularly noticeable: for instance, the manufacturer of sports items Adidas increased its spendings for mobile advertising by more than 700 percent, whereas Procter+Gamble increased theirs by 693 percent, ebay by 448 percent and Deutsche Bahn by 355 percent.

TV continued to be the best-selling media category by sales in 2014. Backed by the Football World Cup, TV generated a two-digit growth in the second quarter (increase of 10.6 percent). In the year overall, the increase was 8.0 percent to approx. EUR 13 billion, corresponding to around 46.3 percent of total sales across all media. In 2014, radio went up by 2.2 percent to EUR 1.6 billion, and investments in online advertising in the reporting period stood at EUR 3.06 billion; approximately at prior year level (EUR 3.02 billion) – a slight increase of 1.2 percent.

Sources: Nielsen Media Research GmbH, press release "Große Werbeträger investieren branchenübergreifend immer mehr in Mobile", January 26, 2015, "Nielsen_Top_Ten_Trends_December 2014", January 15, 2015

According to PwC, the number of pay-TV subscribers in Germany increased by 5.9 percent in 2013 to just over 6.4 million. PwC stated that this upward trend was particularly due to increased demand among cable network operators for further pay-TV offers and to the sales successes of the biggest German pay-TV platform Sky.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2014 – 2018", December 2014.

The main trends in the production market in 2014 were technical innovations such as the use of high-resolution production technologies (4K/8K), the increased use of cloud-based production services and IT-based infrastructure solutions. As a result, extensive tests of 4K live productions were realized during the 2014 FIFA World Cup™. In September 2014, innovative network and IP-based production solutions were the focus of the International Broadcasting Convention, IBC, one of the most important industry meetings.

Source: Media Bulletin, 6/2014, "Neue Infrastruktur für die TV-Zukunft"; "4k-Produktionen zur FIFA WM als neue hochauflösende Produktionstechnik", mebucom.de, April 14, 2014

2014 FIBA Basketball World Cup: Final USA vs. Serbia

2.2.2 Operating performance in the Segment Sports

Further expansion of the rights portfolio, extensive relaunch of digital offers and repositioning of marketing – In the 2014 financial year, SPORT1 consistently expanded its sports content and live tracks – both on free-TV and on pay-TV – and especially continued its course of digital transformation. New paths were also tread in marketing as part of further strengthening the multi-media umbrella brand SPORT1.

Acquisition of high-quality sports rights – In the reporting year, Sport1 GmbH acquired a variety of attractive and largely cross-platform exploitation rights for free-TV, pay-TV, online, mobile and radio to further enhance the profile as sports media brand with its content:

For instance, in January 2014, Sport1 GmbH acquired selected live and highlight rights for the FIA World Rally Championship (WRC) for broadcasts on free-TV. In February, the company secured the exclusive free-TV rights to the Women's and Men's Rabobank Hockey World Cup 2014, which took place in the Netherlands from May 31 to June 15. In addition, the rights package included the FIH Champions Trophy, which takes place biennially and was held in November and December 2014, as well as the finals of the HERO Hockey World League, which took place in January 2014. In April, Sport1 GmbH was granted the rights to the FIBA Basketball World Cup which was reported live on free-TV, online and mobile from August 30 to September 14, 2014. In May, the rights to the 2014 Volleyball World Championship and in November those to the 2015 Women's Volleyball European Championship were acquired. In motor sports, SPORT1 continued the reporting of the ADAC Zurich 24h race and in May secured the license rights up to and including 2016.

In August, SPORT1 agreed a two-year co-operation with the four regional football league associations Northern German Football Association (Norddeutscher Fußball-Verband), Western German Football and Athletics Association (Westdeutscher Fußball- und Leichtathletikverband), Regional League South-Western (Regionalliga Südwest) and Bavarian Football Association (Bayerischer Fußball-Verband). Also in August, Sport1 GmbH acquired the exclusive media rights to the new Champions Hockey League (CHL), the royal league of European club ice-hockey, for the 2014/15 season. In mid-September, SPORT1 agreed a co-operation with the rights-holder Deutsche Telekom for the free-TV exploitation of the Beko Basketball Bundesliga for the match periods 2014/15 and 2015/16. In October, Sport1 GmbH announced that it will broadcast live the premiere of the European Games in Baku as the official broadcasting partner. The multi-sports event by the Olympic nations and athletes of Europe will take place between June 12 and 28, 2015. In November, Sport1 GmbH and the German Ice-Hockey Association renewed their co-operation, which comprises the Deutschland Cup and the international matches outside the World Championship until 2018. An extensive agreement was concluded with ADAC regarding the live broadcasts of the ADAC GT Masters, the "Super Sports Cars League" in the 2015 season.

NHL-Game – Pittsburgh Penguins vs. Vancouver Canucks

The "Big Four" exclusively on SPORT1 US – In mid-March, Sport1 GmbH announced its acquisition of the exploitation rights to the Major League Baseball (MLB) for SPORT1 US – between 2014 and 2016, the channel will be airing at least 60 matches per season. In May, the rights to the National Hockey League (NHL) for the 2014/15 and 2015/16 match periods were also purchased for SPORT1 US, in which around 70 live matches will be broadcast. Since autumn 2014, together with the NFL and the NBA, the program of SPORT1 US thus includes the exclusive broadcasts of all four major US leagues in Germany.

Extensive relaunch of SPORT1 online and mobile offers – In summer, the extensive relaunch of the online and mobile offers under the umbrella brand SPORT1 started – including

SPORT1.de, the SPORT1 Apps, the website of the sports radio SPORT1.fm and the SPORT1.fm Apps. In this context, the entire technical infrastructure was also reinstalled. The relaunch consists of different development steps over several months until the current year.

For the kick-off, at the end of July 2014, a new design was introduced on SPORT1.de. In autumn, the new TV and video area started on SPORT1.de and the beta version of the new SPORT1.de went live – running simultaneously to the regular online offer. In December, the SPORT1 video app for Android devices was introduced, which contains the SPORT1 free-TV livestream, a large on-demand archive of known formats as well as up-to-date video news.

The aim of the relaunch is to establish the digital SPORT1 offers also as the destination for accessing sports content across all devices and to also successively increase further coverage of the platforms.

Screenshot of SPORT1 Video App

Distribution of TV channels expanded – In the reporting year, further co-operations were agreed with platform partners to further expand channel distribution: A co-operation regarding the distribution of SPORT1 US via the TV platform Entertain, Germany's largest-range IPTV offer, from January 31, 2014, was agreed with Deutsche Telekom. Since January 2014, SPORT1 HD has been included in the offer of the live TV provider Zattoo and since April, SPORT1 and SPORT1 HD have also been part of the channel portfolio of the newly launched TV service Magine TV.

Repositioned and renamed marketing subsidiary – Since October 9, 2014, the marketing subsidiary Constantin Sport Marketing has appeared under its new name SPORT1 MEDIA: The new name takes account of the clear focus on marketing the platforms and offers under the SPORT1 umbrella brand and forms part of the marketer's new strategy to create more specific presentation possibilities in the sports environment for its customers and their brands on the SPORT1 platforms and beyond. With "Unit 360", a separate concept department was launched for this. In addition, SPORT1 MEDIA offers its customers a new opportunity for activation concepts to support sales measures with its new "brand activation" service: This ranges from development and planning all the way to full implementation – of trade marketing, POS measures, use of testimonials or stand-alone event concepts. On February 2, 2015, a new sales office was also opened in Düsseldorf, Germany's biggest media agency site, in order to ensure closer proximity to the market and direct communication with the agencies and customers located there.

Optimization of sales activities, and new services and products – In December 2014, the Sales & Marketing business area was established and the strategic customer support was reorganized. In addition, PLAZAMEDIA expanded further its portfolio of services via the business area Content & Creations, also set up in December 2014, which added the development of contents and formats area to its value chain. Furthermore, PLAZAMEDIA was able to strengthen its market presence in the reporting period with regard to the further development of technological production innovations.

Extensive production services for ZDF – On behalf of ZDF PLAZAMEDIA provided production technology services for the UEFA Champions League Wednesday matches. These included the host broadcasting of the quarterfinal match between FC Schalke 04 and Real Madrid CF, the quarterfinal match be-tween FC Bayern Munich and Manchester United FC and the semifinal match between FC Bayern Munich and Real

"Der Volkswagen Doppelpass"

Madrid CF. Moreover, PLAZAMEDIA was responsible for the unilateral provision of several UEFA Champions League matches, includ-ing the final between Real Madrid FC and Atlético Madrid.

During the 2014 FIFA World Cup™, PLAZAMEDIA also provided many production technology services for ZDF. These included the format "WM Kompakt: Alle Spiele vom Vortag", which presented highlights of the relevant World Cup match days for the digital channel ZDFinfo. In addition, the production company created the format "WM im Netz" on each of the World Cup match days, which was available on ZDFonline and aired as part of ZDF Morgenmagazin. For ZDFinfo, PLAZAMEDIA also designed and produced the studio format "WM live" on two match days.

Provision of special camera systems during the 2014 FIFA World Cup™ for HBS – For the customer Host Broadcast Services (HBS), PLAZAMEDIA was responsible for providing high-quality special camera systems for the world feed during the 2014 FIFA World Cup™. PLAZAMEDIA and TV Skyline equipped the twelve venues with more than 180 special camera systems, supervised by eight teams on site.

Numerous production services for Sky – On behalf of the pay-TV channel Sky, PLAZAMEDIA produced all 19 live races of the 2014 Formula 1 season. From the season kick-off in Melbourne to the final in Abu Dhabi, PLAZAMEDIA was responsible for the unilateral production services on site. Overall, PLAZAMEDIA produced more than 200 hours of live content, 57 broadcasts of the free practice sessions as well as 19 qualifyings. In addition, PLAZAMEDIA produced the matches of the UEFA Champions League, UEFA Europa League and the DFB Pokal for Sky.

Formel 1-Saison 2014

Varied production services for the Football Bundesliga – For the second leg of the Football Bundesliga season 2013/14 and the first leg of the 2014/15 match period, PLAZAMEDIA again provided extensive technical services for the customers Sky, Axel Springer/Bild, SPORT1 and SPORT1.fm.

PLAZAMEDIA produces NBA pre-season match and FC Bayern Munich Basketball – In October, PLAZAMEDIA realized the production of the world feed and the unilateral support of the partner channel SPORT1 for the match between ALBA Berlin and the San Antonio Spurs as part of the NBA Global Games at O2 World in Berlin. The match was aired live on SPORT1 US as well as via livestream on SPORT1.de and broadcast globally in numerous countries. For FC Bayern Munich Basketball GmbH, PLAZAMEDIA as host broadcaster produced eleven home matches of FC Bayern Basketball in the Turkish Airlines Euroleague. In addition to SPORT1, which provided the on-site commentary for many selected live matches, ten TV channels broadcast the signal worldwide, and it was also streamed live on the website of the Turkish Airlines Euroleague.

PLAZAMEDIA presents production technology innovation – At the Sportel in Monaco in October 2014, one of the most important international sports marketing events, PLAZAMEDIA presented the production innovation ReDesk. The innovative ReDesk is a unique interactive system for displaying augmented reality applications – meaning computer-supported applications, in which real and virtual worlds mix – for 3D media analyses of football matches. The production innovation makes it possible to virtually visualize highly detailed modeled figures on a touch table interface, to move them interactively and to thus re-enact, vary and analyze match sequences.

2.2.3 Analysis of non-financial performance indicators in the Sports Segment

SPORT1 continues good course in free-TV – In 2014, the free-TV channel SPORT1 performed slightly above expectations in terms of annual market shares – in spite of strong competition from the Winter Olympics and the 2014 FIFA World Cup™ on the public channels. The market share in the core target group of men aged 14 to 49 years (M14-49) was 1.3 percent – in 2013, SPORT1 had achieved a market share of 1.4 percent (M14-49) without the effects of these global sports events. In the reporting period, SPORT1 reached a market share of 0.8 percent of viewers overall (Z3+) (2013: 0.9 percent). December was the strongest month of 2014, with live broadcasts of the Darts World Championship in London, which ran until January 4, 2015. The monthly market share in the core target group was similar to the previous year at 1.6 percent, and that of viewers overall was 0.9 percent (December 2013: 0.9 percent).

"Bitburger Fantalk" – expert Peter Neururer, host Thomas Helmer

SPORT1 with numerous top-quality sports events – Overall, SPORT1 broadcast a total of nine live major sports events in the categories Olympics, World Championships or European Championships – all under the heading "The Year of Titles" ("Das Jahr der Titel"). For instance, the channel broadcast Olympic Games for the first time in its history with the Women's and Men's Olympic Ice-Hockey tournaments in Sochi. SPORT1 also broadcast live in free-TV the Men's Handball European Championship in May, the Women's and Men's Hockey World Championship in May and June, the Men's Basketball World Championship in August and September, the Women's Volleyball World Championship in October and the Women's Handball European Championship in December.

Established SPORT1 formats with very good ratings – In the reporting year, rating peaks again included SPORT1 Bundesliga and 2nd Bundesliga formats like "Der Volkswagen Doppelpass", "Hattrick Live" with the two Monday night 2nd Bundesliga matches, "Bitburger Fantalk", "Telekom Spieltaganalyse" or the weekday news format "Bundesliga Aktuell". In free-TV, SPORT1 again attracted many viewers with extensive live sports – such as the DKB Handball Bundesliga, the Beko Basketball Bundesliga, the Turkish Airlines Euroleague Basketball, the Formula 1 free practice sessions, the FIA WRC or the MotoGP. As expected, "Der Volkswagen Doppelpass" and "Hattrick Live" achieved the highest free-TV ratings in 2014: On average in the year, around 900,000 viewers (Z3+) tuned in to watch Germany's most popular football talk show. The most successful show of 2014 on November 2 attracted an average of 1.09 million viewers (Z3+) and a market share in the core target group M14-49 of 14.7 percent. The 2nd Bundesliga Monday match with the highest coverage was the match between 1. FC Kaiserslautern and 1. FC Köln on March 17 with 1.25 million viewers (Z3+) on average and a market share of 6.0 percent in the core target group. "Bitburger Fantalk" on Tuesday nights also proved to be a guaranteed rating success: The top value for 2014 was reached by the episode on April 8 on the occasion of the UEFA Champions League quarterfinal return match

Premiere of "WM Doppelpass" on board of MS Europa 2 in the port of Kiel

between Borussia Dortmund and Real Madrid CF. An average of 930,000 viewers (Z3+) watched the talk show – a new record – at a market share of 4.6 percent (Z3+). In addition, SPORT1 also scored with viewers with the regional league football broadcasts, the UEFA Europa League qualifyings and other international football – including the test matches for the 2014 FIFA World Cup™. The channel further reported on the World Cup in Brazil with extensive reporting on all SPORT1 platforms – on TV with "WM Doppelpass" and "WM Aktuell".

"WM Aktuell" with host Anna Kraft

The daytime docutainment formats aired in the afternoons, such as "Storage Wars", "Storage Hunters" or "Container Wars", also achieved good ratings and market shares. Viewer values at peak reached up to 350,000 viewers (market share 2.3 percent) for viewers Z3+, and 150,000 viewers in the core target group with a market share of up to 7.1 percent.

SPORT1+ and SPORT1 US very well established in the growth market pay-TV – Subscriber numbers for the two pay-TV channels remained at a good level in the reporting period: Subscriber numbers for SPORT1+ were at 1.94 million at the end of December 2014 – plus those subscribers reached via the Sky platform (2013: around 1.8 million, plus subscribers via Sky). The program highlights on SPORT1+ last year included the Tennis ATP World Tour, international football – including the Italian Serie A and the French Ligue 1 – and the MotoGP. The pay-TV channel SPORT1 US was also able to expand its distribution basis slightly. At the end of December, the channel recorded 1.44 million subscribers, plus those subscribers reached via Sky, and thus exceeded the level at the end of 2013 of approx. 1.4 million. SPORT1 US is the only channel in the German-speaking region to offer live broadcasts of the four major US sports leagues NFL, NBA, NHL and MLB.

Clear increase in cumulated online and mobile coverage – In cumulated online and mobile coverage, SPORT1 recorded significant increases in 2014 as a whole compared to the previous year. Following the continuing strong shift in the use of contents from online to mobile, increases are particularly due to access figures in the mobile area. In terms of page impressions (PIs), in the reporting period, SPORT1 recorded an increase from around 410.6 million to 499.8 million PIs per month on annual average – rising by 21.7 percent. The visits went up by 9.1 percent from 59.1 million a month to 64.5 million a month on annual average. The highest cumulated online and mobile coverage in 2014 were achieved in the fourth quarter – at 66.4 million visits (+15.6 percent compared to Q4 2013) and 537.1 million page impressions (+28.1 percent compared to Q4 2013).

Sources: IVW (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) 2013/2014

Coverage successes due to major sports events – The most important topic of 2014 was the 2014 FIFA World Cup™ in Brazil, which significantly contributed to coverage successes thanks to the good results of the German national team. But also the intensive reporting of the Winter Olympics in Sochi in February, the Football Bundesliga, the UEFA Champions League and the exciting Formula 1 season contributed to increasing access figures, as did the prominent promotion for own rights such as the Volleyball and Basketball World Championships and the MotoGP. In the fourth quarter of 2014, the late decision in Formula 1, the start of the NBA and the Darts World Championship led to a very good development of coverage.

The implementation of the umbrella brand strategy using a more consistent multimedia approach for the platforms and a wide expansion of social media activities further contributed to the positive coverage development of digital SPORT1 offers.

Slight reduction in pure online coverage, very good development of unique users – Due to the strong shift of the use of content from online to mobile, at 29.5 million visits per month on average, the pure online coverage of SPORT1.de was slightly below the prior year value (approx. 31.0 million visits). In terms of page impressions, SPORT1.de achieved an average of around 219.5 million PIs per month, which was also below the figure for the previous year (242.9 million PIs).

Source: IVW (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) 2013/2014

However, in the 2014 financial year, SPORT1.de was able to increase its unique users from approx. 2.94 million unique users to approx. 3.28 million unique users compared to the previous year – a plus of around 11.4 percent. In July 2014, SPORT1.de achieved the best unique user value in its history and, at 3.57 million unique users, reached first place in the AGOF ranking of sports news portals.

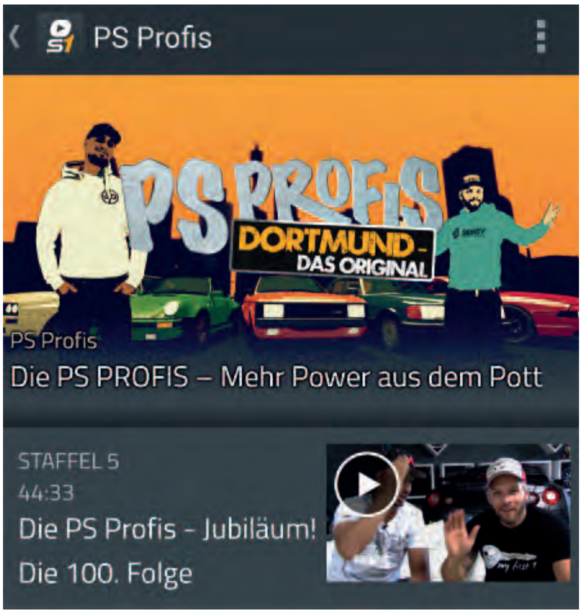
Source: AGOF internet facts: January to November 2013 and January to November 2014

Strong growth in the mobile area – The mobile offers of SPORT1 showed a very good development in 2014, which in addition to the general shift in the use of content was also due to the relaunch of the SPORT1 Apps for Android and iOS as well as to the mobile website. SPORT1 recorded significant growth at around 35 million visits a month on average, achieving an increase of around 24.6 percent compared to the previous year (28 million visits per month on average). In terms of page impressions, SPORT1 grew even more strongly in the reporting period: from 167.7 million PIs per month in 2013 to 280.4 million PIs per month in the reporting period – a clear plus of 67.2 percent. Particularly in the fourth quarter 2014, mobile coverage improved significantly compared to the same period last year at 38 million visits and 345.7 million PIs a month on average (Q4 2013: 29.1 million visits and 194.2 million page impressions per month). The number of downloads for all SPORT1 Apps (incl. SPORT1.fm) for iPhone/iPad, Android, Windows and BlackBerry at the end of 2014 was approx. 5.5 million compared to around 4.1 million downloads by the end of 2013.

Increase in der video views – For the whole of 2014, SPORT1 also showed a strong development for impressions in the entire video area (all SPORT1 platforms and the SPORT1 YouTube channels): At an average of 5.9 million views per month, the coverage was 17.6 percent higher than in 2013 (5.0 million video views a month on average). On the one hand, this positive development is due to the intensification of the YouTube activities of SPORT1 based on a co-operation with Studio71, the multi-channel network of the ProSiebenSat.1 group. As part of this, the existing YouTube channels of SPORT1 were developed further, and in the second half of 2014, new video channels such as PS PROFIS, SPORT1 Motor and SPORT1.fm were added resulting in significant increases in video views. As a result, the number of video views on the SPORT1 YouTube channels increased in the course of the year from around 0.4 million views in January to around 3.6 million views in December. But also the relaunch of the SPORT1 video site also contributed to the positive development of video views. For instance, online and mobile impressions increased by 3.7 percent compared to all of 2013 from 4.1 million to approx. 4.3 million impressions per month. Especially the fourth quarter of 2014 contributed to this with 4.8 million video impressions per month (a plus of 40 percent compared to the prior year quarter).

Sources: Comscore: January to June 2013 for mobile; iTunes Connect: January to December 2013/2014; Google Play Developer Console: January to December 2013/2014; Windows Phone Dev Center: May 2013 to December 2014; Vendor Portal for BlackBerry World: June 2013 to December 2014; Google Analytics: January to December 2013/2014; YouTube Content Management System: January to December 2013/2014; YouTube Analytics: January to December 2013/2014

"PS PROFIS"



Positive development of listener figures for SPORT1.fm – In 2014, the digital sports radio SPORT1.fm, which was launched in July 2013, reached a total of more than 28.8 million streaming sessions – a monthly average of 2.4 million streaming sessions. Streaming sessions are page impressions of the SPORT1.fm stream with a duration of at least 60 seconds. The monthly average in the fourth quarter stood at very good 3.17 million streaming sessions – 69 percent above the value for prior year quarter (1.88 million streaming sessions). The coverage highlights of SPORT1.fm in 2014 included the live broadcasts of the Football Bundesliga and 2nd Bundesliga, the DFB Pokal, the UEFA Champions League, the UEFA Europa League and the European Championship qualifying matches and friendly matches of the DFB team. The new format "Nachspielzeit" on SPORT1.fm also attracted user interest: after every match, listeners are able to discuss the relevant matches, current topics or the situation at their clubs with the studio host, reporters, experts, celebrities and other fans.

Sources: Triton Digital July 2013 to December 2014

2.2.4 Sector-specific general conditions in the Segment Film

Theatrical production/rights acquisition – Against the background of the reduction of the DFFF by a further EUR 10 million for 2015, which was passed in 2014, a recent study by the strategy and management consultancy Roland Berger shows the consequences that this step could have. Based on analyses and estimates, Roland Berger conclude that 10 percent (= EUR 6 million) could result in a reduction of the film production volume in Germany of up to EUR 49 million. In addition, a further EUR 69 million of indirect and secondary revenues are expected to be lost.

In order not to reduce production activities, secure jobs, maintain the competitiveness of Germany as a production site and also to be able to define film promotion as a promotion of economic development, it is necessary to stock up this source of funding again.

Source: Roland Berger: Studie Volkswirtschaftliche Effekte der Kinofilmproduktion in Deutschland, October 16, 2014

In the rights acquisition and license trading area, offers and demand for high-quality licensed products on the major film markets in Berlin, Cannes, Toronto and Los Angeles were rather weak again in 2014. The conclusion of corresponding exploitation contracts is by now more of an exception than the rule.

Source: Blickpunkt:Film 47/14

Theatrical distribution – In the theatrical year 2014 in Germany, box offices took in less than one billion – in contrast to last year – so that revenues remained significantly below the 2013 value. The slightly higher ticket prices compared to last year at an average of EUR 8.16 (previous year: EUR 8.02) resulted in total sales for the market of EUR 920 million. This corresponds to a minus of 3.3 percent. In percent, the reduction in viewers was even higher at approx. minus 4.9 percent compared to last year.

Source: Rentrak: Evaluations of the theatrical market, 2014

In the first half of the year, only two titles exceeded the threshold of two million moviegoers in German theaters: the surprise success "The Wolf of Wall Street" and "Vaterfreuden". Due to a reticent rental policy with only a few new releases around the time of the Football World Cup, viewer and revenue figures were significantly below those of the same period last year. In the second half of the year, the release of "Transformers: Age of Extinction" signaled the end of the slack relating to the World Cup, and viewer figures went up again compared to the first half of the year. The films with the highest number of viewers in 2014 included several sequels, such as "How to Train Your Dragon 2". The biggest surprise hit was "Serial (Bad) Weddings" with 3.6 million viewers – this was the third most successful film of 2014 by viewers. At the end of the year, "The Hobbit: The Battle of the Five Armies" and "The Hunger Games: Mockingjay – Part 1" were released and the two blockbusters were able to rank one and two of movies with the highest number of viewers in 2014.

Compared to the previous year, the US theatrical market also recorded slightly lower revenue figures. US box offices generated a total of around USD 10.3 billion in 2014, corresponding to a reduction by 5.2 percent compared to the previous year. The most successful movie of 2014 at US theaters was "Guardians of the Galaxy" with box office takings of around USD 333 million. By contrast, "The Amazing Spiderman", "How to Train Your Dragon 2", "Mr. Peabody & Sherman", "Exodus", "Robocop", "Transcendence" and "Sin City 2" remained below expectations.

Source: Blickpunkt:Film, January 2, 2015

Home Entertainment – The German Home Entertainment industry was not able to repeat the previous year's record result in 2014, and with total market revenues of EUR 1,694 billion (previous year: EUR 1,757 billion) recorded a reduction of around four percent.

The minus was primarily due to the downward trend in the purchasing market, which at EUR 1.370 billion remained five percent below the previous year (EUR 1,445 billion). At EUR 323 million, the video rental market recorded an increase of four percent (previous year: EUR 312 million). Within the purchasing market, revenues from physical media (Blu-ray & DVD) fell from EUR 1,394 billion in 2013 to currently EUR 1,304 billion. However, the digital purchasing market (Electronic-Sell-Through) continued to develop positively and generated revenues of EUR 67 million (previous year: EUR 52 million) – an increase of 29 percent.

The consolidation on the video rental market is primarily due to the continuing growth of the digital area. Whereas revenues from the rental of physical media (DVD and Blu-ray) fell by 10 percent to EUR 188 million (previous year: EUR 210 million), the digital format "Transactional-Video-on-Demand" (TVoD) increased its revenues by 22 percent to EUR 83 million (previous year: EUR 68 million). In addition, EUR 52 million of revenues were generated from "Subscription-Video-on-Demand" (SVoD) (previous year: EUR 34 million), which corresponds to an increase by 53 percent compared to last year.

A total of EUR 201 million or 12 percent (previous year: 9 percent) of total market revenues of EUR 1,694 billion related to digital purchasing and rental offers. As a result, 88 percent continue to come from traditional discs (DVD, Blu-ray).

In physical sales, the sequel "The Hobbit: The Desolation of Smaug" was most successful, followed by the CGI comedy "Frozen" and the successful German film "Fack Ju Göhte".

Source: GFK Panel Services, The video market in 2014, February 13, 2015

License trading/TV exploitation – The free-TV channels are ever more strongly competing with pay-TV, download portals and streaming platforms, with pay-TV even being called the strongest growth segment in the German TV market. After Sky had been nearly the only provider in Germany for many years, today new offers hit the market almost weekly.

TV subscriptions are very popular in Germany. This is primarily due to the fact that subscribers to streaming platforms can determine when, what and for how long they want to watch.

Especially from a psychological perspective, streaming subscription platforms such as Maxdome, Netflix or also amazon prime have an advantage over individual views because users must only decide to subscribe once; subsequent use then "feels" free-of-charge.

Source: VPRT publication: "Umsätze der audiovisuellen Medien in Deutschland", October 21, 2014; Blickpunkt:Film 7/14

TV service production – After ARD already met the demand for more transparency in public channel service productions in September 2013, in August 2014 ZDF for the first time also published concrete figures for TV productions. For instance, the production budgets for "short television plays" range from EUR 100,000 to 400,000, for event multi-parter these are up to EUR 2.6 million per episode, and a 45-minute episode of a pre-primetime serial averages at EUR 400,000.

Source: Mediabiz/Blickpunkt:Film, August 28, 2014

90 percent of the annual production volume in German film business comes from TV service productions. As a result, it is understandable that the distribution of such revenues is discussed again and again. Especially producers, but also other concerned persons creating works using their creativity and artistry, therefore criticize the "Total-Buy-Out Model" previously applied by the TV channels, and more and more frequently ask for appropriate participation in the value of their works – such as in the shape of a license model where the commissioning TV channel only receives the right to a limited number of broadcasts within a fixed period.

Source: Filmecho/Filmwoche 29/2014

2.2.5 Operating performance in the Segment Film

Shooting for "Fack Ju Göhte 2" started – A total of eleven out of the originally planned sixteen in-house and co-productions of Constantin Film AG and its subsidiaries were shot in 2014. In addition to "Fack Ju Göhte 2" directed by Bora Dagtekin (theatrical release planned on September 10, 2015), these included "Winterkartoffelknödel" (theatrical release October 16, 2014), "Frau Müller muss weg" (theatrical release January 15, 2015), "Fünf Freunde 4" (theatrical release January 29, 2015), "Ostwind 2 – Rückkehr nach Kaltenbach" (theatrical release planned on May 14, 2015), "The Fantastic Four" (theatrical release planned on August 6, 2015) and "Er ist wieder da" (planned theatrical release October 8, 2015). Some of the (international) theatrical productions originally planned for 2014, such as "Resident Evil 6", were postponed until next year. It is the aim of Constantin Film to ensure the production of high-quality films, if necessary by reducing quantity. Since film promotion constitutes an important financing component of theatrical productions, current developments in film funding regulations are also taken into account in project planning.

Several awards for Constantin Film group – In 2014, the Constantin Film Group again was awarded several film prizes demonstrating the quality of its range of films.

At the ceremony of the Bavarian Film Award 2014 on January 17, 2014, the Constantin Film production "Fack Ju Göhte" was honored with the Audience Award and the teen adventure "Ostwind" with the award in the category Best Children's and Teen Film.

At the 2014 Berlinale, the film-makers of "Fack Ju Göhte" even received three of the coveted awards. With five million viewers in only 50 days, the comedy was the only German theatrical film in 2013 to be awarded the Platinum Bogey by the professional journal Blickpunkt:Film. The Federation of German Cinemas – together with the professional journals Filmecho/Filmwoche – awarded this production the Goldene Leinwand and the Goldene Leinwand mit Stern for three million and six million moviegoers.

At the Monte-Carlo Film Festival, director and author Bora Dagtekin received the award Best Director for "Fack Ju Göhte". In addition, Elyas M´Barek was honored as the Best Lead Actor and Christof Wahl won Best Camera.

At the German Film Prize on May 9, 2014, "Fack Ju Göhte" was nominated as Best Film and received the Lola as the film with the most viewers of 2013; and – at the CIVIS Media Prize

"Fack Ju Göhte" – Elyas M'Barek and Karoline Herfurth

– the theater prize for European feature films at German theaters. At the German Film Prize, the production "Ostwind" was awarded in the category "Best Children's Film".

On May 16, 2014, the CGI film "Tarzan" was awarded the "Goldener Spatz" in the category "Best Animation", and on June 19, 2014, the Constantin Film group received the Independent Film Award at the CineEurope 2014 in Barcelona.

Three titles with good performance in theatrical distribution – In 2014, the Constantin Film group released fourteen of the originally planned seventeen films in German theaters, since some of the planned film releases, such as "Frau Müller muss weg" and "Mara und der Feuerbringer", were postponed until 2015.

The downward trend of the German theatrical market in 2014 was also reflected in viewer figures for the Constantin Film titles. In spite of intensive advance market observations in the target group, it is only possible within limits to determine the taste of theater audiences. Theaters need products that clearly distinguish them from other media usage formats. There is a trend towards spectacles.

Market position in Home Entertainment strengthened – In the German-speaking region, the Highlight Communications group was able to strengthen its market position in 2014. In particular, the product portfolio enjoyed the success of new releases – above all the co-productions "The Mortal Instruments – City of Bones", "Pompeii" and "Fack Ju Göhte". "Fack Ju Göhte" even became the most successful video release in 2014 and set new benchmarks in digital distribution. Just before the end of the year, the title also won two Video Champions in the categories "Best German Film" and "Audience Award". The licensed films "Ender's Game" and "Need for Speed" further contributed positively to the overall result in direct marketing of Home Entertainment programs.

Considerable contracts concluded in license trading/TV exploitation – In TV exploitation/license trading, Constantin Film is open to digital development and is working on new models with its partners at the public and private TV channels, which will make the legal distribution of contents on the internet attractive for users while at the same time being lucrative for the rights holders. However, transactions in this area, which impacted on revenues in 2014, related almost entirely to the traditional exploitation types free-TV and pay-TV.

„Frau Müller muss weg" – Alwara Höfeles, Justus von Dohnány, Anke Engelke

In 2014, among others the releases of the licenses of "Resident Evil: Retribution", "Fack Ju Göhte", "Scary Movie 5", "The Mortal Instruments – City of Bones", "Ostwind", "Ender´s Game", "Tarzan" and "Dinosaurs: Giants of Patagonia" impacted on revenues. All licenses were licensed for the pay-TV channels Sky and/or Teleclub. In addition, in free-TV, there were especially the first licenses of "Glück" (ZDF), "Werner – Eiskalt" (ProSieben Sat.1), "Wrong Turn 4" (ProSiebenSat.1), "Agent Ranjid rettet die Welt" (ZDF), "The Three Musketeers" (ProSiebenSat.1), "God of Carnage" (ARD), "Wickie auf großer Fahrt" (ProSiebenSat.1), "Blutzbrüdaz" (ProSiebenSat.1) and "3096" (ARD).

Improved order situation in TV service production – After years of tension and shortages of orders, the situation in the German TV service production market relaxed again slightly for the Constantin Film group in the reporting year, so that the subsidiaries of Constantin Film AG were able to realize several service productions. In 2014, the public channels as well as the major private channels were again the main customers. In addition, production activities were expanded on international markets, e.g. by founding subsidiaries of Constantin Entertainment in Romania and Bulgaria. The expansion of customer relations through the acquisition of new customers, particularly in the pay-TV area, is still in an early stage.

"Ostwind"

Constantin Entertainment GmbH was able to add further commissioned formats and to produce follow-up seasons for existing projects. It is particularly worth mentioning the projects "Schicksale" (SAT.1), "Im Namen der Gerechtigkeit" (SAT.1), "In Gefahr – Ein verhängnisvoller Moment" (SAT1.) as well as the format "Shopping Queen" (Vox), which was awarded the German TV Prize 2014 (in the category Docutainment). In addition, the format "Mario Barth deckt auf!" produced for RTL received an award at the German Comedy Prize 2014 (in the category Best Comedy Show).

Abroad, the subsidiaries of Constantin Entertainment GmbH further produced successful formats for several major TV channels, including the cooking show "Game of Chefs" and the improvised comedy show "Friday" for the Israeli channel Reshet.

In 2014, Olga Film GmbH shot the TV comedies "Zwei Brüder und die Antilopenschere" and "Drunter und Brüder" for Degeto as well as two further episodes for the crime series "Kommissarin Lucas" for ZDF.

Moovie GmbH (formerly MOOVIE – the art of entertainment GmbH, name changed on January 27, 2015) realized the two-parter "Alles muss raus" and the TV film "Das Zeugenhaus" for ZDF. In addition, shooting took place for "Der Äthopier" and for six episodes of the series "Schuld" – a sequel to "Verbrechen" based on Ferdinand von Schirach.

In 2014, Rat Pack Filmproduktion GmbH continually realized "Kalkofes Mattscheibe 5 – Rekalked" with Oliver Kalkofe for Tele 5. The Bavarian daily "Dahoam is Dahoam" produced by Constantin Television GmbH is now in its 9th season. In addition, shooting started for "A Dangerous Fortune" ("Die Pfeiler der Macht") for ZDF, a dramatization of the bestselling novel by Ken Follett.

"Schuld" – Moritz Bleibtreu

2.2.6 Analysis of non-financial performance indicators in the Segment Film

Continuous optimization of persistent high-quality in-house productions and license acquisitions – In order to further ensure the high quality of national and international in-house productions and acquired licensed films, the Constantin Film group will continue to rely on titles that are emotionally tailored to the needs of the audience and are based e.g. on specific brands. In addition, the expertise of employees and business partners, as well as an extensive network of contacts to scriptwriters and producers in Germany and abroad, are essential conditions for a successful production portfolio. The combination of these factors appears e.g. in the numerous film awards which the Constantin Film group received in 2014.

Constantin Film again most successful independent distributor in Germany in spite of lower viewer figures – At 1.2 million viewers, two films released in the theatrical year 2014 exceeded the threshold of one million viewers: “Männerhort” and “Fünf Freunde 3”. In addition, the successful comedy “Fack Ju Göhte”, which was already launched in November 2013, attracted a further 1.7 million viewers in 2014. As a result, the Constantin Film group was able to meet the number of films attracting more than one million viewers forecast in the 2013 annual report. In addition, in 2014 pleasing viewer figures were reached in Germany with the Constantin licensed film “Die Mannschaft” (around 850,000 viewers) and “Step Up: All In” with an audience of around 660,000 viewers. Overall, the Constantin Film group's 2014 theatrical year demonstrated high potential by themes and quality; however there was a lack of further upward spikes. One of the reasons for this was the high number of international and domestic productions: In 2014, 343 international and 210 German productions were released to theaters (2013: 330 and 206 films), which make it difficult for smaller films to position themselves on the market next to blockbusters and their vast marketing campaigns. Nevertheless, films, especially comedies, with a medium-sized budget continue to remain interesting for the Constantin Film group because high profits can be generated if these are successful at the box office. In 2014, two Constantin Film in-house productions particularly remained clearly behind expectations: “Tarzan” (approx. 270,000 viewers) and "Pompeii" (approx. 250,000 viewers). In the ranking of distributors in Germany, the Constantin Film group nevertheless reached rank 4 in Germany in 2014 at 7.5 percent by viewers and 7.1 percent by revenues after Warner, Fox and Universal.

Source: Rentrak: “Evaluations of the theatrical market in Germany” – all of 2014

Market share in the video rental market expanded – In 2014, the Constantin Film/Highlight group reached a market share of 3 percent in the video purchasing market (previous year: 3 percent) and of 6 percent in the video rental market (previous year: 4 percent). As forecast last year based on the expected increase in revenues in this area, the market share increased slightly compared to the previous year. In 2014, the main driver of the higher market shares was the successful comedy ”Fack Ju Göhte”, which generated excellent sales and rental figures in the physical and digital areas.

Source: GfK Panel Services commissioned by FFA “Video sell-through market and video rental market 2014”, February 2015

“Männerhort” – Elyas M’Barek, Detlev Buck, Christoph Maria Herbst

“Türkisch für Anfänger” with high TV exploitation rating – Several two-digit rating successes were again recorded in license trading/TV exploitation in 2014, so that expectations were met. The first broadcast of the dramatization of the well-known play “God of Carnage” on ARD on July 21, 2014, reached 3.61 million viewers and a market share of 12.5 percent (viewers overall). The comedy “Türkisch für Anfänger” was aired on ARD on July 11, 2014, and even attracted 4.63 million viewers and a market share of 17.4 percent (viewers overall).

A total of 3.37 million viewers watched the first broadcast of the Constantin Film co-production “The Three Musketeers” on ProSieben at the end of April 2014, which generated a total audience market share of 10.1 percent (18 percent in the advertising-relevant target group of 14- to 49-year-olds).

Sources: GG Media TV Facts, July 11, 2014, July 21, 2014

Several rating successes in TV service production – TV service productions – both television plays and series – again achieved pleasing two-digit ratings and as such met expectations. These successes are an important building block for subsequent commissions.

The SAT.1 TV movie "Die Hebamme" by Moovie GmbH starring Josefine Preuß was a big success, attracting a total of 5.36 million viewers when it was aired on March 25, 2014, reaching rank three of TV programs that evening. The Moovie two-parter "Alles muss raus" for ZDF had a market share (viewers overall) of close to 15 percent. Moovie GmbH achieved a further success with the broadcast of the ZDF TV movie "Das Zeugenhaus" on November 24, 2014, which reached a market share of 17.4 percent.

Sources: Kress, March 26, 2014; GG Media TV Facts, October 13, 2014, October 14, 2014 and November 24, 2014

"Das Zeugenhaus" – Iris Berben

On March 9, 2014, 10.12 million viewers watched the ARD-Tatort: "Kopfgeld" produced by Constantin Television GmbH and starring Til Schweiger, which generated the highest market share of that weekend at 27.7 percent.

Source: Mediabiz/Blickpunkt:Film, March 10, 2014

The production "Kommissarin Lucas – Kettenreaktion" by Olga Film GmbH reached a market share (viewers overall) of 20.5 percent on ZDF.

Constantin Entertainment GmbH also attracted a large audience and encouraging two-digit percent market shares with the dailies "Schicksale" and "In Gefahr – Ein verhängnisvoller Moment" and with the production "Mario Barth deckt auf!".

Sources: GG Media TV Facts, April 30, 2014, May 7, 2014, September 10, 2014 and September 30, 2014

"Tatort" – Fahri Yardim, Til Schweiger

2.2.7 Sector-specific general conditions in the Segment Sports- and Event-Marketing

According to estimates by the consultants for sponsoring measurements IEG, global sponsoring expenditure in 2014 went up by 4.1 percent to USD 55.3 billion. The stronger competition for budgets intended for – primarily digital – marketing alternatives may have hindered stronger growth.

Sponsoring expenditures for major prestigious events remained at a high level, whereas it is getting more and more difficult for smaller events – especially outside the sports and entertainment areas – to find sponsors. This is partially due to the fact that it is easier to secure finance for larger events because, on the one hand, they are seen as a "safe bet". On the other hand, they are also better able to meet the growing expectations of large sponsoring partners regarding research/market intelligence, ROI/ROO measurement values, social media communities and account management and servicing.

Source: IEG, Sponsorship Forecast 2015, January 6, 2015

In terms of the acquisition of TV rights for sports events, the current rights holders often pay high surcharges in order to hold on to rights at important events. For example, in October 2014 alone, US media companies paid a total of more than USD 38 billion for only four sports rights contracts. The two biggest agreements – involving an increase in the license price by 50 percent and 180 percent, respectively, compared to previous agreements – were the contract renewals for the American Football League (NFL) with the channel DirecTV and the National Basketball League (NBA) with Disney and Turner.

Source: TV Sports Markets Editors Blog, October 2014

2.2.8 Operating performance in the Segment Sports- and Event-Marketing

Successful marketing of UEFA tournaments – For the TEAM group, the 2014 financial year was characterized by the marketing process for commercial rights for the UEFA Champions League and the UEFA Europe League (each for the match periods 2015/16 to 2017/18), which was very successful. In the TV rights area, TEAM managed – in spite of a partly difficult market environment – to conclude several contracts globally for the two tournaments.

Activities in the sponsorship rights area were also very successful. A variety of promising negotiations took place with existing and potential partners. After TEAM had been able to renew the contract with Heineken, the UEFA Champions League partner of many years, for the 2017/18 season early on at the end of 2013, it was announced in early 2014 that the Japanese automotive group Nissan will be the new sponsor of this format from the 2014/15 season. The negotiations with additional partners are already far advanced.

The target for the 2014 financial year of concluding as many agreements as possible at best conditions was achieved in full.

Realization of numerous operative tasks – Operatively, the focus was particularly on the active support of the commercial partners and UEFA in the successful handling of the three highlights of European club soccer. The final of the UEFA Europa League between SL Benfica and Sevilla FC took place in Turin on May 14, 2014. Only after extra time and penalty shootout, Sevilla FC was to sway the match with 4:2 in its favor while the streak of bad luck that SL Benfica has now suffered for eight lost finals in a row continued.

UEFA Europa League Finale – Champion Sevilla FC

On May 24, 2014, the Spanish-only UEFA Champions League final between Real Madrid CF and Club Atlético de Madrid took place in Lisbon. In a dramatic match, Real Madrid CF scored a goal only just before the end of the normal time, reaching the extra time. The favorite then dominated clearly, scored a further three goals and won 4:1. Real Madrid CF – twelve years after its last triumph – thus won the sought-after trophy for the tenth time.

The UEFA Super Cup, which took place at Cardiff City Stadium in Wales on August 14 between the current UEFA Champions League winner (Real Madrid CF) and the winner of the UEFA Europa League (Sevilla FC), which was also marketed by TEAM, marked the traditional kick-off of the new European club soccer season. Real Madrid CF triumphed with 2:0 at the 17th staging of this "summit" and now has one further championship victory under its belt.

2.2.9 Analysis of non-financial performance indicators in the Segment Sports- and Event-Marketing

High viewer numbers for UEFA Champions League final again – The grand final of the UEFA Champions League, which took place for the 22nd time, was broadcast in more than 200 countries and watched by an average of around 165 million viewers

UEFA Champions League Finale – Champion Real Madrid CF

at home on their TVs. At peak, a value of around 380 million viewers even was recorded, which once again confirmed the status of this event as the world's most viewed annual sports event – even surpassing the US Super Bowl.

The highest individual coverage was registered in Spain, with 12.7 million viewers on average and a market share of 69 percent – the highest value recorded there since the TV broadcast of the European Championship final in 2012. The highest number of viewers in a single market, however, was in Brazil at close to 20 million viewers.

Source: Sponsorship Intelligence (ZenithOptimedia und Mediabiz/Blickpunkt:Film, May 26, 2014

2.2.10 Sector-specific general conditions in the Segment Other Business Activities

Event/Entertainment business – Music events continue to be very attractive for sponsors. In Germany alone, companies invested a total of EUR 27 million in 2014 in order to present their brand messages in the special atmosphere of music events. Compared to the prior year, this is an increase of 29 percent. Breweries were some of the most important sponsors in the past year, making up 21 percent of the total volume. Financial service providers were the second largest group of sponsors with a proportion of 14 percent, followed by automotive companies with a share of 13 percent.

Source: REPUCOM, “Livemusik Sponsoring Report 2014”, October 2014

Online/Social gaming – The market for mobile games is the fastest growing area of the gaming industry. Whereas the revenues from console games stagnated, revenues from mobile games are increasing by about 10 percent per year. Globally, the mobile gaming market is estimated to be worth more than USD 10 billion, with 25 percent of global mobile games revenues being generated in the USA, where every other mobile phone owner plays mobile games. Today, two thirds of content spending for mobile games takes place on smartphones and tablets.

Source: Statista 2015

2.2.11 Operating performance in the Segment Other Business Activities

Successful handling of the concerts of the Vienna Philharmonic Orchestra – At the beginning of the year, Highlight Event AG focused on the successful commercial handling of the Vienna Philharmonic Orchestra's New Year's Concert 2014, which was conducted for the second time by the world-famous pianist and conductor Daniel Barenboim. The orchestra's second musical highlight, the Summer Night Concert in the unique ambiance of the Schönbrunn Palace in Vienna, took place on May 29, 2014, under the musical direction of renowned conductor Christoph Eschenbach. Both events were realized highly successfully, both from the artistic and from the marketing perspective.

The special events of the Vienna Philharmonic Orchestra in 2014 took place in Milan, Sarajevo and Cologne. The concert at Sarajevo was especially important – both for the Vienna Philharmonic Orchestra and the European Broadcasting Union (EBU) – as it was at the heart of the commemoration of the start of First World War 100 years ago. Against an impressive open-air backdrop, the event was attended by several heads of state, the entire diplomatic corps for the area as well as the directors of some major public channels – including France Television, RAI Italy and ORF Austria – as well as the Executive Committee of the EBU.

All concerts were handled to a very high quality as aimed.

Launch of the Eurovision Young Musicians project – In 2014, Highlight Event AG also supervised the project "Eurovision Young Musicians", a competition for young European artists in the classical music area. The event, which took place on the Domplatz in Cologne on May 31, 2014, was also handled successfully and fully confirmed the strategic considerations made in advance. Among others, these included the involvement of the Vienna Philharmonic Orchestra, who agreed to a solo performance with the orchestra for the winner, and the commitment of Rolex as the main sponsor of the event.

Contract with Vienna Philharmonic Orchestra extended – Based on these successes, it was announced on December 6, 2014,

Vienna Philharmonic Orchestra's New Year's Concert

that the agency agreement between Highlight Event AG and the Vienna Philharmonic Orchestra was prematurely renewed up to 2022. Thus, the trusting and successful partnership between the Orchestra and Highlight Event AG will therefore continue for a long time.

Successful realization of the Eurovision Song Contest – The Eurovision Song Contest (ESC), which took place in Copenhagen/Denmark from May 6 to May 10, 2014, was realized successful from a commercial perspective – particularly with regard to TV presence, branding and hospitality for international sponsors. All contractual agreements with sponsors and TV partners were met.

New mobile game launched – In 2014, Pokermania GmbH completed the targeted further development of its "Whitelabel" software FunPoker. The aim of this development work was to integrate additional versions of the game in order to acquire new gamers in the international environment.

Continuous further developments also took place in the online/social gaming area in 2014. In addition, portability for different games consoles and smartphones (iOS and Android) was also driven forward. Due to these measures, coverage was expanded significantly.

2.2.12 Analysis of non-financial performance indicators in the Segment Other Business Activities

Great audience interest in the Vienna Philharmonic Orchestra and Eurovision Song Contest – The Vienna Philharmonic Orchestra's New Year's Concert 2014 was aired in more than 90 countries – live or with a time delay – again demonstrating the event's position as the best-known classical music TV event in the world. Similar applies to the open air Summer Night Concert, which – thanks to the successful marketing activities of Highlight Event AG – was broadcast in more than 80 countries, for the first time also including Kenya. In addition, 60,000 enthusiastic spectators watched the event on site, in spite of unpleasant weather.

A total of around 50,000 fans attended the Eurovision Song Contest 2014, and more than 100 million watched it on TV. The grand final were broadcast live by 37 public channels and watched by 61 million TV viewers on average. Audience interest was significantly above the comparative value last year of 55 million viewers on average. Particularly high ratings were recorded in the host country Denmark (89 percent market share), the Netherlands (65 percent market share) and the winning country Austria (53 percent market share).

Source: Eurovision, www.eurovision.tv/page/news?id=112853&_t=eurovision_song_contest_2014_reaches_ 195_million_worldwide

Eurovision Song Contest 2014 in Copenhagen

2.3 Results of operations, net assets and financial position of the Constantin Medien Group

Constantin Medien AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The consolidated financial statements have been supplemented by explanatory notes and by the group management report.

The accompanying combined group management report and management report of Constantin Medien AG has been prepared in accordance with § 315 HGB (German Commercial Code). It agrees with the requirements and recommendations of German Accounting Standard No. 20 (DRS 20) by the German Accounting Standards Committee e.V.

In May 2014, the sale of shares in PLAZAMEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland) agreed in December 2013 was canceled. Due to this fact the assets and liabilities of PLAZAMEDIA are no longer classified as "held for sale". The prior year figures have been adjusted accordingly.

2.3.1 Overall assessment of the reporting period

The Constantin Medien Group operates in a demanding market environment characterized by structural changes, which is especially characterized in the segments Sports and Film by intense competition. Against this background, the financial year of the Group in 2014 was pleasingly successful. Especially in the third and fourth quarter of 2014, the business developed dynamically, so that a value at the top range of the adjusted guidance in May was achieved in terms of sales. Relating the earnings attributable to shareholders, Constantin Medien exceeds the already in November upwards adjusted guidance.

In the 2014 financial year, the Group reached sales of EUR 487.8 million, in the higher range of the in May 2014 upwards adjusted guidance of EUR 460 million to EUR 500 million. The guidance was adjusted due to the cancellation of the sale of the shares in PLAZAMEDIA GmbH TV- und Film-Produktion. The original sales guidance (with the sale of the PLAZAMEDIA shares) amounted to EUR 420 million to EUR 460 million. Compared to the previous year Group sales of EUR 458.3 million, this represents a growth of 6.4 percent with in particular the Segment Film contributing to it.

Profit from operations (EBIT) of the Constantin Medien Group improved significantly to EUR 21.4 million (2013: EUR 7.9 million). All operating segments contributed to the improvement in profit from operations.

Earnings attributable to shareholders amounted to EUR -3.3 million, well above the in November 2014 adjusted earnings guidance of EUR -7 million to EUR -9 million. Originally, Constantin Medien had projected earnings attributable to shareholders of EUR 13 million to EUR 15 million (with the sale of PLAZAMEDIA shares), respectively EUR -13 million to EUR -15 million (without the sale of PLAZAMEDIA shares). In the previous year, the Group had reached earnings attributable to shareholders of EUR -11.0 million.

2.3.2 Segment performance

In the 2014 financial year, Constantin Medien has made particularly in the **Segment Sports** again very good progress in the digital transformation of the media Group. Once again, extensive investments were made in new products and into the various platforms, in particular in SPORT1.de and mobile apps for SPORT1.

Also economically the 2014 financial year was very successful for the Segment Sports. Sales amounted to EUR 148.2 million, a slight increase of 0.5 percent over the previous year (2013: EUR 147.4 million). Thereby, the loss of sales from the production of the Bundesliga channel LIGA total!, which were still included until mid 2013, could be compensated. Adjusted for LIGA total! sales would have grown in 2014 by a mid-single-digit percentage. SPORT1 has also succeeded to increasingly monetarise the high investments in program, production and platforms made in the years 2013 and 2014.

The positive trend in market shares in free-TV continued also in the fourth quarter. Overall, the channel achieved a market share in the advertising-relevant target group of M14-49 of 1.3 percent (2013: 1.4 percent); however as expected it was slightly lower than the previous year's figures, mainly because of the dominance of the 2014 FIFA World Cup™. Equally well, the access figures continued to develop in the online and mobile area. In particular, following the general trend, the mobile area recorded once again significant growth in visits and page impressions compared to the previous year. In addition, many

Segment performance 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013*	Change
Sales			
Sports	**148,248**	147,400	848
Film	**295,618**	268,334	27,284
Sports- and Event-Marketing	**41,092**	39,687	1,405
Other Business Activities	**2,874**	2,877	-3
Others	**0**	0	0
Total sales	**487,832**	458,298	29,534
Segment result			
Sports	**3,691**	-3,203	6,894
Film	**9,122**	4,686	4,436
Sports- and Event-Marketing	**16,326**	14,167	2,159
Other Business Activities	**-1,562**	-3,278	1,716
Others	**-6,164**	-4,508	-1,656
Total segment result	**21,413**	7,864	13,549

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

new advertisers could be acquired. As at the same time in particular the material and license costs could be reduced, the segment reports for 2014 a positive segment result of EUR 3.7 million after a segment loss of EUR -3.2 million in the previous year. This corresponds to an increase in earnings of EUR 6.9 million.

In the **Segment Film** sales in 2014 increased by 10.2 percent to EUR 295.6 million after EUR 268.3 million in the previous year. In the reporting year, the TV market continued to recover. Especially in fictional service productions the Constantin Medien Group was able to benefit from this, which led to sales well above the previous year and above expectations in this area. Sales in the home entertainment area were also significantly higher than in the previous year and well above expectations. In particular the new releases “Fack Ju Göhte” and “The Mortal Instruments – City of Bones” contributed to this. However, sales in theatrical distribution were as expected lower than in the previous year. Although high sales at the beginning of the financial year were achieved in the areas theatrical distribution and license trading, in particular due to the global distribution of the movie “Pompeii”. However, in particular in the fourth quarter there were less movie releases than last year. Also individual German theatrical releases like “Alles inkulsive”, “Schoßgebete”, “Need for Speed” and “The Rewrite” were below expectations. At the same time, sales in the business areas theatrical distribution, license trading and home entertainment were offset against high amortization of capitalized production costs. However, as total expenses in the Segment Film, in particular production related, were below the previous year, and also lees other operating expenses occurred, the segment result could be significantly improved by EUR 4.4 million to EUR 9.1 million (2013: EUR 4.7 million).

The **Segment Sports- and Event-Marketing** achieved sales in 2014 of EUR 41.1 million, an increase of 3.5 percent compared to the financial year 2013 (EUR 39.7 million). Sales and earnings were slightly above target. The segment result improved by 14.8 percent to EUR 16.3 million (2013: EUR 14.2 million).

The **Segment Other Business Activities** achieved sales of EUR 2.9 million in 2014 as in the previous year. Due to cost savings (e.g. through personnel measures), the segment result could be improved to EUR -1.6 million (2013: EUR -3.3 million). Once again, the marketing of the Vienna Philharmonic

Orchestra (New Year's Concert and Summer Night Concert at the Schönbrunn Palace) and the Eurovision Song Contest could be concluded with profit. The segment loss resulted from the online/social gaming area.

The result of the **Others** division stood at EUR -6.2 million (2013: EUR -4.5 million). In particular the other operating income in the reporting year was as expected lower.

2.3.3 Sales and earnings performance of the Constantin Medien Group

The Group's net result for the 2014 financial year amounted to EUR 3.9 million after EUR -6.4 million in the previous year. Earnings attributable to shareholders included therein amounted to EUR -3.3 million (2013: EUR -11.0 million), well above the initial expectations as well as above the guidance of EUR -7 million to EUR -9 million adjusted in November 2014. For the 2014 financial year earnings per share both basic and diluted stood at EUR -0.04 (2013: EUR -0.14 per share). Earnings attributable to non-controlling interest increased to EUR 7.2 million (2013: EUR 4.6 million).

The earnings performance of the Constantin Medien Group was characterized by the following main factors: The increase in sales by EUR 29.5 million to EUR 487.8 million as well as declines in cost of materials and licenses (EUR -36.5 million to EUR 220.0 million), personnel expenses (EUR -7.4 million to EUR 120.1 million) and other operating expenses (EUR -4.9 million to EUR 80.9 million) led despite the consumption-related increase in amortization of film assets (EUR +15.8 million to EUR 102.0 million) and the production-related decrease in capitalized film production costs and other own work capitalized (EUR -41.3 million to EUR 32.9 million) to a significant improvement in profit from operations (EBIT). It reached EUR 21.4 million (2013: EUR 7.9 million). In addition to the development of sales as described in chapter 2.3.2, the following developments are worth to be highlighted in detail:

The capitalized film production costs and other own work capitalized decreased due to a lower volume of film projects in production as well as films with lower production costs by 55.7 percent to EUR 32.9 million (2013: EUR 74.2 million). In the 2014 financial year, the capitalized production costs mainly related to the productions "Schoßgebete", "Männerhort", "Fünf Freunde 4", "Ostwind 2" and "Er ist wieder da".

The decrease in the cost of materials and licenses to EUR 220.0 million (2013: EUR 256.5 million) related on the one hand to lower production costs in the Segment Sports and on the other hand to the lower production volume in the Segment Film.

Other operating expenses declined by EUR 4.9 million or 5.7 percent to EUR 80.9 million (2013: EUR 85.8 million). They include a variety of different individual items, which developed partly in opposite directions. Higher release and promotion expenses for movies (EUR +1.8 million) were offset by lower legal and consulting fees (EUR -4.2 million) and foreign currency exchanges losses (EUR -3.0 million).

The Constantin Medien Group achieved therefore in the 2014 financial year earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 123.4 million, EUR 29.4 million more than in the previous year (2013: EUR 94.0 million).

In 2014, depreciation, amortization and impairment totaled EUR 102.0 million, an increase of EUR 15.8 million over the previous year value of EUR 86.2 million. The amortization of film assets sharply increased due to a higher consumption of film rights (performance-related amortization method). Depreciation, amortization and impairment include EUR 96.0 million scheduled depreciation and amortization (2013: EUR 74.4 million) and impairment of EUR 6.0 million (2013: EUR 11.8 million).

In the reporting year, the financial result amounted to EUR -13.2 million after EUR -11.1 million in the previous year. The decline in the financial result was primarily due to higher foreign currency exchange losses from financing activities which resulted primarily from the valuation of bank liabilities in foreign currency during the year in combination with an at year-end becoming stronger US and Canadian dollar. The higher expenses were partially offset by increased foreign currency exchange gains in other operating income and reduced foreign currency exchange losses in other operating expenses. These resulted mainly from the valuation of assets and liabilities in US and Canadian dollar and the sharp depreciation of the Euro against these two currencies compared to the previous year.

2.3.4 Net assets position of the Constantin Medien Group

Consolidated balance sheet (abbreviated version) as of December 31, 2014 in EUR '000

	12/31/2014	12/31/2013*	Change
Non-current assets	**235,149**	267,111	-31,962
Current assets	**189,544**	226,348	-36,804
Total assets	**424,693**	493,459	-68,766

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

The change in the net assets position of the Constantin Medien Group in the reporting year was almost equally characterized by the decline of non-current and current assets.

The reason for the decline in non-current assets as of December 31, 2014 was primarily due to the amortization-related reduction of film assets by EUR 38.9 million to EUR 133.3 million (December 31, 2013: EUR 172.2 million). The decrease was mainly due to the global distribution of the productions "Pompeii", "Tarzan" and "Love, Rosie" and the related amortization of these films. The presentation of the property in Düdingen/Switzerland under non-current assets had an opposite effect. After giving up the intention to sell in mid-2014 this property is no longer reported as non-current asset held for sale. Other non-current financial assets include EUR 1.4 million related to the in 2014 acquired shares in Pulse Evolution Corporation, St. Lucie, USA.

The reduction of current assets by EUR 36.8 million to EUR 189.5 million as of December 31, 2014, was principally due to the decline of the line item trade accounts receivable and other receivables by EUR 24.9 million to EUR 106.4 million as well as the decline of cash and cash equivalents by EUR 9.2 million to EUR 73.7 million. In the Segment Film trade accounts receivable and other receivables decreased especially in theatrical distribution as at year-end 2014 no movies were in release. Furthermore, loans to co-producers and receivables from promotion funds declined. Also in the Segment Sports the receivables could be reduced by closing date comparison.

2.3.5 Financial position of the Constantin Medien Group

Consolidated balance sheet (abbreviated version) as of December 31, 2014 in EUR '000

	12/31/2014	12/31/2013*	Change
Equity attributable to the shareholders	**19,950**	14,044	5,906
Non-controlling interests	**42,556**	40,843	1,713
Total equity	**62,506**	54,887	7,619
Non-current liabilities	**120,207**	136,770	-16,563
Current liabilities	**241,980**	301,802	-59,822
Total equity and liabilities	**424,693**	493,459	-68,766

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

In the Group financing, own equity and borrowings are applied. Constantin Medien AG's equity management encompasses all the balance sheet items of equity, whereby the treasury stock held are to be deducted. As part of the Group management, Constantin Medien AG monitors all the borrowings in the Segment Sports and the Others division. The borrowings of the companies of the Highlight Communications group are controlled on a local basis by Highlight Communications AG, Constantin Film AG and Highlight Event & Entertainment AG.

The Group is exposed to various financial risks arising from ordinary business activities and financing activities. The financial risks are sub-classified into the categories: liquidity risk, credit risk and market risk (including currency risk and interest risk). These risks are centrally controlled within the Constantin Medien Group. The risk situation is identified by the risk manager in standardized risk reports prepared on the basis of a risk management guideline in effect for the entire Group and reported to the Management Board of Constantin Medien AG. To hedge against the currency risks, the Group uses derivative and non-derivative financial instruments. For further information about the financial risks of the Group, refer to the Annual Report 2014, notes to the consolidated financial statements, note 8, Disclosures regarding financial risk management. The risk presentation is also outlined in chapter 8.

The Constantin Medien Group's equity as of December 31, 2014 increased to EUR 62.5 million (December 31, 2013: EUR 54.9 million). Equity attributable to shareholders increased by EUR 5.9 million to EUR 19.9 million. On the one hand, the equity attributable to shareholders increased through the cash capital increase of EUR 10.3 million carried out in July 2014; on the other hand, it decreased earnings-related by EUR 4.3 million. Equity attributable to non-controlling interests increased by EUR 1.7 million to EUR 42.6 million. The earnings-related increase of EUR 5.9 million stood in contrast to dividend distributions to non-controlling interests.

The equity ratio (total equity divided by the balance sheet total) as of December 31, 2014 improved by 3.6 percentage points to 14.7 percent at the end of the reporting year (December 31, 2013: 11.1 percent). The adjusted equity ratio (after netting advance payments received against film assets and film-related cash and cash equivalents with the corresponding financial liabilities) amounted to 16.7 percent (December 31, 2013: 12.6 percent), an increase of 4.1 percentage points.

The Constantin Medien Group's borrowed capital primarily comprises of one corporate bond, various current loan facilities to finance the activities of the Segment Film, a current credit facility of Highlight Communications AG and loans from a private investor to Constantin Medien AG. The corporate bond and the private loans have fixed interest rates, whereas the other financial liabilities have variable rates.

The decrease in non-current liabilities to EUR 120.2 million (December 31, 2013: EUR 136.8 million) is attributable in addition to the premature repayment of the corporate bond 2010/2015 (EUR -28.7 million) to lower deferred tax liabilities. The decrease in deferred tax liabilities by EUR -4.1 million is primarily related to the change in film assets. An opposite effect had the raising of new loans from a private investor (EUR +16.3 million) to re-finance the repayment of the corporate bond 2010/2015. In addition, the pension liabilities increased by EUR 4.0 million, mainly due to a reduction of the discount rate in line with the market.

The current liabilities decreased by EUR 59.8 million to EUR 242.0 million (December 31, 2013: EUR 301.8 million). Thereby, current financial liabilities decreased by EUR 56.4 million to EUR 67.6 million, as loans to finance film projects were repaid following the theatrical release of these films and sales realized in this context. Advanced payments received in the film business decreased by EUR -3.0 million. An opposite effect had the increase in income tax liabilities (EUR +6.0 million).

Off-balance sheet financial instruments did not exist as of December 31, 2014 or as of the prior year's balance sheet date. As in the prior year, guarantees to third parties for the completion of TV service productions totaled EUR 9.0 million; whereby utilization is not expected. The Constantin Medien Group also applies operating leases, mainly for rent, office equipment and vehicles. The total amount does not have a material impact on the economic position of the Group.

2.3.6 Liquidity development of the Constantin Medien Group

2.3.6.1 Cash flow

The Constantin Medien Group reported a cash flow from operating activities of EUR 122.3 million in the 2014 financial year (2013: EUR 79.1 million). The increase of the operating cash flow is essentially characterized by the higher net income, adjusted by non-cash depreciation, amortization and impairment, as well as the cash inflow from the exploitation of TV-rights and global distribution.

A cash outflow of EUR 68.0 million resulted from investing activities (2013: cash outflow of EUR 120.2 million), which like in the previous year occurred in the Segment Film through investments in new film projects and reflects the lower production volume.

The Group's financing activities led to a cash outflow of EUR 64.2 million (2013: cash inflow of EUR 33.4 million). The cash outflow in the reporting year was primarily due to significant higher net repayments (balance of repayment and loans taken up) of short-term loans of EUR 86.2 million (2013: net repayment of EUR 7.8 million). However, the increase in non-current financial liabilities resulted in a cash inflow of EUR 16.0 million (2013: 63.2 million); the proceeds from the cash capital increase in July 2014 added an amount of EUR 10.3 million.

The total cash outflow in the 2014 financial year was EUR 9.9 million (2013: cash outflow of EUR 7.7 million). Cash and cash equivalents as of December 31, 2014 after taking into consideration the effects from foreign currency exchange gains and losses (EUR +0.7 million) stood at EUR 73.7 million (December 31, 2013: EUR 82.9 million). At the balance sheet date cash and cash equivalents in the amount of EUR 7.5 million (December 31, 2013: EUR 0 million) have been pledged as collateral for guarantees.

2.3.6.2 Liquidity position and management of the Constantin Medien Group

The Group companies Highlight Communications AG and Constantin Film AG each manage their liquidity autonomously. Liquidity management for the Segment Sports is controlled by Constantin Medien AG in coordination with the operative companies. For the companies of the Segment Sports, Constantin Medien AG acts as a financial coordinator so as to ensure a cost-efficient as possible and always sufficient coverage of the financial requirements for the operating business and investments. This is based on a liquidity planning with analysis of cost divergence and primarily the net debt. In addition, the liquidity status within the Group is regularly examined.

The net debt of the Constantin Medien Group as of December 31, 2014 can be broken down as follows:

Net debt as of December 31, 2014 in EUR '000

	12/31/2014	12/31/2013	Change
Cash and cash equivalents	**73,748**	**82,918**	-9,170
Current financial liabilities	**67,569**	**123,988**	-56,419
Non-current financial liabilities	**97,591**	**109,640**	-12,049
Net debt	**-91,412**	**-150,710**	59,298

High cash effective sales in the Segment Film, particularly from the global distribution of "Pompeii", which were also used to repay short-term loans to finance this film, as well as the cash capital increase in July 2014 have led to a significant reduction in the net debt of the Constantin Medien Group. In comparison to the year-end 2013, it declined by EUR 59.3 million or 39.3 percent to EUR 91.4 million.

As of December 31, 2014, the available credit lines of the Constantin Medien Group totaled EUR 169.8 million (December 31, 2013: EUR 140.5 million).

With a conservatively oriented liquidity management for the Group, the safeguarding of liquidity takes priority. The operating companies should basically finance their liquidity requirements from the cash flow of their operating activities. In case of major investments and acquisitions, additional financing measures will be coordinated with the Group ultimate parent company if necessary.

2.3.6.3 Investments of the Constantin Medien Group

In 2014, the additions to intangible assets and property, plant and equipment of the Group amounted to EUR 63.1 million (2013: EUR 120.7 million). Thereof, EUR 55.9 million (2013: EUR 112.6 million) related to film assets. Capital spending on technical equipment and machinery the Segment Sports amounted to EUR 1.3 million (2013: EUR 3.5 million). In addition, EUR 1.9 million were invested for internally generated intangible assets in the Segment Sports, in particular related to Sport1.de and its mobile applications (2013: EUR 1.2 million). The other investments of EUR 4.0 million (EUR 2013: EUR 3.4 million) were allocated among all the segments and mainly relate to software and plant and office equipment.

2.4. Results of operations, net assets and financial positions of Constantin Medien AG

The management report and the group management report of Constantin Medien AG for the 2014 financial year were combined in accordance with § 315 para. 3 HGB (German Commercial Code) in combination with § 298 para. 3 HGB. Constantin Medien AG is the parent company of the Constantin Medien Group, based in Ismaning. As the controlling holding company with the departments Finance, Accounting, Controlling, Internal Audit, Communications, Investor Relations, Human Resources and Legal, Constantin Medien AG provides intercompany services. In addition, the major companies of the Segment Sports form a tax group with regard to income tax.

The annual financial statements of Constantin Medien AG have been prepared in accordance with the regulations of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Companies Act (AktG).

The economic parameters of Constantin Medien AG essentially correspond to those of the Group described in section 2.2.

2.4.1 Sales and earnings performance of Constantin Medien AG

Income Statement (abbreviated version) from January 1 to December 31, 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013	Change
Sales	**1,916**	2,393	-477
Other operating income	**2,940**	16,123	-13,183
Personnel expenses	**-4,706**	-4,522	-184
Depreciation and amortization	**-232**	-262	30
Other operating expenses	**-6,402**	-12,171	5,769
Operating result	**-6,484**	1,561	-8,045
Financial result	**3,732**	-12,373	16,105
Result from ordinary activities	**-2,752**	-10,812	8,060
Extraordinary result	**49**	0	49
Taxes	**206**	-115	321
Net loss	**-2,497**	-10,927	8,430

Constantin Medien AG's net result in 2014 developed better than expected. In particular, the income from profit transfer agreements, which was significantly above the budget, caused the net loss of EUR 2.5 million to be lower than planned. Compared to the 2013 financial year (EUR -10.9 million), net loss could be reduced by EUR 8.4 million.

Sales of the holding company amounted to EUR 1.9 million, a decrease of EUR 0.5 million against the previous year (2013: EUR 2.4 million). Sales include income from intercompany administration services and management service fees. The drop in sales was associated with lower charges due to personnel changes in the area of intercompany services.

Constantin Medien AG's net result was mainly impacted by the development of other operating income, other operating expenses and the financial result.

Other operating income amounted to EUR 2.9 million, a decrease of EUR 13.2 million compared to the prior year (2013: EUR 16.1 million). This decrease, inter alia, mostly related to the absence of the one-time proceed of EUR 7.4 million arising from convertible bonds held by Constantin Medien AG in connection with the scheduled repayment of the convertible bond 2006/2013 in May 2013.

At the same time, other operating expenses decreased by EUR 5.8 million to EUR 6.4 million (2013: EUR 12.2 million), mainly a result of lower legal costs as well as the absence of the issuance costs incurred in 2013 for the corporate bond 2013/2018.

The financial result amounted to EUR 3.7 million in the reporting year compared to EUR -12.4 million in 2013. Whereas income of EUR 7.9 million was generated from the profit and loss transfer agreement with Constantin Sport Holding GmbH, expenses of EUR 8.4 million were incurred in the preceding year. Net interest (interest income less interest expense) stood at EUR -7.6 million, almost at the same level as in the previous year. Income from investments increased by EUR 0.4 million to EUR 3.5 million due to exchange rate effects.

2.4.2 Net assets and financial positions of Constantin Medien AG

Balance Sheet (abbreviated version) as of December 31, 2014 in EUR '000

	12/31/2014	12/31/2013	Change
Property, plant and equipment and intangible assets	**285**	456	-171
Financial assets	**176,537**	192,545	-16,008
Fixed assets	**176,822**	193,001	-16,179
Receivables and other assets	**9,252**	6,041	3,211
Other securities	**0**	965	-965
Cash on hand and bank balances	**20,462**	25,625	-5,163
Current assets	**29,714**	32,631	-2,917
Prepaid expenses and deferred tax assets	**3,456**	3,349	107
Total assets	**209,992**	228,981	-18,989
Equity	**99,799**	91,710	8,089
Accruals	**7,809**	7,518	291
Liabilities	**102,370**	129,701	-27,331
Deferred income	**14**	52	-38
Total equity and liabilities	**209,992**	228,981	-18,989

On the asset side of the balance sheet, fixed assets of the Company declined by EUR 16.2 million to EUR 176.8 million, mainly due to the reduction of the capital reserve by EUR 16.0 million at the 100 percent subsidiary Constantin Sport Holding GmbH. Current assets declined as a result of lower bank balances from EUR 32.6 million to EUR 29.7 million. This decrease by EUR 5.2 million resulted from the early repayment of the corporate bond 2010/2015 in August 2014. The cash capital increase in July 2014 as well as the new loans raised at a private investor had an opposite effect.

On the liabilities side of the balance sheet, the Company reported total equity of EUR 99.8 million as of December 31, 2014 (December 31, 2013: EUR 91.7 million). The equity ratio increased by 7.4 percent points to 47.5 percent as of December 31, 2014 (December 31, 2013: 40.1 percent), which equally related to the cash capital increase and the reduction in the balance sheet total.

The liabilities decreased to EUR 102.4 million as of December 31, 2014 compared to EUR 129.7 million as of December 31, 2013, mainly due to the repayment of the corporate bond 2010/2015. The increase in other payables, which relates to new loans raised at a private investor, was almost offset by the decrease in liabilities to affiliated companies repaid in the reporting year.

2.4.3 Liquidity position of Constantin Medien AG

Constantin Medien AG reported liquid funds (excluding securities reported under current assets) of EUR 20.5 million in the annual financial statements as of December 31, 2014 (December 31, 2013: EUR 25.6 million).

Including liquid funds, the working capital reported by Constantin Medien AG stood at EUR 18.8 million as of December 31, 2014 compared to EUR 11.8 million the year before. The improvement of working capital by around EUR 7.0 million is mainly related to lower current liabilities to affiliated companies. Constantin Medien AG calculated the working capital according to the following table.

As of December 31, 2014, Constantin Medien AG had at its disposal open credit lines for bank guarantees (Avalrahmen) totaling EUR 2.8 million (December 31, 2013: open credit lines of EUR 4.0 million). In addition to external financing sources, the financial strength of Constantin Medien AG is impacted by profit and loss transfers and dividends of its subsidiaries.

Working Capital as of December 31, 2014 in EUR ‘000

	12/31/2014	12/31/2013	Change
Current assets	**29,714**	32,631	-2,917
Current accruals	**-7,387**	-3,687	-3,700
Current portion of bonds	**-3,154**	-3,738	584
Current portion of trade accounts payable	**-172**	-275	103
Current portion of liabilities to affiliated companies	**-1**	-11,590	11,589
Current portion of other liabilities	**-139**	-1,498	1,359
Working capital	**18,861**	11,843	7,018

2.4.4 Investments of Constantin Medien AG

Constantin Medien AG carried out investments in fixed assets in the amount of EUR 0.1 million in the reporting year (2013: EUR 8.9 million). In the prior year, the investments mainly related to the acquisition of additional shares in Highlight Communications AG in the amount of EUR 8.8 million.

3. Personnel Report

At closing day December 31, 2014, the Constantin Medien Group had a total of 1,512 employees including freelance employees (December 31, 2013: 1,496 employees). The number of salaried employees as of December 31, 2014 amounted to 1,237 employees across the Group (December 31, 2013: 1,178 employees).

The average number of permanent and freelance employees at the Constantin Medien Group was at prior year level averaging 1,546 employees (2013: 1,543 employees). At 1,229 employees, the number of permanent employees also on the annual average was above the 2013 value (1,174 employees). In 2014, the average number of project-related employees dropped to an annual average of 317 (2013: 369 employees).

In spite of higher employee figures, personnel expenses in the 2014 financial year fell by EUR 7.4 million to EUR 120.1 million (2013: EUR 127.5 million). The reduction resulted from the lower personnel expenses from productions and the freelance employees used in this area.

The headcount for Constantin Medien AG stood at 30 employees as of December 31, 2014 (December 31, 2013: 33 employees). The annual average number of employees at the Constantin Medien AG amounted to 29 employees (2013: 34 employees).

Professionalism, customer focus and a high degree of commitment are key qualifications and essential features for the performance of a company in terms of competitiveness and economic success, not only for external customer relations but also as part of internal co-operation. The employees of the Constantin Medien Group stand out due to their creativity, skills, personal passion and their willingness to show above-average commitment.

4. Addendum Report

Highlight Communications AG acquires additional shares in Highlight Event & Entertainment AG – On January 23 and 30, 2015, Highlight Communications AG increased its interest in the already fully consolidated Highlight Event & Entertainment AG step by step from 68.986 percent to 71.93 percent. The purchase price for the new shares was EUR 808 thousand.

UEFA Europa League live on SPORT1 for three years from the 2015/16 season – On February 2, 2015, Constantin Medien AG announced that Sport1 GmbH had acqired extensive platform-neutral audiovisual media rights to the UEFA Europa League from UEFA for the match periods 2015/16, 2016/17 and including 2017/18. From the upcoming season onwards, SPORT1 will be broadcasting at least one live match per match day on free-TV on SPORT1, as online and mobile live streams on SPORT1.de and on its digital sports radio SPORT1.fm – a total of 15 matches per season including each final. In addition, the co-operation with UEFA also includes highlight rights for all matches of the UEFA Europa League for use on TV, online and on mobile devices.

Stake in Mr Smith Entertainment reduced – On February 13, 2015, 90 percent of the shares previously held in the joint venture Mister Smith Entertainment Ltd., London, recorded at equity as at December 31, 2014 were sold. The buyer also proportionately takes over the assets and liabilities of this company. Constantin Film AG will continue to hold a share of 5 percent in the company.

5. Declaration of Corporate Governance pursuant to § 289a HGB

For the declaration of compliance that includes disclosures about corporate management practices and a description of working procedures of the Management Board and the Supervisory Board, as well as the composition and working procedures of Committees, reference is made to the chapter Declaration on Corporate Governance pursuant to § 289a HGB of this report and to our website: www.constantin-medien.de/Investor Relations/Declaration of Corporate Governance pursuant to § 289a HGB (German Commercial Code).

6. Remuneration Report

The remuneration report contains the individualized remuneration split by components for the Management Board and the Supervisory Board of Constantin Medien AG. Furthermore, it describes the variable remuneration system of the Management Board of Constantin Medien AG.

Remuneration principles of the Management Board

The remuneration of the Management Board Members aims at offering an incentive for successful, sustainability-based corporate governance. As a result, the remuneration of each Management Board Member includes fixed and variable components.

The fixed remuneration is paid monthly as a salary. The monetary benefit of the car, if applicable, made available to Management Board Members for business and personal use is shown together with the fixed remuneration.

The variable fee component consists of performance-related bonus (hereinafter called “bonus”), which the Supervisory Board of Constantin Medien AG sets each year. The amount of the bonus is determined by the Supervisory Board of Constantin Medien AG according to its dutiful discretion. Criteria impacting on the decision for the Management Board Members Bernhard Burgener and Antonio Arrigoni are (i) the economic result of the relevant past financial year and the two preceding financial years as well as (ii) the operating performance of the Board Member in the three relevant financial years. The bonus amount is contractually limited to 50 percent of the fixed remuneration.

In addition to the variable remuneration based on the above-stated criteria according to reasonable dutiful discretion, the variable remuneration component of the Management Board Member Fred Kogel comprises, in particular, of contractual payment entitlements from stock appreciation rights (hereinafter referred to as „stock appreciation rights“). The stock appreciation rights are based on shares of Constantin Medien AG and Highlight Communications AG and are broken down as follows:

Shares Constantin Medien AG

	Number	Issue price
	333,334	EUR 1.80
	333,333	EUR 2.10
	333,333	EUR 2.50

Shares Highlight Communications AG

	Number	Issue price
	500,000	EUR 5.00

The stock appreciation rights place the Management Board Member Fred Kogel in such a legal way as if he would actually own the options to the shares of the aforementioned companies, as he would have entitlement to payment of the difference between the respective issuance price and the exercise price. The exercise price is the average stock price of the respective shares quoted by the daily closing auction of the XETRA trade over a period of three months before the date of exercise. The exercise of the stock appreciation rights can first be made on the 15th day of each calendar month after a waiting period of three years, which begins on October 1, 2014. After the expiry of this waiting period, the stock appreciation rights can be exercised within a period of two years. Constantin Medien AG reserves the right, instead of paying out the aforementioned difference amounts, which relates to the Constantin Medien shares, to deliver a number of bearer shares of Constantin Medien AG which correspond to the respective difference amount, valued according to the closing rate of the XETRA trade of the Frankfurt Stock Exchange on the last trading day before the respective exercise date. The stock appreciation rights are not transferable. The variable remuneration of the Management Board Member Fred Kogel, consisting of a bonus and the stock appreciation rights, is limited in total to a contractually agreed maximum amount of 150 percent of the total annual fixed salary.

Other payments include the remuneration of the Management Board Members for performing their tasks on the Management Board, Supervisory Board and/or Board of Directors of subsidiaries or second-tier subsidiaries.

The contracts of the Management Board Members also contain a so-called severance payment cap in the event that the relevant contract is prematurely terminated without good cause. There are no payment guarantees to Members of the Management Board in the event of a change in control relating to Constantin Medien AG.

The Management Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities in favor of Management Board Members.

Remuneration of Management Board Members for the 2014 financial year

Total remuneration of Management Board Members for the 2014 financial year amounts to 2,719,943 EUR (previous year: EUR 2,677,196).

Other payments to Mr Bernhard Burgener relate to his activities performed in his function as Chairman of the Supervisory Board of Constantin Film AG and also as President and Delegate of the Board of Directors, respectively, as well as Member of the Board of Directors of various companies in the Highlight Communications group.

Other payments to Mr Antonio Arrigoni relate to compensation for his activities performed as Member of the Board of Directors of Highlight Communications AG. In addition Mr. Antonio Arrigoni receives a company car as fringe benefit, also for personal use. Other payments to Mr Fred Kogel relate to the remuneration for his activities performed as Chief Officer TV, Personnel, Process Management and Integration in the Management Board of Constantin Film AG since October 1, 2014.

Remuneration of the Management Board

Inflow in 2014 in EUR

	Fixed remuneration	Fringe benefits	Multiyear variable remuneration	Other payments	**Total remuneration**
Bernhard Burgener	450,000	0	0	1,212,454	**1,662,454**
Antonio Arrigoni	800,000	20,506	0	8,232	**828,738**
Fred Kogel (since October 1, 2014)	175,000	0	0	53,751	**228,751**

A pro rata provision in the amount of EUR 225,000 and EUR 400,000, respectively, has been recognized for the multi-year variable remuneration amounts for the Management Board Members Bernhard Burgener and Antonio Arrigoni. The payment of which depends on future events and according to the dutiful discretion of the Supervisory Board. The amount of the provision takes into account the maximum bonus amount.

Furthermore, Mr Fred Kogel receives contribution in the amount of EUR 12,195 in connection with his contractual payment entitlements from the stock appreciation rights for the 2014 financial year.

Inflow in 2013 in EUR

	Fixed remuneration	Fringe benefits	Annual variable remuneration	Other payments	**Total remuneration**
Bernhard Burgener	450,000	0	0	1,396,924	**1,846,924**
Antonio Arrigoni	600,000	22,148	200,000	8,124	**830,272**

Remuneration principles of the Supervisory Board

The remuneration of the Supervisory Board Members is regulated in § 12 of the Articles of Association of Constantin Medien AG. In addition to reimbursement of expenses incurred, the Members of the Supervisory Board also receive a fixed and a variable remuneration.

The fixed remuneration for a Supervisory Board Member is EUR 20,000, EUR 30,000 for the Deputy Chairman of the Supervisory Board and EUR 60,000 for the Chairman of the Supervisory Board. For each membership in committees, Supervisory Board Members receive an additional fixed remuneration. The fixed remuneration amounts to EUR 5,000 for a Member of a Committee, EUR 7,500 for the Deputy Chairman of a Committee and EUR 10,000 for the Chairman of a Committee.

The variable remuneration is focused on the long-term success of the Company and becomes due if the relevant Supervisory Board Member has been a Member of the Supervisory Board for three full financial years, and the Group's net profit per share over the period of three years increased by an average of at least 15 percent p.a.

Remuneration is paid on a pro rata basis for resignation or entry into the Supervisory Board during the year.

The Supervisory Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities in favor for the Members of the Supervisory Board.

Remuneration of Supervisory Board Members for the 2014 financial year

Total remuneration of the Supervisory Board Members for the reporting period amounts to EUR 281,745 (previous year: EUR 311,066).

The other payments to Dr Dieter Hahn and Mr. René Camenzind relate to their activities performed on the Board of Directors of Highlight Communications AG.

Similar to the previous year, subscription rights, stock-based remuneration and option rights that give entitlement to the subscription of Constantin Medien AG shares did not arise for the Supervisory Board Members.

Remuneration of the Supervisory Board

Remuneration of the Supervisory Board 2014 in EUR

	Fixed remuneration	Current variable remuneration	Other payments	**Total**
Dr Dieter Hahn (since July 30, 2014 Chairman)	48,986	0	54,596	**103,582**
Fred Kogel (until July 30, 2014)	40,466	0	0	**40,466**
Dr Bernd Kuhn (since July 30, 2014 Deputy Chairman)	31,329	0	0	**31,329**
Werner E. Klatten (until July 30, 2014)	20,233	0	0	**20,233**
Jan P. Weidner	30,000	0	0	**30,000**
Andrea Laub	22,110	0	0	**22,110**
René Camenzind (since July 30, 2014)	8,438	0	17,149	**25,587**
Jean-Baptiste Felten (since July 30, 2014)	8,438	0	0	**8,438**

Remuneration of the Supervisory Board 2013 in EUR

	Fixed remuneration	Current variable remuneration	Other payments	**Total**
Fred Kogel	72,534	0	30,000	**102,534**
Werner E. Klatten	37,534	0	0	**37,534**
Jan P. Weidner	30,000	0	0	**30,000**
Dr Erwin Conradi (until July 4, 2013)	12,671	0	20,310	**32,981**
Dr Dieter Hahn	30,000	0	40,620	**70,620**
Dr Bernd Kuhn	27,534	0	0	**27,534**
Andrea Laub (from July 4, 2013)	9,863	0	0	**9,863**

Further information on the Management and Supervisory Boards can be found within the chapter Boards (page 8), within the chapter Declaration of Corporate Governance (page 12) and within the notes to the consolidated financial statements (page 96 et seqq.).

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

– The subscribed capital of Constantin Medien AG as of December 31, 2014 totaled EUR 93,600,000 divided into 93,600,000 shares without par value.

– All shares are common stock that particularly guarantees the right of participation in the 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 et seqq. AktG, the right to retained earnings in accordance with § 58 para. 4 AktG and the basic subscription right in the event of capital increases in accordance with § 186 para. 1 AktG.

– Constantin Medien AG has no voting rights arising from the 7,422,493 treasury shares held by Constantin Medien AG and its subsidiaries as of December 31, 2014. The Company is not aware of any agreements between shareholders regarding the restriction of voting rights.

– According to its own statements, KF 15 Management GmbH & Co. KG (formerly KF 15 GmbH & Co. KG), Munich, held 16,923,648 no-par shares in Constantin Medien AG as of December 31, 2014. This equates to a share of approximately 18.1 percent of authorized share capital and voting rights of 19.6 percent based on shares outstanding (after deduction of treasury shares).

– There are no shares which offer exclusive rights on powers of control.

– The Supervisory Board appoints Management Board Members in accordance with § 7 para. 1 of the Articles of Association of Constantin Medien AG and § 84 para. 1 sentence 1 AktG for a maximum term of five years. It determines the number of Management Board Members in accordance with § 4 para. 1 and § 7 para. 1 of the Articles of Association of Constantin Medien AG. According to § 4 para. 1 of the Articles of Association of Constantin Medien AG, the Management Board must consist of at least two members. In addition, the Supervisory Board in accordance with § 7 para. 1 of the Articles of Association of Constantin Medien AG has the right to appoint a Chairman of the Management Board. According to § 84 para. 3 sentence 1 AktG, the Supervisory Board also has the right to revoke the appointment of a Management Board Member and the nomination of the Chairman of the Management Board, in the case of a good cause.

– In particular, such a good cause is defined by § 84 para. 3 sentence 2 AktG as the existence of a gross breach of duty, incapacity to carry out management duties or in the event of a vote of no confidence by the General Meeting for reasons that are not clearly unjustified.

- According to § 179 para. 1 sentence 1 AktG each amendment to the Articles of Association requires the passing of a resolution by the General Meeting. According to § 179 para. 2 sentence 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. According to § 179 para.1 sentence 2 AktG and § 7 para. 2 of the Articles of Association of Constantin Medien AG, the Supervisory Board is entitled to execute 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 Constantin Medien AG.

- In accordance with § 3 para. 7 of the Articles of Association of Constantin Medien AG, the Management Board, with the approval of the Supervisory Board, has the right to raise the authorized share capital within a period until July 4, 2018, by a total of up to EUR 11,530,780 through one or multiple issues of new bearer shares against cash or contributions in kind (authorized capital 2013/I). The shareholders are generally granted a subscription right. With the approval of the Supervisory Board, the Management Board is additionally authorized to exclude the subscription right under certain conditions as prescribed under § 3 para. 7 of the Articles of Association.

- Pursuant to the resolution passed by the Annual General Meeting of July 30, 2014, the Constantin Medien AG was empowered to acquire treasury shares with a no-par-value in the share capital of up to EUR 9,360,000. The authorization became effective upon the expiry of the Annual General Meeting on July 30, 2014, and will continue to be effective until July 30, 2019. The authorization may be exercised in full or in part, on one or more occasions. The acquired shares, together with other treasury shares held by the Company or attributable to it under §§ 71a ff. AktG are not permitted to exceed 10 percent of the share capital at any time.

- Pursuant to the resolution passed by the Annual General Meeting of July 19, 2011, the share capital of Constantin Medien AG was increased by up to EUR 20,000,000 by issuing up to 20,000,000 new conditional bearer shares (conditional capital 2011/I). The purpose of the conditional capital increase is to grant share rights to bearers or creditors of financial instruments (convertible bonds and/or bonds with warrants and/or convertible participation rights and/or warrant participation rights) to be issued up to July 19, 2016, by the Constantin Medien AG or by direct or indirect majority shareholdings of the Company. According to the conditions of such warrant or convertible bonds, or convertible participation conditions, the conditional capital 2011/I is also used for issuing shares to bearers or creditors of convertible bonds or convertible participation rights with conversion obligations. The authorization relates to the issue of instruments in a total nominal amount of up to EUR 150,000,000. The Management Board is authorized to determine the further details concerning the conditional capital increase.

- Pursuant to the resolution passed by the Annual General Meeting of July 19, 2011, the share capital of the Constantin Medien AG is also increased by up to EUR 15,000,000 by the issue of up to 15,000,000 conditional bearer shares (conditional capital 2011/II). The conditional capital increase relates to the issue of financial instruments (see conditional capital 2011/I) up to July 19, 2016, in a total nominal amount of up to EUR 112,500,000. The Management Board is authorized to determine the further details concerning the conditional capital increase.

- In accordance with § 4c of the bond conditions for the 7.0%corporate bond 2013/2018 issued by Constantin Medien AG in 2013, every bond holder has the right under certain conditions to demand repayment or, at the issuer's choice, purchase of the bonds, by the issuer (or a third party commissioned by it) at their nominal value plus interest accrued. This is permitted in the event that a change occurs in the control of Constantin Medien AG. Such a change in control occurs if a third party (according to § 4c (ii) of these bond conditions) or third parties acting together (according to § 2 para. 5 of the Securities Acquisition and Takeover Act (WpÜG)) become the legal or economic owner of more than 50 percent of the voting rights of Constantin Medien AG or if a merger takes place according to the conditions of § 4c (ii) of these bond conditions.

- There are no compensation agreements with Members of the Management Board or employees that apply in the case of a take-over bid.

8. Risks and Opportunities Report

8.1 Opportunities and risks management system

Entrepreneurial actions and utilization of opportunities always also involve risks. In order to protect the continuing existence of the Constantin Medien Group, and to support the achievement of corporate objectives, an integrated, company-wide Risk Management System ("RMS") was implemented.

8.1.1 Risk management system

The RMS is defined in a guideline. Group companies or segments can issue their own guidelines for their areas, provided that these are in line with the Group guideline, and the relevant roles in the Group are informed of this.

Constantin Medien AG applies the definition of the German Accounting Standard No. 20 Group Management Report by the German Accounting Standards Committee (DRSC). This defines risks (opportunities) as "potential future developments or events that could lead to a negative (positive) deviation from forecasts or objectives for the company". The RMS follows the key concepts of the Enterprise Risk Management Framework as developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The following objectives are being pursued:

- Creating scope of action by identifying opportunities and risks systematically and timely
- Increasing the reaction rate through transparency and timely communication of opportunities and risks
- Supporting the Management of the Company in assessing the presumable development of the Group with its main opportunities and risks
- Reducing potential liability risks
- Influencing the control consciousness of its people and creating a risk-aware self-monitoring environment
- Securing the Company's continued existence

The risk management system of the Constantin Medien Group comprises both opportunities and risks. According to the decentralized Group structure, the operative responsibility in dealing with risks lies with the relevant risk officers. These are largely the Management Boards and Committees as well as the Managing Directors and the department heads of the individual subsidiaries. The factors, which the risks and opportunities are based on are recorded and assessed quarterly and approved by the risk officers.

At the level of Highlight Communications AG, Constantin Film AG, Sport1 GmbH and PLAZAMEDIA GmbH TV- und Film-Produktion, opportunity and risk factors are recorded, assessed and aggregated for their relevant area of responsibility by own risk officers. The same applies to the factors relating to Constantin Medien AG. At Group level, the reported risks, if necessary, are standardized and consolidated, as well as quarterly forwarded to the Management Board and semi-annual to the Supervisory Board as a risk report. Any risks endangering the existence of the Company must be reported immediately.

Regular reports describe the cause and effect of the factors as well as potential early warning indicators and any planned measures or measures already taken. To the extent that a damage or measure can be sensibly quantified, this value is determined and provided. If it cannot be quantified, or this is not sensible, the possible damage is described verbally and classified in the categories "immaterial", "limited", "high" or "disastrous". The same applies to the probability of occurrence with the values "improbable", "remote", "more than remote" and "probable".

The following risk levels result from multiplying the probability of occurrence with the extent of the damage:

- **Small risks**
  Small risks are immaterial for the Company, and no risk reduction measures must be agreed.

- **Medium risks**
  Medium risks exist in the case of a limited extent of damage and a medium probability of occurrence. There is no immediate need for action. Efficient and effective measures are sufficient to reduce medium risks or to cope with them if they occur.

- **Substantial risks**
  Compared to medium risks, substantial risks have a higher extent and/or a higher probability of occurrence. They should be reduced with suitable controls or process optimization. If possible, the substantial gross risk should be reduced to the level of a medium or a small risk using suitable measures.

– **Major risks**
  Under certain circumstances, major risks could threaten the continuing existence of an organizational unit or of the Constantin Medien Group as a whole. Measures to reduce gross risks must be initiated urgently and immediately. Management monitors the implementation of these measures. Major risks must be reported to the Management Board immediately – irrespective of the cycle.

The net risk accrues from the potential gross damage, the probability of occurrence and the effect of the measures. For better classification purposes, risks are split into the categories regulation, business and market risks, operating risks, financial risks, legal risks and compliance risks.

Particular risks outside the sphere of influence of the Group and risks resulting from legal provisions (e. g. a legal restriction on advertising for individual product groups) are often not to be actively controlled and avoided. Furthermore, risks with an extremely small or not measurable probability of occurrence with at the same time possibly large effects are not recorded reliably. These include unexpected and unavoidable events (force majeure).

8.1.2 Individual risks

In the following, individual risks and their risk factors as well as their consequenses are analysed and assessed. The presentation is grouped based on the risk categories of the RMS. The presentation in the risk report is at a higher level of aggregation than in the RMS itself. Within a category, the risks whose impact on the net assets, financial position and results of operations are classed as highest are mentioned first. To the extent that no information to the contrary is provided, the risks apply to all segments. If the risk classification does not make reference to the measures taken, it is classified as a gross risk. If a risk factor might threaten the continuing existence of a major organizational unit, we make reference to this hereafter. The same applies if a risk threatens the continuing existence of the Group.

Risks from regulations

Our business models are strongly dependent on legislation, jurisdiction and the regulatory interventions of the public administration

In the Segment Sports, the Constantin Medien Group is subject to regulatory risks in the area of airtime selling for the free-TV channel SPORT1, the online portal SPORT1.de as well as the other media offers under the SPORT1 umbrella brand. We are currently intensely monitoring the following topics:

– In the past, the authorities several times proceeded against the advertising of so-called “poker schools” (i.e. online offers where users can learn to play poker without spending money), e.g. as part of supervision procedures; these were in part subject to judicial reviews. It must also be expected that further administration procedures against advertising of the above-mentioned offers as well as of similar offers (e.g. so-called “casino schools”, i.e. online offers where users can learn to play casino games without spending money) are instituted in the future. In addition, it is not expected that the new State Gambling Treaty and the advertising guideline “Gambling” based on this will provide legal certainty regarding advertising for “poker and casino schools”.

– Furthermore, the current advertising of sports betting that are offered on the basis of a valid license from an EU Member State is subject to legal risks. In the past, the Bavarian Regulatory Authority for Commercial Broadcasting (BLM) as the responsible broadcasting supervisory authority has initiated several administrative proceedings against Sport1 GmbH. In addition, there are risks that Gambling Authorities might institute administrative interdiction proceedings against advertising of sports betting on TV and Internet. The granting of concessions/licenses to (also) private operators of sports betting, which was set out in the State Gambling Treaty but has not yet occurred, results in additional risks in the area. If the providers of sports betting advertised on the SPORT1 media do not receive concessions/licenses when these are granted in the future, these providers would cease to operate their business on the German market; advertising revenues would thus no longer be received.

– The broadcasting of call-in formats in the SPORT1 free-TV program also continues to be subject to risks. The sweepstake shows legislation adopted by the State Media Authorities in February 2009 includes strict regulations for call-in formats. In addition, it cannot be ruled out that the State Media Authorities or legislators will pass additional restrictions on call-in formats.

Additional regulatory risks result from the potential coming into force of a future "New Media Code" or a "Convergent TV Regulation", which are currently being discussed, e.g. through a new Broadcasting State Treaty (Amendment) for the federal states, which would lead to a new regulatory model for linear and non-linear media services. At this, the interests of Sport1 GmbH, particularly in the context of the distribution of SPORT1 TV programs and their availability in the digital media world, could not be sufficiently taken into account.

In the Segment Film, the Constantin Medien Group is especially dependent on the following factors in legislation:

– The Constantin Film Group makes use of different national and international public film promotions when producing films. The Federal Government provides funding via the German Federal Film Fund (DFFF), which are used to compensate producers for certain film production costs based on specific criteria. At the end of 2014, the Federal Budget Committee approved a reduction in the DFFF from EUR 60 million in 2014 to EUR 50 million in 2015. Nevertheless, the federal Council considers, the funds available to the DFFF should be increased again at least to 2014 level in 2016, and it is assumed that the Federal Government will generally secure the DFFF in mid-term financial planning beyond 2017.

  Source: Mediabiz, December 19, 2014 "Bundesrat: DFFF soll 2016 wieder aufgestockt werden".

– In January 2014, a claim against the Film Funding Act was rejected in a ruling by the Federal Constitutional Court and the funding was declared to be fully constitutional.

– Currently, a "Green Paper" has been submitted by the EU Commission, including on the topic of Europe-wide licenses for films. If the EU issues requirements in this area, and the territorial licenses are deemed to be inconsistent with EU law, this would impact on the licensing practice of the Constantin Film group and the business model itself.

– The strengthening of the position of producers and exploiters in terms of copyright law by the legislator is still far in the future. As part of promoting "WiFi for everyone", the legislator tends to practically indemnify providers of public or "semi-public" WiFi networks (e.g. internet cafes, hotels) from liability for copyright infringements via these WiFi networks, except where providers have specific knowledge of the infringement. This could result in an increase in piracy (especially via streaming).

Regulatory interventions and judicial proceedings can result in clients reticence when booking the relevant advertising time or buying licenses. Any revenues from airtime selling or marketing of sports rights, which are already concluded or taken into account in planning, could be dropped in the short-term due to prohibitions or other restrictions. A reduction of film promotion could lead to a loss of planned income or to an increase in film expenses.

As a countermeasure, the Constantin Medien Group pursues the relevant judgments and legislative proposals and attempts to establish contact with decision-makers in politics through lobbying and external appraisals. If funding is reduced, film productions could be moved abroad.

Given its possible consequences, this risk must still be classified as substantial overall.

Business and market risks

In the Segment Sports, Constantin Medien Group depends on the coverage of the individual channels or platforms

For each broadcaster, the widest possible technical coverage is decisive. The wider the technical coverage, the more consumers and target-group-relevant advertising contacts can be reached.

The broadcasting permit for the free-TV channel SPORT1 must be renewed by April 2015. On application by Sport1 GmbH for renewal of the broadcasting license, the Bavarian Regulatory Authority for New Media (BLM) renewed the broadcasting license by eight years until April 20, 2023.

In Germany, contracts have been agreed with the main cable network, satellite and platform operators to secure the analogue and digital distribution of the channels of the Constantin Medien Group mid-term, which must be renegotiated periodically. There is a risk that the contracts cannot be renewed at favorable conditions. Due to contractual termination rights, however, channel distribution could also be reduced during the duration of these contracts.

In addition, the State Media Authorities might not allocate a free-TV slot to SPORT1 in analogue cable networks.

In the short-term, a drastic reduction in the technical coverage could result in existing contracts with advertisers not being met, and either sales and/or the earnings being lower than planned. A sustainable reduction in technical coverage would lower the price to be achieved per advertising minute or target group contact and hence put the realization of planned sales at risk. A reduction in technical coverage could increase feed-in costs if alternative and more expensive distribution paths be used. In the pay-TV area, planned revenues could not be realized.

Long-term contracts with cable network, satellite and platform operators are used to try to maintain the highest-possible coverage for the channel. Furthermore, the analogue distribution of SPORT1 is mandatory in several federal states due to regulatory requirements. Programming is an important decision-making criterion when assigning cable slots.

Overall, this risk must still be classified as substantial.

The Constantin Medien Group requires access to licenses and literary materials

For its product portfolio, the Constantin Medien Group requires access to exploitation rights.

For operating its platforms in the Segment Sports, Constantin Medien Group depends on the availability of attractive broadcasting rights for sports events or leagues as well as programs, and on being able to acquire them.

The operators or licensors only assign the exploitation rights for sports events or programs for a specific period. Since the exploitation of license rights must be renegotiated after the end of the rights period, new licensing can also go hand in hand with increased licensing costs. If the broadcasting rights to sports event are not available, or if licensing costs increase in the future, the Constantin Medien Group could miss out on attractive content for its TV channels or other platforms. This could lead to lower market shares, lower advertising and/or sponsoring revenues and lower pay-TV revenues.

Access to and the acquisition of rights to literary materials, exploitation rights and scripts as well as contracts with successful directors, actors and film studios are also important factors in terms of producing TV and theatrical films. Moreover, the Constantin Medien Group particularly depends on close partnerships with film producers and licensors, among others, for distribution and production. In order to meet the demand for new materials for in-house and service productions, new projects must be developed continually because otherwise there is the risk that too low a number of new projects might be realized. The demand for new literary materials and licenses is currently sufficiently met and the realization rate is as planned.

Third-party productions are generally acquired on individual film markets. Different prices are paid depending on the project. At this point in time, films will generally not have been made yet and rights are sold in advance to finance this. Up to two years can pass between the acquisition and actual delivery of the film. In this context, a complete failure of films where high prices were paid could have negative consequences for the Group's business, financial and earnings position.

Providers from countries with high growth in the cinema area, such as Asia or South America, noticeably increased prices in the competition for best films, further intensifying the pricing pressure for promising films, which had already been high for several years. In line with prices for licensed films, the cost risk taken by distribution companies is also on the rise if the film fails as a box-office success or on subsequent exploitation levels.

On the one hand, these risks are monitored by the well-developed and longstanding experience of the employees in the rights and license acquisition areas of the relevant subsidiaries. On the other hand, the development of alternative formats and in-house productions is also being expanded in order to create a certain degree of independence from third-party rights. The attractiveness of the platforms and the ongoing optimization of the product compensate for the risk. In the Segment Film, the brand "Constantin Film" as the most important independent German film producer and distributor plays an important role.

Overall, this risk still must be classified as substantial.

The Constantin Medien Group is in intense competition when selling its products

In the Segment Sports, the Constantin Medien Group generates a majority of its revenues from advertising. In this context, there is a significant competition for the limited advertising budgets of the advertisers among the steadily increasing number of TV channels and other possible advertising platforms.

In terms of the digital sports radio SPORT1.fm, marketable performances might be lower than expected. In addition, the marketing might underperform. This could lead to a budget variance.

In addition, the free-TV market for value-added services is facing growing competition. The advertising customers of infomercials in the nighttime on their part are subject to an increasing margin pressure, which is due to a declining response and a falling creditworthiness of the customers as well as rising competition through online marketers.

In the Segment Film changing markets in the theatrical area such as declining visitor numbers and a increasing competition could lead to a drop in prices for productions and licensed products.

Increasing production and distribution activities by the relevant or competitive Independents, Majors and distributors on the German-speaking market could lead to declining margins in the theatrical area.

The expiry of framework agreements or a deterioration in the economic situation of licensees can lead to falling sale prices for licenses. Such a development could threaten the intrinsic value of the Constantin Film Group's film stock. At present, there are framework agreements in the free-TV and pay-TV sector. However, the coordination processes for productions and licensed titles between free-TV rights and pay-TV rights are increasingly complex. This is also due to growing competition for valuable licensing rights between free-TV and pay-TV stations, although this growth in competition should not be detrimental to the Constantin Medien Group.

The Group's planning is based on certain market shares, coverage, subscriber and viewer figures as well as sales from the various exploitation levels, which are relevant for the expected revenues. If these assumptions are not achieved, planned revenues can also not be achieved. Increased competition for advertising revenues in the areas TV and online advertising, in terms of moviegoers or sales from theatrical distribution could result in significantly higher costs and a negative impact on the result.

The diversification of the Group in mutually independent products and markets reduces the risk of competition in one individual area or segment. Since the coverage, market shares, subscriber and viewer numbers are particularly central to the amount of attainable advertising revenues, Constantin Medien Group aims at attractive program contents for its TV channels and other platforms and for its theatrical films and TV productions in order to increase its competitiveness and to raise their profile and attractiveness with higher marketing and product marketing expenses.

As a result, the risk is still classified as substantial.

The Constantin Medien Group is dependent on customers and business partners

As any other enterprise, the Constantin Medien Group is also dependent on its customers, suppliers and other business partners. The media and entertainment industry, in which the Group is operating, involves specific requirements. The main factors and their consequences resulting from these requirements are set out below.

In the area of sports production services, there is in particular a dependence on the largest customer Sky Deutschland Fernsehen GmbH & Co. KG and Sky Österreich GmbH, respectively. In terms of the exploitation of theatrical productions, the exploitation level pay-TV is also dependent on this customer, which generates a significant proportion of license sales. If these (framework) contracts should not be extended or are terminated during their duration, significant revenues could be lost.

Furthermore, in the Segment Sports there are agreements with different technical service providers, which are necessary in terms of frictionless broadcasting operations.

Concerning TV service productions, the Constantin Film group depends on continuous commissioning. In the German TV market many producers are facing only a few customers. As a result, the individual TV channels have a strong market position, which unfavorably influences the attainable margins of the Constantin Film group.

The Constantin Medien Group depends on close partnerships with film producers and licensors, among others, for distribution and production. It is also dependent on the major German TV channels because sub-licensing of the TV rights for theatrical films covers a significant part of production costs.

With regard to the Sports- and Event-Marketing projects, risks may arise from the TEAM Group's dependence on the major client UEFA. Previous success and the company's positioning in the market, as well as the targeted strategic orientation towards UEFA, help qualify this situation.

The relationship with customers and business partners is a principal task of the management. Compliance with contractual arrangements and the quality of deliveries and services are reviewed on a regular basis. A stronger fragmentation of the channel landscape could result in major channels losing market shares mid-term.

If contracts with major customers or business partners, e.g. with those mentioned above, expire and/or are terminated during the duration, this could have a significant negative impact on sales and earnings in subsequent periods. A premature cancellation of individual supplier contracts could lead to higher costs in terms of searching new partners and establishing new structures.

As a result, the risk is still classified as substantial.

The business models depend on customer taste and the way of consuming contents and must be able to respond to changes in a timely manner
In this context, we mainly monitor the following factors:

Changes to the market in the Home Entertainment area in the Segment Film are particularly characterized by ongoing digitization combined with the increase in additional offers and distribution areas, which leads to a constantly changing media usage behavior. Theatrical films are increasingly competing with media competitor products such as video games, the growing consumption of contents on mobile devices or social networks and video-on-demand offers. Changing market developments in the Home Entertainment area could have a negative impact on the results potential.

In the Segment Film, a failure to predict customer taste could result in a reduction in viewer figures and a drop in sales. A failure to predict customer taste for service productions, and a related drop in viewer figures could lead to a drop in sales because of a subsequent lack of follow-up projects by the channel and to a negative earnings performance in the TV service production area.

The expiry of traditional exploitation channels and lower margins for digital distribution models could lead to a reduction in earnings in the Home Entertainment area.

Technical options regarding the production of illegal copies of films and a lack of legal protection against copyright infringements might also result in revenue losses due to infringements of copyright laws. The EuGH may have ruled in the so-called "kino.to proceedings" (test case) that the Internet access provider may be obligated by legal ruling to block customer access to an (obviously) illegal portal. But it remains to be seen how the national courts will implement this decision.

This change in media consumption and user behavior could result in a lower consumer usage of the product portfolio of the Constantin Medien Group so that the portfolio becomes less attractive and looses coverage or relevance and as a result planned revenues are no longer to be achieved.

Constantin Medien Group tries to anticipate future trends with targeted market research and user analyses, which also is reflected in the current digitization strategy in the Segment Sports. Both in the area Sports and Film, consumer-friendly programs and literary materials are developed to increase the attractiveness of the products. The effect of piracy is reduced through lobbying, sensitization campaigns and a consistent prosecution of infringements.

Overall, this risk must still be classified on a medium level.

Legal risks

The Constantin Medien Group is subject to risks from contractual penalties and compensation liabilities
In the Segment Sports, Constantin Medien Group is obligated towards different customers and business partners to provide broadcasting continuity and a timely delivery of program contents. If Constantin Medien Group fails to comply with contractually agreed obligations towards its contractual partners, particularly with regard to the above-mentioned obligations of broadcasting continuity and timely delivery of program contents, this leads to contractual penalties or compensation liabilities.

Technical measures, further developments and redundancies as well as regular monitoring of project progress are used to identify potential deviations in quality and time as well as to minimize their consequences. This is supported by the many years of experience of the employees and by established processes in the individual organizations. Moreover, potential risks are insured in a cost and benefit analysis.

The risks from contractual penalties and compensation payments could have a negative impact on the result. Taking into account the largely technical countermeasures taken, the risk must still be classified on a medium level.

Constantin Medien Group is subject to risks form legal disputes

As a company operating internationally, the Constantin Medien Group is facing numerous legal risks. These particularly include risks in the areas copyright law, corporate law, securities trading regulations and in terms of legal provisions regarding betting and gambling. The results of currently pending or future proceedings can often not be predicted with any certainty, so that expenses can occur as a result of legal or administrative decisions or agreements of settlements which are not covered either completely or at all by insurance benefits, and which could have a significant negative impact.

In the context of legal support for the operating activities, legal risks are identified and assessed qualitatively and quantitatively regarding their probability of occurrence and potential impact. Currently, the following proceedings constitute significant risk factors:

- Share-based proceedings filed by various applicants in 2004 are currently pending against Constantin Medien AG, in which the applicants are asserting the inadequacy of the exchange ratio related to the restructuring of EM.TV & Merchandising AG, and are requesting the setting of an additional cash payment by Constantin Medien AG. So far, these proceedings have not yet been legally finalized.

- Shareholder claims are pending for Constantin Medien AG as the legal successor of EM.TV & Merchandising AG. The background being the drop in the EM.TV stock price that occurred during 2000/2001. On June 26, 2014, the Company had sent an agreement for a settlement to the shareholders of the remaining proceedings, which the Annual General Meeting of Constantin Medien AG approved on July 30, 2014. After all shareholders bar one of the remaining proceedings joined the settlement agreement, the Munich Higher Regional Court ruled on November 7, 2014, that the settlement agreement would be effective and that the pending proceedings were terminated under § 23 para. 2 of the German Capital Market Model Case Act (KapMuG).

Given the estimates made and measures taken, the risk is unchanged classified as small.

Operating risks

In the Segment Film, creating a theatrical or TV film is a cost-intensive and long-term project

The production costs of a German film with an average budget run between EUR 3 and EUR 7 million; major international productions can amount to a multiple of this. The period from the first idea to the last marketing stage can take several years. Budget overruns can occur during the course of a production which could have a negative impact on the planned contribution margin and hence on the result.

Given high development costs, the cost risk for TV service productions can be high, and channels pay only some, if any, of these costs if shows are not taken up. Even if shows are taken up, costs cannot necessarily be claimed from the TV provider as initial costs in the budget. In addition, more than ever successful coverage and market share developments are important for the TV channels when buying and producing program contents in order to continually bind financially strong advertising partners to the channels. As a result, program providers increasingly reserve the option of withdrawal from a commissioned format if it does not achieve the expected ratings. For producers, this means an increased risk of their productions being dropped at short notice. This risk can have an immediate negative effect on a film's contribution margin and hence on the result.

In the improbable event of a delay or cancellation of a theatrical or TV service production due to unforeseen market or project developments, it is possible that already delivered or commissioned services can no longer be used and additional costs might result from a re-commissioning of the services.

A lack of budget discipline in terms of publication costs could result in film-related marketing costs being exceeded and might lower a film's contribution margin.

In spite of intensive research of the legal situation and market conditions using experts with local know-how, the international activities of the Constantin Film group might still result in country-specific profit risks. In the 2014 financial year, the Constantin Film group strengthened its international activities e.g. through founding two foreign subsidiaries.

An amendment to the conditions or interpretations regarding film promotion in a production country of an international project might lead to a lower tax credit compared to plans. This might reduce a project's contribution margin.

In order to prevent budget overruns and unplanned costs for theatrical and TV productions, project controlling tools are used. In addition to regular monitoring of production costs, film insurances and particularly completion bonds are taken out whose aim is to ensure completion of a film. In addition, a contingency reserve is planned, which accounts for any unforeseeable costs in the budget.

Constantin Film AG is applying for formats with various domestic and foreign channels and has agreed development contracts for serial and non-serial formats. Due to its many years of experience in film production, Constantin Film AG has usually managed to cover incurred production costs with the exploitation revenues in the past. Furthermore, Constantin Film AG was able to keep film productions within the timeframe and financial framework and largely avoided the occurrence of non-scheduled costs or provided insurance against these.

Overall, the risk is still classified as substantial.

The Constantin Medien Group depends on a secure and well-functioning infrastructure

In order to ensure frictionless operations, the Constantin Medien Group must rely on the frictionless performance of its IT systems in the Segment Sports and at the level of Constantin Medien AG. It cannot be ruled out that, in spite of security measures such as access control systems, emergency plans and undisrupted power supply to critical systems, backup systems and regular data mirroring, Constantin Medien might not be sufficiently protected against IT system failure.

An IT system failure, a theft of Company data or a manipulation of Company IT could have severe negative consequences on operations and hence on the result.

In the Segment Sports, a large proportion of program distribution and broadcasting operations also depends on the frictionless performance of the technical infrastructure. A technical error could disrupt broadcasting operations.

The risks regarding unauthorized access to Company data are largely avoided by using virus scanners and firewall systems. In addition, the Group implements measures in order to keep the existing IT service landscape technologically up-to-date and to counteract the aging process of devices and program technology. Broadcasting-related technology is often designed as redundant and its functions are monitored almost in a timely manner.

Taking into account the effects of countermeasures, the risk must still be classified on a medium level.

The Constantin Medien Group is dependent on the creativity, commitment and competence of its employees

To a large extent, the future success of the Constantin Medien Group depends on the performance of its executives and its employees. There is strong and increasing competition for personnel with the relevant qualifications and industry knowledge.

The Constantin Medien Group therefore cannot guarantee that it will be able to keep its well-trained and committed employees in the future or attract new employees with the relevant qualifications.

The loss of qualified personnel or individuals in key positions could lead to a loss of know-how and unscheduled costs for recruiting and training new personnel, and thus could have a negative impact on the result.

In order to minimize this risk, regular target agreement and feedback meetings are held. In addition, Constantin Medien Group offers an attractive work environment, a performance-linked compensation and opportunities for further development. In order to increase attractiveness as an employer on the job market, there were increased investments in social networks and application portals.

Overall, this risk must be still classified on a small level.

The Constantin Medien Group might be insufficiently insured against damages and claims
The Constantin Medien Group makes decisions on the type and scope of insurance protection based on a commercial cost-benefit analysis in order to cover the risks being considered material. However, Constantin Medien Group cannot guarantee that it will not suffer losses or that no claims will be asserted, which would exceed the scope of the existing insurance cover.

If the Constantin Medien Group suffers material damage, where no, or only insufficient insurance cover exists, it could have a negative impact on the result. In the case of damage third-party claims or replacement investments would have to be financed from own funds.

Overall, this risk must still be classified as small.

Compliance risks

In spite of existing control and monitoring systems of the Constantin Medien Group, these might be insufficient to prevent violations of laws by employees, representatives, external service providers or partners or to uncover any violations of laws that occurred
The Constantin Medien Group is generally not able to monitor extensively the activities of employees, representatives and partners during the initial business contact with customers. If it becomes apparent that individuals whose actions are attributable to the Constantin Medien Group accept or grant unfair benefits in the context of the initial business contact or otherwise use corrupt business practices, this could lead to legal sanctions according to German law or the law of other states in which the Constantin Medien Group conducts business. Possible sanctions which may be imposed can include considerable fines, as well as orders may be lost.

This could have a negative impact on the result and damage the reputation of the Constantin Medien Group.

As a result, the risk must still be classified on a small level.

Financial, accounting and tax risks

The Constantin Medien Group is subject to risks in the valuation of financial and non financial assets
At the balance sheet date, the Constantin Medien Group holds significant financial and non-financial assets such as film assets, other intangible assets and goodwill, fixed interest-bearing short-term securities, preference shares as well as other non-current financial assets.

Impairment tests are performed for the goodwill and film assets of the Constantin Medien Group each year or, in case of triggering events for impairment, also during the year.

Whenever a market value is not available, the calculation of the valuation method includes estimates and assumptions by the management which is based on premises. These are based on the level of knowledge available at the time. The actual development, which is often outside the sphere of influence of the Company, can exceed the assumptions made and require an adjustment of carrying values. This can have a negative impact on the result.

Overall, this risk must still be classified on a medium level.

In spite of processes in line with requirements and careful controls, the Constantin Medien Group cannot eliminate risks in the context of tax and social security audits
Constantin Medien AG takes the view that tax returns, as well as statements to social insurance institutions compiled within the Constantin Medien Group, had been submitted in a complete and correct way. Nevertheless, there remains the risk that additional tax claims might be asserted if the tax authorities interpret a situation differently. In the case of a social insurance check in the Constantin Medien Group, it is generally possible that the social insurance authorities take a different view regarding social insurance contributions so that the Constantin Medien Group must make additional charges.

Deviating tax assessments or additional social insurance claims could have a negative impact on the result.

Overall, this risk must still be classified on a small level.

Risks resulting from the use of financial instruments
The Group is exposed to various financial risks arising from business operations and financing activities. Financial risks are sub-classified by liquidity risks, credit risks and market risks (including currency risk, interest risk). The risks relating to financing are described in detail in the Notes in the chapter "Management of financial risks". Currency and interest risks in the Group are secured through corresponding hedges – as far as meaningful.

The Constantin Medien Group is exposed to currency risks as part of its business activities
These currency risks above all exist in relation to the Euro and the US dollar, the Canadian dollar and the Swiss Franc.

Budgeting for the next financial year took into account that the Swiss National Bank has ceased the support buying to maintain the lower Euro rate threshold of 1.20 and that as a result, Swiss Francs have been revalued upwards in relation to the Euro.

Regarding material transactions Constantin Medien Group aims to reduce the currency risk through the use of appropriate derivative and non-derivative financial instruments. However, it cannot be ensured that the currency hedging measures of the Constantin Medien Group are sufficient, and the Constantin Medien Group cannot guarantee that fluctuations in the exchange rate might not have a negative impact on the result.

For a detailed presentation of the currency risks of the Constantin Medien AG we refer to chapter 8 Currency Risk in the Notes.

Taking into account the effects of countermeasures, the risk was classified as a small risk in prior periods. Due to the changed currency policy of the Swiss National Bank, the risk must now be classified as medium, taking into account the effects of countermeasures.

The Constantin Medien Group is subject to liquidity risks
Liquidity risks arise if payment obligations of the Group cannot be covered by liquidity on hand or from corresponding credit facilities. The Constantin Medien Group had liquidity reserves taking into account available short-term credit facilities as of the balance sheet date. Nevertheless, the Constantin Medien Group, even taking into account available credit facilities, might be forced to borrow additional third-party capital via the capital market or credit institutes in the short- to medium-term to finance new projects or to refinance existing financial liabilities.

Therefore, there is the risk that a worsening of the economic situation of the Group could lead to additional financing funds not being available or not being available to the extent needed or only being available at unfavorable conditions. If the Constantin Medien Group is unable to repay the relevant loans at due date or to repay it after a termination or at the end of the duration, there is a risk that the relevant lender might dispose of the assets of the Constantin Medien Group transferred for security, which could have a significant negative impact on the result.

Overall, this risk must unchanged be classified on a small level.

The Constantin Medien Group is subject to interest rate risks
The interest rate risk primarily relates to the area of current and non-current financial liabilities. In addition, an interest fluctuation risk results from the mismatch of maturities.

At the present time the Constantin Medien Group has available fixed and variable interest-bearing current financial liabilities and fixed interest-bearing non-current financial liabilities.

Risks from changes in the interest rates for financial liabilities could have a negative effect on the result.

Overall, this risk must unchanged be classified on a small level.

The Constantin Medien Group is subject to the risk of payment defaults by customers
A credit risk exists when the debtor is unable to meet a repayment obligation for a receivable on time or at all. The credit risk includes the direct counterparty default risk and the risk of creditworthiness.

Potential default risks on customer receivables are regularly evaluated and, if required, valuation allowances for bad debt are recognized. In addition, the Company insures the risk of default caused by insolvency of a debtor also by means of obtaining credit checks. Therefore, the Group assesses the credit quality of receivables that are neither overdue nor impaired to be largely satisfactory.

A default of receivables against customers could have a negative impact on the result.

Taking into account the countermeasures taken, the risk is to be classified as small as in the previous year.

Agreement of an important transaction in the Sports Segment
In the combined Group management and management report of the 2013 Annual Report, the risk "The Constantin Medien Group agreed an important transaction in the Segment Sports, whose closing is subject to several reservations" was reported

and categorized as a medium risk. Since the negotiations between Constantin Sport Holding GmbH and Sky Deutschland Fernsehen GmbH & Co. KG were terminated and the transaction was not concluded, this risk has occurred. As a result – as announced in the Ad hoc notification on May 19, 2014 – result planning for 2014 was adjusted accordingly, and this was also taken into account in the guidance for the 2014 financial year.

8.2. Opportunities report

8.2.1 Features of the opportunities management

Analog to the risk management, the opportunities management of the Constantin Medien Group aims at implementing strategic and operative targets quickly and efficiently using specific activities. Opportunities can arise in all areas. It is a task of management to identify and use them in a targeted manner, which influences the daily decision-making process.

In order to better structure and communicate the opportunities portfolio, the input and assessment of opportunities were added to the existing risk management system (RMS).

8.2.2 Individual opportunities

Based on the definition of the term “risk”, Constantin Medien Group defines an opportunity as a potential future development or an event that could lead to a positive deviation from forecasts or objectives for the Company. This means that events which are already included in the budget or economic mid-term planning do not constitute an opportunity according to this definition. These are not reported below. Analogue to the risks, the opportunities are quantified in four categories as small, medium, substantial and major.

The Constantin Medien Group identifies opportunities in the implementation of the strategy of the digital transformation

The continuing digitization is also changing the media usage behavior of the people. For a longer period of time, the Constantin Medien Group already has consistently developed its business models further, and as a result is actively driving the digital transformation within the Group. In this context, the broad operational positioning, focusing the sports and entertainment area, the excellent and not infrequently leading market positions of the Group's activities and its strong well-known brands in the ever changing media world are definite advantages. In this context, the Management in the Segment Sports pursues the following factors:

In order to participate in the strong increase in mobile media usage behavior, there are opportunities in the expansion and creation of existing and new mobile offers in the sports and entertainment area. This relates both to revenues from subscriptions and to media products financed by advertising. Given very high ratings on all mobile products, there is the opportunity of increasing revenues using mobile-compatible marketing products.

- SPORT1 has expanded its technical infrastructure by adding standardized interfaces, which enable external partners to create new offers and products based on SPORT1 content and sports data. This can lead to new coverage and sales opportunities.

- By setting up new thematic channels in the video area (mobile and online) and at the same time appealing to new target groups, new revenues can be generated both in the subscription area and through advertising marketing.

- Generally, there are opportunities in the further expansion of paid video and games contents.

- There are also opportunities in the expansion of existing YouTube multi-channel network activities by adding new thematic channels as well as other in-house and third-party content, and by extending other marketing formats. This could have a positive effect on revenues in this area.

- The product SPORT1.fm could create new revenue opportunities through the extension of fee-based added value services for end consumers.

The planning of attainable revenues of these business models is based on careful assumptions. There is the chance that the current development will by far exceed the assumptions made and that the digital transformation will lead to higher revenues much quickly than expected.

The opportunity is still considered to be on a medium level.

The Constantin Medien Group sees opportunities in the exploitation and development of already secured licenses, formats and materials, as well as in the integration into an extensive network

The Constantin Medien Group already has a large number of exploitation and/or marketing rights to the sports and entertainment events important for the operating activities of its different segments, as well as to film rights and literary materials, in parts significantly exceeding the planning period. Thus having created the basis for generating revenues, also beyond the planning period. The image of the Group and the maintenance of an extensive network also promote access to these rights in the future.

The exploitation of these rights can increase the attractiveness and hence the coverage of the channels and platforms more strongly than expected, which would lead to higher revenues than planned in the future. Attractive literary materials and film rights could excessively anticipate customer taste, which could lead to higher revenues than planned in the entire exploitation chain.

The opportunity is still considered as medium.

The Constantin Medien Group sees opportunities in its co-operation with UEFA
Based on the TEAM mandate for the marketing of the commercial rights for the UEFA Champions League, UEFA Europa League and UEFA Super Cup (each for the match periods 2015/16 to 2017/18) opens up very good perspectives for continuing the close co-operation with the European Football Association. If contractually agreed performance targets for this marketing process are achieved, then TEAM's contract with UEFA will be automatically extended for three additional match periods (2018/19 to 2020/21). The close relationship with UEFA is additionally documented in the fact that two of its representatives have been Members of the Board of Directors of TEAM since early December 2012.

The opportunity is still considered to be medium.

The Constantin Medien Group identifies opportunities from growth in new business activities in the Segment Other Business Activities
The multilingual FunPoker software can be adapted to additional poker variants and co-operations, which increases the recoverability of the application as a whole and offers opportunities for further sublicensing.

In particular, in terms of the Eurovision Young Musicians project the existing activities in the area of classical music could be combined with those of the European Broadcasting Union (EBU), with which it maintains a long and successful partnership. With regard to the newly added projects (merchandising for the Eurovision Song Contest and Eurovision Young Musicians), there are good strategic options to further expand the existing business areas.

Overall, this opportunity is still considered to be medium.

For the Segment Sports, Constantin Medien Group sees opportunities in a potential further deregulation of sports betting and other types of gambling
The granting of concessions/licenses to private operators of sports betting, which was set out in the State Gambling Treaty but has not yet occurred, currently prevents additional advertising volumes in the sports betting area. In addition, a nationwide deregulation of operating and advertising of other gambling types (e.g. poker and casino) has not yet occurred.

Licenses granted to private operators of sports betting and a full deregulation in the area of gambling business could have a positive effect on revenues.

The opportunity is unchanged considered to be small.

The Constantin Medien Group identifies opportunities in the Segment Sports in a potential New Media Code
The coming into force of a future "New Media Code" or a "Convergent TV Directive", which are currently being discussed, e.g. in the shape of a new Broadcasting State Treaty (Amendment) for the federal states, and hence a new regulatory model for linear and non-linear media services, could result in deregulations, particularly in the area of broadcasting advertising law. This could result in new revenue opportunities for advertising marketing of SPORT1 TV programs and for the SPORT1.fm radio offer.

Overall, this opportunity is considered to be small.

The Constantin Medien Group identifies opportunities in leveraging synergy effects by optimizing internal processes
In the last few years, the Management Board has consistently optimized major internal processes in order to ensure transparency, reduce the error rate and increase the efficiency of individual processes. Thereby, the focus was on the processes

within individual Group companies. Since the Constantin Medien Group is composed of companies acting relatively independently, the Management Board identifies synergy potentials in the further optimization of co-operation between the individual Group companies. Currently, potential synergies from the transfer of Group-internal best-practice approaches, aggregate effects especially at the sites in and near Munich as well as the simplification, standardization and automation of processes across the borders of individual Group companies, are researched and evaluated.

In addition to increasing the quality, effectiveness and efficiency of the processes, leveraging these synergies could lead to cost savings and increases in revenues in the periods following an initially required investment.

At the time of compiling this report, the identification and evaluation phase had not yet been completed so that the classification of this new opportunity is currently not yet possible.

In the Sports Segment, Constantin Medien Group sees opportunities in the good positioning in the growth market pay-TV
The opportunities from the good positioning in the pay-TV area reported the previous year have by now been included in the budget and as such no longer formally constitute an opportunity.

8.3. Consolidated presentation of opportunities and risk situation

The opportunities and risks reported by the individual risk officers are summarized and combined as set out in the guideline issued by the CFO and an assessment is carried out at Group level. In this context, the decentralized Group structure is taken into account. The responsible parties at the relevant companies are responsible for the complete and correct inclusion, evaluation and communication of the opportunities and risks.

Based on the information available and on estimates, particularly the probability of occurrence, the maximum amount of damage and the effect of countermeasures taken, the Management Board of Constantin Medien AG reaches the conclusion that these risks do not represent a going concern character. This particularly applies to individual risks, as well as to the risks as a whole as far as the effect of all risks together can be reasonably simulated or otherwise estimated. The Management Board considers the Group to be sufficiently prepared to deal with the remaining risks not reduced by countermeasures.

This year, the Management Board again views potential or factual regulatory interventions by the Supervisory Authorities or the legislator, as well as the maintenance of channel and platform coverage, as having the greatest impact. These factors directly influence the planned advertising revenues and pay-TV fees and indirectly impact on distribution costs. The Group is equally strongly dependent on buying attractive licenses and literary materials and on developing these further profitably, using technical and creative expertise. In this context, the Company must anticipate current and future use of media, identify customer taste and provide attractive products. The Management Board continues to view the consistent expansion of the digital strategy, as well as the opportunities resulting from redesigning the media world, as the greatest opportunities.

The Group companies are all established in their relevant industries and can access a broad network of technical and creative energy and respond quickly to changes. Accordingly, the Management Board is convinced that the measures taken keep the risk at an economically reasonable level and that the Group's ability to bear risks is sufficient. At the same time, it consistently pursues existing opportunities. The diversification of operations into different areas also supports a distribution of risks.

Compared to previous reports, particularly the Group management report for the 2013 financial year, no noteworthy deviations could be identified in the distribution of individual factors to the different classes.

8.4 Risks and opportunities of Constantin Medien AG

The financial statements of Constantin Medien AG are significantly influenced by the risks and opportunities of the subsidiaries because it is directly involved as the financial holding company and the parent company. The opportunities and risks mentioned above also apply to Constantin Medien AG.

According to our level of knowledge, Constantin Medien AG is not subject to any special and relevant opportunities.

9. Internal control and risk management system in relation to the Group accounting process

The internal accounting-related ICS of the Constantin Medien Group covers measures pertaining to the annual financial statement that ensure a complete, correct and timely forwarding of the relevant information that is necessary for preparing the financial statements and the consolidated financial statements, as well as the Group management report. This is intended to minimize the risks of incorrect presentation in accounting and external reporting.

Analog to the risk management system, the ICS also follows the main intentions of the overarching framework for "enterprise-wide risk management" as developed by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO).

Accounting within the Constantin Medien Group is organized on a decentralized basis, with individual departments at the respective levels of the Group's subsidiaries. Constantin Medien AG assists its direct subsidiaries in specific accounting-related topics. The preparation of the annual financial statements of Constantin Medien AG and its subsidiaries is performed in conformity with the respective state-specific regulations. Reconciliations from local GAAP to IFRS are prepared and reported to the Group accounting department in order to fulfill the requirements for preparing consolidated financial statements in accordance with the IFRS standards. The accounting principles in the Constantin Medien Group govern standardized accounting and valuation methods in compliance with the IFRS standards that apply to the parent company. Laws, accounting standards and other publications are analyzed continually, to see whether and to what extent they are relevant and how they impact on accounting. The relevant requirements are e.g. recorded in the group accounting manual and communicated, and together with the Group-wide accounting calendar form the basis for the financial statement process. In addition, supplementary process instructions, standardized reporting forms, IT systems as well as IT-supported reporting and consolidation processes support the process of preparing consistent and proper group accounting. If necessary, the Group also uses external service providers, e.g. to valuation of pension obligations. The employees involved in the accounting process are trained regularly.

At Group level, the specific controlling activities for ensuring the compliance and reliability of group accounting encompass the analysis and, if necessary, corrections of the individual financial statements submitted by the consolidated companies. Clear delimitations of responsibilities as well as integrated process controls, such as the application of the dual control principle, regulate further control measures. The compliance and effectiveness of the internal control system are audited once a year via process-independent auditing activities conducted by the Group's internal audit and are regularly reported to the Management and Supervisory Boards.

In a scoping process, the companies and processes with significant impact on individual items of the financial statements are selected. For these, key control objectives are identified and key controls are defined, which are described verbally for better comprehension and graphically included in the process chain and thus documented. The description of controls comprises the control type (automatic or manual), the control force (key control, compensating control, control activities), the effect of the control (preventative, exposing, monitoring) and the performance frequency. When selecting key controls, automatic controls with a preventative effect are preferred.

The effectiveness and the efficiency of these controls are included in the risk-oriented audit approach of Internal Audit and tests are carried out periodically. Those responsible for the business areas are required to monitor compliance with these controls.

The main requirements in terms of book-keeping, accounting and reporting are set out in an Accounting Manual. This is binding for all fully consolidated Group companies. Deviations from this guideline are only permissible with the approval of the Group accounting department. The principal accounting and financial processes are mapped to IT systems and supported by them. Segregation of duties is a main control instrument, which is not only ensured organizationally but also through relevant access rights to the corresponding IT systems. The principle of "granting minimum access rights" is applied. This means that a user account will only grant access rights required as a minimum to perform the relevant activities. A large part of operational processes is also supported by IT systems, which have automatic control mechanisms. In addition to a segregation of duties, the definition of mandatory fields, input controls, automatic account locating and electronic approval processes also play an important role. At Group level, the specific controlling activities for ensuring the compliance and reliability of Group accounting encompass the analysis and if necessary correction of the individual financial statements submitted by the consolidated companies. Alongside this, the monitoring and controlling system of the Constantin Medien Group is supported by meetings of the Management Board, by meetings of the department heads, annual and investment plans, monthly and quarterly reportings and the integration of the legal department. Guidelines, bylaws and working instructions are issued and communicated for the main fields of duty.

10. Outlook

10.1 Economic environment

The prospects for the development of the global economy look reticent for 2015. The International Monetary Fund (IMF) may be expecting a global growth of 3.5 percent and hence a slightly higher value than in 2014. But, according to the organization, negative factors have increased significantly. It is particularly worth mentioning the geopolitical crises such as the still unresolved conflict between the Ukraine and Russia, fears that the economic recovery in the Euro zone might stagnate or that the very low inflation in Europe might turn into deflation. In addition, financial markets might also overheat: Stock market prices, which have gone up significantly in the last few years, would then no longer adequately reflect the growing general economic risk factors.

An increase in economic performance by 3.6 percent, and hence a continued good overall economic, are forecast for the USA. For the Euro zone, the IMF expects economic growth of 1.2 percent. Factors having a positive impact include the lower oil price and the devaluation of the Euro compared with the US dollar, making products from the European economic area more competitive. By contrast, lower investing activities in the economy might have a negative effect.

The Germany economy can be expected to show moderate growth in 2015. The IMF assumes an increase in economic performance by 1.3 percent. The ifo Institute is slightly more optimistic and expects a plus of 1.5 percent. This development is above all driven by the domestic economy, which is profiting from the reduction in crude oil prices. At the same time, the ifo Institute expects a stronger growth in exports compared to previous years due to the devaluation of the Euro.

Sources: International Monetary Fund (IMF): World Economic Outlook, Update October 2014 and January 2015; ifo Institut, Munich: ifo Konjunkturprognose 2014/2015, 12/11/2014

Market environment for media and entertainment in Germany

PricewaterhouseCoopers (PwC) assumes that the media and entertainment industry in Germany will develop below the West European average in the coming years, due to the high market saturation that has already been reached. As before, experts view digitization as the central development driver of the industry. As a result, the rapid distribution of smartphones, tablets, smart-TVs and other internet-compatible entertainment devices is of key importance. PwC therefore expects around 57 percent of the population in Germany to own a tablet by 2018.

The convergence of the different types of media, changes in the use of devices and the fact that users are perpetually connected to the internet have a strong influence on the future business models of the industry. The personalization of the media offer, i.e. the adaptation of contents to the users' individual needs, as well as the use of several end devices at the same time, are megatrends, which place particular demands on the advertising industry in light of an efficient planning of their media budgets.

Overall, a robust revenue growth is predicted for the industry in Germany for the period from 2014 to 2018 averaging at 1.8 percent per year. Based on a positive development of both the advertising volume and consumer spending, the industry would realize around EUR 71 billion at the end of this forecast period.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, “German Entertainment and Media Outlook: 2014 – 2018“, December 2014.

10.2 Priorities for the 2015 financial year

10.2.1 Segment Sports

Sector-specific general conditions

According to its current quarterly Advertising Expenditure Forecast, the media agency group ZenithOptimedia still identifies advertising on mobile devices and on social media as one of the most important growth drivers for the global advertising market in the next three years. After a growth of 5.1 percent in 2014, spending will increase by 4.9 percent in 2015 and by

5.6 percent in 2016. In 2017, growth will slow down slightly to 5.2 percent. Three major cyclical events will be material for growth in 2016, giving a particularly strong boost to the global market: UEFA Euro 2016, the Olympics, and the presidential elections in the USA.

According to ZenithOptimedia, between 2014 and 2017, mobile will be combining more than half of additional advertising spendings, with investments in mobile advertising growing by 38 percent per year on average in the same period. The reasons for this are the still increasing distribution of mobile devices, improvements in advertising formats and variety and technical innovations for escalating campaigns across devices. The development of mobile display advertising will benefit from social media. Mobile advertising in Germany takes place predominantly on Facebook. National providers should also develop mobile first strategies in order to participate in advertising budgets. Due to the ongoing automation of advertisin bookings using so-called programmatic buying platforms, global traditional display advertising will increase by 26 percent in 2014 – the highest figure since 2007.

In Europe, this development is influenced by the crisis in the East and the recovery in the South. Between 2007 and 2013, the southern Euro zone lost around 15 percent of its advertising revenues. In 2014, it was able to recover and in the coming years, this region will grow by 5.4 percent and above average for the Euro zone, which will increase by 2.0 percent.

Source: ZenithOptimedia, press release dated December 8, 2014 for the study "Advertising Expenditure Forecast"

For the German advertising market, the agency JOM Jäschke Operational Media in Hamburg forecasts a growth of net advertising spendings for 2015 by approx. 1.2 percent, which is slightly below the level of the previous year (plus approx. 1.5 percent). The growth will be driven particularly by advertising in online videos on channels such as YouTube or in media libraries. JOM assumes that advertising spendings will double in 2015 as it had forecast for 2014, so that they will significantly increase to above EUR 200 million. According to this agency, mobile will also grow further and cross the EUR 200 million-threshold for the first time.

JOM is less confident about the development of traditional media. In this area, advertising spendings are expected to fall further slightly, primarily in print media (daily newspapers, magazines and advertising materials). TV will continue to be the strongest advertising medium in Germany, since it will be able to maintain its high level in 2015.

The agency in Hamburg also forecasts an increase in investments in the content marketing and social media area in 2015, which will be at approx. 20 percent. This will be the case primarily because in the digital age, brand communication and the dialog with the consumer takes place increasingly over own platforms and high-quality relevant content. There will therefore be a stronger shift of investments towards social media and content marketing. As a result, a realistic presentation of the advertising market would currently barely be possible without evaluating these business areas.

Source: JOM Jäschke Operational Media, press release "Deutscher Werbemarkt 2015: Online-Videos- und Mobile-Marketing sorgen für Wachstum", January 7, 2015

In its "German Entertainment and Media Outlook: 2014 – 2018", PwC is expecting the German TV advertising market to generate net revenues of around EUR 4.2 billion. For the period from 2014 to 2018, the company assumes average annual net growth of 1.8 percent, which will be close to EUR 4.5 billion in 2018. For the radio area, PwC forecasts net advertising revenues for 2014 of close to EUR 770 million. Net advertising revenues are forecast to grow by an average of 2.5 percent per year until 2018, reaching close to EUR 850 million. PwC identifies in this area online radio as the relevant driver, which in 2014 was able to increase its number of users by 2 million up to 29 million.

In the pay-TV area, PwC assumes that Germany will be able to slightly increase its proportion of subscriber households compared to the total number of TV households: from 52.6 percent in 2012 to 54.8 percent in 2018. This positive trend is especially due to the further increase in the demand for IPTV and pay-TV offers. In addition, this subscriber figure also contains the users of HD channels offered via satellite for a charge and the subscribers of 3D programs. The revenues from subscriber offers generated in Germany will increase by an average of 4.2 percent per year until 2018, when they will reach just below EUR 4.9 billion according to PwC.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2014 – 2018", December 2014.

The continuing digitization of the media and entertainment market will remain an important growth driver for the production sector. The related change in user behavior results in a steady increase in the number of digital and mobile platforms. Production service providers are increasingly required to offer cost-efficient services and solutions on the market, which allow the distribution management of content across all digital platforms. It is becoming more and more difficult to realize these requirements with regular production technologies. In the future, innovative infrastructure technologies will have to be used for implementation. In order to remain competitive as a production service provider against this background, traditional broadcasting processes will have to be replaced primarily by network and IP-based solutions.

The production sector will continue to benefit from the still strong demand for program offers in high definition, and from the increase in the number of channels due to digitization. According to the “German Entertainment and Media Outlook: 2014 – 2018”, 119 programs in Germany are now aired in HD quality. Ultra-HD is expected to be released in 2016.

In addition, companies are increasingly using moving images in the shape of branded content or “branded entertainment” for their brand communication. This is increasingly turning brands into content providers, which will also go hand in hand with an increasing demand for corresponding production solutions.

Sources: Medien Bulletin, 6/2014, “Neue Infrastruktur für die TV-Zukunft“; PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, “German Entertainment and Media Outlook: 2014 – 2018“, Dezember 2014

Priorities for the 2015 financial year

In the 2015 financial year, SPORT1 continued to focus on the consistent multimedia use and distribution of content. Besides exploiting established programs such as the Football Bundesliga and the 2nd Bundesliga, handball as well as basketball, the focus will be on the cross-platform presentation of new top rights, such as, among others, for the European Games in Baku, and in motor sports the ADAC GT Masters, and especially the newly acquired premium right for the UEFA Europa League. Against the background of the still increasing digital and cross-platform use of media offers, in the 2015 financial year, Sport1 GmbH will further drive the digital diversification of the SPORT1 brand and at the same time create new marketing environments. As part of the relaunch of SPORT1.de and the SPORT1 applications, which started in 2014, e.g. the entire technical infrastructure was redesigned and the user interface, aimed at a convergent media use, was implemented. This created the basis for developing new mobile offers in the current financial year in the context of the rapid increase in the distribution of smartphones and tablets, as well as for further intensifying social media activities and especially for expanding the video area using own apps, video-brand channels and/or additional sub-brand worlds.

In the 2015 financial year, PLAZAMEDIA continues to focus on securing and expanding existing customer relations in Germany and abroad. In addition, the aim is to further develop existing business models and to add new business areas. This will be based on the competences and resources of PLAZAMEDIA in developing and implementing software solutions for the production technology management of media and distribution platforms. The new business area Sales & Marketing was launched in December 2014 with the aim of intensifying sales activities. In 2015, the focus will further be on being able to transfer the recognized know-how of the production group to completely new customer groups. As a result, PLAZAMEDIA also installed the new business area Content & Creations in December 2014, thereby adding the creation and production of corporate media and branded entertainment content to its portfolio.

10.2.2 Segment Film

Sector-specific general conditions

The Bundesrat is objecting to the decision to reduce the DFFF to EUR 50 million in the 2015 federal budget, and is demanding that this be increased again to at least EUR 60 million for the 2016 budget year. In addition, the Bundesrat states that it generally assumes that the DFFF will be secure after 2017.

Source: Press release Producer Alliance, December 19, 2014

A secured continuation of the DFFF after 2017 will make an important contribution to financing planned films, which will inspire production companies such as Constantin Film AG to offer a creative and ambitious production business in Germany. A potential increase in the 2016 budget year will further provide important impulses for a sustainable growth perspective across the entire industry.

In 2015, the theatrical market in Germany could develop extremely promisingly with regard to numerous blockbusters, such as “Star War: The Force Awakens”, the new James Bond adventure “Spectre”, “Fack Ju Göthe 2”, “The Hunger Games: Mockingjay – Part 2”, “Inside Out”, “Minions”, “Fast and Furious 7”, “The Avengers: Age of Ultron”, “Ted 2”, “Jurassic World”, “Der Nanny”, “Kingsman: The Secret Service”, “Fifty Shades of Grey”, “Traumfrauen“, “Kung Fu Panda 3” and “The Peanuts Movie”. Attractive films, good stories and well-known leading actors will remain the main reasons for visiting the theaters in the future. Visiting the theaters are becoming an event and triggering a greater willingness to pay more. As a result, PwC is assuming a slight growth in revenues from cinema tickets, which will result primarily from higher ticket prices.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, “German Entertainment and Media Outlook: 2014 – 2018“, December 2014.

On the German Home Entertainment market, digital exploitation formats (Electronic-Sell-Through, Video-on-Demand and Pay-per-View) will continue to gain in importance. For instance, Constantin Film AG is expecting video-on-demand to reach a comfortable double-digit market share of Home Entertainment use.

Most channels have sufficient program assets so that negotiations regarding the sale of licensed products/library titles are getting more and more difficult, particularly for titles which are 10 to 15 years old. In addition, the prices paid by both public and private channels for licenses have fallen significantly in recent years. The, in part, still low demand of niche channels and the greater importance of subscription and streaming models – alongside low license prices – is still unable to compensate for this development.

In TV service production, video-on-demand offers are playing an ever more important role. For example, a study by PwC is forecasting revenues of more than EUR 500 million for 2017 for current online provider. The market and especially producers must adapt to this. In addition to the traditional free-TV channels, pay-TV special interest channels and IP-based exploitation platforms are increasingly gaining in importance for producers as potential customers. Fans of films and demanding TV series are increasingly shifting towards pay-TV. Internet platforms can also be viewed as a potential competitor of commercial TV and must hence be monitored closed as a potential new partner. However, platforms such as Netflix must first acquire a sufficiently large number of subscribers in order to themselves act as customers for TV productions in Germany.

This market development is unlikely to have negative effects on traditional TV channels in the near future. A study by VPRT forecasts a positive development of revenues from TV advertising until 2019 so that a dramatic reduction in advertising revenues and a related significant drop in production budgets, as happened during the financial crisis in 2009, are not expected. TV channels particularly benefit from an aging population extensively using traditional TV, whereas younger viewers are only slowly moving away from TV.

Source: VPRT publication: Umsätze der audiovisuellen Medien in Deutschland, October 21, 2014

Priorities for the 2015 financial year

In theatrical production/rights acquisition, Constantin Film AG's priority continues to be on the continuous optimization of the persistent high quality of its national and international in-house productions. The aim is to primarily produce titles that are emotionally-triggered to the needs of the audience and that are based ideally on well-known brands and/or have event character. But productions with manageable budgets and a correspondingly manageable audience risk are also of interest if they are conceptual compelling. Each project must be measured based on high creative and economic benchmarks.

Since quality is more important than quantity, the production line-up of the Constantin Film group might in the future consist of fewer individual titles. The focus will remain on creating a portfolio of brands which can be successfully exploited internationally on all the relevant theatrical markets – much like the “Resident Evil” series. For this purpose, the Constantin Film group has recently secured the dramatization rights for a number of attractive literary materials.

The aim is to develop more original ideas and independent brands for future film and serial productions. Overall, the Group's creativity level must increase further.

According to current plans, 13 promising film projects are in the pipeline for 2015. Several planned theatrical films are English-speaking productions and tailored to the international market. In 2015, these particularly include “Resident Evil 6”, “The Secret”, “The Fantastic Four” and “Polar”.

Shooting for “Fack Ju Göhte 2” already started in December 2014, and in the first quarter of 2015, shooting of the Rat Pack production “Die Lochis – Bruder von Luder” also begun. In addition, “Schweinskopf al Dente”, “Fünf Freunde 5” and “Timm Thaler” are planned for 2015. Preparations for the Olga Film GmbH project “Flaschentreffen” (aka “Klassefesten”) are also underway.

In the current year, the acquisition and development of promising literary and original literary material will also be the basic building block.

In theatrical distribution, Constantin Film AG will continue to rely on its tried and tested strategy of combining national and international in-house and co-productions with few high-quality third-party titles, which are released in cinemas at a strategically favorable time with an appropriate press and marketing strategy. Against the background that especially American studios employ large marketing budgets when releasing their major event films in order to attract audience attention, Constantin Film group will in future continue to analyze very closely when and how to position its films on the German theatrical market.

A total of 13 new releases are currently planned in the 2015 theatrical year. Apart from two titles these are exclusively in-house and co-productions, including the national in-house and co-productions „Frau Müller muss weg“, „Fünf Freunde 4“, „Mara und der Feuerbringer“, „Ostwind 2“, „Abschussfahrt“, „Fack Ju Göhte 2“, „Er ist wieder da“ and „Flaschentreffen“. In addition, the two licensed films “Enchanted Kingdom” and “Light Between the Oceans” are planned, as well as the international co-production “The Fantastic Four”.

The Home Entertainment area will not be able to hold its very good market share from 2014 in the current year, which largely resulted from the unusually good performance of “Fack Ju Göhte”. In 2015, it will benefit particularly from the new releases of the theatrical successes “Männerhort” and “Step Up: All In”. Other significant revenues are expected from the co-production “The Fantastic Four” and the teen movies “Fünf Freunde 4” and “Ostwind 2”.

In license trading/TV exploitation, free-TV exploitation at the start of 2015 will be characterized primarily by the revenues from the movies “Das Hochzeitsvideo”, “LOL” and “Freelancers”. In pay-TV exploitation, “Da geht noch was”, “Fack Ju Göhte” and “Pompeii” among others will generate revenues in this area.

In the TV service production area, the subsidiaries of Constantin Film AG are continually working on developing innovative TV formats and establishing contacts with the major TV channels. Creative new developments are particularly in demand. Consecutively told TV series are developed for both national and international formats. Existing brands (such as “The Mortal Instruments” aka “Shadowhunters”) are to become established in the TV area as early as next year.

For the current year, Constantin Film AG expects a further improvement of the order situation in this area, which could also be influenced positively by the increasingly aggressive acquisition policy of the major online portals.

Several productions have already been commissioned or are being developed in 2015. Moovie GmbH is planning the TV movies “Ein verhängnisvolles Angebot“ (ZDF), “Die Schweigeminute“ (ZDF), “Club der singenden Metzger“ (SWR), “Die Hebamme 2“ (SAT.1) and “Die Familie“ (ZDF). Constantin Television GmbH is planning the series “Branka Maric” for Degeto and the TV film “Kombi”. In addition to two further episodes of “Kommissarin Lucas” (ZDF), Olga Film GmbH will realize the two TV films “Prenzlberg” (ZDF) and “Hodscha und die Piepenkötter” (WDR). Rat Pack Filmproduktion GmbH will produce “Old Shatterhand” (aka “Winnetou”) as a three-part series for RTL.

Overall, a performance is expected in this area similar to that in 2014.

The Constantin Film group will again enjoy two-digit rating successes with its TV service productions and the TV exploitation of its theatrical productions in the current year.

10.2.3 Segment Sports- and Event-Marketing

Sector-specific general conditions

For 2015, the consultancy company for sponsoring measurement IEG is again expecting an increase in global sponsoring expenditure by 4.1 percent (2014: 4.1 percent) to USD 57.5 billion. IED expects the largest increase in percent to be 5.2 percent (previous year: 5.6 percent) again in the Asia/Pacific region, whereas at a growth rate of 3.3 percent, Europe continues to be on the lower end of expectations. This is a significant improvement compared to last year's forecast of 2.1 percent. For North America, the world's largest sponsoring market, IEG forecasts an increase by 4.0 percent (previous year: 4.2 percent) to USD 21.4 billion, whereas growth in Central and South America will even reach 4.8 percent (prior year: 5.0 percent).

Source: IEG, Sponsorship Forecast 2015, January 6, 2015

Priorities for the 2015 financial year

The primary focus of the TEAM group in the current financial year continues to be the best-possible marketing of the remaining TV and sponsoring rights for the UEFA Champions League and the UEFA Europa League (each for the match cycles 2015/16 to 2017/18). The aim is to achieve as early a realization of the contractual performance targets agreed with UEFA as possible in order for the contract to be renewed automatically for the 2018/19 to 2020/21 match cycle. Following this, TEAM will focus on the preparations for this new marketing cycle.

10.2.4 Segment Other Business Activities

Sector-specific general conditions

According to a study by the market research company Newzoo, which specializes in gaming, and the mobile games marketing platform AppLift, the market for mobile games is expected to further grow significantly in the future. Based on expected global revenues of USD 21.7 billion in 2014, the study forecasts an increase of this value to USD 35.4 billion in 2017. This would correspond to an increase of 63.1 percent in total. As the growth driver, Newzoo mentions the tablet games market, which is said to nearly double in this period from USD 6.5 billion to USD 12.8 billion.

Source: Newzoo and AppLift study “Global Mobile Games Landscape Reloaded”, July 23, 2014

Priorities for the 2015 financial year

In the event and entertainment business, the activities of Highlight Event AG will focus particularly on the Vienna Philharmonic Orchestra because TV and sponsorship contracts for this project will also have to be renewed for the period from 2018 to 2022. In this context, a very high number of agreements will also be renegotiated. Operationally, the focus will be on successfully implementing the events in Vienna (Eurovision Song Contest and Summer Night Concert) as well as the Orchestra's special events in Helsinki, Seoul and Singapore.

Online gaming is offering a great opportunity of interacting with users – particularly in the globally fast-growing area of mobile games. As a result, any already effected activities will be extended further.

10.3 Financial targets of the Group

It should be noted that actual results could significantly differ from expectations of projected developments if the assumptions underlying the forward-looking statements prove to be inaccurate.

Segment Sports

A noticeable increase in market shares can be expected in free-TV compared to 2014 based on the high quality of the program portfolio of SPORT1 and against the background that 2015 is a sports year without major international events, for which media exploitation would be located with the public channels. A slight reduction in coverage is expected in the online area in 2015 (page impressions and visits), whereas mobile use and social networks are assumed to enjoy further strong coverage growth. The strongest growth in the digital area is expected for video views. Based on the development of the individual SPORT1 offers, for the 2015 financial year a significant increase in sales is expected for the whole of 2015, particularly in the areas free-TV, online, mobile and video, and a significant improvement of earnings taking into account an optimization of cost structures.

In the production area, a production volume approximately corresponding to the previous year’s level can be expected for the major existing customers of PLAZAMEDIA. An expansion of new customer business is expected due to the activities of the two new business fields “Sales & Marketing” and “Content & Creations”. Overall, a moderate increase in sales is expected. An EBIT reduction is expected due to higher costs above all for building new customer business and new production technologies.

In the Segment Sports, the Management Board assumes a significant increase in sales and earnings overall for the 2015 financial year compared to the pior year.

Segment Film

In the Segment Film, it is to assume that at least two films by the Constantin Film group will attract over a million viewers in the 2015 financial year. However, uncertainties remain especially regarding the performance of theatrical releases in 2015. Since no international in-house productions were released to theaters in 2015, there will be no revenues from global sales allocated to theatrical exploitation. Revenues from German theatrical exploitation will also fall slightly due to a lower number of releases in 2015. Overall, theatrical revenues will therefore be significantly below those in 2014. In the Home Entertainment area, the absence of the disproportionately good performance of "Fack Ju Göhte" in 2014 will lead to a significant reduction in sales in 2015. Sales from global distribution allocated to Home Entertainment will also fall because no Home Entertainment releases of international in-house productions are planned for 2015. In the license trading/TV exploitation area, sales will also be significantly below prior year values. This is due to the start of the license periods and the contract volumes of theatrical releases in the past. Since there are also no sales from the global distribution of international in-house productions in this area, sales will remain significantly below the prior year's level. In the TV service production area, the order situation cannot currently be evaluated conclusively. Even though many market developments must first be observed in detail, the Management Board expects slightly higher sales in this area in 2015 compared to the previous year.

Overall, the Management Board assumes lower sales and lower earnings for the Segment Film in 2015 compared to the prior year.

Segment Sports- and Event-Marketing
In the Segment Sports- and Event-Marketing, the expected sales and earnings targets in Euros under the current contractual agreement for the marketing of the UEFA Champions League and the UEFA Europa League are unchanged.

Segment Other Business Activities
In the Segment Other Business Activities, the existing contractual relationship with the EBU and the Vienna Philharmonic Orchestra will be realized to the same extent in the 2015 financial year. Expected sales and earnings targets will remain on the level of the previous year. In 2015, the online/social gaming area will continue to remain investment-intensive. As a result, the Management Board does not assume noteworthy sales and is still expecting a negative result.

Overall, the Management Board assumes sales and earnings for the Segment Other Business Activities in the 2015 financial year on the prior year's level.

On the basis of the development in the segments, the Management Board of Constantin Medien AG is currently assuming Group sales for the 2015 financial year to range between EUR 450 million and EUR 490 million. Considering the holding costs and the financial expenses and taxes, the Management Board is expecting Group earnings attributable to shareholders of between EUR 0 million and EUR 2 million.

As the parent company, **Constantin Medien AG** is dependent on the development of its subsidiaries, which has an effect due to profit transfer agreements and dividend distributions. In addition, financing costs impact on the Company's annual result. Overall, a forecast of the net assets, financial and earnings position only makes sense based on the Constantin Medien Group. Nevertheless, from today's perspective, the Management Board expects a negative result at the level of the previous year taking into account the segment plans and original financing costs.

Ismaning, March 23, 2015
Constantin Medien AG

Bernhard Burgener
Chief Executive Officer

Antonio Arrigoni,
Chief Financial Officer

Fred Kogel
Chief Officer Production, Process Management, Integration

CONSOLIDATED FINANCIAL STATEMENTS

Assets

Consolidated Balance Sheet as of December 31, 2014 in EUR ‘000

	Note	12/31/2014	12/31/2013 *
Non-current assets			
Film assets	6.1	**133,332**	172,154
Other intangible assets	6.2	**32,882**	32,138
Goodwill	6.2	**43,969**	43,295
Property, plant and equipment	6.3	**11,613**	12,484
Investment property	6.4	**3,242**	0
Investments in associated companies and joint ventures	6.6	**407**	328
Other financial assets	6.7	**3,306**	1,761
Receivables due from associated companies and joint ventures	11	**2,470**	2,512
Deferred tax assets	6.13	**3,928**	2,439
		235,149	267,111
Current assets			
Inventories	6.8	**4,542**	3,612
Trade accounts receivable and other receivables	6.9/6.10/6.20	**106,394**	131,332
Receivables due from associated companies and joint ventures	11	**2,802**	1,862
Other financial assets	6.11	**1,350**	1,850
Income tax receivables		**708**	1,593
Cash and cash equivalents	6.12	**73,748**	82,918
Non-current assets held for sale	6.4	**0**	3,181
		189,544	226,348
Total assets		**424,693**	493,459

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Equity/Liabilities

Consolidated Balance Sheet as of December 31, 2014 in EUR '000

	Note	12/31/2014	12/31/2013*
Equity	6.14		
Subscribed capital		**93,600**	85,131
Treasury stock		**-7,422**	-7,422
Capital reserve		**105,384**	103,605
Other reserves		**13,220**	12,718
Accumulated loss		**-179,988**	-170,054
Shareholders' interests		**-4,844**	-9,934
Equity attributable to the shareholders		**19,950**	14,044
Non-controlling interests	6.5	**42,556**	40,843
		62,506	54,887
Non-current liabilities			
Financial liabilities	6.18	**97,591**	109,640
Other liabilities		**117**	137
Pension liabilities	6.21	**8,873**	4,907
Provisions	6.22	**337**	4,653
Deferred tax liabilities	6.24	**13,289**	17,433
		120,207	136,770
Current liabilities			
Financial liabilities	6.18	**67,569**	123,988
Advance payments received	6.19	**45,015**	48,031
Trade accounts payable and other liabilities	6.17/6.20	**109,124**	119,615
Liabilities due to associated companies and joint ventures	11	**582**	21
Provisions	6.22	**12,691**	9,123
Income tax liabilities	6.23	**6,999**	1,024
		241,980	301,802
Total equity and liabilities		**424,693**	493,459

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Consolidated Income Statement

January 1 to December 31, 2014 in EUR '000

	Note	1/1 to 12/31/2014	1/1 to 12/31/2013 *
Sales	7.1	**487,832**	458,298
Capitalized film production costs and other own work capitalized	7.2	**32,860**	74,179
Total output		**520,692**	532,477
Other operating income	7.3	**23,791**	31,382
Costs for licenses, commissions and materials		**-47,919**	-56,025
Costs for purchased services		**-172,107**	-200,495
Cost of materials and licenses	7.4	**-220,026**	-256,520
Salaries		**-104,705**	-112,968
Social security and pension costs		**-15,420**	-14,557
Personnel expenses		**-120,125**	-127,525
Amortization and impairment on film assets	6.1	**-94,713**	-75,258
Amortization/depreciation and impairment on intangible assets and property, plant and equipment	6.2/6.3	**-7,260**	-10,913
Impairment on goodwill	6.2	**0**	-5
Amortization, depreciation and impairment		**-101,973**	-86,176
Other operating expenses	7.5	**-80,946**	-85,774
Profit from operations		**21,413**	7,864
Profit from investments in associated companies and joint ventures	6.6	**225**	46
Financial income	7.6	**11,022**	9,343
Financial expenses	7.7	**-24,214**	-20,393
Financial result		**-13,192**	-11,050
Profit/loss before taxes		**8,446**	-3,140
Income taxes		**-9,632**	-3,381
Deferred taxes		**5,130**	118
Taxes	7.8	**-4,502**	-3,263
Net profit/loss		**3,944**	-6,403
thereof non-controlling interests	6.5	**7,249**	4,577
thereof shareholders' interests		**-3,305**	-10,980

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

January 1 to December 31, 2014

	1/1 to 12/31/2014	1/1 to 12/31/2013 *
Earnings per share		
Earnings per share attributable to shareholders, basic (in EUR)	**-0.04**	-0.14
Earnings per share attributable to shareholders, diluted (in EUR)	**-0.04**	-0.14
Average number of outstanding shares (basic)	**81,513,635**	77,707,717
Average number of outstanding shares (diluted)	**81,513,635**	77,707,717

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Consolidated Statement of Comprehensive Income/Loss

January 1 to December 31, 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013 *
Net profit/loss	**3,944**	-6,403
Foreign currency translation differences	**512**	-506
Items that probably will be reclassified to profit or loss in subsequent periods	**512**	-506
Actuarial gains and losses on defined benefit plans	**-2,910**	2,054
Items that will not be reclassified to profit or loss in subsequent periods	**-2,910**	2,054
Other comprehensive loss/income, net of tax	**-2,398**	1,548
Total comprehensive income/loss	**1,546**	-4,855
thereof non-controlling interests	**5,888**	6,338
thereof shareholders' interests	**-4,342**	-11,193

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Consolidated Statement of Cash Flows

January 1 to December 31, 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013 *
Net profit/loss	**3,944**	-6,403
Deferred taxes	**-5,130**	-118
Income taxes	**9,632**	3,381
Financial result	**12,122**	13,892
Profit (-) / loss (+) from investments in associated companies and joint ventures	**-225**	-46
Amortization, depreciation and impairment and write-ups on film assets, intangible assets and property, plant and equipment	**101,973**	86,176
Profit (-) / loss (+) from disposal of film assets, intangible assets and property, plant and equipment	**-4**	52
Other non-cash items	**-888**	-11,589
Increase (-) / decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	**25,052**	-2,755
Decrease (-) / increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	**-11,563**	7,418
Dividends received from associated companies and joint ventures	**247**	206
Interest paid	**-10,856**	-7,031
Interest received	**523**	531
Income taxes paid	**-4,933**	-9,092
Income taxes received	**2,361**	4,434
Cash flow from operating activities	**122,255**	79,056
Change in cash and cash equivalents due to acquisitions of companies/shares in companies, net	**0**	0
Payments for intangible assets	**-2,755**	-2,777
Payments for film assets	**-58,103**	-110,632
Payments for property, plant and equipment	**-4,454**	-5,256
Payments for financial assets	**-2,944**	-2,389
Proceeds/payments due to sale of companies/shares in companies, net	**0**	0
Proceeds from disposal of intangible assets and film assets	**62**	6
Proceeds from disposal of property, plant and equipment	**129**	56
Proceeds from disposal of financial assets	**66**	821
Cash flow for investing activities	**-67,999**	-120,171

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

January 1 to December 31, 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013 *
Proceeds from capital increase and from issuance of equity instruments	**10,325**	0
Payments for purchase of treasury stock	**0**	0
Proceeds from sale of treasury stock	**0**	0
Payments for purchase of non-controlling interests	**-403**	-17,368
Proceeds from sale of non-controlling interests	**0**	0
Repayment and buy-back of non-current financial liabilities	**0**	0
Repayment and buy-back of current financial liabilities	**-107,165**	-140,098
Proceeds from receipt of non-current financial liabilities	**15,999**	63,190
Proceeds from receipt of current financial liabilities	**20,929**	132,257
Dividend payments	**-3,849**	-4,552
Cash flow for/from financing activities	**-64,164**	33,429
Cash flow for the reporting period	**-9,908**	-7,686
Cash and cash equivalents at the beginning of the reporting period	**82,918**	91,113
Change in cash and cash equivalents due to exchange rate movements	**738**	-509
Cash and cash equivalents at the end of the reporting period	**73,748**	82,918
Change in cash and cash equivalents	**-9,908**	-7,686

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Consolidated Statement of Changes in Equity*

January 1 to December 31, 2014 in EUR '000

	Subscribed capital	Treasury stock	Capital reserve	Other reserves
Balance 1/1/2014	85,131	-7,422	103,605	12,718
IAS 8 adjustment due to reclassification of the disposal group				
Adjusted balance 1/1/2014	85,131	-7,422	103,605	12,718
Foreign currency translation differences				502
Items that probably will be reclassified to profit or loss in subsequent periods	0	0	0	502
Actuarial gains and losses on defined benefit plans				
Items that will not be reclassified to profit or loss in subsequent periods	0	0	0	0
Other comprehensive income/loss	0	0	0	502
Net profit/loss				
Total comprehensive income/loss	0	0	0	502
Reclassification of prior year's net result				
Capital increase	8,469		1,856	
Change in treasury stock				
Dividend payments				
Other changes			-77	
Balance 12/31/2014	93,600	-7,422	105,384	13,220
Balance 1/1/2013	85,131	-7,424	110,195	14,788
Retrospective change in accounting principle due to adoption of IAS 19R				-888
Adjusted balance 1/1/2013	85,131	-7,424	110,195	13,900
Foreign currency translation differences				-1,301
Items that probably will be reclassified to profit or loss in subsequent periods	0	0	0	-1,301
Actuarial gains and losses on defined benefit plans			42	
Items that will not be reclassified to profit or loss in subsequent periods	0	0	42	0
Other comprehensive income/loss	0	0	42	-1,301
Net profit/loss				
Total comprehensive income/loss	0	0	42	-1,301
Reclassification of prior year's net result				
Capital increase				
Change in treasury stock		2	9	
Dividend payments				
Other changes			-6,641	119
Balance 12/31/2013	85,131	-7,422	103,605	12,718

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Accumulated loss	Shareholders' interests	**Equity attributable to shareholders**	Non-controlling interests	**Total**
-170,054	-9,625	**14,353**	40,843	**55,196**
	-309	**-309**		**-309**
-170,054	-9,934	**14,044**	40,843	**54,887**
		502	10	**512**
0	0	**502**	10	**512**
	-1,539	**-1,539**	-1,371	**-2,910**
0	-1,539	**-1,539**	-1,371	**-2,910**
0	-1,539	**-1,037**	-1,361	**-2,398**
	-3,305	**-3,305**	7,249	**3,944**
0	-4,844	**-4,342**	5,888	**1,546**
-9,934	9,934	**0**		**0**
		10,325		**10,325**
		0		**0**
		0	-3,849	**-3,849**
		-77	-326	**-403**
-179,988	-4,844	**19,950**	42,556	**62,506**
-174,886	4,962	**32,766**	50,959	**83,725**
	-11	**-899**	-1,175	**-2,074**
-174,886	4,951	**31,867**	49,784	**81,651**
		-1,301	795	**-506**
0	0	**-1,301**	795	**-506**
	1,046	**1,088**	966	**2,054**
0	1,046	**1,088**	966	**2,054**
0	1,046	**-213**	1,761	**1,548**
	-10,980	**-10,980**	4,577	**-6,403**
0	-9,934	**-11,193**	6,338	**-4,855**
4,951	-4,951	**0**		**0**
		0		**0**
		11		**11**
		0	-4,552	**-4,552**
-119		**-6,641**	-10,727	**-17,368**
-170,054	-9,934	**14,044**	40,843	**54,887**

Notes to the Consolidated Financial Statements

1. General information

The Management Board approved the consolidated financial statements on March 23, 2015 for submission to the Company's Supervisory Board.

1.1 General information about the Group
Constantin Medien AG as the ultimate group parent company has its registered office in Münchener Straße 101g, Ismaning, Germany.

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

The operational business of the Constantin Medien Group comprises the segments Sports, Film, Sports- and Event-Marketing and Other Business Activities (see note 9).

1.2 Basis of presentation
The consolidated financial statements of Constantin Medien AG were prepared – pursuant to § 315a para. 1 of the German Commercial Code (HGB) – in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of the German Commercial Code. All IFRS/IAS and IFRIC/SIC are applied that were effective as of December 31, 2014.

A list of the subsidiaries, joint ventures and associated companies included in the consolidated financial statements is provided in these notes. The effects from first-time consolidation and deconsolidation of subsidiaries, joint ventures and investments in associated companies are shown in the section scope of consolidation (see note 3).

The income statement was 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 is based on historical cost, except as described in the accounting and valuation principles (see note 4).

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported income, expenses, assets, liabilities, contingent liabilities and contingent assets as of the reporting date. These estimates and assumptions represent management's best estimate based on historical experience and other factors, including estimates of future events. The estimates and assumptions are continuously reviewed. Changes to estimates are required if the circumstances on which they are based change or new or additional information becomes available. Such changes are recognized in the period in which the estimate was revised. More details regarding the basis for estimates are separately explained in the notes to the respective balance sheet items (see note 5).

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

2. Accounting policies

2.1 Changes in accounting and valuation principles
On May 19, 2014, Constantin Medien AG decided not to continue the negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in connection with the transaction agreed on December 5, 2013. The agreement provided, among others, the sale of 100 percent of the shares of PLAZAMEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland). See also chapter 1.1 of the management report.

Due to the non conclusion of the sale of the PLAZAMEDIA companies there is a change in the plan of sale. Accordingly, the assets and liabilities of PLAZAMEDIA GmbH TV- und Film-Produktion, PLAZAMEDIA Austria Ges.m.b.H and PLAZAMEDIA Swiss AG may no longer be classified as held for sale. Because the disposal group represents Group subsidiaries, the financial statements for periods since the classification as held for sale shall be amended accordingly. The following table shows the impact of the decision to terminate the intention to sell on the consolidated balance sheet as of December 31, 2013 and on the consolidated income statement 2013 as well consolidated statement of comprehensive income/loss 2013:

Consolidated Balance Sheet as of December 31, 2013 in EUR '000

Assets	Before amendment	Amendment	After amendment
Non-current assets			
Film assets	172,154	0	172,154
Other intangible assets	31,558	580	32,138
Goodwill	43,295	0	43,295
Property, plant and equipment	5,455	7,029	12,484
Investments in associated companies and joint ventures	328	0	328
Other financial assets	1,072	689	1,761
Receivables due from associated companies and joint ventures	2,512	0	2,512
Deferred tax assets	2,422	17	2,439
	258,796	8,315	267,111
Current assets			
Inventories	3,178	434	3,612
Trade accounts receivable and other receivables	118,505	12,827	131,332
Receivables due from associated companies and joint ventures	1,862	0	1,862
Other financial assets	1,850	0	1,850
Income tax receivables	1,593	0	1,593
Cash and cash equivalents	67,851	15,067	82,918
Non-currents assets held for sale and disposal group	41,954	-38,773	3,181
	236,793	-10,445	226,348
Total assets	495,589	-2,130	493,459

Consolidated Balance Sheet as of December 31, 2013 in EUR '000

Equity/Liabilities	Before amendment	Amendment	After amendment
Equity			
Subscribed capital	85,131	0	85,131
Treasury stock	-7,422	0	-7,422
Capital reserve	103,605	0	103,605
Other reserves	12,718	0	12,718
Accumulated loss	-170,054	0	-170,054
Shareholders' interests	-9,625	-309	-9,934
Equity attributable to the shareholders	14,353	-309	14,044
Non-controlling interests	40,843	0	40,843
	55,196	-309	54,887
Non-current liabilities			
Financial liabilities	109,640	0	109,640
Other liabilities	137	0	137
Pension liabilities	4,907	0	4,907
Provisions	4,653	0	4,653
Deferred tax liabilities	19,138	-1,705	17,433
	138,475	-1,705	136,770
Current liabilities			
Financial liabilities	123,988	0	123,988
Advance payments received	48,031	0	48,031
Trade accounts payable and other liabilities	107,446	12,169	119,615
Liabilities due to associated companies and joint ventures	21	0	21
Provisions	8,674	449	9,123
Income tax liabilities	949	75	1,024
Liabilities of the disposal group	12,809	-12,809	0
	301,918	-116	301,802
Total equity and liabilities	495,589	-2,130	493,459

Consolidated Income Statement in EUR '000

	1/1 to 12/312013		
	Before amendment	Amendment	After amendment
Amortization/depreciation and impairment on intangible assets and property, plant and equipment	-10,488	-425	-10,913
Deferred taxes	2	116	118
Net loss	-6,094	-309	-6,403
thereof shareholders' interests	-10,671	-309	-10,980
Earnings per share			
Earning per share attributable to shareholders, basic (in EUR)	-0.14	0.00	-0.14
Earning per share attributable to shareholders, diluted (in EUR)	-0.14	0.00	-0.14

Consolidated Statement of Comprehensive Income/Loss in EUR '000

	1/1 to 12/312013		
	Before amendment	Amendment	After amendment
Net loss	-6,094	-309	-6,403
Other comprehensive income, net of tax	1,548	0	1,548
Total comprehensive loss	-4,546	-309	-4,855
thereof shareholders' interests	-10,884	-309	-11,193

With regard to the consolidated statement of cash flow this retrospective adjustment resulted only in shifts within the cash flow from operating activities.

Furthermore, as of December 31, 2014 the non-current receivables and other financial assets have been summarized into one lien item other financial assets. The previous year was adjusted accordingly.

2.2 Accounting standards and interpretations applied for the first time

The Group has the following standards and amendments of accounting standards, mandatory applicable in the EU as of January 1, 2014, already voluntarily early adopted in the financial year 2013:

Standards/Amendments/Interpretations

	Mandatory application for annual periods beginning on or after:
IFRS 10, Consolidated Financial Statements	1/1/2014
IFRS 11, Joint Arrangements	1/1/2014
IFRS 12, Disclosures of Interest in Other Entities	1/1/2014
Transition Regulations (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1/1/2014
IAS 27, Separate Financial Statements (Amendment)	1/1/2014
IAS 28, Investments in Associates and Joint Ventures (Amendment)	1/1/2014
IAS 36, Impairment (Amendment)	1/1/2014

These changes had no significant impact on the net assets, financial position and results of operation of the Constantin Medien Group (refer to Annual Report 2013, notes to the consolidated financial statements, note 2).

The mandatory first-time adoption of the following accounting standards and interpretations did not materially impact the consolidated financial statements:

Standards/Amendments/Interpretations

	Mandatory application for annual periods beginning on or after:
Investment Entities (Amendments to IFRS 10, IFRS 12 und IAS 27)	1/1/2014*
IAS 32, Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities (Amendment)	1/1/2014 *
IAS 39, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	1/1/2014 *
IFRIC 21, Levies	6/17/2014*

* Endorsed by the EU as well as adopted in Germany

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

The Constantin Medien Group waived the early adoption of the following new or revised standards and interpretations, whose application is not yet mandatory for the Constantin Medien AG.

Standards/Amendments/Interpretations

	Mandatory application for annual periods beginning on or after:
IFRS 14, Regulatory Deferral Accounts	1/1/2018 **
IFRS 15, Revenue from Contracts with Customers	1/1/2016 **
IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments)	1/1/2017 **
Investment Entities (Amendments to IFRS 10, IFRS 12 und IAS 28) – Applying the Consolidation Exception	1/1/2016 **
IFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (Amendment)	1/1/2016 **
IAS 1, Presentation of Financial Statements – Disclosure Initiative (Amendment)	1/1/2016 **
IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)	1/1/2016 **
IAS 16, Property, Plant and Equipment and IAS 41, Agriculture – Bearer Plants (Amendments)	1/1/2016 **
IAS 19, Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendment)	1/1/2016 **
IAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	1/12/2015 * 1/1/2016 **
Annual Improvements to IFRSs 2010-2012 cycle***	1/12/2015 *
Annual Improvements to IFRSs 2011-2013 cycle****	12/22/2014 *
Annual Improvements to IFRSs 2012-2014 cycle *****	1/1/2016 **

* Endorsed by the EU as well as adopted in Germany
** Provided that the EU has adopted said standard at this date
*** Thereof, the following standards and interpretations are affected in particular: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38
**** Thereof, the following standards and interpretations are affected in particular: IFRS 1, IFRS 3, IFRS 13, IAS 40
***** Thereof, the following standards and interpretations are affected in particular: IFRS 5, IFRS 7, IAS 19, IAS 34

The following standards are of particular significance for Constantin Medien AG:

IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)

The requirements of IAS 16 are amended to clarify that a depreciation method based on revenue for tangible fixed assets is not appropriate. The newly introduced paragraph IAS 16.62A clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset, is not an appropriate deprecation method for tangible fixed assets, as revenues reflect factors other than the actual consumption of economic benefits of the asset. In contrast to the strict prohibition of depreciation method based on revenue for tangible fixed assets the requirements of IAS 38 have been added by a rebuttable presumption prohibiting a revenue-based amortization method. This is explained in a similar way as in IAS 16 so that revenues that are generated using an intangible asset, typically reflect factors that bear no relation to the consumption of the intangible asset inherent economic benefits. The newly introduced section also describes the only two cases in which the presumption can be rebutted, meaning that amortization on the basis of revenue is allowed:

- The intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in a intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible assets are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Constantin Medien AG is currently evaluating the potential impact of the implementation of the changes.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB published the final version of IFRS 9 Financial Instruments. In this version, the results of the phases classification and measurement, impairment and hedge accounting, in which the project to replace IAS 39 Financial Instruments: Recognition and Measurement have been processed, were brought together.

The requirements of IFRS 9 compared to IAS 39 provide a new classification model for financial assets:

- Amortized cost
- Fair value through other comprehensive income
- Fair value through profit and loss

The subsequent measurement of financial assets in the future is based on these three aforementioned categories.

The determination of the category results from the business model in which the instrument is held as well as from the contractual cash flows of the instrument. Basically, it involves mandatory categories, but there are occasional options.

For financial liabilities, the existing rules have been widely adopted. The only major change relates to financial liabilities designated at the fair value option. For them, fair value fluctuations due to changes in own credit risk are recognized in other comprehensive income.

The new impairment model shifts the focus in direction to an earlier risk provision. IFRS 9 has three stages, which will determine the amount of losses and interest income to be recognized:

- Stage 1: Already at initial recognition the expected losses have to be recognized in the amount of the present value of an expected 12-months loss
- Stage 2: Where there is a significant increase in credit risk, the loss allowance has to be increased in the amount of credit losses expected over the remaining life of the exposure
- Stage 3: With the occurrence of objective evidence of impairment, in addition the interest revenue is calculated based on the net carrying amount

IFRS 9 on the one hand increases the scope of hedged items for eligible hedge accounting. Another fundamental difference to the principles set out in IAS 39 hedge accounting model is the lack of the 80 percent – 125 percent interval for effective hedges and the requirement to quantitatively validate the effectiveness of hedging relationships. Under the IFRS 9 model, it is necessary for there to be an economic relationship between the hedged item and hedging instrument, with no quantitative thresholds. At first-time adoption of IFRS 9, there is a one-time accounting policy choice for hedging relationships between IFRS 9 and the existing guidance in IAS 39. The selected option is exercised in respect of all present and future hedging relationships.

The standard replaces all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018. Voluntary early adoption is permitted. Constantin Medien AG is currently evaluating the potential impact of the implementation of the changes.

IFRS 15 Revenue from Contracts with Customers

The objective of IFRS 15 is to establish principles that a company has to apply in reporting useful information to users of financial statements about the type, amount, timing and uncertainty of revenues as well as resulting cash flow from a contract with a customer. The core principle will be applied using a five-step model:

- Identify the contract with the customer
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the separate performance obligations
- Recognize revenue when the entity satisfy a performance obligation

There are new guidelines if revenues have to be recognized at a point of time or over a period of time. Also, the standard provides requirements on matters such as identifying separate performance obligations, accounting for contract changes, the accounting for the time value of money, costs for obtaining and fulfilling a contract and sales with rights of return. The standard requires extensive additional information that must be disclosed to the revenues in the financial statements. IFRS 15 must be applied in the first annual financial statements, which a company prepares for reporting periods beginning on or after January 1, 2017. Early adoption is permitted. Constantin Medien AG is currently evaluating the potential impact of the implementation of the changes.

3. Scope of consolidation

The following changes in the scope of consolidation arose during the financial year 2014:

Acquisitions, new formations and first-time consolidation
On June 30, 2014 and December 30, 2014 Highlight Communications AG has increased its interest in the already fully consolidated Highlight Event & Entertainment AG from 68.634 percent to 68.986 percent. The purchase price for the new shares amounted to EUR 79 thousand.

On July 7, 2014 Rainbow Home Entertainment AG participated with 24.5 percent, respectively EUR 101 thousand, at the newly founded Paperflakes AG, Pratteln, Switzerland. The company is managed as an associated company and included in the consolidated financial statements using the equity method.

On October 24, 2014 Constantin Entertainment RO SRL, Bucharest, Romania was founded. 99.9 percent of the shares are held by Constantin Entertainment GmbH, 0.01 percent by Constantin Film Produktion GmbH. The company is fully consolidated.

On November 4, 2014, Constantin Entertainment Bulgaria EOOD, Sofia, Bulgaria was founded. All shares are held by Constantin Entertainment GmbH. The company is fully consolidated.

The effects of these transactions on the consolidated financial statements presented are insignificant.

Other changes
On January 1, 2014 Constantin Production Services Inc., USA was merged into Constantin Film Development Inc., USA. This transaction has no effect on these consolidated financial statements.

On June 27, 2014 the fully consolidated Resident Evil Mexico S. DE R.L. DE C.V., Mexico was liquidated. On July 8, 2014 the non-consolidated Impact Pictures Ltd., UK was liquidated. On July 15, 2014 the fully consolidated DoA Production Ltd., UK was liquidated. Furthermore, on December 9, 2014 the non-consolidated company Selskabet af 11. april 2013 A/S (formerly known as Smilla Film A/S) was liquidated. The impact of these liquidations on these consolidated financial statements is not material.

On November 30, 2014 the shares of the at equity accounted company NEF-Production S.A.S. were sold at the carrying value of EUR 0 thousand.

On December 31, 2014 by means of accrual the assets of EM.TV Beteiligungs GmbH & Co. KG were transferred to Constantin Medien AG. This transaction has no effect on these consolidated financial statements.

Overview of fully consolidated companies
Königskinder Music GmbH, Munich, in which Constantin Film AG holds a 50 percent interest, is fully consolidated on the basis of de facto control. Because the two managing directors of this company are related parties of Constantin Film AG, Constantin Film AG has the current ability to direct the relevant activities of the affiliated company. Constantin Film AG is also exposed to the variable returns from this company and can use its power through the two managing directors to significantly affect the variable returns.

The following table gives an overview of the fully consolidated companies:

Overview of fully consolidated subsidiaries at December 31, 2014

	Location of the company	Share-holding in capital in %	Period of inclusion
Constantin Sport Holding GmbH*	Ismaning	**100.00**	1/1 to 12/31
Sport1 GmbH	Ismaning	**100.00**	1/1 to 12/31
Sport1 Gaming GmbH	Ismaning	**100.00**	1/1 to 12/31
Constantin Sport Medien GmbH	Ismaning	**100.00**	1/1 to 12/31
PLAZAMEDIA GmbH TV- und Film-Produktion*	Ismaning	**100.00**	1/1 to 12/31
PLAZAMEDIA Austria Ges.m.b.H.	Vienna/Austria	**100.00**	1/1 to 12/31
PLAZAMEDIA Swiss AG	Pratteln/Switzerland	**100.00**	1/1 to 12/31
Sport1 Media GmbH (formerly Constantin Sport Marketing GmbH)*	Ismaning	**100.00**	1/1 to 12/31
EM.TV Verwaltungs GmbH	Ismaning	**100.00**	1/1 to 12/31
Highlight Communications AG****	Pratteln/Switzerland	**52.39**	1/1 to 12/31
Team Holding AG	Lucerne/Switzerland	**100.00**	1/1 to 12/31
Team Football Marketing AG	Lucerne/Switzerland	**95.27**	1/1 to 12/31
T.E.A.M. Television Event And Media Marketing AG	Lucerne/Switzerland	**100.00**	1/1 to 12/31
Rainbow Home Entertainment AG	Pratteln/Switzerland	**100.00**	1/1 to 12/31
Constantin Film Schweiz AG	Pratteln/Switzerland	**100.00**	1/1 to 12/31
Kontraproduktion AG	Zurich/Switzerland	**100.00**	1/1 to 12/31
Constantin Entertainment AG (CH)	Pratteln/Switzerland	**100.00**	1/1 to 12/31
Mood Factory AG	Pratteln/Switzerland	**52.00**	1/1 to 12/31
Pokermania GmbH	Cologne	**50.004**	1/1 to 12/31
Rainbow Home Entertainment Ges.m.b.H.	Vienna/Austria	**100.00**	1/1 to 12/31
Highlight Event & Entertainment AG	Lucerne/Switzerland	**68.986**	1/1 to 12/31
Highlight Event AG	Lucerne/Switzerland	**100.00**	1/1 to 12/31
Escor Automaten AG	Düdingen/Switzerland	**100.00**	1/1 to 12/31
Highlight Communications (Deutschland) GmbH	Munich	**100.00**	1/1 to 12/31

Overview of fully consolidated subsidiaries at December 31, 2014

	Location of the company	Share-holding in capital in %	Period of inclusion
Constantin Film AG	Munich	**100.00**	1/1 to 12/31
Constantin Media GmbH audiovisuelle Produktionen*	Munich	**100.00**	1/1 to 12/31
Constantin Film Produktion GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin Television GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin Film Services GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin Film Development Inc.	Los Angeles/USA	**100.00**	1/1 to 12/31
Constantin Film International GmbH *	Munich	**100.00**	1/1 to 12/31
Constantin Pictures GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin Entertainment GmbH*	Ismaning	**100.00**	1/1 to 12/31
Constantin Entertainment Polska Sp. z o.o.	Warsaw/Poland	**75.00**	1/1 to 12/31
Constantin Entertainment U.K. Ltd.	Reading/UK	**100.00**	1/1 to 12/31
Constantin Entertainment Croatia d.o.o.	Zagreb/Croatia	**100.00**	1/1 to 12/31
Constantin Entertainment Turkey TV Prodüksiyon Limited Sirketi***	Istanbul/Turkey	**100.00**	1/1 to 12/31
Constantin Entertainment Hellas EPE*****	Athens/Greece	**100.00**	1/1 to 12/31
Constantin Entertainment SRB d.o.o.	Belgrade/Serbia	**100.00**	1/1 to 12/31
Constantin Entertainment Israel Ltd.	Tel Aviv/Israel	**75.00**	1/1 to 12/31
Constantin Entertainment Hungary Kft	Budapest/Hungary	**100.00**	1/1 to 12/31
Constantin Entertainment Bulgaria EOOD	Sofia/Bulgaria	**100.00**	11/4 to 12/31
Constantin Entertainment RO SRL**	Bucharest/Romania	**100.00**	10/24 to 12/31
Olga Film GmbH	Munich	**95.52**	1/1 to 12/31
Moovie GmbH (formerly Moovie – the art of entertainment GmbH)	Berlin	**75.50**	1/1 to 12/31
Rat Pack Filmproduktion GmbH	Munich	**51.00**	1/1 to 12/31
Westside Filmproduktion GmbH	Krefeld	**51.00**	1/1 to 12/31
Constantin Film Verleih GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin International B.V.	Amsterdam/Netherlands	**100.00**	1/1 to 12/31
Constantin Music Verlags-GmbH*	Munich	**100.00**	1/1 to 12/31
Constantin Music GmbH*	Munich	**90.00**	1/1 to 12/31
Constantin Family GmbH*	Munich	**100.00**	1/1 to 12/31
Königskinder Music GmbH	Munich	**50.00**	1/1 to 12/31
Nadcon Film GmbH	Cologne	**51.00**	1/1 to 12/31

* Companies, which claim the disclosure option under § 264 (3) of the German Commercial Code (HGB).
** The company is held with a shareholding of 0.1% by Constantin Film Produktion GmbH.
*** 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 55.71%. The companies in which Highlight Communications AG is holding shares, are to be calculated with a shareholding of 52.39%.
***** The company is held with a shareholding of 0.2% by Constantin Film Produktion GmbH.

Overview of non-consolidated companies

Due to absence of business activities the following subsidiaries are individually and collectively of immaterial significance for a 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 Constantin Medien AG. The non-consolidated investments are carried at a book value of EUR 0 thousand. The companies are currently inactive and have no operations. The assumed fair value corresponds to the carrying amount.

Non-consolidated companies at December 31, 2014

	Location of the company	Currency	Share capital in EUR '000	Shareholding in capital in %
Impact Pictures LLC*	Delaware/USA	USD	1	51.00
T.E.A.M. UK**	Reading/UK	GBP	0	100.00

* Investment of Constantin Pictures GmbH
** Investment of T.E.A.M Television Event and Media Marketing AG

Overview of interests in joint ventures

The following joint ventures are accounted for at equity in the consolidated financial statements:

A presentation of the financial information of the joint venture companies can be found in note 6.6.

Joint ventures at December 31, 2014

	Location of the company	Shareholding in capital in %	Period of inclusion	Currency
PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH	Munich	50.00	1/1 to 12/31	EUR
Mister Smith Entertainment Ltd.	London/UK	50.00	1/1 to 12/31	GBP

Overview of investments in associated companies

The following associated companies are accounted for at equity in the financial statements:

A presentation of the financial information of the associated companies can be found in note 6.6.

Associated companies at December 31, 2014

	Location of the company	Shareholding in capital in %	Period of inclusion	Currency
BECO Musikverlag GmbH*	Hamburg	50.00	1/1 to 12/31	EUR
Kuuluu Interactive Entertainment AG	Pratteln/ Switzerland	41.50	1/1 to 12/31	CHF
Kuuluu Services GmbH	Hamburg	100.00	1/1 to 12/31	EUR
Kuuluu Playground GmbH	Hamburg	51.00	1/1 to 12/31	EUR
Paperflakes AG	Pratteln/ Switzerland	24.50	7/7 to 12/31	CHF

* This deals with the figures as of December 31, 2013, because the financial statements for 2014 are not yet available.

4. Accounting and valuation principles

4.1 Consolidation methods

All significant subsidiaries are fully consolidated in the consolidated financial statements. Subsidiaries are entities in which Constantin Medien AG can directly or indirectly exercise control. Constantin Medien AG controls an investee if and only if the Group has:

- power over the investee,
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect its returns.

Constantin Medien AG continuously reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When Constantin Medien AG has less than majority of the voting or similar rights of an investee, Constantin Medien AG considers all relevant facts and circumstances in assessing whether it has power over and investee, including:

- a contractual arrangement with other vote holders of the investee,
- rights arising from other contractual arrangements,
- potential voting rights held by Constantin Medien AG, other vote holder or other parties and
- any additional facts and circumstances indicating that Constantin Medien AG currently has the ability to determine the relevant business activities at the time that decisions need to be made, including voting patterns at previous annual general meetings or general assemblies.

Structured entities are included in the consolidated financial statements if the Group controls the structured entity on the basis of the nature of the relationship.

The first-time capital consolidation is carried out by offsetting the acquisition costs (consideration rendered) of the investment against the revalued proportionate equity share in the subsidiary at the date of acquisition. For this purpose, assets and liabilities (including contingent liabilities) are stated at their fair values regardless of the amount of any non-controlling interests in equity. Incidental acquisition costs are expensed in the period incurred. In the case of an acquisition in stages, shares held before control is obtained must be recognized at fair value and added to the consideration at the time of acquisition. Profit or loss resulting from this revaluation must be recognized in the income statement. The remaining positive difference amount is recognized as goodwill, which is subject to an annual impairment test or tested whenever triggering events for impairment arise. Any impairment loss arising from this is immediately expensed. Any negative difference arising from capital consolidation following a reassessment is reported in full as income in the year incurred. For each business combination the acquirer can elect to measure non-controlling interests either at fair value (full goodwill method) or at the non-controlling interests proportionate share of the acquiree's identifiable net assets (partial goodwill method).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associated company is an entity over which Constantin Medien AG has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its joint ventures and associated companies are accounted for using the equity method. The investments are recognized at their acquisition costs at the acquisition date. Any eventually 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 associated companies reduce the investment's net carrying value. If triggering events for impairment arise, those are recognized as an expense. Changes recognized directly in the equity of the associated company are recognized by the Group to the extent of its share and are shown in changes in consolidated equity.

In the financial statements of the associated company directly in the other comprehensive income (OCI) recorded items (e.g. translation differences) are in the consolidated financial statements shown as a separate item within other comprehensive income (OCI).

Companies are deconsolidated 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 are eliminated. Receivables and liabilities between fully consolidated companies are offset against each other. Intercompany profits are eliminated. Intercompany income is offset against the corresponding expense.

Non-controlling interests represent that share of profit or loss and net assets of the subsidiary not attributable to the shareholders of the parent company. Non-controlling interests are reported separately in the consolidated income statement, consolidated statement of comprehensive income and in the consolidated balance sheet. Classification in the consolidated balance sheet is shown within the equity section separately from the equity attributable to shareholders of the parent company.

The effects from transactions with non-controlling interests that do not result in a loss of control are recognized directly in equity as transactions with equity holders. However, transactions resulting in a loss of control, the resulting gain or loss is recognized in the income statement. The gain or loss also contains the effect from the remeasurement of retained interests at fair value.

4.2 Currency translation

Functional currency

The functional currency of Constantin Medien AG as well as the Group's reporting currency is the Euro. For a large part of the Group companies the local currency is the respective functional currency. Some Group 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 and balances

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

Monetary assets and liabilities are translated at the balance sheet date using closing rates.

Gains and losses from the settlement of these transactions and from the translation of monetary assets and liabilities are recognized in profit or loss. An exception arises for gains and losses from qualifying cash flow hedges and from monetary items which – from a business perspective – are a component of the net investment in a foreign operation of the Group. Such gains and losses are recognized in other comprehensive income (OCI). Translation differences from non-monetary financial instruments held for sale are also recognized directly in other comprehensive income (OCI). Translation differences from monetary financial instruments held for sale are recognized as changes in fair value without impacting profit or loss.

Foreign currency translation within the Group

Balance sheet items of foreign subsidiaries with a functional currency other than the Euro are translated according to the functional currency method at average closing rates as of the balance sheet date; profit and loss items are translated at annual average exchange rates. Goodwill and fair value changes from purchase price allocation denominated in a functional currency other than the Euro currency are also translated at the rate as of the balance sheet date. The differences arising from this and from foreign currency translation of prior year amounts brought forward are recognized directly in other comprehensive income (OCI). On disposal of a foreign Group company, accumulated translation differences from the translation of assets and liabilities of that company which were recorded in the Group’s other comprehensive income (OCI) are recognized as part of the gain or loss from the sale of the company in the income statement.

Foreign exchange rates

The closing rates are based on the average rate on the last trading day of the financial year.

Exchange rates – 1 Euro

		Period-end exchange rate		Average rate	
		12/31/2014	12/31/2013	**1/1 to 12/31/2014**	1/1 to 12/31/2013
Switzerland	CHF	**1.20290**	1.22590	**1.21482**	1.23091
USA	USD	**1.21560**	1.37680	**1.32925**	1.32826
UK	GBP	**0.78260**	0.83500	**0.80655**	0.84928
Canada	CAD	**1.41360**	1.47270	**1.46722**	1.36852
Poland	PLN	**4.30600**	4.15100	**4.18863**	4.19866
Croatia	HRK	**7.66270**	7.62990	**7.63982**	7.58924
Mexico	MXN	**17.95440**	18.00120	**17.67199**	16.95867
Turkey	TRY	**2.82470**	2.94650	**2.90688**	2.53300
Serbia	RSD	**121.42500**	115.08300	**117.73730**	113.62345
UAE	AED	**4.46600**	5.05760	**4.88332**	4.87974
Israel	ILS	**4.75130**	4.80100	**4.75046**	4.80034
Hungary	HUF	**315.08100**	296.94700	**308.88513**	297.19070
Bulgaria	BGN	**1.95620**	1.95600	**1.95920**	1.95870
Romania	RON	**4.48250**	4.46850	**4.44819**	4.42340

4.3 Fair value measurement

The Group evaluates its financial instruments, including derivatives, and non-financial assets or liabilities that are measured at fair value, at each balance sheet date. In addition, fair values of financial instruments measured at amortized cost are disclosed in note 8.

The fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principle market (market with the greatest volume) for the asset or liability. In the absence of a principle market, it will be assumed that the most advantageous market will be used for measuring fair value. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

The non-performance risk of the counterparties is based on the evaluation scheme by Standards & Poors (AAA - CCC). The default risk is determined by a percentage of each rating category. The own rating is determined by a peer group model approach. The third party credit risk is used in measuring financial assets and derivative financial instruments. The own credit risk is reflected in the measurement of debt instruments, as well as derivative financial instruments.

The fair value measurement of non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. As of December 31, 2014, no non-financial assets are measured at fair value, with the exception of the property, which is classified as investment property.

For measurement of non-financial instruments as well as its own equity instruments, it must be assumed that the instrument would be transferred to a different market participant. An exit scenario is assumed. When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available, an entity shall measure the fair value of the instruments from the perspective of a market participant that hold the identical item as an asset. As of December 31, 2014, no non-financial liabilities and own equity instrument are measured at fair value.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as whole:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs are unobservable inputs for the asset or liability

The measurement of the fair value is based on the fair value hierarchy table and their classification is disclosed in note 8.

The determination of the fair value of non-current financial instruments measured at amortized cost for the disclosure in the notes is determined by discounting the expected future cash flows for financial instruments with comparable terms and maturity at currently applicable interest rates, unless a level 1 measurement is possible. The determination of the matching market interest rate is performed annually at the balance sheet date.

For assets and liabilities that are recognized on a recurring basis at fair value, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorization, based on the lowest level input that is significant to the fair value measurement as a whole, at the end of each reporting period.

Information about the used valuation techniques and inputs for measuring the fair value of assets and liabilities are disclosed in notes 6, 7 and 8.

4.4 Segment reporting

Segment identification and segment reporting are conducted on the basis of the internal reporting of the organizational unit to the chief operating decision maker with respect to the allocation of resources and assessment of performance. The Management Board has been identified as the chief operating decision maker. Determination of the business segments of the Group is based on the organizational units, and the allocation of the organizational units to the business units is based on the internal reporting to management. The Group consists of the segments Sports, Film, Sports- and Event-Marketing as well as Other Business Activities. The Group management functions are shown as Others. These include Group management itself, Corporate Finance, Investor Relations, Controlling, Legal, Group Accounting, Corporate Communications, Internal Audit and Human Resources. Segment result is defined as profit from operations (EBIT) as this figure is used internally for performance measurement.

4.5 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 to third-party productions usually includes theatrical, home entertainment and TV rights.

The costs for third-party productions generally include minimum guarantees. The individual 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 stated at their production costs. Production costs also include financing costs attributable to the respective production. In addition, costs for releasing the film, such as press and marketing costs, which are not recognized as assets but included in other operating expenses.

Film rights (both third-party and in-house productions) are amortized on the basis of a unit of production method, which shows the consumption of film rights as a factor of the revenues that can be achieved. According to this so-called individual film forecast 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 revenues used in calculating amortization includes all income generated by the film. With respect to home entertainment revenues, amortization is based on external sales revenues adjusted by home entertainment costs. For films accounted for as film assets by the Constantin Medien Group, the maximum period for estimating revenues is ten years.

The estimation of total revenues 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. Impairment tests are conducted for each film at each reporting date as well as when triggering events arise. If acquisition cost or the carrying value of a film is not covered by estimated total revenues less release costs to be incurred, a write-down is made to the value in use. In determining the value in use, the estimated cash flows are discounted by an individual interest rate that takes into account the periods of the various degrees of exploitation. Estimated cash flows can vary significantly due to a number of factors, such as market acceptance. The 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 is not yet reliably measurable, the costs are fully written-down. In case of a premature impairment, an impairment charge is recognized accordingly.

4.6 Other intangible assets

This category essentially includes EDP programs and intangible assets realized as part of purchase price allocations that are stated at cost less scheduled straight-line amortization and impairment charges. Further additional details can be found under the section impairment of non-financial assets (see note 4.9). Amortization of EDP programs is usually based on the operating life or the normal useful life of three to six years.

The brand name “Constantin” is recorded as an intangible asset with an indefinite useful life. This asset is not subject to scheduled amortization, but is instead tested for impairment once a year and during the year if triggering events should arise.

The development costs of individual projects are capitalized as internally generated intangible assets if the following capitalization criteria are met cumulatively:

– Evidence that completion can be implemented technically
– Intention of completion
– Possibility of future use
– Future flow of economic benefits
– Availability of adequate technical, financial and other resources
– Ability to reliably determine the costs to be allocated to the intangible asset that are incurred during development

Development costs that do not meet these criteria are expensed as incurred.

Internally generated intangible assets are carried at amortized acquisition or production costs. Capitalized production costs are amortized over their useful life as soon as the development stage is complete and the asset can be used. The amortization period is measured based on the asset's economic useful life and is between two and six years. However, research costs must be recognized in profit or loss when they are incurred.

Customer relationships identified as part of the purchase price allocation are also reported under intangible assets. The carrying value corresponds to the fair value at the time of acquisition less necessary depreciation. Customer relationships are amortized over an expected useful life of ten years.

4.7 Goodwill

Goodwill is recognized at acquisition cost less any accumulated impairment losses. The acquisition costs of goodwill are measured as the sum of

(i) the fair value of the consideration transferred at the acquisition date;
(ii) the amount of any non-controlling interests; and
(iii) in a business combination achieved in stages, the fair value of the acquirer's previously-held equity interest in the company acquired less the net of the amounts of the identifiable assets acquired and the liabilities and contingent liabilities measured at fair value.

Non-controlling interests can be measured on a transaction-by-transaction basis, either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the net assets of the company acquired (partial goodwill method). In the latter case, goodwill is measured only on the acquirer's percentage share of the goodwill amount. Additions to goodwill are allocated to the respective cash-generating units from which the use of benefits from the business combination is expected to be derived. The cash-generating units to which goodwill is allocated represent the organizational units below the segments.

An impairment test is performed for goodwill once a year as well as during the year if triggering events should arise that indicates a possible impairment. There is no scheduled amortization.

4.8 Property, plant and equipment

Property, plant and equipment comprises leasehold improvements, technical equipment and machinery, other equipment, plant and office equipment as well as advance payments and assets under construction.

The acquisition costs for leasehold improvements are usually depreciated over the length of the respective lease agreement (up to 27.5 years). Technical equipment and machinery as well as plant and office equipment are recognized at acquisition cost less scheduled depreciation or impairment loss. Scheduled depreciation is determined on a straight-line basis over a normal estimated useful life of between 3 and 23 years. Repairs and maintenance costs are expensed 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. The gain or loss arising from disposal is recognized in the financial year in profit and loss. If the acquisition costs of certain components of property, plant and equipment are material, then these components are separately accounted for and depreciated.

4.9 Impairment of non-financial assets

Goodwill on the level of cash-generating units and intangible assets with an indefinite useful life are tested once a year for impairment and during the financial year if triggering events indicate possible impairment. The annual impairment test is performed by Constantin Medien AG as of December 31 of the respective financial year. Other intangible assets and property, plant and equipment are subject to impairment testing if there is any indication that an asset may be impaired. Evidence for impairment would be a material fair value reduction of an asset, significant changes in the 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 value of the fair value less costs to sell and the value in use of an asset. If the calculation of the recoverable amount is made in the form of its value in use, corresponding future 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 by management and assumptions. The estimates and assumptions rely on premises based on information currently available in each case. Developments that differ from these assumptions and are beyond the company's influence may result in the actual amounts differing from the initial expectations, which could lead to adjustments in the carrying values.

Where the calculated impairment amount exceeds the goodwill attributable to the cash-generating unit, the unit's other assets shall be written-down in relation to their carrying values. This does not apply if the respective carrying value would consequently fall below the higher of the fair value less costs to sell or value in use.

Regarding intangible assets, except for goodwill, and property, plant and equipment, 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 in profit or loss up to a maximum of the theoretical amortized cost.

4.10 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequently, the investment properties are measured at fair value. Gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the assets and is included in profit or loss in the period in which the property is derecognized.

4.11 Inventories

Service productions in development

Inventories contain service productions in development that have not yet been ordered by a broadcaster (see note 4.22).

Goods

Goods, in particular consisting of DVDs and Blu-rays, are 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 sale 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).

Write-downs to goods are determined on the basis of coverage analyses. Accordingly, management analyzes each product based on the historical movements and on products on hand for any indication of impairment. Should indications of impairment for individual products arise, then such items are written-down. Further valuation allowances are recognized for damaged or defective goods.

Raw materials and supplies

Raw materials and supplies are valued at cost or the lower expected net realizable value. Acquisition or production costs are determined by the average cost method. Slow-moving or hard to sell inventory is written-down in full.

Unfinished goods

Apart from inventory goods, inventories also include goods and services not yet invoiced.

4.12 Non-current assets held for sale and Disposal Group

Classification in the category held for sale requires the existence of individual non-current assets or a disposal group available for immediate sale in their present condition and their sale must be highly probable. Non-current assets or disposal groups held for sale are presented separately under current assets and current liabilities. Non-current assets or a disposal group are stated at the lower of its carrying value and fair value less costs to sell. Scheduled depreciation is no longer recognized on non-current assets.

4.13 Assets and liabilities from discontinued operations

Discontinued operations refers to business operations that are either indented for sale or have already been sold and where its business activities and cash flows can be clearly distinguished, operationally and for financial accounting purposes, from the rest of the company's activities. Recognition as discontinued operations essentially requires that the operations constitute a major line of business or geographic area of business or that it is a subsidiary which was purchased exclusively with the intention of a resale. Discontinued operations are reported separately in the income statement and the cash flow statement.

4.14 Financial instruments

Management classifies financial assets at the time of acquisition and reviews this classification at regular intervals to determine whether the criteria for classification are still met. In general, the acquisition costs include transaction costs. In respect of financial assets at fair value through profit and loss transaction costs are expensed as incurred. The customary purchase or sale of financial assets is generally recognized on the settlement date.

Financial assets and liabilities are typically presented without offsetting. They are only offset when there is a right to offset the recognized amounts at the present and it is intended to settle on a net basis.

Derivative financial instruments and embedded derivatives separated from the host contract are both initially and subsequent recognized at fair value on the trading day. These instruments must be categorized as held for trading, unless they are part of a designated hedging relationship. Gains or losses from changes in fair value are recognized immediately in the income statement.

Impairment accounts are maintained for positions classified as loans and receivables. A derecognition of the amounts of the impairment account against the carrying amount of impaired financial assets only occurs when the relevant facts are time-barred.

Financial assets available-for-sale

This category primarily comprises financial assets not classifiable in other categories as well as investments in shell companies which do not have operating activities.

Measurement is at fair value. Any gain or loss arising from measurement as of the balance sheet date is recognized directly in equity except for impairment losses and the effects of currency translations. Recognition to profit or loss only occurs upon derecognition of such financial assets through the release of these equity items. Where an active market does not exist or no longer exists, the fair value of the financial instruments is determined on the basis of comparable market transactions or using recognized valuation methods.

Financial investments in equity instruments where a quoted price does not exist on an active market and its fair value cannot be reliably measured are recognized at acquisition costs. If value adjustments are taken on such financial instruments, such value adjustments may not be reversed.

At each balance sheet date or if any indication (such as the individual customer creditworthiness, current industry-specific economic trends, the analysis of historical bad debts and disappearance of an active market for financial assets) exists that an asset may be impaired, it is assessed whether an impairment of financial assets is necessary.

Impairment of available-for-sale debt instruments are reversed through profit or loss in subsequent periods, if the reason for impairment no longer exists. Subsequent changes in the fair value are recognized directly in equity. Impairment of equity instruments available-for-sale is not reversed through profit or loss, but increases in fair value after impairment are recognized directly in equity.

Held-to-maturity financial investments
Held-to-maturity financial investments are non-derivative financial assets with fixed or at least determinable payments and fixed maturities that the Group has the intention and ability to hold to maturity.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial instruments classified to this category are carried at amortized cost using the effective interest rate method. These mainly consist of trade accounts receivable and other receivables as well as cash and cash equivalents.

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.

If collectability of the receivable is doubtful, customer receivables are stated at the lower recoverable amount. Impairment is recognized if objective evidence, particularly regarding the creditworthiness of the respective customer, current industry-specific business trends and an analysis of defaults on receivables in the past, indicates that the company will not collect all amounts upon their maturity dates. The carrying values of current receivables are approximately equivalent to the fair value.

According to Group policies allowance on receivables are recorded on specific valuation allowance accounts. Derecognition takes place at the same time as the corresponding impaired receivables. In addition, portfolio adjustments are recognized for receivables with different risk classes. In this case, historical default rates are used. The respective receivables are then written-down according to an average default rate.

Cash and cash equivalents comprise cash on hand as well as cash, sight accounts and 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. Cash and cash equivalents are measured at cost.

Financial assets at fair value through profit or loss
The category of financial assets at fair value 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 for purpose of selling them in the near future. Derivative financial assets with a positive fair value at the balance sheet date are always allocated to this category, except for derivative financial assets relating to financial guarantees or designated as hedging instruments and are effective as such (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 or if a group of financial assets and/or financial liabilities is assessed according to a documented risk management or investment strategy and its growth is assessed on the basis of its fair value and the information about this group determined on this basis is submitted internally to key executives of the Company.

They are measured at fair value. Realized gains and losses from changes in the fair value of the financial instruments are reported to the income statement on the date incurred. If there is no observable 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 and independent business partners in an arm's length transaction, comparison with current fair values of another, mostly identical financial instrument, the discounted cash flows method and as well as the use of other valuation models.

Financial liabilities at fair value through profit or loss

Derivative financial instruments with negative fair value at the balance sheet date are disclosed under other liabilities. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling them in the near future. Derivatives with a negative fair value at the balance sheet date are always assigned to this category, with the exception of contracts, which is a financial guarantee, or which have been designated as a hedging instrument and as such are effective (hedge accounting).

Other financial liabilities

Non-current and current financial liabilities, trade accounts payable and other liabilities, excluding derivative financial instruments are recognized at amortized cost. Low or non-interest-bearing non-current liabilities are initially measured at present value and accrue interest until maturity. Liabilities for outstanding invoices are shown under trade accounts payable and other liabilities. Non-current liabilities are discounted using the effective interest rate method.

The liability and equity components in compound financial instruments such as convertible bonds are to be separated and accounted and measured separately.

Hedge accounting

Being an internationally operating enterprise, the Group is exposed to currency fluctuations. Both derivatives and non-derivatives are used to hedge against fluctuations in exchange rates. The accounting treatment of the hedging relationship is generally to hedge against changes in the fair value of assets, liabilities or unrecognized firm commitments from buy and sell agreements (fair value hedge). Hedging instruments used for forward exchange contracts, currency swaps and non-derivative financial assets and liabilities are designated either in full or in part. Non-derivative financial assets and liabilities are used to hedge against currently off-balance sheet sell and license agreements in foreign currencies.

In a fair value hedge, the hedged risk for changes in the fair value of a hedged item and the change in fair value of a hedging instrument are recognized and netted in the income statement. Regarding the hedging of off-balance sheet firm commitments from buy and sell agreements (hedged item), the cumulative change in the fair value of the hedged item is recognized as a separate asset or liability. In addition, a corresponding gain or loss is shown in such a way that it offsets the change in the fair value of the hedging instrument.

Such hedging relationships are expected to be highly effective in achieving an offsetting of risks from changes in the fair value of the hedged item and hedging instrument. They are continuously evaluated as to whether they were actually highly effective throughout the financial reporting periods for which the hedging relationship was designated. The effectiveness of a hedging relationship is tested on the basis of prospective and retrospective effectiveness tests. The prospective effectiveness test is performed according to the critical term match method.

Under the retrospective effectiveness test, the dollar-offset method is applied. Hedge effectiveness is the degree to which changes in the fair values of the hedged item and the hedging instrument are offset. The hedge is deemed effective if it falls within a range of between 80 percent and 125 percent. The hedging relationships are without exception in this range. At the inception of the hedge, both the hedging relationship and the Group’s risk management objectives and strategies for undertaking the hedge are formally designated and documented.

4.15 Pension liabilities

Post-employment benefits include pension benefits for employees. These are divided into defined benefit plans and defined contribution plans.

A defined contribution plan exists when - on the basis of legal or private stipulations – fixed contributions are paid to a fund or a public or private insurance institution and no legal or constructive obligations exists to make further payments. The contributions are recognized as an expense when due.

For defined benefit plans, the present value of the defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The actuarial assumptions underlying the calculation are based on future obligations on the basis of allocable pension benefits accrued as of the balance sheet date. The pension plans are funded by a fund. The plan assets are accounted for at fair value.

Actuarial gains and losses result from changes in assumptions, deviations between actual and expected returns on plan assets as well as the difference between effectively acquired and calculated, using actuarial assumptions, entitlement to benefits. These are immediately recorded in other comprehensive income (OCI) under “items that will not be reclassified to profit or loss in subsequent periods” without impacting the income statement. Current service cost and net interest are recorded as personnel expenses. A reduction in contribution within the meaning of IAS 19 is present, if the employer has to pay lower contributions than the service costs. Specific events, such as pension plan changes that alter the entitlement of the employee or curtailments and settlements are recognized immediately in the income statement.

Furthermore, the TEAM group maintains a pension fund for its management staff. In addition to the statutory pension scheme, this foundation holds an additional savings facility. 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 income statement for this additional facility.

4.16 Other provisions, contingent liabilities and contingent assets

Provisions are recognized for present legal or factual obligations to third parties arising from past events, the settlement of which will probably give rise to an outflow of funds or other resources. A further condition for recognition is that a reliable estimate can be made of the amount of the obligation.

Provisions are measured in the amount of expected outflow of resources that is most likely to occur. 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 of a 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.

Possible obligations whose existence (occurrence, non-occurrence) must be confirmed by future events or obligations whose extent cannot be reliably determined are disclosed as contingent liabilities. Contingent assets are not capitalized, but also disclosed as in the case of contingent liabilities, if an economic benefit is likely for the Group.

4.17 Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalized as a part of the cost of that asset in the film production sector of the Group. Borrowing costs attributable to non-qualifying assets are generally expensed in the period incurred.

4.18 Income taxes

Current taxes are calculated on the basis of the results of the financial year and in accordance with the national tax laws in the respective tax jurisdiction. Expected and actually paid tax payments or tax refunds for previous years are also included.

Deferred tax assets and deferred tax liabilities are determined according to the liability method. Deferred taxes are recognized in the consolidated financial statements for temporary differences between the carrying value and the tax base of the assets and liabilities as well as for tax loss carryforwards. Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are recognized only 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.

Deferred taxes on temporary differences in the annual financial statements are calculated at the rates which apply in the individual countries at the time of realization or already enacted for future periods.

Deferred tax assets and deferred tax liabilities levied by the same taxation authority are offset if they relate to the same type of tax and have the same maturity. Deferred tax assets and liabilities from controlled companies are offset.

The accounting of tax items often requires the use of estimates and assumptions which may deviate from the subsequent actual tax expense. For capitalized income tax items the best estimate is based on the expected tax payments.

Deferred taxes for items recognized directly in equity are not recognized in the income statement, but also in equity.

Temporary differences associated with investments in subsidiaries are not subject to deferred tax liabilities, because it is not likely that such temporary differences will reverse in the foreseeable future and Constantin Medien AG has the ability of determining the date upon which the temporary differences will reverse.

4.19 Equity

Bearer shares outstanding are classified as equity. As soon as the Group acquires treasury shares, the cash price paid including transaction costs attributable to the relevant shares is deducted from equity. If treasury shares are sold or issued, any consideration received is included in equity.

4.20 Share-based payments

For cash-settled share-based payments (stock appreciation rights) or other assets, a liability for the goods and services received is recognized and measured initially at the fair value. Until the liability is settled the fair value of the liability is remeasured at each reporting date and at the settlement date. Any changes in fair value are recognized in personnel expenses. More information about the determination of the fair value of the cash-settled share-based payment are set out in note 6.15.

4.21 Revenue recognition

The income from goods and services is recognized when the relevant risks and rewards associated with the ownership of the goods and services sold are transferred to the buyer. For additional expense in connection with the goods and services sold, including the costs for returned products, adequate provisions are made.

In the Segment Sports, revenues are recognized when the services are rendered. Advertising revenues are generally recognized on the date the commercials are aired or placed. Provisions for natural discounts are recorded as revenue deduction with the booking for advertising time free spots are promised to the customer and these have not been fully aired to date. In the production sector, revenues are recognized upon completion and acceptance of the production by the customer.

Revenues from barter transactions involving advertising are only recognized in the income statement when the services exchanged are dissimilar and the amount of revenue can be measured reliably.

In the Segment Film, theatrical film revenue is recognized from the time of theatrical release. The revenue amount is directly related to the number of movie 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 (PoC) in order to recognize the share of total revenues for the reporting period (see note 4.22).

Revenue from TV rights (pay and free-TV) is recognized as of the date the license takes effect, generally 18 to 32 months after the start of the theatrical exploitation. With these forms of exploitation of film rights, revenue is realized upon the expiry of the relevant contractual exploitation holdback period. Thus, 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, home entertainment, TV rights). The revenues are allocated to the various types of revenue. Allocation is conducted on the basis of historical experience in accordance with corporate planning at the following general rates for theatrical, home entertainment and TV rights: 25 percent for theatrical rights, 15 percent for home entertainment rights and 60 percent for TV rights. The corresponding revenues are realized as follows: theatrical revenue upon theatrical release, home entertainment 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.

Regarding own home entertainment exploitation, revenues from the number of DVDs and Blu-rays sold are recognized starting on the release date, taking into account anticipated merchandise returns. In case of digital purchases and rental transactions revenue is also recognized from the release date and depends on the number of digital transactions. Revenues arising from the licensing of home entertainment rights to licensees are recognized as of the date the license period commences.

In the Segment Sports- and Event-Marketing, sales are recognized pursuant to the contractual arrangement of the respective projects. The most important and main contracts for these projects prescribe that the Group is to receive a share in the net earnings of the corresponding project. These net earnings arise from the revenues of the project less costs directly attributable to the project that are billed by third parties. The project's net earnings are calculated through a project accounting system. The allocable revenues are attributed to the expenses of the project. The project accounting is prepared monthly for each project. In the event that previous expectations no longer match the latest expectations, the revenues taken into account from said project are adjusted over the remaining term of the project in accordance with the latest expectations.

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

Revenues are recognized in each case net of invoiced value added tax, trade discounts and volume rebates.

Dividend income is recognized in the financial year in which the right to receive the payment is incurred. Interest income is recognized pro rata using the effective interest method.

4.22 Long-term service productions

Service productions are recognized using the percentage of completion method if the necessary conditions are met. Total contract revenues and contract costs attributable are recognized in profit and 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 (output-based method) 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 (zero-profit method). If the uncertainties no longer exist at a later date, thus allowing earnings from the service production to be reliably estimated, pro rata profits are realized according to the stage of completion. Where it is probable that the total contract costs will exceed the total contract revenues, the expected loss is immediately expensed.

Service productions in progress are reported in the balance sheet under trade accounts receivable or trade accounts payable at the difference between revenues realized and revenues invoiced. Service productions in the development phase for which no assignment exists from a broadcaster are recorded in inventories.

4.23 Leases

The Group has lease agreements in which the Group is the lessee. Where economic ownership of the leased asset is attributable to the lessor, the leased asset is accounted for as an operating lease. Lease payments under operating leases are recognized on a straight-line basis over the term of the lease under other operating expenses in the income statement.

Where economic ownership of the leased asset is attributable to the Group, the leased asset is capitalized and a corresponding lease payable is recognized in the same amount upon inception of the lease agreement (finance lease). This is the case if the lessee essentially bears all the risks and opportunities incidental to ownership of the leased asset. In such case, the leased asset is initially recognized at an amount 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 obligation is shown under non-current or current financial liabilities in the balance sheet. The interest component of the lease payable is recognized in the financial result section of the income statement over the term of the lease agreement. As of December 31, 2014 and as in the prior year, no finance leases existed in the Group.

4.24 Government grants

Project promotion

Promotion funding is distinguished between project promotion related to contingently repayable loans and reference funds and film project promotion according to the guidelines of the Federal Government Commissioner for Culture and the Media BKM (German Film Promotion Funds, DFFF), which are non-repayable grants.

Project promotion as a contingently repayable loan

Film project promotion funding 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 resulting income received by the producer from the exploitation of the film exceeds a certain amount. These government grants relate to assets. In the balance sheet, the grant amount is deducted from the carrying amount of the film asset to the extent it will not have to be repaid with reason able assurance.

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

As a rule, the amount that is not repayable with reasonable assurance can be 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 a liability is reported for the corresponding obligation at the same time.

Project subsidies

Project subsidies are non-refundable grants, to which a producer is entitled for purposes of financing the project costs for a subsequent film depending on the number of box office admissions resulting from theatrical exploitation of a reference film. These government grants relate 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 grant is recognized as income through 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 reimburse the production costs of a theatrical film after fulfillment of clearly defined criteria.

These government grants relate to assets. The film project promotion grants 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 grants are recognized as income through a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

Distribution promotions

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

Distribution promotions as a contingently repayable loan

Distribution promotions are 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). These are 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.

These are government 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. The sales subsidies are recognized in the periods in which the corresponding film release costs are incurred.

As a rule, the amount that is not repayable with reasonable assurance can be 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, that amount is expensed and a liability is recognized in the corresponding amount.

Sales subsidies
Sales subsidies are non-refundable 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 of a reference film. These are government grants relating to expenses already incurred. The sales subsidies are recognized in the income statement as a reduction of release costs at the time of the subsequent film's release date.

The scope of Swiss film promotion is insignificant. The accounting policies described above also apply, mutatis mutandis to Swiss film promotion.

5. Accounting estimates and assumptions

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, contingent liabilities and contingent assets as of the balance sheet date. These estimates and assumptions represent management's best estimate based on past 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 in which the estimate was revised.

The most important assumptions concerning future development as well as the 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.

Impairment of non-financial assets
Goodwill and other intangible assets with indefinite useful life are tested at least once a year for impairment and also 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. Estimates are performed of expected future cash flows per cash generating unit to assess whether impairment exists from the use and any disposal of such assets. The actual cash flows could differ significantly from the discounted future cash flows based on these estimates. Changes in sales and cash flow forecasts could lead to impairment charges.

Financial assets
The fair value of financial assets traded on organized markets is determined by quoted market price as of the balance sheet date. The fair value of financial assets without an active market is determined using valuation methods. Valuation methods include application of the most recent business transactions between knowledgeable, willing and independent business partners in an arm's length transaction, comparison with the fair value of another, mostly identical financial instrument, analysis of discounted cash flows, and use of other valuation models based on Management's assumptions. The Group determines at each balance sheet date or if triggering events occur whether there is any impairment of financial assets or group of assets.

Service productions
In determining the stage of completion of productions for which the percentage-of-completion method is used, the cost-to-cost method (realization of earnings in the amount of production costs incurred as of the closing date in proportion to the expected total production costs) or the physical completion method are applied. The expected total production costs or costs of physical completion are determined based on estimates. Changes in accounting estimates have a direct impact on the earnings generated.

Provisions for anticipated goods returns
The Group's provision for anticipated goods returns is based on an analysis of contractual or legal obligations and historical development as well as the experience of the Group. According to information available at the present time, Management considers the provisions to be adequate. Since these deductions are based on Management's estimations, adjustments may have to be made as soon as new information becomes available. Such adjustments could impact the provisions recognized as well as sales in future reporting periods.

Provisions for litigation

Group companies are subject to various legal disputes. At present the Group assumes that litigation provisions cover such risks. However, the costs of additional lawsuits which could be filed would not be covered by the existing provisions. 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 occurrence of such events could impact provisions recognized for litigation in future reporting periods.

Pension liabilities

Pension obligations and related net periodic benefit costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, salary trends and rate of pension progression. The discount rate assumptions are determined by reference to yields on high-quality corporate bonds and government bonds of appropriate maturity and currency at the end of the reporting date. Due to changing markets and economic conditions the underlying key assumptions may differ from actual developments and my lead to significant changes in pension obligations. Such differences are recognized in other comprehensive income (OCI) in the period in which they occur.

Deferred income taxes

Extensive estimates are required to determine deferred income tax assets and liabilities. Several of these estimates are based on interpretations of enacted tax laws and regulations. Management believes 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 tax 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, tax loss carryforwards expire in certain countries over time. Actual profits may vary from forecast profits. Such changes may impact deferred tax assets and deferred tax liabilities in future reporting periods.

Share-based payments

For the measuring of the fair value of share-based payments the Group uses a binomial model. Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which is depended on the terms of the agreement. The input factors for the corresponding model are based on assumption such as expected future volatility, the expected life of the stock appreciations rights as well as the expected dividend yield. For cash-settled share-based payments, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the income statement. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and the model to estimate the fair value of share-based payments are disclosed in note 6.15.

6. Notes to selected line items in the consolidated balance sheet

6.1 Film assets

The following table provides a breakdown of film assets:

Film assets 2014 in EUR '000

	Third-party productions	In-house productions	**Total film assets**
Acquisition and production costs			
Balance at January 1, 2014	136,196	523,866	**660,062**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	19	59	**78**
Other additions	21,938	33,981	**55,919**
Disposals	342	0	**342**
Balance at December 31, 2014	157,811	557,906	**715,717**
Accumulated amortization			
Balance at January 1, 2014	106,957	380,951	**487,908**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	9	36	**45**
Amortization for the year	15,715	73,134	**88,849**
Impairments	1,254	4,610	**5,864**
Write-ups	0	0	**0**
Disposals	281	0	**281**
Balance at December 31, 2014	123,654	458,731	**582,385**
Net carrying amounts at December 31, 2014	34,157	99,175	**133,332**

In the financial year 2014, impairments of EUR 5,864 thousand (2013: EUR 10,767 thousand) were recognized because the value in use due to lack of market acceptance for specific films no longer covers the acquisition costs or the carrying value. The pre-tax discount factors used for determination of impairment are between 0.77 percent and 5.36 percent (2013: 2.98 percent to 6.90 percent). Disposals relate to co-productions and third-party productions whose rights have expired in the current financial year.

In the financial year 2014, the Constantin Medien Group received project subsidies and project promotion loans in the amount of EUR 6,814 thousand (2013: EUR 21,389 thousand), which were deducted from the capitalized production costs.

Deferred project promotion loans amounted to EUR 1,895 thousand as of December 31, 2014 (2013: EUR 1,949 thousand). In the financial year 2014, repayments of project promotions amounted to EUR 467 thousand (2013: EUR 612 thousand).

In addition, sales subsidies and distribution promotions in the amount of EUR 3,520 thousand (2013: EUR 4,767 thousand) were recognized as a deduction to film release costs in the consolidated income statement. The sales subsidies are recognized in the periods in which the corresponding film release costs are incurred. Deferred distribution promotion funds as of December 31, 2014, amounted to EUR 0 thousand (2013: EUR 0 thousand).

Distribution promotions were repaid in the amount of EUR 1,131 thousand in the financial year 2014 (2013: EUR 158 thousand). Receivables for promotions and subsidies amounted to EUR 10,879 thousand as of December 31, 2014 (2013: EUR 12,527 thousand).

In the financial year 2014, directly attributable financing costs of EUR 1,012 thousand (2013: EUR 1,484 thousand) were capitalized. The costs to be capitalized were calculated using the interest rates from the funds borrowed specifically for the financing. The financing interest rate varies between 1.34 percent and 5.00 percent (2013: between 1.44 percent and 6.40 percent).

Film assets 2013 in EUR '000

	Third-party productions	In-house productions	**Total film assets**
Acquisition and production costs			
Balance at January 1, 2013	112,379	439,451	**551,830**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	-14	-638	**-652**
Other additions	27,610	85,053	**112,663**
Disposals	3,779	0	**3,779**
Balance at December 31, 2013	136,196	523,866	**660,062**
Accumulated amortization			
Balance at January 1, 2013	88,838	327,928	**416,766**
Changes in the group of consolidated companies	0	0	**0**
Foreign currency differences	-7	-330	**-337**
Amortization for the year	16,386	48,105	**64,491**
Impairments	5,519	5,248	**10,767**
Write-ups	0	0	**0**
Disposals	3,779	0	**3,779**
Balance at December 31, 2013	106,957	380,951	**487,908**
Net carrying amounts at December 31, 2013	29,239	142,915	**172,154**

6.2 Other intangible assets and goodwill

Other intangible assets include the acquired brand name "Constantin" with an indefinite useful life. As of December 31, 2014 the carrying value amounts to EUR 28,000 thousand (2013: EUR 28,000 thousand). The asset's useful life has been classified as indefinite because the ongoing use of the brand name is intended and therefore a useful life cannot be determined. An annual impairment test was performed on the brand name as of December 31, 2014. The recoverable amount was calculated by using the value in use. The valuation of the brand name was carried out using the license price analogy method. For this purpose, an interest rate of 5.58 percent (2013: 6.59 percent) was used which was determined based on the weighted average cost of capital (WACC) and a growth rate of 2.6 percent (2013: 2.6 percent) over a budget period of ten years.

Furthermore, alternative scenarios were added to the license price analogy method, and these were also tested for impairment. Even when applying conservative scenarios in terms of revenue growth and discount factor, there was no need for impairment of the brand name.

Other intangible assets and goodwill 2014 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, 2014	59,729	3,172	0	**62,901**	**148,727**
Changes in the group of consolidated companies	0	0	0	**0**	**0**
Foreign currency differences	29	0	0	**29**	**1,533**
Other additions	694	2,061	0	**2,755**	**0**
Disposals	935	0	0	**935**	**0**
Balance at December 31, 2014	59,517	5,233	0	**64,750**	**150,260**
Accumulated amortization					
Balance at January 1, 2014	29,478	1,285	0	**30,763**	**105,432**
Changes in the group of consolidated companies	0	0	0	**0**	**0**
Foreign currency differences	14	0	0	**14**	**859**
Amortization for the year	1,166	765	0	**1,931**	**0**
Impairments	95	0	0	**95**	**0**
Write-ups	0	0	0	**0**	**0**
Disposals	935	0	0	**935**	**0**
Balance at December 31, 2014	29,818	2,050	0	**31,868**	**106,291**
Net carrying amounts at December 31, 2014	29,699	3,183	0	**32,882**	**43,969**

Total goodwill of EUR 43,969 thousand (2013: EUR 43,295 thousand) was recognized in the balance sheet as of December 31, 2014. Goodwill in the amount of EUR 33,909 thousand is allocated to the segment Sports- and Event-Marketing (2013: EUR 33,260 thousand). Goodwill allocated to the organizational units below the segment Sports is primarily attributable to SPORT1 (EUR 8,684 thousand; 2013: EUR 8,684 thousand). On the organizational units below the segment Other Business Activities a goodwill in the amount of EUR 1,353 thousand (2013: EUR 1,328 thousand) has been allocated.

Impairment testing for goodwill is performed at the level of the segment Sports- and Event-Marketing and the cash generating units below the segment Sports and the segment Other Business Activities. As part of the impairment testing of goodwill, the recoverable amounts are calculated on the basis of the value in use. For purposes of the discounted cash flow method used by the Constantin Medien Group, the future cash flows are derived from a three-year forecast of earnings, except for the segment Sports- and Event-Marketing, in which a ten year forecast of earnings was applied analogous to the original purchase price allocation. The growth rate beyond the detailed planning period has been specified at 0 percent to 2.0 percent (2013: 0 percent to 2.0 percent). For determining the cost of capital, the Capital Asset Pricing Model (CAPM) and a group of companies with a comparable business model (peer group) was used. As of December 31, 2014, the CAPM based discounting factors before taxes stand at 6.39 percent to 7.77 percent (2013: between 7.53 percent and 8.92 percent).

Other intangible assets and goodwill 2013 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, 2013	60,753	2,077	0	**62,830**	**149,936**
Changes in the group of consolidated companies	0	0	0	**0**	**0**
Foreign currency differences	-22	-1	0	**-23**	**-1,209**
Other additions	835	1,942	0	**2,777**	**0**
Disposals	1,837	846	0	**2,683**	**0**
Balance at December 31, 2013	59,729	3,172	0	**62,901**	**148,727**
Accumulated amortization					
Balance at January 1, 2013	28,857	1,238	0	**30,095**	**106,104**
Changes in the group of consolidated companies	0	0	0	**0**	**0**
Foreign currency differences	-1	-1	0	**-2**	**-677**
Amortization for the year	1,684	894	0	**2,578**	**0**
Impairments	768	0	0	**768**	**5**
Write-ups	0	0	0	**0**	**0**
Disposals	1,830	846	0	**2,676**	**0**
Balance at December 31, 2013	29,478	1,285	0	**30,763**	**105,432**
Net carrying amounts at December 31, 2013	30,251	1,887	0	**32,138**	**43,295**

As of December 31, 2014, goodwill was subject to annual impairment tests. In the reporting year, no impairment losses were recognized.

Furthermore, alternative scenarios involving a possible development of the Constantin Medien Group were added to corporate planning, and these were also tested for impairment. Even using conservative scenarios in terms of revenue growth, discount factor and EBIT margin, there was no need for impairment of the goodwill in all segments.

6.3 Property, plant and equipment

Property, plant and equipment 2014 in EUR '000

	Leasehold improvements	Technical equipment and machinery	Other equip-ment, plant and office equipment	Advance payments and assets under construction	**Total property, plant and equipment**
Acquisition and production costs					
Balance at January 1, 2014	12,621	50,006	8,983	11	**71,621**
Changes in the group of consolidated companies	0	0	0	0	**0**
Foreign currency differences	65	0	-68	1	**-2**
Other additions	976	1,343	1,964	171	**4,454**
Disposals	152	1,149	1,314	11	**2,626**
Balance at December 31, 2014	13,510	50,200	9,565	172	**73,447**
Accumulated depreciation					
Balance at January 1, 2014	11,063	42,543	5,531	0	**59,137**
Changes in the group of consolidated companies	0	0	0	0	**0**
Foreign currency differences	42	0	-89	0	**-47**
Depreciation for the year	585	2,805	1,833	0	**5,223**
Impairments	0	11	0	0	**11**
Write-ups	0	0	0	0	**0**
Disposals	152	1,116	1,222	0	**2,490**
Balance at December 31, 2014	11,538	44,243	6,053	0	**61,834**
Net carrying amounts at December 31, 2014	1,972	5,957	3,512	172	**11,613**

Property, plant and equipment 2013 in EUR '000

	Leasehold improvements	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and assets under construction	**Total property, plant and equipment**
Acquisition and production costs					
Balance at January 1, 2013	12,434	47,338	9,363	11	**69,146**
Changes in the group of consolidated companies	0	0	0	0	**0**
Foreign currency differences	-50	0	42	0	**-8**
Other additions	238	3,473	1,545	0	**5,256**
Disposals	1	805	1,967	0	**2,773**
Balance at December 31, 2013	12,621	50,006	8,983	11	**71,621**
Accumulated depreciation					
Balance at January 1, 2013	9,943	39,073	5,389	0	**54,405**
Changes in the group of consolidated companies	0	0	0	0	**0**
Foreign currency differences	-23	0	62	0	**39**
Depreciation for the year	1,144	4,255	1,942	0	**7,341**
Impairments	0	18	5	0	**23**
Write-ups	0	0	0	0	**0**
Disposals	1	803	1,867	0	**2,671**
Balance at December 31, 2013	11,063	42,543	5,531	0	**59,137**
Net carrying amounts at December 31, 2013	1,558	7,463	3,452	11	**12,484**

6.4 Investment property

The investment property relates to the property of Highlight Event & Entertainment AG in Düdingen which is primarily used to generate rental income. Since the sale is classified by management as not more very likely in the next few months, this led on June 30, 2014 to the reclassification from non-current assets held for sale to investment property. As a result of the discontinuation of the distribution of certain gaming machines for casinos already in 2013 as well as the move of the registered office of Highlight Event & Entertainment AG from Düdingen to Lucerne in May 2014, the owner-occupied part is insignificant and the property is held almost exclusively for rental. The valuation is carried out according to the fair value model (see note 8).

Investment property in EUR '000

	2014	2013
Balance at January 1	**0**	0
Reclassification from disposal group	**3,206**	0
Foreign currency differences	**36**	0
Balance at December 31	**3,242**	0

The rental income for the investment property amounts to EUR 126 thousand and the direct operating expenses related amount to EUR 69 thousand.

6.5 Financial information of subsidiaries with material non-controlling interests

At the level of Constantin Medien AG, there are material non-controlling interests in Highlight Communications AG. Their share in Highlight Communications AG is:

Subsidiaries with material non-controlling interests in percent

	12/31/2014	12/31/2013
Highlight Communications AG, Pratteln/Switzerland	**47.61**	47.61

Within the equity of Constantin Medien AG, the following amounts are attributable to non-controlling interests:

Financial information (after intercompany elimination) in EUR '000

	12/31/2014	12/31/2013
Equity attributable to non-controlling interests	**42,556**	40,843
	1/1 to 12/31/2014	1/1 to 12/31/2013
Net profit attributable to non-controlling interests	**7,249**	4,577
Other comprehensive income/loss attributable to non-controlling interests	**-1,361**	1,761
Dividends paid to non-controlling interests	**3,849**	4,552

The following table summarizes the consolidated financial information of Highlight Communications AG in their functional currency.

Financial information (before intercompany elimination) in CHF '000

	12/31/2014	12/31/2013
Current assets	**162,232**	199,873
Non-current assets	**199,326**	243,456
Total assets	**361,558**	443,329
Current liabilities	**238,509**	317,443
Non-current liabilities	**16,169**	18,638
Total liabilities	**254,678**	336,081
Net assets	**106,880**	107,248
	1/1 to 12/31/2014	1/1 to 12/31/2013
Sales	**412,578**	386,197
Profit after taxes	**18,066**	10,297
Other comprehensive income/loss	**-9,051**	5,943
Total comprehensive income	**9,015**	16,240
Cash flow from operating activities	**156,369**	117,499
Cash flow for investing activities	**-76,527**	-140,835
Cash flow for financing activities	**-78,914**	-5,563
Cash flow from/for the reporting period	**928**	-28,899

Taking into account the treasury shares held by Highlight Communications AG, Constantin Medien AG applies a consolidation share of 55.71 percent (2013: 55.58 percent).

6.6 Investments in associated companies and joint ventures

The Group holds investments in three associated companies and two joint ventures which individually are immaterial. All associated companies and joint ventures are accounted for using the equity method in the consolidated financial statements. The following tables show the movement in the carrying value and the financial information of the associated companies and joint ventures in aggregate form:

Joint ventures and associated companies in EUR '000

	Joint Ventures	Associated companies	**Total**
Balance at 12/31/2012	263	73	**336**
Additions	0	153	**153**
Disposals	0	0	**0**
Dividends received/capital repayments	-184	-23	**-207**
Share of total comprehensive income	196	-150	**46**
Impairments	0	0	**0**
Foreign currency differences	0	0	**0**
Balance at 12/31/2013	275	53	**328**
Additions	0	101	**101**
Disposals	0	0	**0**
Dividends received/capital repayments	-249	0	**-249**
Share of total comprehensive income	218	7	**225**
Impairments	0	0	**0**
Foreign currency differences	0	2	**2**
Balance at 12/31/2014	244	163	**407**

Financial information in EUR '000

	Joint Ventures		Associated companies	
	1/1 to 12/31/2014	1/1 to 12/31/2013	**1/1 to 12/31/2014**	1/1 to 12/31/2013
Loss after taxes	**-505**	-260	**-1,214**	-2,908
Other comprehensive income	**0**	0	**0**	2
Total comprehensive loss	**-505**	-260	**-1,214**	-2,906
	12/31/2014	12/31/2013	**12/31/2014**	12/31/2013
Contingent liabilities (pro rata)	**165**	20	**0**	0

For the purpose of updating the associated companies, with respect to BECO Musikverlag GmbH, the annual financial statements as of December 31, 2013 have been applied, because financial statements as of December 31, 2014 are not yet available. In the current financial year no matters occurred that would have required an adjustment of the underlying financial statements.

On November 30, 2014, the NEF-Production S.A.S. was sold at the carrying value of EUR 0 thousand.

The unrecognized allocable loss from entities accounted for at equity amounts to EUR 954 thousand (2013: EUR 1,302 thousand). The cumulative unrecognized allocable loss totals EUR 2,704 thousand (2013: EUR 2,193 thousand). The unrecognized losses are losses that exceed the value of the equity interest of the Group to an associated company or joint venture.

6.7 Other financial assets

Other non-current financial assets in the amount of EUR 1,507 thousand (2013: EUR 201 thousand) mainly include as of December 31, 2014 investment securities in the amount of EUR 75 thousand (2013: EUR 185 thousand) and shares in Pulse Evolution Corporation, Port St. Lucie, USA in the amount of EUR 1,423 thousand (2013: EUR 0 thousand).

The investment securities were acquired in prior financial years with the aim of profitably investing the retained earnings of one subsidiary and calling in the securities when liquidity is needed. To this end, their fair value is constantly monitored by the management of Olga Film GmbH in order to quickly react to any value fluctuations. The securities can be called-in when needed. Constantin Medien Group accordingly classifies these securities in the category at fair value through profit or loss. The measurement is based on quoted prices. This market valuation falls accordingly within level 1 of the fair value hierarchy. Changes in fair value are recognized in the consolidated income statement. In the reporting year part of these securities have been sold.

In the second quarter 2014, Rainbow Home Entertainment AG acquired 6.2 percent of the shares in Pulse Entertainment Corporation, Delaware, USA, for a purchase price of EUR 1,249 thousand. In October 2014 Pulse Entertainment Corporation has entered into a share exchange with the company Pulse Evolution Corporation. This transaction resulted in a new interest in the company Pulse Evolution Corporation, USA, in the amount of 4.03 percent. No effect results from the exchange of shares on the present consolidated financial statements. Since October 10, 2014, Pulse Evolution Corporation is listed on the OTCQB market in the USA. Due to the low trading volume currently no liquid, active market exists and a fair value cannot be reliably determined. Therefore, these shares are recognized at acquisition cost. As of December 31, 2014, the sale of these shares is not planned.

In addition, non-current receivables in the amount of EUR 1,799 thousand (2013: EUR 1,560 thousand) are included. These mainly relate to value added tax payable for sales revenues which cannot yet be realized under IFRS. The receivables are discounted according to their maturity.

6.8 Inventories

As of December 31, 2014, inventories are accounted for as follows:

Inventories in EUR '000

Net balance	12/31/2014	12/31/2013
Raw materials and supplies	259	434
Work in progress	2,149	1,122
Finished goods and merchandise	37	77
Blu-rays/DVDs	2,097	1,979
Total	4,542	3,612

Work in progress mainly relates to service productions that are in the process of development, which have not yet been assigned by a broadcaster.

In the financial year 2014, valuation adjustments in the amount of EUR 141 thousand (2013: EUR 33 thousand) were recognized and valuation adjustments in the amount of EUR 4 thousand were reversed (2013: EUR 22 thousand).

6.9 Trade accounts receivable

Trade accounts receivable in EUR '000

	12/31/2014	12/31/2013
Gross balance	**59,064**	70,479
Specific valuation allowances	**-6,064**	-5,855
Total	**53,000**	64,624

Trade accounts receivable contain receivables from percentage-of-completion in the amount of EUR 7,834 thousand (2013: EUR 10,780 thousand). In respect of receivables not yet due and receivables overdue by up to 90 days, the carrying value corresponds almost to the fair value. In the case of older receivables or where there is a specific reason, individual adjustments are made to write-down the carrying value to the fair value.

Given that the customer structure differs according to the different business areas value adjustments of trade accounts receivable are carried out both based on individual assessment and actual experience.

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.

In 2014 and 2013 write-downs on trade accounts receivable developed as shown in the table below:

Write-downs in EUR '000

Balance at January 1, 2014	**5,855**
Changes in the group of consolidated companies	**0**
Foreign currency differences	**4**
Additions	**1,573**
Usage	**-948**
Reversals	**-420**
Balance at December 31, 2014	**6,064**
Balance at January 1, 2013	6,977
Changes in the group of consolidated companies	0
Foreign currency differences	-1
Additions	372
Usage	-633
Reversals	-860
Balance at December 31, 2013	5,855

The following table shows an overview of maturity of trade accounts receivable:

Maturity overview 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
12/31/2014							
Trade accounts receivable	53,000	48,563	3,399	350	387	18	283
12/31/2013							
Trade accounts receivable	64,624	59,664	3,754	655	61	49	441

6.10 Other receivables

Other receivables in EUR '000

	12/31/2014	12/31/2013
Prepaid expenses	**9,421**	5,781
Value added tax receivables	**1,691**	484
Other taxes	**62**	306
Advance payments	**6,021**	4,375
Suppliers with debit balances	**672**	734
Loans	**16,874**	35,623
Receivables from promotion funds	**10,879**	12,527
Derivative financial instruments	**3,022**	543
Other assets	**4,752**	6,335
Total	**53,394**	66,708

The carrying values of all current financial assets correspond almost to the fair value.

Loan receivables essentially include short-term loans in connection with the productions "Resident Evil: Retribution", "The Mortal Instruments" and "Pompeii" granted to co-producer Davis Film/Impact Pictures, Unique Features and Impact Pictures in the amount of EUR 1,126 thousand (2013: EUR 2,729 thousand), EUR 0 thousand (2013: EUR 8,390 thousand) and EUR 14,192 thousand (2013: EUR 16,203 thousand).

Advanced payments include payments for several future projects in the segment Film.

The next table presents an overview of the maturities for other receivables:

Maturity overview 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
12/31/2014							
Other receivables	53,394						
thereof not IFRS 7 relevant	17,416						
thereof IFRS 7 relevant	35,978	35,966	10	0	0	0	2
12/31/2013							
Other receivables	66,708						
thereof not IFRS 7 relevant	11,497						
thereof IFRS 7 relevant	55,211	55,112	48	3	15	16	17

6.11 Other financial assets

Other current financial assets in the amount of EUR 1,350 thousand (2013: EUR 1,850 thousand) include preferred shares in a Canadian partner company. The preferred shares were acquired in association with the productions of the films "Resident Evil: Afterlife" and "Resident Evil: Retribution". In the reporting year preferred shares in the amount of EUR 556 thousand (2013: EUR 29 thousand) were sold. A gradual share buyback of the preferred shares is planned by the issuer in the upcoming financial years. In the absence of an active market for those preferred shares, a fair value cannot be determined reliably and so the preferred shares are recognized at acquisition cost.

6.12 Cash and cash equivalents

Cash and cash equivalents in EUR '000

	12/31/2014	12/31/2013
Cash on hand and balance at banks	**67,748**	72,918
Short-term deposits	**6,000**	10,000
Total	**73,748**	82,918

This line item includes cash on hand and balances at banks. If daily deposits or short-term demand deposits are involved, such funds are interest-bearing. The interest rate varies between 0 percent and 0.3 percent (2013: between 0 percent and 0.5 percent).

As of December 31, 2014 Constantin Medien AG has pledged a total of cash and cash equivalents in the amount of EUR 6,318 thousand for guarantees in variable amounts (2013: EUR 0 thousand). PLAZAMEDIA GmbH TV- und Film-Produktion has also pledged cash and cash equivalents in the amount of EUR 1,200 thousand (2013: EUR 0 thousand) for guarantees.

6.13 Deferred tax assets

Maturity of deferred tax assets in EUR '000

	12/31/2014	12/31/2013
Current deferred tax assets	**305**	235
Non-current deferred tax assets	**3,623**	2,204
Total	**3,928**	2,439

Overall, the Group has tax loss carryforwards for corporate income taxes in the amount of EUR 623,114 thousand (2013: EUR 218,161 thousand), for trade taxes in the amount of EUR 372,817 thousand (2013: EUR 39,811 thousand) as well as foreign tax loss carryforwards in the amount of EUR 17,201 thousand (2013: EUR 18,275 thousand) for which no deferred tax assets have been recognized.

Composition of deferred tax assets in EUR '000

	12/31/2014	12/31/2013
Tax loss carryforwards	**3,398**	3,018
Intangible assets/film assets	**319**	4,878
Property, plant and equipment	**1,365**	1,714
Trade accounts receivable and other receivables	**157**	9,726
Inventories	**6,604**	6,338
Pension liabilities	**1,246**	698
Advance payments received	**20,614**	7,831
Trade accounts payable and other liabilities	**1,883**	1,424
Other temporary differences	**231**	304
Total	**35,817**	35,931
Offsetting against deferred tax liabilities	**-31,889**	-33,492
Deferred tax assets, net	**3,928**	2,439

Deferred taxes are calculated at the rates which are applied or are expected to be applied in the future in the individual countries at the time of realization.

In foreign subsidiaries tax loss carryforwards expire as follows:

Expiry of tax loss carryforwards from foreign companies in EUR '000

	12/31/2014	12/31/2013
Expiry within one year	**438**	567
Expiry between one and five years	**7,325**	7,798
Expiry after five years	**9,438**	9,910
Total	**17,201**	18,275

6.14 Equity

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

Subscribed capital

The subscribed capital of the ultimate Group parent company, Constantin Medien AG, amounted to EUR 93,600,000 as of December 31, 2014 (2013: EUR 85,130,780) and is divided into 93,600,000 (2013: 85,130,780) bearer ordinary shares with a nominal value of EUR 1.00 per share.

On July 4, 2014 the Management Board of Constantin Medien AG resolved with the approval of the Supervisory Board and based on the authorization resolved by the Annual General Meeting on July 4, 2013 and using part of the authorized capital 2013/I to perform a capital increase against cash contributions excluding subscription rights of the shareholders pursuant to Art. 186 para. 3 sent. 4 AktG (Stock Corporation Act). On the same day, Constantin Medien AG successfully placed 8,469,220 new shares from the authorized capital 2013/I with selected investors excluding shareholders' subscriptions rights. Following the completion of the capital increase the number of shares of Constantin Medien AG amounts to 93,600,000 shares. The placement price of the new shares was EUR 1.25 per share. The registration of the capital increase in the commercial register at the Munich District Court (”Amtsgericht”) took place on July 16, 2014. The net proceeds generated by this transaction amounted to approximately EUR 10.3 million.

Capital reserve

The increase in the capital reserve results primarily from the amount exceeding the nominal value of the share from the capital increase carried out in the reporting year (EUR 0.25 per share) amounting to EUR 2,117 thousand. The transaction costs recognized directly in the capital reserve from the capital increase amount to EUR 261 thousand.

Authorized capital

Authorized capital 2013/I

Pursuant to a resolution passed at the General Meeting on July 4, 2013 the authorized capital 2009/I of EUR 20,000,000 has been replaced in favor of the creation of the authorized capital 2013/I to the same extent. After partial use of the authorized capital 2013/I in the context of the capital increase in July 2014, the Management Board is empowered, with the approval of the Supervisory Board, to increase the subscribed capital until July 4, 2018 by a total of up to EUR 11,530,780 new bearer shares by means of single or multiple issuances against a cash contribution or contribution-in-kind. As of December 31, 2014 the authorized capital amounts to EUR 11,530,780 (2013: EUR 20,000,000).

Conditional capital

Conditional capital 2011/I

The General Meeting held on July 19, 2011 resolved that the subscribed capital of the Company was to be conditionally increased by up to EUR 20,000,000. The purpose of the conditional capital 2011/I is solely to grant share rights to bearers or creditors of financial instruments (convertible bonds and/or warrant bonds and/or convertible participation rights and/or warrant participation rights) to be issued until July 19, 2016, by the Company or by direct or indirect majority shareholdings of the Company. According to the convertible bond conditions, or convertible participation conditions, the conditional capital 2011/I is also used for the issuance of shares to bearers or creditors of convertible bonds or convertible participation rights with conversion obligations. The authorization relates to the issuance of instruments in an aggregate nominal value of up to EUR 150,000,000. This conditional capital increase is only performed to the extent that option or conversion rights from the above mentioned financial instruments are used or to the extent that the bearers or creditors obligated to carry out the conversion meet their obligation.

Conditional capital 2011/II

The General Meeting held on July 19, 2011 resolved that the subscribed capital of the Company was to be conditionally increased by up to EUR 15,000,000. The conditional capital increase relates to the issuance of financial instruments (see conditional capital 2011/I) until July 19, 2016, in a nominal value of up to EUR 112,500,000.

Treasury stock

As of December 31, 2014, the balance of directly and indirectly held non-voting treasury shares amounted to 7,422,493 Constantin Medien shares with a fair value of EUR 9,649 thousand taking into account the Constantin Medien shares held by Highlight Communications AG (2013: 7,422,493 shares; fair value of EUR 12,544 thousand). The Company does not have any rights whatsoever in connection with the treasury stock.

Pursuant to a resolution of the General Meeting on July 30, 2014, the Company is authorized to acquire treasury shares with a computed share of subscribed capital totaling up to 10 percent of the company's share capital. The authorization can be exercised in whole or part, once or several times. The authorization applies until July 30, 2019. The acquisition of shares takes place through the stock exchange or as part of a public repurchase offer. The volume of the offer can be restricted. The Management Board is authorized, subject to the approval of the Supervisory Board, to use the shares acquired as a result of this authorization, in addition to disposing of them through the stock exchange or as part of a public purchase offer to all shareholders, to utilize them to service options or conversion rights to shares in the Company; the subscription rights of shareholders for treasury shares is excluded in this respect. In addition, the Supervisory Board is authorized to grant shares that were acquired as a result of this authorization, to members of the Management Board as a component of remuneration; the subscription rights of shareholders to treasury shares is excluded in this respect.

Other reserves

Other reserves amount to EUR 13,220 thousand as of the balance sheet date (2013: EUR 12,718 thousand). This line item as of December 31, 2014, comprises reserves for exchange rate translation of subsidiaries with non-euro accounting of EUR 8,852 thousand (2013: EUR 8,350 thousand) and other revenue reserves of EUR 4,368 thousand (2013: EUR 4,368 thousand).

The changes in the other components of equity for the financial years 2014 and 2013 comprise as follows:

Other comprehensive income and loss in EUR '000

	Before taxes	Tax effect	After taxes
January 1 to December 31, 2014			
Unrealized foreign currency translation gains/losses	512	0	**512**
Reclassification of realized gains/losses	0	0	**0**
Items that probably will be reclassified to profit or loss in subsequent periods	512	0	**512**
Actuarial gains and losses on defined benefit plans	-3,391	481	**-2,910**
Items that will not be reclassified to profit or loss in subsequent periods	-3,391	481	**-2,910**
Other comprehensive income/loss	-2,879	481	**-2,398**
January 1 to December 31, 2013			
Unrealized foreign currency translation gains/losses	-506	0	**-506**
Reclassification of realized gains/losses	0	0	**0**
Items that probably will be reclassified to profit or loss in subsequent periods	-506	0	**-506**
Actuarial gains and losses on defined benefit plans	2,236	-182	**2,054**
Items that will not be reclassified to profit or loss in subsequent periods	2,236	-182	**2,054**
Other comprehensive income/loss	1,730	-182	**1,548**

The line item other changes shown in the consolidated statement of changes in equity includes in the reporting year the following changes:

The increase in the interest in Highlight Event & Entertainment AG resulted in a reduction of the capital reserve of EUR 7 thousand and of non-controlling interests of EUR 72 thousand (see note 3).

In October 2014 Highlight Communications AG bought back in total 100,000 own shares at a purchase price of EUR 324 thousand. This is reflected in the consolidated financial statements of Constantin Medien AG as purchase of shares of non-controlling interests. As a result, the consolidation share increased to 55.71 percent (2013: 55.58 percent). This resulted in a reduction of the capital reserve of EUR 70 thousand and a reduction of the non-controlling interests of EUR 254 thousand.

Disclosures regarding capital management

Constantin Medien AG aims to increase the capital provided on the capital market to the Company and to generate an adequate yield for the shareholders. For this purpose, the parent company of the Group employs equity by acquiring investments and funding their operations as well as its own operations. Moreover, the Constantin Medien Group can decide to pay a dividend, to pay back capital to shareholders, to issue new shares or to dispose of assets with the aim of reducing debt. Management aims to efficiently employ its equity and external capital for purposes of assuring financial flexibility on the basis of a solid capital structure and providing sufficient liquidity. Liquidity comprises inflows from operating activities, cash on hand and borrowings available.

In addition to equity, external debt is also employed for Group financing in order to raise capital profitability. To ensure that this objective is met, a profitability calculation is generally prepared for every major investment. These procedures are regularly based on a discounted cash flow method (DCF), where the weighted average cost of capital (WACC) method is applied in most cases. This is a way of methodically supporting the further raising of capital employment.

The Constantin Medien Group's liquidity is managed centrally through Constantin Medien AG for the Segment Sports and Others. The Highlight Communications group controls its liquidity on its own and independent of Constantin Medien AG. To monitor cash funds, Constantin Medien AG employs a liquidity report and a liquidity plan and for purposes of assessing the liquidity status the key indicator net debt, defined as current and non-current financial liabilities less cash and cash equivalents.

Constantin Medien AG's capital management comprises all balance sheet items of equity, with treasury stock deducted. In line with group management, Constantin Medien AG monitors all external debt positions of the Segment Sports and Others. The external debt of the companies within the Highlight Communications group is locally monitored through Highlight Communications AG, Constantin Film AG and Highlight Event & Entertainment AG.

The debt of Constantin Medien AG consists essentially of the corporate bond 2013/2018 and several loans of a private investor. On September 15, 2014 the previously existing operating credit line facility was converted in a EUR 4.0 million guarantee facility. The existing guarantee facility thus has increased by EUR 4.0 million to EUR 10.0 million. The loans of the private investor are secured through 24,752,780 bearer shares of Highlight Communications AG. To secure the guarantee facility, around EUR 7.5 million have been pledged (see note 6.12).

For external debt, financial ratios and other conditions must be met and information must be made available.

Maintaining certain financial covenants was agreed to in the credit agreements of Highlight Communications AG and Constantin Film AG. The financial covenants relate to EBIT, EBIT margin, interest coverage ratio, indebtedness, economic equity ratio and the ratio of net financial debt to operating results. In case of breach of financial covenants, the interest rate may increase. In addition, the lender has the right to exercise a termination option. As of December 31, 2014 no financial covenants were breached.

6.15 Share-based payments

The variable remuneration of the Board Member Fred Kogel consists in addition to a variable remuneration according to reasonable dutiful discretion in particular of contractual payment entitlements to stock appreciation rights (hereinafter referred to as „stock appreciation rights“). The stock appreciation rights are based on shares of Constantin Medien AG and Highlight Communications AG and are broken down as follows:

Shares Constantin Medien AG

	Number	Issue price
	333,334	EUR 1.80
	333,333	EUR 2.10
	333,333	EUR 2.50

Shares Highlight Communications AG

	Number	Issue price
	500,000	EUR 5.00

The stock appreciation rights place the Management Board Member Fred Kogel in such a legal way as if he would actually own the options to the shares of the aforementioned companies, as he would have entitlement to payment of the difference between the respective issuance price and the exercise price. The exercise price is the average stock price of the respective shares quoted by the daily closing auction of the XETRA trade over a period of three months before the date of exercise. The exercise of the stock appreciation rights can first be made on the 15th day of each calendar month after a waiting period of three years, which begins on October 1, 2014. After the expiry of this waiting period, the stock appreciation rights can be exercised within a period of two years. Constantin Medien AG reserves the right, instead of paying out the aforementioned difference amounts, which relates to the Constantin Medien shares, to deliver a number of bearer shares of Constantin Medien AG which correspond to the respective difference amount, valued according to the closing rate of the XETRA trade of the Frankfurt Stock Exchange on the last trading day before the respective exercise date. The stock appreciation rights are not transferable. The variable remuneration of the Management Board Member Fred Kogel, consisting of a bonus and the stock appreciation rights, is limited contractually in total.

Number and weighted average exercise price of the stock appreciation rights

	Constantin Medien AG stock appreciation rights		Highlight Communications AG stock appreciation rights	
2014	Number of stock appreciation rights	Weighted average exercise prices in EUR	Number of stock appreciation rights	Weighted average exercise prices in EUR
Outstanding at January 1	0	0.00	0	0.00
Granted	1,000,000	2.13	500,000	5.00
Exercised	0	0.00	0	0.00
Expired	0	0.00	0	0.00
Forfeited	0	0.00	0	0.00
Outstanding at December 31	1,000,000	2.13	500,000	5.00

Thereof exercisable at the reporting date: none. The average maturity is 2¾ years.

The fair value of stock appreciation rights granted during the reporting period was determined by the following factors:

Disclosures about the valuation of the stock appreciation rights as of December 31, 2014

	Constantin Medien AG stock appreciation rights	Highlight Communications AG stock appreciation rights
Option pricing model used	Binomial model	Binomial model
Expected volatility	31.56%	25.58%
Expected dividend yield	0.00%	4.24%
Expected option life	3 years	3 years
Risk-free interest rate	-0.10%	-0.10%
Exercise price in EUR	1.80/2.10/2.50	5.00
Weighted average exercise price in EUR	2.13	5.00

The remaining expected life of the stock appreciation rights reflects the contractual term. The expected volatility is based on historical volatility of the respective share price with the same expected maturity as the stock appreciation rights granted. The dividend yield is based on the expected future dividends of their respective companies.

In the reporting year EUR 12 thousand (2013: EUR 0 thousand) share-based compensation expense have been recorded. The carrying amount of the debt from share-based payments as of December 31, 2014 is EUR 12 thousand (2013: EUR 0 thousand).

6.16 Overview of provisions and liabilities

Maturity of provisions and liabilities at December 31, 2014 in EUR '000

	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current liabilities				
Financial liabilities	–	97,591	0	**97,591**
Other liabilities	–	117	0	**117**
Pension liabilities	–	0	8,873	**8,873**
Provisions	–	337	0	**337**
Deferred tax liabilities	309	12,980	0	**13,289**
Total	309	111,025	8,873	**120,207**
Current liabilities				
Financial liabilities	67,569	–	–	**67,569**
Advance payments received	45,015	–	–	**45,015**
Trade accounts payable	41,896	–	–	**41,896**
Other liabilities	67,228	–	–	**67,228**
Liabilities due to associated companies and joint ventures	582	–	–	**582**
Provisions	12,691	–	–	**12,691**
Income tax liabilities	6,999	–	–	**6,999**
Total	241,980	0	0	**241,980**

Maturity of provisions and liabilities at December 31, 2013 in EUR '000

	Less than 1 year	1 to 5 years	More than 5 years	**Total**
Non-current liabilities				
Financial liabilities	–	109,640	0	**109,640**
Other liabilities	–	137	0	**137**
Pension liabilities	–	0	4,907	**4,907**
Provisions	–	4,653	0	**4,653**
Deferred tax liabilities	307	17,126	0	**17,433**
Total	307	131,556	4,907	**136,770**
Current liabilities				
Financial liabilities	123,988	–	–	**123,988**
Advance payments received	48,031	–	–	**48,031**
Trade accounts payable	51,175	–	–	**51,175**
Other liabilities	68,440	–	–	**68,440**
Liabilities due to associated companies and joint ventures	21	–	–	**21**
Provisions	9,123	–	–	**9,123**
Income tax liabilities	1,024	–	–	**1,024**
Total	301,802	0	0	**301,802**

6.17 Trade accounts payable and other liabilities

Trade accounts payable and other liabilities in EUR '000

	12/31/2014	12/31/2013
Trade accounts payable	**41,896**	51,175
Other liabilities	**67,228**	68,440
Total	**109,124**	119,615

Trade accounts payable

Trade accounts payable are not further securitized apart from the usual retention rights. They mainly relate to licensing and services.

Overall, trade accounts payable are current and non-interest bearing, and so the carrying value of the IFRS 7 relevant trade accounts payable corresponds almost to the fair value. Trade accounts payable contain EUR 1,605 thousand payables from percentage-of-completion (2013: EUR 3,496 thousand).

Other liabilities

Personnel related liabilities mainly relate to obligations for bonuses, overtime, vacation not taken and bonuses for Management Board members.

Other current liabilities include EUR 0 thousand (2013: EUR 46 thousand) for related parties (see also note 11).

Other current liabilities can be broken down as in the following table:

Other current liabilities in EUR '000

	12/31/2014	12/31/2013
Liabilities for contingently repayable loans (grants)	**10,458**	12,897
Personnel-related liabilities	**13,255**	13,174
Current interest payable	**3,154**	3,719
Value added tax payable	**3,294**	3,979
Other taxes and social security	**3,511**	4,586
Deferred income	**10,485**	6,591
Customers with credit balances	**222**	46
Commissions, licenses and surplus guarantees	**18,280**	19,057
Derivative financial instruments	**208**	1,224
Miscellaneous current liabilities	**4,361**	3,167
Total	**67,228**	68,440

6.18 Financial liabilities

Non-current financial liabilities

Non-current financial liabilities in EUR '000

	12/31/2014	12/31/2013
Corporate bond 2013/2018	**63,727**	63,401
Corporate bond 2010/2015	**0**	28,700
Loan private investor	**33,864**	17,539
Total	**97,591**	109,640

On April 15, 2013, Constantin Medien AG successfully placed a corporate bond with a volume of up to EUR 65 million, an interest rate of 7.0 percent p.a. and a maturity of five years with private and institutional investors. The trading of the bond opened on April 17, 2013 in the Open Market of Deutsche Börse AG (Regulated unofficial market of the Frankfurt Stock Exchange) in the segment Entry Standard for Bonds. The issuance and value date was April 23, 2013.

As of December 31, 2014 loans from a private investor exist in the amount of EUR 12,250 thousand and CHF 26,000 thousand (2013: EUR 7,750 thousand and CHF 12,000 thousand). For refinancing of the corporate bond 2010/2015 additional loans with a volume of EUR 4,500 thousand and CHF 14,000 thousand were drawn from the private investor in the business year 2014. Like the existing loan, the new loans have a term until June 30, 2016 and an interest rate of 5.0 percent p.a. As of December 31, 2014 a total of 24,752,780 bearer shares of Highlight Communications AG are pledged as collateral for the individual loan tranches.

On July 24, 2014 the Management Board resolved with the approval of the Supervisory Board to prematurely fully terminate the corporate bond 2010/2015 in accordance with the terms and conditions of the bond. The corporate bond had a volume of EUR 30.0 million, of which Constantin Medien AG had held EUR 1.0 million, a term of five years until October 2015 and an interest rate of 9.0 percent p.a. The repayment was effective on August 28, 2014. On this day the bond was fully repaid at the nominal amount plus interest accrued until this day (EUR 2,360 thousand).

Current financial liabilities

Current financial liabilities consist of EUR 67,569 thousand (2013: EUR 123,988 thousand) of current liabilities due to banks, whereof EUR 26,003 thousand (2013: EUR 79,123 thousand) fall upon film financing.

Short-term credit lines

As of the balance sheet date the Constantin Medien Group has the following unused, short-term credit lines available:

The Highlight Communications group has available unused short-term credit lines of about EUR 167,022 thousand as of the balance sheet date (2013: EUR 136,525 thousand). The credit lines used by the Constantin Film group (production financing and license trading lines) are secured by film rights shown under film assets in the amount of EUR 131,597 thousand (2013: EUR 170,493 thousand) and by the resulting exploitation revenues as well as by receivables in the amount of EUR 24,392 thousand (2013: EUR 29,486 thousand). The security rights of the banks are used to secure all existing and future claims of the banks against Constantin Film AG. The bank is entitled to dispose of the collateral in the event of liquidation. After satisfaction of all secured claims they will be transferred back by the banks to Constantin Film AG. The credit line of Highlight Communications AG in the amount of EUR 41,566 thousand (2013: EUR 44,865 thousand) is secured by shares in Constantin Film AG, by Constantin Medien shares held by Highlight Communications AG and by own treasury shares. The drawn amounts are all due when requested in 2015. Interest pooling arrangements exist for certain short-term bank overdraft liabilities.

6.19 Advance payments received

Advance payments received of EUR 45,015 thousand (2013: EUR 48,031 thousand) include mainly cash receipts from global sales for which revenue has not yet been recognized.

6.20 Non-current service productions

Production contracts with a net credit balance towards customers amount to EUR 7,834 thousand (2013: EUR 10,780 thousand). Production contracts with a net debit balance due to customers amount to EUR 1,605 thousand (2013: EUR 3,496 thousand). Such amounts are reported in the trade accounts receivable or trade accounts payable position.

The contract revenues for the period amount to EUR 123,123 thousand (2013: EUR 111,873 thousand). The total costs incurred for uncompleted contracts and recognized profits (less any recorded losses) amount to EUR 10,166 thousand (2013: EUR 11,101 thousand).

6.21 Pension liabilities

The existing defined benefit plans concern the Swiss companies of Highlight Communications group. Virtually all employees and pension recipients of these companies are insured in various pension plans. These pension plans are connected to different collective pension funds. These are separate legal entities in form of foundations and aim at the care of employees for retirement and disability as well as for the surviving dependents of these employees after death.

The pension plans grant more than the minimum benefits required by law in the case of disability, death, age and withdrawal. The risk benefits are defined in terms of the insured salary. The retirement pension is calculated on the basis of the projected interest-bearing saving capital and a conversion rate.

The highest governing body of the foundation is the Board of the Foundation. The Board of the Foundation decides among others about the pension benefits and their funding as well as the financial position. It exercises the management, supervision and control over the management of the respective collective foundations. It consists of equal number of employer and employee representatives from the group of participating companies.

Through these defined benefits plans, the Group is exposed to actuarial risks such as longevity, interest rate risk and market/investment risk.

Financing arrangement for future contributions

The occupational benefits (Federal Occupational Retirement, Surviving Dependants' and Disability Pensions Act; BVG) stipulates minimum benefits at retirement. The law requires minimum annual payments by the employer. However, an employer may also make higher contributions as required by law. These contributions are set out in the pension plan/regulation. In addition, an employer can contribute once-only payments or advances in the pension fund. These contributions cannot be repaid to the employer. However, they are available to the employer in order to settle future employer contributions (employer contribution reserve).

Although the pension fund has a statutory surplus, the law demands further annual minimum contributions. For active insured members both the employer and employee must contribute. The employer's contribution must be at least equal to the employee contribution. The minimum annual contributions are dependent on age and insured salary of the insured member. These contributions are set out in the pension plan/regulation.

In the event that an insured member changes employer before he has reached the retirement age, a termination benefit is due (accumulated savings capital). This will be transferred from the pension fund to the pension fund of the new employer.

The pension plan/regulation as stated above requires minimum contributions. The pension plan/regulation do not provide for additional funding requirements as long as the pension fund has a statutory surplus. In contrast, if there is a shortfall, additional contributions (restructuring contributions) are required by the insured member and employer until a balanced coverage results again. Individual pensions solutions of Highlight Communications group are full insurance solutions and can therefore never run into a shortfall where restructuring contributions are due.

The expected employer contributions for the financial year 2015 amount to EUR 1,295 thousand (prior year: EUR 1,375 thousand).

Maturity profile of the pension obligation:

Pension obligation maturity profile in EUR '000

	12/31/2014	12/31/2013
Less than 1 year	**1,614**	1,316
Weighted average duration of the defined benefit plan obligation (in years)	**10.6**	10.4

Development of the pension liability

The recognized pension liability of defined benefit pension plans in the consolidated balances sheet was determined as follows:

Pension liabilities in EUR '000

	12/31/2014	12/31/2013
Present value of defined benefit obligation	**36,328**	31,473
Fair value of plan assets	**27,455**	26,566
Net liability arising from defined benefit obligation	**8,873**	4,907

The pension obligation increased primarily due to a reduction in the discount rate in line with the market to 1.00 percent (2013: 2.00 percent).

The defined benefit obligation developed as follows:

Development of defined benefit obligation in EUR ‘000

	2014	2013
Present value of defined benefit obligation at January 1	**31,473**	34,055
Current service cost (excluding employee contribution and administrative costs)	**1,634**	1,977
Employee contribution	**767**	746
Interest cost	**645**	593
Curtailment, settlement	**0**	-1,583
Benefits paid	**-2,586**	-1,574
Currency translation effects	**643**	-514
Actuarial losses/(gains) arising from experience adjustments	**229**	-1,464
Actuarial losses/(gains) arising from changes in financial assumptions	**3,523**	-763
Present value of defined benefit obligation at December 31	**36,328**	31,473
thereof active insured employees	**31,043**	26,673
thereof members in retirement	**5,285**	4,800

Plan assets developed as follows:

Development of plan assets in EUR '000

	2014	2013
Fair value of plan assets at January 1	**26,566**	26,043
Interest income	**546**	455
Employee contribution	**767**	746
Employer contribution	**1,347**	1,327
Administrative costs of pension fund	**-58**	-57
Benefits paid	**-2,586**	-1,574
Currency translation effects	**512**	-383
Actuarial (losses)/gains arising from experience adjustments	**361**	9
Fair value of plan assets at December 31	**27,455**	26,566

Actual return on plan assets amounted to EUR 907 thousand in the reporting year (2013: EUR 464 thousand).

Pension costs are as in the following table:

Pension costs charged to consolidated income statement in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Current service cost (excluding employee contribution and administrative costs)	1,634	1,977
Administrative costs of pension fund	58	57
Effects from curtailments and settlements	0	-1,583
Net interest expense (gain)	99	138
Total	1,791	589

In the prior year the reduction of the conversion rate at two pension plans as well as the headcount reduction assessed as a plan settlement at one of the subsidiaries resulted in a decrease of the defined benefit obligation charged to the income statement in the amount of EUR 1,583 thousand.

Contributions recognized in the income statement for defined contribution plans (including government plans) totaled EUR 5,882 thousand in the financial year 2014 compared to EUR 5,670 thousand in the previous year.

Plan assets can be broken down as shown in the following table:

Allocation of plan assets in EUR '000

	12/31/2014	12/31/2013
Cash and cash equivalents	1,220	2,170
Debt instrument based on quoted market prices in active markets	10,552	10,967
Debt instrument based on unquoted market prices	363	844
Equity instrument based on quoted market prices in active markets	2,946	339
Real estate	7,910	7,723
Surrender values of insurance polices	4,012	3,903
Others	452	620
Total	27,455	26,566

Actuarial assumptions

The defined benefit plans are actuarially measured on the basis of the following parameters: Actuarial assumptions for mortality, disability and fluctuation are based on the latest BVG 2010 tables like in the prior year.

Actuarial assumptions in percent

	2014	2013
Discount rate	1.00	2.00
Pension trend	0.50	0.50
Salary trend	1.50	1.50
Average life expectancy after retirement, men (in years)	21.43	21.33
Average life expectancy after retirement, women (in years)	24.88	24.78

Sensitivity analysis

Changes in one of the relevant actuarial assumptions that would be reasonably possible at the balance sheet date, would affect the defined benefit obligation as in the table below:

Sensitivity analysis for actuarial assumptions at December 31, 2014 in EUR '000

	Impact on defined benefit obligation		
	+25 BP	-25 BP	+1 year
Discount rate (incl. change in projected interest rate)	-934	990	–
Pension trend	700	-667	–
Salary trend	238	-231	
Average life expectancy	–	–	867

Sensitivity analysis for actuarial assumptions at December 31, 2013 in EUR '000

	Impact on defined benefit obligation		
	+25 BP	-25 BP	+1 year
Discount rate (incl. change in projected interest rate)	-697	737	–
Pension trend	520	-495	–
Salary trend	192	-187	–
Average life expectancy	–	–	693

Although the analysis does not fully cover the expected cash outflows from the pension plans, it shows approximately the sensitivity of the assumptions. The same method was applied (present value of the defined pension liabilities calculated using the projected unit credit method at the balance sheet date) as for the calculation of the recognized pension liabilities in the consolidated balance sheet.

6.22 Provisions

Provisions in EUR '000

	Licenses and returns	Litigation costs	Personnel provisions	Provisions for warranties and other obligations	Other provisions	**Total**
Balance at January 1, 2014	3,031	5,103	2,119	1,511	2,012	**13,776**
Foreign currency differences	11	7	4	0	4	**26**
Usage	1,794	538	641	531	130	**3,634**
Reversal	1,220	1,175	1,116	540	121	**4,172**
Accretion of discount/change in discount rate	0	223	5	0	0	**228**
Reclassification	0	0	0	0	0	**0**
Addition	3,487	674	749	996	898	**6,804**
Balance at December 31, 2014	3,515	4,294	1,120	1,436	2,663	**13,028**
thereof non-current	0	325	12	0	0	**337**

The provisions for licenses and returns have been recognized for unbilled licenses attributable to licensors and risks from expected returns of goods for Blu-rays and DVDs sold. The provision for returns is based on an analysis of the contractual or statutory obligations as well as historical trends and the Group's own experience.

Provisions for litigation risks were recognized to meet various pending or threatening processes (e.g. for the pending court proceedings since 2004 and for shareholder lawsuits). On the current status of the main proceedings we refer to the risk report in the management report (page 64).

Personnel provisions contain probable future liabilities arising from the termination of employment contracts in the amount of EUR 482 thousand (2013: EUR 1,484 thousand).

6.23 Income tax liabilities

Income tax liabilities in EUR '000

	Total domestic taxes	thereof trade tax	thereof corporate income tax	Foreign income tax	**Total**
Balance at January 1, 2014	514	358	156	510	**1,024**
Foreign currency differences	0	0	0	17	**17**
Usage	2,598	1,226	1,372	2,195	**4,793**
Reversal	0	0	0	1	**1**
Reclassification	-346	0	-346	937	**591**
Addition	7,893	3,694	4,199	2,268	**10,161**
Balance at December 31, 2014	5,463	2,826	2,637	1,536	**6,999**

6.24 Deferred tax liabilities

Composition of deferred tax liabilities in EUR '000

	12/31/2014	12/31/2013
Intangible assets/film assets	**37,666**	43,927
Trade accounts receivable and other receivables	**2,779**	2,420
Financial liabilities	**349**	529
Advance payments received	**3,322**	2,280
Trade accounts payable and other liabilities	**582**	1,400
Other temporary differences	**480**	369
Total	**45,178**	50,925
Offsetting against deferred tax assets	**-31,889**	-33,492
Deferred tax liabilities, net	**13,289**	17,433

Maturity of deferred tax liabilities in EUR '000

	12/31/2014	12/31/2013
Current deferred tax liabiities	**309**	307
Non-current deferred tax liabilities	**12,980**	17,126
Total	**13,289**	17,433

7. Notes to selected line items in the consolidated income statement

7.1 Sales

The breakdown of sales is presented in the segment reporting in section 9 of these notes. Sales from barter transactions involving dissimilar advertising services amount in the reporting year to EUR 5,054 thousand (2013: EUR 3,512 thousand).

7.2 Capitalized film production costs and other own work capitalized

Capitalized film productions amount to EUR 30,985 thousand (2013: EUR 71,887 thousand). Other own work capitalized in the amount of EUR 1,875 thousand (2013: EUR 2,292 thousand) comprises internally-generated intangible and tangible assets.

7.3 Other operating income

Income from damage claims and settlement agreements mainly comprises income from compensation for copyright infringements.

Income from the reversal of provisions and accrued liabilities is primarily the consequence of the lapse of obligations for licenses as well as the reversal of further provisions and accrued liabilities.

Miscellaneous other operating income consists of a large number of items that cannot be allocated to any of the items shown separately.

Other operating income in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Income from the reversal of provisions and accrued liabilities	**9,525**	15,338
Income relating to other periods	**620**	334
Reversal of bad debt allowances	**2,021**	924
Recharges	**1,500**	1,245
Foreign currency exchange gains	**2,707**	1,807
Income from rents and leases	**134**	130
Income from disposal of liabilities	**108**	3
Income from disposal of fixed assets	**45**	23
Income from damage claims and settlement agreements	**3,933**	5,901
Miscellaneous other operating income	**3,198**	5,677
Total	**23,791**	31,382

7.4 Cost of materials and licenses

Cost of materials and licenses in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Licenses and commissions	**28,091**	30,759
Other cost of materials	**19,828**	25,266
Total costs of licenses, commissions and materials	**47,919**	56,025
Production costs	**159,835**	186,216
Costs of purchased services	**3,581**	2,740
Costs of surplus guarantees in the segment Film	**8,340**	10,967
Other costs of purchased services	**351**	572
Total costs of purchased services	**172,107**	200,495
Total	**220,026**	256,520

7.5 Other operating expenses

Other operating expenses in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Rental, repair and maintenance costs	**12,884**	12,365
Release and promotion expenses	**23,481**	21,661
Advertising and travel costs	**8,461**	8,010
Legal, consulting and auditing costs	**12,770**	17,004
Expenses for additions to bad debt allowance and receivable write-offs	**1,845**	2,090
IT costs	**7,760**	5,969
Administration costs	**2,548**	2,689
Other personnel-related costs	**1,794**	1,918
Insurance, dues and fees	**1,156**	1,174
Expenses relating to other periods	**332**	392
Foreign currency exchange losses	**1,386**	4,394
Vehicle costs	**1,215**	1,182
Bank fees	**200**	240
Expenses for disposal of fixed assets	**41**	75
Miscellaneous other operating expenses	**5,073**	6,611
Total	**80,946**	85,774

Legal, consulting and auditing costs include, amongst others, costs to audit the consolidated financial statements and the individual financial statements, tax consultancy fees and costs for legal consultation in, among other things, on-going court proceedings and copyright infringements.

Release and promotion expenses include the costs of promoting and distributing movies and of releasing home entertainment titles.

Miscellaneous other operating expenses consist of a large number of items that cannot be allocated to any of the items shown separately.

7.6 Financial income

Financial income in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Foreign currency exchange gains	**9,789**	8,051
Gains from changes in the fair value of financial instruments	**155**	544
Other interests and similar income	**1,078**	748
Total	**11,022**	9,343

Other changes in the fair value in the amount of EUR 155 thousand (2013: EUR 231 thousand) are included in the gains from changes in the fair value of financial instruments. In the previous year period also a gain from the sale of a financial instrument measured at fair value from an equity swap transaction in the amount of EUR 313 thousand was realized.

7.7 Financial expenses

Financial expenses in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Interest expenses on corporate bonds (previous year: incl. convertible bond)	**6,892**	6,161
Foreign currency exchange losses	**10,859**	5,520
Loss from changes in the fair value of financial instruments	**298**	461
Write-down on non-current financial assets and non-current securities	**1,683**	2,415
Accretion of discount for liabilities and provisions	**230**	75
Other interests and similar expenses	**4,252**	5,761
Total	**24,214**	20,393

The write-downs on non-current financial assets and non-current securities include in the reporting period primarily an impairment loss on non-current receivables due from the associated company Kuuluu Interactive Entertainment AG in the amount of EUR 1,683 thousand (2013: EUR 2,405 thousand). At the balance sheet date in total EUR 5,175 thousand (2013: EUR 3,475 thousand) of the receivable is impaired.

7.8 Taxes

Taxes comprise income taxes paid or payable in the respective countries and deferred taxes. Income taxes include trade tax, corporate income tax, solidarity surcharge and corresponding foreign income taxes.

The write-downs do not arise from the expiration of tax loss carryforwards, but from too low future taxable profits.

Tax reconciliation in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Result before taxes	**8,446**	-3,140
Expected taxes based on a tax rate of 27.375% (2013: 27.375%)	**-2,312**	859
Differing tax rates	**1,867**	2,482
Reversal/write-down on deferred tax assets	**62**	-1,296
Tax-exempt income	**0**	7
Permanent differences	**-144**	-27
Change in tax rates (subsidiaries)	**-1**	63
Non-deductable expenses	**-3,093**	-2,783
Tax income and expenses relating to other accounting periods	**702**	100
Other effects	**226**	-76
Unrecognized deferred taxes	**-1,809**	-2,591
Impairment of goodwill	**0**	-1
Actual income taxes	**-4,502**	-3,263
Effective tax rate in percent	**53.3**	103.9

8. Disclosures regarding financial risk management

The next table presents the carrying values and fair values for financial instruments according to the respective classes as well as a classification into the different categories of financial instruments pursuant to IAS 39.

Disclosures under IFRS 7: Classes at December 31, 2014 in EUR '000

	Classification category under IAS 39	Net carrying value 12/31/2014	of which not relevant under IFRS 7	(Amortized) at cost	Fair value through profit or loss	**Fair value 12/31/2014**
Assets						
Cash and cash equivalents	LaR	73,680		73,680		**73,680**
Designated cash and cash equivalents	without category	68			68	**68**
Trade accounts receivable	LaR	53,000	-2,185	50,815		**50,815**
Receivables due from associated companies and joint ventures (current and non-current)	LaR	5,272		5,272		**5,272**
Other financial assets (current)						
Available-for-sale financial assets	AfS	1,350		1,350		**–**
Other receivables (current)						
Designated derivative financial instruments	without category	3,022			3,022	**3,022**
Other assets with hedging transactions	without category	154	-154			
Miscellaneous other receivables (current)	LaR	50,218	-17,262	32,956		**32,956**
Non-current receivables	LaR	1,799		1,799		**1,799**
Other financial assets (non-current)						
Financial assets at fair value through profit or loss	FVPL	75			75	**75**
Available-for-sale financial assets	AfS	1,432		1,432		**–**
Liabilities						
Financial liabilities (current and non-current)	OL	165,160		165,160		**170,469**
Trade accounts payable	OL	41,896	-1,362	40,534		**40,534**
Payables due to associated companies and joint ventures (current and non-current)	OL	582		582		**582**
Other liabilities (current and non-current)						
Financial liabilities at amortized cost	OL	65,280	-18,710	46,570		**46,570**
Designated derivative financial instruments	without category	208			208	**208**
Other liabilities with hedging transcations	without category	1,857	-1,857			

Disclosures under IFRS 7: Classes at December 31, 2013 in EUR '000

	Classification category under IAS 39	Net carrying value 12/31/2013	of which not relevant under IFRS 7	(Amortized) at cost	Fair value through profit or loss	**Fair value 12/31/2013**
Assets						
Cash and cash equivalents	LaR	82,918		82,918		**82,918**
Trade accounts receivable	LaR	64,624	-1,990	62,634		**62,634**
Receivables due from associated companies and joint ventures (current and non-current)	LaR	4,374		4,374		**4,374**
Other financial assets (current)						
Financial assets at amortized cost	LaR					
Available-for-sale financial assets	AfS	1,850		1,850		**–**
Other receivables (current)						
Financial assets at fair value through profit or loss	FVPL	230			230	**230**
Designated derivative financial instruments	without category	313			313	**313**
Other assets with hedging transactions	without category	461	-461			
Miscellaneous other receivables (current)	LaR	65,704	-11,036	54,668		**54,668**
Non-current receivables	LaR	1,560		1,560		**1,554**
Other financial assets (non-current)						
Financial assets at fair value through profit or loss	FVPL	185			185	**185**
Available-for-sale financial assets	AfS	16		16		**–**
Liabilities						
Financial liabilities (current and non-current)	OL	233,215		233,215		**238,261**
Designated financial liabilities (current and non-current)	without category	413			413	**413**
Trade accounts payable	OL	51,175	-1,287	49,888		**49,888**
Payables due to associated companies and joint ventures (current and non-current)	OL	21		21		**21**
Other liabilities (current and non-current)						
Financial liabilities at amortized cost	OL	66,609	-16,751	49,858		**49,858**
Financial liabilities at fair value through profit or loss	FLPL	520			520	**520**
Designated derivative financial instruments	without category	704			704	**704**
Other liabilities with hedging transcations	without category	744	-744			

The class of non-current financial assets measured at fair value through profit or loss contains only securities that were designated in past financial years due to the risk management strategy in accordance with IAS 39.9b)ii) as at fair value through profit or loss.

Disclosures under IFRS 7: Categories in EUR '000

	Classification category under IAS 39	Net carrying value	of which not relevant under IFRS 7	(Amortized) at cost	Fair value through profit or loss	**Fair value**
December 31, 2014						
Aggregated by category						
Loans and receivables	LaR	183,969	-19,447	164,522		**164,522**
Available-for-sale financial assets	AfS	2,782		2,782		**–**
Financial assets at fair value through profit or loss	FVPL	75			75	**75**
Financial liabilities at amortized cost	OL	272,918	-20,072	252,846		**258,155**
December 31, 2013						
Aggregated by category						
Loans and receivables	LaR	219,180	-13,026	206,154		**206,148**
Available-for-sale financial assets	AfS	1,866		1,866		**–**
Financial assets at fair value through profit or loss	FVPL	415			415	**415**
Financial liabilities at amortized cost	OL	351,020	-18,038	332,982		**338,028**
Financial liabilities at fair value through profit or loss	FLPL	520			520	**520**

Offsetting

In the case of derivative financial instruments, all existing derivatives with positive or negative fair value with the relevant counterparty will be netted in the event of insolvency in accordance with the contractual agreements and it only remains the net amount as a receivable or liability. As a set-off is legally only enforceable in the event of insolvency and the Group at present time neither has a legal title to set off the amounts nor intents to settle on a net basis, the derivative financial instruments are presented in the consolidated balance sheet on a gross basis.

Information on receivables and liabilities due from/to joint ventures and associated companies are partly presented as net amount in the balance sheet as an unconditional and legally enforceable right exists and the intention is to settle on a net basis.

As of December 31, 2014, like in the previous year, cash and cash equivalents and financial liabilities are presented on a net basis, provided that an unconditional and legally enforceable right exists and the intention is to settle on a net basis.

The following table shows an overview of the offsetting made or contractually provided:

Offsetting at December 31, 2014 in EUR '000

Offsetting financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated balance sheet	Net amounts of financial assets presented in the consolidated balance sheet	Related amounts not set off in the consolidated balance sheet	Net amount
Financial assets at fair value through profit or loss	0	0	0	0	**0**
Derivative financial instruments with hedging transactions	3,013	0	3,013	-208	**2,805**
Receivables due from associated companies and joint ventures (current and non-current)	7,282	-2,010	5,272	0	**5,272**
Cash and cash equivalents	37,338	-117	37,221	0	**37,221**
Total	**47,633**	**-2,127**	**45,506**	**-208**	**45,298**

Offsetting financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated balance sheet	Net amounts of financial liabilities presented in the consolidated balance sheet	Related amounts not set off in the consolidated balance sheet	Net amount
Financial liabilities at fair value through profit or loss	0	0	0	0	**0**
Derivative financial instruments with hedging transactions	208	0	208	-208	**0**
Liabilities due to associated companies and joint ventures (current and non-current)	2,592	-2,010	582	0	**582**
Financial liabilities (current and non-current)	67,686	-117	67,569	0	**67,569**
Total	**70,486**	**-2,127**	**68,359**	**-208**	**68,151**

Offsetting at December 31, 2013 in EUR '000

Offsetting financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabi-lities set off in the consolida-ted balance sheet	Net amounts of financial assets presented in the consolida-ted balance sheet	Related amounts not set off in the consolidated balance sheet	Net amount
Financial assets at fair value through profit or loss	230		230		**230**
Derivative financial instruments with hedging transactions	313		313	-299	**14**
Receivables due from associated companies and joint ventures (current and non-current)	3,404	-1,542	1,862		**1,862**
Cash and cash equivalents	17,154	-6,353	10,801		**10,801**
Total	21,101	-7,895	13,206	-299	**12,907**

Offsetting financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated balance sheet	Net amounts of financial liabi-lities presented in the consoli-dated balance sheet	Related amounts not set off in the consolidated balance sheet	Net amount
Financial liabilities at fair value through profit or loss	520		520		**520**
Derivative financial instruments with hedging transactions	704		704	-299	**405**
Liabilities due to associated companies and joint ventures (current and non-current)	1,542	-1,542	0		**0**
Financial liabilities (current and non-current)	85,063	-6,353	78,710		**78,710**
Total	87,829	-7,895	79,934	-299	**79,635**

Net results
The net results of the respective categories of financial instruments are shown in the overview below:

Net results for the categories under IFRS 7 in EUR '000

	From interests	From subsequent measurement			Others	Net result
2014		Change in fair value	Foreign currency translation	Impairment		
Loans and receivables (LaR)	940		867	-1,507		**300**
Financial assets at fair value through profit or loss (FVPL)						
Designated						
For trading		155	156	-52		**259**
Financial liabilities (OL)	-11,104		-773		6,744	**-5,133**
Financial liabilities at fair value through profit or loss (FLPL)		-246				**-246**
2013						
Loans and receivables (LaR)	730		-2,146	-3,571		**-4,987**
Available-for-sale financial assets (AfS)				-11		**-11**
Financial assets at fair value through profit or loss (FVPL)						
Designated						
For trading	-64	544		-21		**459**
Financial liabilities (OL)	-11,820		2,090		7,116	**-2,614**
Financial liabilities at fair value through profit or loss (FLPL)		-440				**-440**

Impairment losses on loans and receivables (LaR) also include income from appreciations.

The line item others under financial liabilities mainly relates to the effects from the reversal of accrued liabilities.

Management of financial risks
The Group is exposed to various financial risks arising from ordinary business activities and financing activities. Financial risks are sub-classified into the categories liquidity risks, credit risks and market risks (including currency risks and interest risks). These risks are centrally monitored within the Constantin Medien Group. The risk situation is identified by the risk manager in standardized risk reports prepared on the basis of a risk management guideline in effect for the entire Group and reported to the Management Board of Constantin Medien AG. The risk presentation is also outlined in the risk report, which forms a part of the Group management report (chapter 8).

Liquidity risks
A liquidity risk arises if future payment obligations of the Group cannot be covered by liquidity on hand or corresponding credit facilities. To limit this risk, appropriate processes are in place within the Constantin Medien Group that continuously monitor and control cash inflow, outflow and maturities. Constantin Medien AG and the Constantin Medien Group had sufficient liquidity reserves taking into account available short-term credit facilities as of the balance sheet date.

The liquidity risk tables show the maturity structure of non-derivative financial liabilities and present an analysis of cash outflows for derivative financial liabilities and assets. These are undiscounted cash flows.

In general, the Group companies each manage their liquidity autonomously, including current deposits of liquidity surpluses and procurement of loans to bridge liquidity shortages. Constantin Medien AG in part supports its subsidiaries and in part acts as a coordinator with banks for purposes of maintaining the most cost-effective coverage of financial requirements. In addition, the Group's creditworthiness enables the efficient use of capital markets for financing activities. This also includes the ability to issue equity and debt instruments on the capital market. Accordingly, various projects, especially in the film business, and other financing activities such as the purchase of non-controlling interests and the acquisition of treasury stock, can affect the liquidity over time to a varying extent.

Despite unused credit lines, the Group might be forced to borrow third-party capital through the capital market or credit institutions, both to refinance existing liabilities and to finance new projects. Therefore, there is the risk that a deterioration of the economic situation could lead to financing funds not being available or not being available to the extent needed or only being available at distinctly unfavorable conditions. From today's perspective, the extent and conditions of potential third-party sources of financing that might be available are uncertain.

Liquidity risk at December 31, 2014 in EUR '000

December 31, 2014	Net carrying value	Cash flow 2015 Interest fixed	Cash flow 2015 Interest variable	Cash flow 2015 Repayment	Cash flow 2016 Interest fixed	Cash flow 2016 Interest variable	Cash flow 2016 Repayment
Non-derivative financial liabilities							
Financial liabilities	**165,160**	6,243	528	67,569	5,397		33,864
Other non-interest-bearing liabilities	**87,686**			87,646			20
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship							
Currency derivatives under fair value hedges	**208**			4,727			
Other derivatives							
Derivative financial assets							
Derivatives without a hedge relationship							
Currency derivatives under a hedge relationship	**3,022**			31,218			

December 31, 2014	Net carrying value	Cash flow 2017-2019 Interest fixed	Cash flow 2017-2019 Interest variable	Cash flow 2017-2019 Repayment	Cash flow 2020-2024 Interest fixed	Cash flow 2020-2024 Interest variable	Cash flow 2020-2024 Repayment
Non-derivative financial liabilities							
Financial liabilities	**165,160**	9,100		65,000			
Other non-interest-bearing liabilities	**87,686**			20			
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship							
Currency derivatives under fair value hedges	**208**						
Other derivatives							
Derivative financial assets							
Derivatives without a hedge relationship							
Currency derivatives under a hedge relationship	**3,022**						

Liquidity risk at December 31, 2013 in EUR '000

		Cash flow 2014			Cash flow 2015		
December 31, 2013	**Net carrying value**	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities							
Financial liabilities	**233,628**	8,035	1,051	123,988	8,035		29,000
Other non-interest-bearing liabilities	**99,767**			99,709			20
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**365**			9,643			
Currency derivatives under fair value hedges	**704**			24,882			
Other derivatives	**0**			0			
Derivative financial assets							
Derivatives without a hedge relationship	**230**			7,785			
Currency derivatives under a hedge relationship	**313**			14,848			

		Cash flow 2016-2018			Cash flow 2019-2023		
December 31, 2013	**Net carrying value**	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities							
Financial liabilities	**233,628**	14,088		82,539			
Other non-interest-bearing liabilities	**99,767**			40			
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**365**						
Currency derivatives under fair value hedges	**704**						
Other derivatives	**0**						
Derivative financial assets							
Derivatives without a hedge relationship	**230**						
Currency derivatives under a hedge relationship	**313**						

Credit risks

A credit risk exists when the debtor is unable to meet a repayment obligation for a receivable at all or on time or where there is a loss in the value of assets received as collateral and thereby cause a financial loss. The credit risk includes the direct counterparty risk and the risk of credit deterioration.

Financial institutions with which the Constantin Medien Group conducts business must have good credit ratings. Moreover, possible risks on liquid funds are minimized by allocating bank deposits among several financial institutions. Furthermore, potential default risks on customer receivables are regularly evaluated and, if required, valuation allowances for bad debt are recognized. Also the default risks of key customers of the Constantin Medien Group are continuously monitored. In addition, the Company insures the risk of default caused by insolvency of a debtor by obtaining credit checks in material cases. The Group therefore assesses the credit quality of receivables that are neither overdue nor impaired to be satisfactory.

Risks from the international distribution of film licenses are minimized by only entering into transactions with counterparties with reliable credit ratings, rights are only transferred to the counterparty upon payment or transactions are entered into with appropriate collaterals (e.g. letters of credit).

The maximum credit risk of the Constantin Medien Group is equal to the carrying values of the financial assets.

Fair value

The following table presents an allocation of financial assets and liabilities measured at fair value, or fair values to be disclosed in the notes according to the three-level fair value hierarchy:

Fair value hierarchy at December 31, 2014 in EUR '000

		Fair value			
	Net carrying value	Level 1	Level 2	Level 3	**Total**
Financial assets					
Derivative financial instruments	3,022		3,022		**3,022**
Cash and cash equivalents with hedging transaction	68		68		**68**
Financial assets at fair value through profit or loss	75	75			**75**
Non-current financial receivables	414		414		**414**
Financial liabilities					
Non-current financial liabilities	97,591	66,625	36,275		**102,900**
Derivative financial instruments	208		208		**208**

Fair value hierarchy at December 31, 2013 in EUR '000

	Net carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Derivative financial instruments	543		543		**543**
Financial assets at fair value through profit or loss	185	185			**185**
Non-current receivables	689		683		**683**
Financial liabilities					
Financial liabilities at fair value through profit or loss	520		520		**520**
Non-current financial liabilities	109,640	94,870	19,816		**114,686**
Financial liabilities with hedging relationships	413		413		**413**
Designated derivative financial instruments	704		704		**704**

For the determination of the fair value the own credit risk and the credit risk from the counterparty have been taken into account according to the Group's accounting and valuation principles (see note 4.3)

There have been no reclassifications with the exception of the investment property between the individual categories of the fair value hierarchy. If circumstances arise which require a different classification, those are reclassified on a quarterly basis.

Fair value of financial assets and liabilities

Financial assets measured at fair value through profit or loss which are included in level 1 are determined by quoted prices. Derivative financial instruments included in level 2 are measured at current market prices. To determine the fair value of financial instruments in level 2, a discounted cash flow method has been applied.

Financial assets and liabilities measured at amortized cost

Due to the short maturity at the balance sheet date, the carrying amounts of current financial assets or liabilities correspond almost to the fair value. A difference between the amortized cost and fair value exists for a non-current financial receivable and for non-current financial debt.

The fair value of the non-current corporate bond 2013/2018 accounted for at amortized cost is equivalent to the XETRA-closing rate at the balance sheet date, and is therefore included in level 1.

The fair value of the loans from a private investor accounted for at amortized cost was determined using the discounted cash flow method. The discount rates adopted correspond to the market yield curve of a German government bond at the balance sheet date. As the market interest rate is the most significant input factor and thus deemed to be observable, the fair value is classified in level 2 of the fair value hierarchy.

The fair value of a non-current receivable due from a third party accounted for at amortized cost was determined using the discounted cash flow method. The discount rates adopted correspond to the market yield curve of a German government bond at the balance sheet date. As the market interest rate is the most significant input factor and thus deemed to be observable, the fair value is classified in level 2 of the fair value hierarchy. The remaining non-current receivables are discounted according to their maturity.

Fair value of non-financial assets and liabilities

As of December 31, 2014, with the exception of the investment property (see note 6.4), which is measured at fair value, no non-financial assets and non-financial liabilities have been measured at fair value. On December 31, 2014 there was a change within the fair value hierarchy from level 2 to level 3.

The fair value of the property was determined as of December 31, 2014 by the company's management, with the support of an independent valuation specialist using the discounted cash flow method. A discount rate of 5.0 percent was applied and estimated projected rental income and expenses as well as vacancy rates have been used. Thus, the property is assigned to the level 3 of the fair value hierarchy. The fair value is supported by a separate third-party opinion. To date, the fair value was classified within level 2. The input factors used by an expert in determining the fair value were observable market parameters based on comparable transactions. As of December 31, 2014 the calculated fair value is equivalent to the existing carrying value.

Market risks

Market risks are deemed to be risks from exchange rate and interest rate fluctuations and other risks arising from changes in a price base.

Currency risk

The Constantin Medien Group is exposed to currency risks as part of its ordinary business activities. This primarily relates to the US dollar, the CAN dollar, the Swiss franc and, due to the subsidiaries with their functional currency denominated in the Swiss franc, the Euro. Exchange rate fluctuations can give rise to undesired and unforeseeable profit and cash flow volatility.

Each subsidiary is subject to risks associated with exchange rate fluctuations when it transacts with international contractual partners and as a result incurs future cash flows that do not correspond to the functional currency of the respective subsidiary. The Constantin Medien Group does not transact business activities in currencies that are classed as particularly risky.

In the financial year 2014, translation differences in the amount of EUR 250 thousand (2013: EUR -56 thousand) were recognized in the income statement.

Regarding material transactions, mainly in US dollar, CAN dollar and Swiss franc, the Group aims to minimize the currency risk through the use of appropriate derivative and non-derivative financial instruments. Derivative financial instruments are entered into with credit institutions. The financial instruments largely relate to future foreign currency cash flows for film projects and loans. The Group monitors to ensure that the amount of the hedging does not exceed the underlying transaction.

In the current financial year, the Constantin Medien Group has entered into a series of forward exchange contracts and currency swap contracts for hedging purposes. As far as possible these hedging relationships are accounted for as fair value hedges. The hedged items primarily relate to pending purchases of rights and sales (firm commitments) in US dollar.

In addition, forward exchange contracts were purchased to economically hedge recognized foreign currency receivables and foreign currency liabilities as well as to hedge dividend payments of foreign subsidiaries of Constantin Entertainment GmbH.

As of December 31, 2014, forward exchange contracts were designated as hedging instruments in fair value hedges in the amount of EUR 37,272 thousand (2013: EUR 39,729 thousand). The fair value of these forwards totals EUR 3,022 thousand (2013: EUR 313 thousand) or EUR -208 thousand (2013: EUR -704 thousand) and arises from the difference between the forward rate on the date the transaction is concluded and the market value of the forward contract on the balance sheet date. The market value changes of the forward contracts and the pending or recognized hedged items are recognized in opposite amounts in the income statement. The income statement effect of changes in the fair values of the hedged item and the hedging instrument are shown net in the income statement in case of an effective hedging relationship.

The profit and loss recognized in the operating result in 2014 for carrying value adjustments made to the hedged items amounted to EUR 208 thousand or EUR -3,022 thousand (2013: EUR 704 thousand or EUR -313 thousand). Gains and losses arising from the changes in the fair values of hedging transactions of EUR 3,022 thousand or EUR -208 thousand (2013: EUR 313 thousand or EUR -704 thousand) were recognized in the operating result.

Gains/losses from cash flow hedges and from hedges of net investments in a foreign operation did not arise.

The line item financial liabilities with hedging relationship included in the prior year the following: To hedge against currency risks foreign currency payables were used as hedging instruments. These served to hedge against at present off-balance sheet fixed claims in US dollars. The hedging relationships were presented as fair value hedge. The fair value of the foreign currency payables totals EUR 413 thousand. Expenses arising from the change in the fair value of the hedged item of EUR 413 thousand and income from the change in the fair value of the hedging instrument of EUR 413 thousand were recognized in the financial result. The effects of the changes in the fair value of the underlying and hedging transaction on the result were reported in the same line item of the income statement because this was an effective hedging relationship.

The line item cash and cash equivalents with hedging transaction includes the following: To hedge against currency risks foreign currency cash and cash equivalents are used as hedging instruments. These serve to hedge against at present off-balance sheet firm commitments in US dollars. The hedging relationships are presented as fair value hedge. The fair value of the foreign currency cash and cash equivalents totals EUR 68 thousand (2013: EUR 0 thousand). Expenses arising from the change in the fair value of the hedged item of EUR 68 thousand (2013: EUR 0 thousand) and income from the change in the fair value of the hedging instrument of EUR 68 thousand (2013: EUR 0 thousand) were recognized in the financial result. The effects of the changes in the fair value of the underlying and hedging transaction on the result were reported in the same line item in the income statement because this is an effective hedging relationship.

The nominal amounts and the fair values of derivative instruments held as of December 31, 2014 and 2013 which are not designated in hedge relationships are as follows:

Derivative financial instruments at December 31, 2014 in EUR '000

	12/31/2014		12/31/2013	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange transactions sale				
CAD	–	–	1,806	104
USD/CAD-Swap	–	–	3,499	-152
Forward exchange transactions buy				
USD	–	–	2,412	-17
CAD	–	–	1,830	-131
CAD/USD-Swap	–	–	7,880	60

Interest risk

Interest risk generally arises when market interest rates fluctuate, which could improve or deteriorate the proceeds from deposits or payments for money borrowed. Furthermore, an interest fluctuation risk arises from the mismatching of maturities; this risk is actively monitored by the Group, especially through observation of the trend of the interest yield curve.

The interest fluctuation risk for the Group relates predominantly to financial liabilities. At the present time, the Constantin Medien Group has available variable interest-bearing current financial liabilities and fixed interest-bearing non-current financial liabilities. The Group currently does not utilize financial instruments to hedge the interest fluctuation risk, but for certain short-term bank overdraft liabilities interest pooling arrangements exist.

In times of rising interest rates, fixed interest agreements offer a corresponding hedge 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 drawing and repayment, fixed interest conditions provide adequate planning assurance. By contrast, for credit agreements with high flexibility variable interest rate agreements allow to take into account future fluctuations in credit drawing (for more explanations regarding financial liabilities see note 6.18). There is also the option of establishing a fixed interest base through interest hedges where necessary.

Other price risks

Other price risks are defined as the risk that the fair value or future payments of a financial instrument may fluctuate due to changes in the 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. There is no hedging of such financial assets.

Sensitivities

The sensitivity analysis shows the impact of possible changes in market rates of interest on earnings or equity. Changes in the market rates of interest affect interest income and interest expense for variable interest-bearing financial instruments. The interest sensitivity analysis has been prepared on the assumption of a change in the market rate of interest by plus 100 base points or minus 100 base points. For cash and cash equivalents the decrease of the variable interest rates was calculated only with 30 base points, because interest rates are not negative.

Sensitivity analysis in EUR '000

			Currency risk											
	Interest rate risk		EUR/USD		CHF/EUR		EUR/CHF		EUR/CAD		Total		Other price risks	
December 31, 2014	-1%	+1%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
Financial assets														
Cash and cash equivalents	-221	737	194	-159	-1,550	1,268	2,026	-1,657	5	-4	675	-552		
Trade accounts receivable			7	-6	-510	417			2	-2	-501	409		
Receivables due from asoociated companies and joint ventures					-274	224					-274	224		
Other financial assets			142	-142					150	-123	292	-265	-7	7
Other receivables without forward exchange transactions			81	-66					1,707	-1,397	1,788	-1,463		
Forward exchange transactions			3,322	-2,718							3,322	-2,718		
Financial liabilities														
Trade accounts payable			-118	96	156	-128	-3	3			35	-29		
Payables due to asoociated companies and joint ventures														
Other liabilities without forward exchange transactions			-1,207	988	96	-79					-1,111	909		
Financial liabilities	676	-676	-164	134			-2,402	1,965	-1,513	1,238	-4,079	3,337		
Forward exchange transactions			-264	216					-283	232	-547	448		
Total increase/decrease	**455**	**61**	**1,993**	**-1,657**	**-2,082**	**1,702**	**-379**	**311**	**68**	**-56**	**-400**	**300**	**-7**	**7**

An increase would result in additional income before taxes of EUR 61 thousand (2013: additional expense of EUR 411 thousand). An equivalent decrease in interest would result in an increase in earnings before taxes of EUR 455 thousand (2013: additional income of EUR 966 thousand).

The currency sensitivities were calculated from the Group's perspective for the major currency pairs EUR/USD, CHF/EUR, EUR/CHF and EUR/CAD on the assumption that the exchange rate underlying the currency pair would change by 10 percent upwards or downwards and all other parameters would remain unchanged. Translation risks are not part of the sensitivity analysis. The table above presents the impact of changes in the exchange rate by 10 percent on pre-tax earnings. The closing rate was used in the sensitivity analysis.

Other price risks of other financial assets as of December 31, 2014 relate to designated securities under the fair value option. Assuming a fluctuation of +/- 10 percent in the market value of the securities, the impact on earnings is EUR +/-7 thousand (2013: EUR +/-19 thousand).

Other price risks in connection with the change in the market value of assets held for sale of 10 percent that would lead to a decrease or increase in equity (other reserves) did not arise as of December 31, 2014 (2013: EUR 0 thousand).

Sensitivity analysis in EUR '000

			Currency risk											
	Interest rate risk		EUR/USD		CHF/EUR		EUR/CHF		EUR/CAD		**Total**		**Other price risks**	
December 31, 2013	-1%	+1%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
Financial assets														
Cash and cash equivalents	-274	829	1,332	-1,089	-1,076	882	1,023	-837	37	-30	1,316	-1,074		
Trade accounts receivable			467	-382	-509	417					-42	35		
Receivables due from asoociated companies and joint ventures					-279	228					-279	228		
Other financial assets									206	-168	206	-168	-19	19
Other receivables without forward exchange transactions			2,045	-1,673	-33	27			4,256	-3,483	6,268	-5,129		
Forward exchange transactions			-956	782					-839	687	-1,795	1,469		
Non-current receivables					-4	3					-4	3		
Financial liabilities														
Trade accounts payable			-286	235	191	-156	-2	2			-97	81		
Other liabilities without forward exchange transactions			-1,287	1,052	315	-258					-972	794		
Financial liabilities	1,240	-1,240	-1,183	968			-1,088	890	-2,765	2,262	-5,036	4,120		
Forward exchange transactions			3,662	-2,997					1,045	-855	4,707	-3,852		
Total increase/decrease	**966**	**-411**	**3,794**	**-3,104**	**-1,395**	**1,143**	**-67**	**55**	**1,940**	**-1,587**	**4,272**	**-3,493**	**-19**	**19**

9. Segment reporting

The segment information presented below is based on the management approach.

The Company's Management Board, as the chief operating decision maker, makes decisions about the allocation of resources to the segments and still assesses their success on the basis of key indicators for sales and segment result. The Management Board does not assess the segments on the basis of assets and liabilities.

Based on the internal management reporting system and the underlying organizational structure of the internal reporting, the Group is still classified into the four operating segments Sports, Film, Sports- and Event-Marketing and Other Business Activities.

The **Segment Sports** primarily comprises activities in the areas TV, online/mobile and digital sports radio under the umbrella brand SPORT1 and the activities of the PLAZAMEDIA group in the production area. Marketing is conducted by Sport1 Media GmbH (formerly Constantin Sport Marketing GmbH).

The **Segment Film** contains the activities of Constantin Film AG and its subsidiaries as well as the Highlight Communication's subsidiaries Rainbow Home Entertainment (without Pokermania GmbH). The business activities encompass the production of films, the exploitation of in-house productions and acquired film rights as well as the distribution of theatrical, DVD-/Blu-ray- and television films.

The **Segment Sports- and Event-Marketing** consists of the activities of Team Holding AG, which markets as its main project the UEFA Champions League through its subsidiaries. Additional marketing projects are the UEFA Europa League and the UEFA Super Cup.

The **Segment Other Business Activities** currently only consists of the activities of Highlight Event & Entertainment AG and Pokermania GmbH. The field of activities mainly comprises the event marketing for the Eurovision Song Contest and the Vienna Philharmonic Orchestra as well as the contribution of services within the areas of social gaming and gaming machines. At the level of Constantin Medien AG, the companies Highlight Event & Entertainment AG and Pokermania GmbH do not represent an independent reportable segment since the financial information of Highlight Event & Entertainment AG and Pokermania GmbH is not examined by the chief operating decision maker and is not assessed with respect to its business success. As a result, the activities of Highlight Event & Entertainment AG and Pokermania GmbH are reported as Other Business Activities.

Others contains the administrative functions of the holding company Constantin Medien AG.

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

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

The following table shows the eliminations of intersegment relations in the reconciliation column.

Segment reporting 2014 in EUR '000

	Sports	Film	Sports- and Event-Marketing	Other Business Activities	Others	Recon-ciliation	**Group**
External sales	148,248	295,618	41,092	2,874	0	0	**487,832**
Intercompany sales	211	0	0	36	0	-247	**0**
Total sales	148,459	295,618	41,092	2,910	0	-247	**487,832**
Other segment income	7,025	47,683	1,614	458	4,516	-4,645	**56,651**
Segment expenses	-151,793	-334,179	-26,380	-4,930	-10,680	4,892	**-523,070**
thereof scheduled amortization and depreciation	-4,007	-90,380	-656	-745	-215	0	**-96,003**
thereof impairments	-106	-5,864	0	0	0	0	**-5,970**
Segment result	3,691	9,122	16,326	-1,562	-6,164	0	**21,413**
Non-allocated items							
Earnings from investments in associated companies and joint ventures							**225**
Financial income							**11,022**
Financial expenses							**-24,214**
Profit before taxes							**8,446**

Segment reporting 2013* in EUR '000

	Sports	Film	Sports- and Event-Marketing	Other Business Activities	Others	Recon-ciliation	**Group**
External sales	147,400	268,334	39,687	2,877	0	0	**458,298**
Intercompany sales	251	2,707	0	144	0	-3,102	**0**
Total sales	147,651	271,041	39,687	3,021	0	-3,102	**458,298**
Other segment income	9,896	89,235	291	927	10,673	-5,461	**105,561**
Segment expenses	-160,750	-355,590	-25,811	-7,226	-15,181	8,563	**-555,995**
thereof scheduled amortization and depreciation	-5,968	-66,242	-782	-1,173	-245	0	**-74,410**
thereof impairments	-58	-10,767	0	-941	0	0	**-11,766**
Segment result	-3,203	4,686	14,167	-3,278	-4,508	0	**7,864**
Non-allocated items							
Earnings from investments in associated companies and joint ventures							**46**
Financial income							**9,343**
Financial expenses							**-20,393**
Loss before taxes							**-3,140**

* The prior year figures have been adjusted (see details in note 2.1, Changes in accounting and valuation principles)

Segment information by geographical region 2014 in EUR '000

	Germany	Rest of Europe	Rest of the world	**Total**
External sales	277,329	169,491	41,012	**487,832**
Non-current assets	172,220	53,225	0	**225,445**

Segment information by geographical region 2013 in EUR '000

External sales	273,364	158,122	26,812	**458,298**
Non-current assets	210,726	49,449	224	**260,399**

In the reporting year, the Constantin Medien Group generated more than 10 percent of total sales with one customer (2013: one customer).

Sales with customers

	1/1 to 12/31/2014		1/1 to 12/31/2013	
	in EUR '000	in percent	in EUR '000	in percent
Sales with customer A (Segment Film/Segment Sports)	51,673	10.6	49,998	10.9
Sales with other customers	436,159	89.4	408,300	89.1
Total sales	**487,832**	**100.0**	**458,298**	**100.0**

10. Financial commitments, contingent liabilities and other financial commitments

10.1 Overview

An overview of the financial commitments, contingent liabilities and other financial commitments is presented in the table on the next page:

10.2 Financial commitments

Guarantees totaling EUR 9,000 thousand have been issued to various TV stations for service productions as of December 31, 2014 (2013: EUR 9,000 thousand). Since no evidence exists that militates against a contractual completion of the secured service productions, it is not expected that significant actual liabilities will result from these financial commitments.

Financial commitments, contingent liabilities and other financial commitments in EUR ‘000

	Financial commitments	Contingent liabilities	Acceptance obligations for licenses	Other financial commitments	Rental and lease obligations	**Total**
Balance at December 31, 2014						
Due within one year	9,000	0	28,723	18,152	8,619	**64,494**
Due between one and five years	0	0	39,452	25,146	11,402	**76,000**
Due after five years	0	0	0	89	0	**89**
Total	9,000	0	68,175	43,387	20,021	**140,583**
Balance at December 31, 2013						
Due within one year	9,000	0	45,767	19,267	8,030	82,064
Due between one and five years	0	0	60,992	27,380	13,980	102,352
Due after five years	0	0	0	1,208	0	1,208
Total	9,000	0	106,759	47,855	22,010	185,624

10.3 Acceptance obligations for licenses
Acceptance obligations for licenses include EUR 42,795 thousand (2013: EUR 65,153 thousand) for broadcasting and transmission rights of Sport1 GmbH.

In addition, in signing license agreements, the Group ensures its access to future film rights. Financial obligations arise in the future from the purchase of film rights or from productions underway, which amount to EUR 25,380 thousand (2013: EUR 41,606 thousand).

10.4 Other financial commitments
Other financial commitments include EUR 11,206 thousand (2013: EUR 7,386 thousand) from the development of in-house productions.

10.5 Rental and lease obligations
The Constantin Medien Group rents and leases office space, storage space, vehicles and equipment. Total rental and lease expenses amounted to EUR 8,939 thousand for the financial year 2014 (2013: EUR 8,350 thousand).

The following minimum lease payments exist as of December 31, 2014, calculated based on the non-cancellable duration of the respective contracts.

Obligations under operating leases in EUR ‘000

	Rent for buildings and office space	Vehicle leases	Others	**12/31/2014**	12/31/2013
Due within one year	7,976	332	311	**8,619**	8,030
Due between one and five years	10,694	266	442	**11,402**	13,980
Due after five years	0	0	0	**0**	0
Total	18,670	598	753	**20,021**	22,010

11. Relationships with related companies and persons

The Company maintains relations as part of the ordinary business activities with associated companies and joint ventures as well as companies that are controlled by Members of the Supervisory Board. Receivables due from associated companies and joint ventures include in some cases loans, which have arisen from non-binding financing activities of operational projects (see also note 7.7). The volume of actual transactions in the reporting period can be seen in the following table:

Relationships with related companies and persons in EUR '000

Joint ventures	**12/31/2014**	12/31/2013
Receivables	**2,802**	1,862
Liabilities	**582**	0
	1/1 to 12/31/2014	1/1 to 12/31/2013
Sales and other income	**8,716**	9,829
Cost of materials and licenses and other expenses	**8,213**	10,147
Associated companies	**12/31/2014**	12/31/2013
Receivables	**2,470**	2,512
Liabilities	**0**	21
	1/1 to 12/31/2014	1/1 to 12/31/2013
Sales and other income	**117**	6
Cost of materials and licenses and other expenses	**69**	139
Other related companies and persons	**12/31/2014**	12/31/2013
Receivables	**0**	0
Liabilities	**0**	46
Provisions	**25**	200
	1/1 to 12/31/2014	1/1 to 12/31/2013
Sales and other income	**0**	0
Legal and consulting expenses	**283**	513

There were no business relationships between Constantin Medien AG and associated companies and joint ventures in the financial year 2014 and in the previous year. Transactions with associated companies and joint ventures were made by the Highlight Communications group. Transactions with other related persons and companies mainly include the following relationships:

There existed a consultancy agreement between the Constantin Film group and Fred Kogel GmbH covering license trading, TV-/service productions and film distribution, which was cancelled with effect from September 30, 2014. Expenses amounted to EUR 258 thousand in the financial year 2014 (2013: EUR 300 thousand). Liabilities amount to EUR 0 thousand as of December 31, 2014 (2013: EUR 25 thousand).

Moreover, a liability due to Mr Fred Kogel of EUR 21 thousand existed in the prior year, related to his former function as a member of the Supervisory Board of Constantin Film AG.

There exists a consultancy agreement between Constantin Medien AG and the Sozietät Kuhn Rechtsanwälte. In the reporting year, expenses are incurred in the amount of EUR 25 thousand (2013: EUR 213 thousand). Liabilities amount to EUR 0 thousand as of December 31, 2014 (2013: EUR 0 thousand). A provision in the amount of EUR 25 thousand (2013: EUR 200 thousand) exists for services not yet billed. In mid January 2015, the agreement was amended retroactively to December 1, 2014. The new agreement with an indefinite duration provides that a fixed compensation lump sum of EUR 25,000 per month – instead of the legal fees – will apply to the legal work and advice by the lawyers of the firm as of December 1, 2014. The lump-sum payment may exceed the statutory compensation in accordance with the provisions of the law on the remuneration of lawyers (RVG). But, should the legal fees in accordance with the provisions of the RVG be above the lump-sum payment in terms of the subject, then the legal fees in accordance with the provisions of the RVG prevail and have to be paid.

The consultancy agreement between Sport1 Media GmbH (formerly Constantin Sport Marketing GmbH), Sport1 GmbH, Sky Deutschland Fernsehen GmbH & Co. KG and Dr Dieter Hahn, which has been signed in the financial year 2013, was terminated due to the cancellation of the transaction (see note 2.1). Consulting services were not provided under this agreement.

Constantin Medien AG is asserting, out of court and/or in court, the rights granted in a debtor warrant in the context of an agreement dated February 17, 2003 for the sale and transfer of the holding in Speed Investments Ltd. to BayernLB Motorsport Ltd., with the help of a rights association of former Formula One shareholders – Civil rights Association. The shareholders of the rights association have made an agreement regarding the distribution of proceeds after deducting the costs of asserting the rights if the claims are recovered successfully.

On February 20, 2014, the High Court of Justice in London dismissed the proceedings of Constantin Medien AG against Bernard Ecclestone and others as unfounded and refused the appeal on March 27, 2014. On November 5, 2014, the Court of Appeal in London announced that after an oral hearing, the legal remedy of Constantin Medien AG against the non-admission of the appeal was dismissed. In connection with the dismissed action, Constantin Medien AG and the other shareholders of the rights association in the Formula One proceedings agreed on a cost distribution, which was settled in December 2014. The process in the United Kingdom is terminated. Constantin Medien will continue to pursue its rights and considers the necessary steps.

Related persons comprise the Management Board and Supervisory Board and their relatives. All transactions with related companies and persons are carried out on an arm's-length basis. Explanations regarding remuneration of the Members of the Management Board and Supervisory Board are presented under note 13.4.

12. Subsequent events after the balance sheet date

On January 23 and 30, 2015, Highlight Communications AG has increased its interest in the already fully consolidated Highlight Event & Entertainment AG gradually from 68.986 percent to 71.93 percent. The purchase price for the new shares amounted to EUR 808 thousand.

On February 13, 2015, 90 percent of the previously held shares in the at-equity accounted joint venture Mister Smith Entertainment Ltd., London, were sold. The buyer also acquires pro rata the assets and liabilities of the company. It remains a participation amounting to 5 percent of the company.

13. Other information and disclosures

13.1 Audit fees

Other operating expenses include expenses due to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft as the Group auditor according to the following table:

Audit fees in EUR '000

	2014	2013
Audit of statutory and consolidated financial statements	**502**	557
Audit-related services	**5**	35
Tax consulting fees	**25**	56
Total	**532**	648

Expenses are estimated to be incurred in the additional amount of EUR 29 thousand (2013: EUR 30 thousand).

13.2 German Corporate Governance Code

The Management Board and the Supervisory Board of Constantin Medien AG have agreed to apply the German Corporate Governance Code applicable to listed companies. Only a few exceptions were noted to the recommendations for compliance. The declaration of compliance pursuant to § 161 AktG (Stock Corporation Act) is published on the Company's homepage under www.constantin-medien.de.

13.3 Number of employees

The average annual number of employees within the Group developed as follows.

Number of employees

	2014	2013
Salaried employees	**1,229**	1,174
Freelancer	**317**	369
Total	**1,546**	1,543

13.4 Executive bodies of the Company

Management Board

- Bernhard Burgener, Zeiningen/Switzerland (Chief Executive Officer)
- Antonio Arrigoni, Feldkirchen (Chief Financial Officer)
- Fred Kogel, Straßlach-Dingharting (since October 1, 2014; Chief Officer Production, Process Management, Integration)

Bernhard Burgener is a member of the following control bodies, Supervisory Boards and Board of Directors:

- Chairman of the Supervisory Board of Constantin Film AG, Munich (member since January 1, 2014; chairman since January 7, 2014)
- President and Delegate of the Board of Directors of Highlight Communications AG, Pratteln/Switzerland
- President of the Board of Directors of Highlight Event & Entertainment AG, Lucerne/Switzerland
- President of the Board of Directors of Highlight Event AG, Lucerne/Switzerland
- 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 Rainbow Home Entertainment AG, Pratteln/Switzerland
- President of the Board of Directors of Constantin Film Schweiz AG, Pratteln/Switzerland
- President of the Board of Directors of Constantin Entertainment AG, Pratteln/Switzerland
- President of the Board of Directors of KONTRAPRODUKTION AG, Zurich/Switzerland
- President of the Board of Directors of Mood Factory AG, Pratteln/Switzerland
- President of the Foundation Board of T.E.A.M. pension foundation, Lucerne/Switzerland
- Member of the Board of Directors of Escor Automaten AG, Düdingen/Switzerland
- President of the Board of Directors of PLAZAMEDIA Swiss AG, Pratteln/Switzerland
- Delegate of the Board of Directors of Paperflakes AG, Pratteln/Switzerland
- President of the Board of Directors of Lechner Marmor AG, Laas/Italy
- Member of the Board of Directors of CBE Marmor & Handels AG, Ibach/Switzerland
- Member of the Board of Directors of Club de Bâle SA, Basel/Switzerland
- President of the Board of Directors of Inside World Football IWF AG, Pratteln/Switzerland

Antonio Arrigoni is a member of the following Supervisory Board and Board of Directors:

- Member of the Board of Directors of Highlight Communications AG, Pratteln/Switzerland

Fred Kogel is a member of the following Supervisory Board and Board of Directors:

- Chairman of the Advisory Council of Constantin Entertainment GmbH, Ismaning

Remuneration of the Management Board

Total remuneration of the Members of the Management Board for the financial year 2014 amounts to EUR 2,082,701 (2013: EUR 1,422,148).

Inflow in 2014 in EUR

	Fixed remuneration	Fringe benefits	Multiyear variable remuneration	Other payments	**Total remuneration**
Bernhard Burgener	450,000	0	0	1,212,454	**1,662,454**
Antonio Arrigoni	800,000	20,506	0	8,232	**828,738**
Fred Kogel (since October1, 2014)	175,000	0	0	53,751	**228,751**

A pro rata provision in the amount of EUR 225,000 and EUR 400,000, respectively, has been recognized for the multi-year variable remuneration amounts for the Management Board Members, Bernhard Burgener and Antonio Arrigoni. The payment of which depends on future events and according to the dutiful discretion of the Supervisory Board. The amount of the provision takes into account the maximum bonus amount.

Furthermore, Mr Fred Kogel receives contribution in the amount of EUR 12,195 in connection with his contractual payment entitlements from the stock appreciation rights for the 2014 financial year (see note 6.15).

Inflow in 2013 in EUR

	Fixed remuneration	Fringe benefits	Annual variable remuneration	Other payments	**Total remuneration**
Bernhard Burgener	450,000	0	0	1,396,924	**1,846,924**
Antonio Arrigoni	600,000	22,148	200,000	8,124	**830,272**

Other payments to Mr Bernhard Burgener relate to his activities performed in his function as Chairman of the Supervisory Board of Constantin Film AG and also as President and Delegate of the Board of Directors, respectively, as well as Member of the Board of Directors of various companies in the Highlight Communications group. Other payments to Mr Antonio Arrigoni relate to compensation for his activities performed as Member of the Board of Directors of Highlight Communications AG. Other payments to Mr Fred Kogel relate to the remuneration for his activities performed as Chief Officer TV, Personnel, Process Management and Integration in the Management Board of Constantin Film AG since October 1, 2014.

The Management Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities in favor of Management Board Members.

Supervisory Board

- Dr Dieter Hahn, Managing Director, KF 15 GmbH, Munich (since July 30, 2014 Chairman)
- Fred Kogel, Producer, Straßlach-Dingharting (until July 30, 2014 Chairman)
- Dr Bernd Kuhn, Attorney, Kanzlei KUHN Rechtsanwälte, Munich (since July 30, 2014 Deputy Chairman)
- Werner E. Klatten, Attorney, Hamburg (until July 30, 2014 Deputy Chairman)
- Jan P. Weidner, Consultant, Leonardo & Co. GmbH, Frankfurt am Main
- Andrea Laub, Managing Director, STARnetONE and Director Finance & Operations Burda Style Group Munich
- René Camenzind, Entrepreneur and Memeber of Board of Directors, Brunnen/Switzerland (since July 30, 2014)
- Jean-Baptiste Felten, Managing Director, Felten & Cie AG, Berlingen/Switzerland (since July 30, 2014)

Remuneration of the Supervisory Board

Total remuneration of the Members of the Supervisory Board for the reporting year amounted to EUR 281,745 (2013: EUR 311,066).

Remuneration of the Supervisory Board in EUR

	Fixed remuneration	Multiyear variable remuneration	Other payments	**Total remuneration**
2014				
Dr Dieter Hahn (since July 30, 2014 Chairman)	48,986	0	54,596	**103,582**
Fred Kogel (until July 30, 2014)	40,466	0	0	**40,466**
Dr Bernd Kuhn (since July 30, 2014 Deputy Chairman)	31,329	0	0	**31,329**
Werner E. Klatten (until July 30, 2014)	20,233	0	0	**20,233**
Jan P. Weidner	30,000	0	0	**30,000**
Andrea Laub	22,110	0	0	**22,110**
René Camenzind (since July 30, 2014)	8,438	0	17,149	**25,587**
Jean-Baptiste Felten (since July 30, 2014)	8,438	0	0	**8,438**
2013				
Fred Kogel	72,534	0	30,000	**102,534**
Werner E. Klatten	37,534	0	0	**37,534**
Jan P. Weidner	30,000	0	0	**30,000**
Dr Erwin Conradi (until July 4, 2013)	12,671	0	20,310	**32,981**
Dr Dieter Hahn	30,000	0	40,620	**70,620**
Dr Bernd Kuhn	27,534	0	0	**27,534**
Andrea Laub (since July 4, 2013)	9,863	0	0	**9,863**

Other payments in the previous year to Mr Fred Kogel relate to his activity performed as Chairman of the Supervisory Board of Constantin Film AG. Other payments to Dr Dieter Hahn relate to his activities performed on the Supervisory Board of Constantin Film AG as well as on the Board of Directors of Highlight Communications AG. Other payments to Mr René Camenzind relate to his activity performed on the Board of Directors of Highlight Communications AG.

The Supervisory Board Members received neither loans nor advancements from Constantin Medien AG. Constantin Medien AG did not enter any contingent liabilities in favor for the Members of the Supervisory Board.

Like in the previous year, subscription rights, stock-based remuneration and option rights that give entitlement to the subscription of Constantin Medien AG shares did not arise for the Supervisory Board Members.

Ismaning, March 23, 2015
Constantin Medien AG

Bernhard Burgener
Chief Executive Officer

Antonio Arrigoni
Chief Financial Officer

Fred Kogel
Chief Officer Production, Process Management, Integration

Responsibility Statement

Responsibility Statement
”To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Constantin Medien Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Constantin Medien Group, together with a description of the principal opportunities and risks associated with the expected development of the Constantin Medien Group.”

Ismaning, March 23, 2015
Constantin Medien AG

Bernhard Burgener
Chief Executive Officer

Antonio Arrigoni
Chief Financial Officer

Fred Kogel
Chief Officer Production, Process Management, Integration

Auditor’s Report

“Auditor’s Report

We have audited the consolidated financial statements prepared by the Constantin Medien AG, Ismaning, comprising the statement of financial position, the statement of comprehensive income, 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 company for the business year from January 1, 2014 to December 31, 2014. 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 23, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	**Katharina Deni**
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Assets (HGB)

Balance Sheet at December 31, 2014 in EUR '000

	12/31/2014	12/31/2013
Fixed assets		
EDP programs, brand name	**204**	346
Other equipment, plant and office equipment	**81**	110
Shares in affiliated companies	**176,537**	192,538
Investments	**0**	7
	176,822	193,001
Current assets		
Trade accounts receivable		
thereof with a remaining term of more than one year TEUR 0 (previous year TEUR 0)	**7**	12
Receivables from affiliated companies		
thereof with a remaining term of more than one year TEUR 0 (previous year TEUR 0)	**8,175**	5,740
Other assets		
thereof with a remaining term of more than one year TEUR 18 (previous year TEUR 26)	**1,070**	289
Other securities	**0**	965
Cash on hand and bank balances	**20,462**	25,625
	29,714	32,631
Prepaid expenses	**228**	110
Deferred tax assets	**3,228**	3,238
Total assets	**209,992**	228,980

Equity/Liabilities (HGB)

Balance Sheet at December 31, 2014 in EUR '000

	Pre-column	**12/31/2014**	12/31/2013
Equity			
Subscribed capital			
Conditional capital TEUR 35,000	93,600		
Less nominal value of treasury stock	0	**93,600**	85,131
Capital reserve		**185,836**	183,718
Other revenue reserves		**5,910**	5,910
Accumulated loss		**-185,547**	-183,049
		99,799	91,710
Accruals			
Tax accruals		**0**	118
Other accrued expenses		**7,809**	7,400
		7,809	7,518
Liabilities			
Corporate bond			
thereof convertible TEUR 0 (previous year TEUR 0)			
thereof with a remaining term of up to one year TEUR 3,154 (previous year TEUR 3,738)		**68,154**	98,738
Trade accounts payable			
thereof with a remaining term of up to one year TEUR 172 (previous year TEUR 275)		**172**	275
Liabilities to affiliated companies			
thereof with a remaining term of up to one year TEUR 1 (previous year TEUR 11,590)		**1**	11,590
Other liabilities			
thereof with a remaining term of up to one year TEUR 139 (previous year TEUR 1,498)			
thereof from taxes TEUR 116 (previous year TEUR 1,474)		**34,043**	19,097
		102,370	129,700
Deferred income		**14**	52
Total equity and liabilities		**209,992**	228,980

Income Statement (HGB)

January 1 to December 31, 2014 in EUR '000

	1/1 to 12/31/2014	1/1 to 12/31/2013
Sales	**1,916**	2,393
Other operating income	**2,940**	16,123
Wages and salaries	**-4,372**	-4,151
Social security, pension and retirement plan costs thereof for retirement plans TEUR 1 (previous year TEUR 0)	**-334**	-371
Personnel expenses	**-4,706**	-4,522
Amortization of intangible assets and depreciation of tangible assets	**-232**	-262
Amortization and depreciation	**-232**	-262
Other operating expenses	**-6,402**	-12,171
Operating result	**-6,484**	1,561
Investment income	**3,454**	3,084
Income from profit transfer agreements	**7,863**	0
Write-ups to financial assets and to other securities	**0**	472
Interest and similar income thereof from affiliated companies TEUR 134 (previous year TEUR 71) thereof income from discounting TEUR 19 (previous year TEUR 5)	**346**	626
Write-downs of financial assets and of other securities	**0**	-12
Interest and similar expenses thereof for affiliated companies TEUR 18 (previous year TEUR 733) thereof expenses from discounting TEUR 230 (previous year TEUR 75)	**-7,931**	-8,175
Expenses for losses absorbed	**0**	-8,368
Financial result	**3,732**	-12,373
Result from ordinary activities	**-2,752**	-10,812
Extraordinary income	**49**	0
Extraordinary result	**49**	0
Income taxes	**208**	-113
Other taxes	**-2**	-1
Net loss for the year	**-2,497**	-10,926
Loss brought forward from the previous year	**-183,049**	-172,123
Accumulated loss	**-185,546**	-183,049

Finance Calendar 2015

March 24, 2015
Annual Report 2014

May 2015
Report for the first quarter of 2015

June 10, 2015
Annual General Meeting (AGM) for the financial year 2014

August 2015
Interim Financial Report 2015

November 2015
Report for the third quarter of 2015

Imprint

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Edited by
Constantin Medien AG Communication/Accounting/
Investor Relations
Frank Elsner Kommunikation für Unternehmen GmbH,
Westerkappeln

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