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NOTE:

We draw attention to the fact that the German Annual Report 2007 is the only legally binding version.

	01.01. – 31.12.2006¹⁾	01.01. – 31.12.2007
	€ million	€ million
Sales	262.7	225.0
of which in-house productions	236.7	178.9
of which third-party productions	26.0	46.1
EBITDA	99.9	81.7
Gross profit	33.5	32.0
Operating result	14.2	12.4
Result attributable to the shareholders of the parent company	7.7	6.2
Investments in film assets	64.2	79.1
Depreciation of film assets	84.6	68.2
	31.12.2006	31.12.2007
Film assets	170.8	181.7
Equity	68.8	74.6
Balance sheet total	308.4	333.3
Employees (number)	232	300
Earnings per share in € (undiluted and diluted)	0.60	0.49

1) The figures for the period 01.01. – 31.12.2006 and as per December 31, 2006 have been adjusted as described in the notes to the consolidated financial statements page 65 ff.

Constantin Film



Dear shareholders,
dear friends of Constantin Film AG,

2007 was a very challenging year: 5.7 per cent lower sales were recorded during the past theatrical year. German films accounted for 18.9 per cent of the market, a reduction of 6.9 per cent over the previous year. These figures are a cause for concern, but they are no surprise. This development has already been apparent for a number of years now. There has never been any dispute about the fact that the theatrical market goes through cycles and involves parameters that cannot be influenced. The flood of film releases – almost 500 again last year – combined with the poor quality of many films and general reluctance on the part of Germans to go to the cinema are tremendous challenges for our industry. New incentives must be created, movie theatres need to become a more attractive place to meet again. This process includes progress with digitisation and the provision through technologies like 3D projection of an alternative to comfortable living rooms with Dolby Surround and HD quality – although what are essential in this context more than anything else are attractive films.

In the theatrical and television production field, initial successful steps were taken last year to establish a long overdue joint association of all German theatrical and TV producers – known as the “alliance of German producers – film and television”. The central goal of the alliance is to liaise on developing and maintaining a consistent position as an independent representative of the interests of the German producers

of film, television and other audiovisual products in a media world that is subject to constant, rapid change. At both the national and international level, the alliance of German producers – film & television is therefore to promote the interests of the producers with respect to the political community, exploitation companies, collective agreement partners and all the institutions in the media and culture industry, in order to create fair conditions for the production and media market in general both effectively and efficiently. The alliance was established on January 19, 2008.

The home entertainment and TV production operations accounted for most of Constantin Film AG’s business last year. The home entertainment market in Germany grew again slightly in 2007 from an already high level. Although it will take a great deal more time to establish new technologies like Blu ray on a comprehensive basis, it can be assumed that home entertainment will be a very promising area of operation for Constantin Film AG in future too, with a strong basic business. Since numerous film rights will be returning to the company in the coming years, it can be expected that the growth prospects in the important home entertainment catalogue business will be good, if the market conditions remain constant. The gradual return of the Constantin Film library in the coming years will continue to have a positive impact on TV rights sales, i.e. our licence trading operations, too.

◀ The Management Board
of Constantin Film AG
(from left to right):
HANNES BEESE
FRANZ WOODTLI
MARTIN MOSZKOWICZ
FRED KOGEL

► FOREWORD by the Management Board of Constantin Film AG

In connection with these licence trading operations, we were very interested to note the investment that Rupert Murdoch's News Corp. made in the Premiere television channel at the beginning of 2008. It would be a welcome development if the German pay TV business was strengthened considerably in the coming years and at long last reached a comparable status to pay TV in such countries as France and Great Britain.

In recent years, there have already been clear signs that the German TV service production market is suffering from more and more intense pressure from the private stations in particular. This is due to increasing cost pressure from the stations but also to the taste of German TV viewers, who have unfortunately turned their backs on many German fiction TV series programmes emphatically in the last 12 months in particular. We continue to hold a very good position on the TV service production market in spite of this development. Steady expansion of the production operations in other European countries – specially in the entertainment field – is therefore a priority for us.

The clear alignment of our company, our team of creative and qualified staff and the proven, intensive contacts we have established and maintained over decades to key people and companies in the media business all over the world are important factors that will help Constantin Film AG to continue operating successfully.

Our attractive theatrical distribution programme, the intensive development and production operations and ongoing integration of all areas of the company will be making further positive contributions to this process in the current year too.

We are therefore planning sales of at least €230 million and a positive operating result of at least €12 million in 2008.

We would like to thank you for the confidence you have placed in us and for your loyalty to us.

Scene from: ►►
LA VIE EN ROSE
(theatrical release:
February: 22, 2007)
with Oscar® prize-
winner Marion Cotillard
in the leading part



► FRED KOHEL / Chairman of the Management Board;
licence trading, distribution and marketing,
legal affairs, human resources,
TV entertainment, corporate communications
and investor relations



► MARTIN MØSZKOWICZ / production



► HANNS BEESE / finance and accounting



► FRANZ WOODTLI / home entertainment



The Supervisory Board carried out its advisory and control assignment throughout the 2007 fiscal year. The Management Board kept the Supervisory Board informed promptly and in detail by providing oral and written reports. The Supervisory Board and the Management Board remained in close contact above and beyond this as well.

All the main issues of business policy, particularly the economic development of the company, strategy and planning, relevant business events and business transactions that required approval, were reviewed and discussed intensively, in detail, analytically and empirically on the basis of reports by the Management Board at the 4 ordinary meetings held in the 2007 fiscal year as well as in written decision-making processes, including discussion of these issues with the Management Board too. On several occasions in the 2007 fiscal year, the Supervisory Board exercised its right to inspect the company's books, other documentation and assets.

At regular intervals during the 2007 fiscal year, the Supervisory Board focussed on analysing the commercial exploitation of the company's films in the theatrical and home entertainment operations in particular. The difficult market environment for theatrical exploitation and the impact of this on the company's strategy were discussed in detail with the Management Board. The company's feature film production operations, in connection with which budget proposals, earnings forecasts and artistic elements were discussed with reference to a large number of projects, were again another emphasis. Minimisation of the risks associated with film production was given high priority by the Supervisory Board. Further expansion of the TV service production operations was another subject that was given close attention. The Supervisory Board dealt with the accounting changes made in the 2007 fiscal year in accordance with IAS 11 and IAS 20 as well.

The Supervisory Board also reviewed the ongoing development of corporate governance by the company and its compliance with the recommendations of the German Corporate Governance Code. The statement specified in § 161 of the German Companies Act (AktG) that has been issued by the Management Board and the Supervisory Board is being made available to the shareholders on a permanent basis in the Internet (www.constantinfilm.de). There is a general production

agreement with Bernd Eichinger, one of the members of the Supervisory Board; individual production and/or authorship contracts are concluded for each of his projects. A production contract about the project **Der Baader Meinhof Komplex** was concluded with Mr Eichinger in the 2007 fiscal year on the basis of the general production contract. The Supervisory Board approved the conclusion of this production contract. Individual production contracts are concluded with Professor Dr Günter Rohrbach, one of the members of the Supervisory Board, on a project basis. A production contract about the project **Anonyma – Eine Frau in Berlin** and a production contract about the project **Effi** were concluded with him in the 2007 fiscal year. The Supervisory Board approved the conclusion of these production contracts. In each case, the Supervisory Board reviewed whether it is possible for these activities as producer to lead to conflicts of interest in the activities of the member of the Supervisory Board concerned or for the company. The Supervisory Board is convinced that no major conflicts of interest will arise. Any potential conflicts of interest are avoided by the member of the Supervisory Board concerned abstaining when a vote is taken by the Supervisory Board on any resolutions associated with the implementation of one of the above-mentioned projects.

The Supervisory Board has only formed one committee, the Audit Committee. Following the end of both the 2006 fiscal year and the 2007 fiscal year, the Audit Committee reviewed the financial statement documents of Constantin Film AG and the Group, checked the risk monitoring system, discussed the audit reports with the auditor and reported to the complete Supervisory Board about its review. It met a total of four times in the 2007 fiscal year. In this context, the Audit Committee kept itself informed at regular intervals about the "Quality Close" project initiated by the company and dealt with the accounting changes made in this connection.

At the request of the Supervisory Board, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, audited the bookkeeping records, the financial statements, the consolidated financial statements and the combined management report about the company and the Group for the 2007 fiscal year. On the basis of his audit, the auditor issued an unqualified certificate in each case. The financial statements, the consolidated financial statements and the

combined management report about the company and the Group as well as the audit reports by the auditor and the proposal made by the Management Board about appropriation of the retained earnings were submitted to and examined by the Supervisory Board. The Supervisory Board discussed these documents in detail at the meeting it held for this purpose in the presence of the auditor, who presented a report about the main outcome of his audit, and took the report by the Audit Committee into consideration in this context. The Supervisory Board approved the results of the audit. No objections to the financial statements, the consolidated financial statements and the combined management report about the company and the Group for the 2007 fiscal year were raised after the Supervisory Board subsequently completed its own internal review either. At its meeting on April 14, 2008, the Supervisory Board approved the financial statements of Constantin Film AG submitted by the Management Board and the consolidated financial statements; the financial statements of Constantin Film AG have therefore been adopted. Following a review involving consideration of the interests of the company and the shareholders, the Supervisory Board is also in agreement with the proposal made by the Management Board about appropriation of the retained earnings.

The Management Board compiled its report about the relationships between the company and affiliated companies and submitted it to the Supervisory Board with the report prepared about it by the auditor. The auditor issued the following unqualified certificate:

"On the basis of the audit and evaluation we have made in accordance with professional standards, we confirm that

1. the factual details of the report are correct,
2. the payments made by the company in respect of the legal transactions listed in the report were not unreasonably high,
3. there are no reasons to make a significantly different assessment from the Management Board with respect to the measures outlined in the report."

The auditor took part in the discussions held by the Supervisory Board about the report on the relationships to affiliated companies and presented a report about the main results of his audit. The Supervisory Board saw no need to raise any objections after it completed its review of the report by the Management Board and the audit report by the auditor; the Supervisory Board approves the results of the audit by the auditor. Following the completion of its review, the Supervisory Board does not have any objections to the statement made by the Management Board at the end of the report about the relationships between Constantin Film AG and affiliated companies.

The Supervisory Board would like to express its thanks to the Management Board of Constantin Film AG, to the directors of its subsidiaries and affiliated companies and to all the company staff for their hard work in 2007.

Munich, April 14, 2008



► BERNHARD BURGNER / Chairman of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD*

BERNHARD BURGNER / Chairman // Chairman of the Board of Highlight Communications AG

BERND EICHINGER / Deputy Chairman // Film producer

MARC CONRAD // Film producer

DR PAUL GRAF // Businessman, Secretary General of the Board of Highlight Communications AG

PROFESSOR DR GÜNTER ROHRBACH // Independent producer

MARTIN WAGNER // Lawyer

* See also the notes to the consolidated financial statements, page 104



COMPANY PORTRAIT – STRENGTHS AND STRATEGY

Constantin Film was set up in 1977 by Bernd Eichinger, who is still the company's most important theatrical film producer. Constantin Film has always succeeded in attracting millions of enthusiastic film fans with German and international film productions. Box office successes like **Der bewegte Mann**, **Werner – Das muss kesseln!**, **Rossini oder die mörderische Frage, wer mit wem schlief** or **The Superwife** are just a few of the early theatrical hits. Constantin Film made a name for itself on the international market with such international in-house productions as **The Neverending Story** or **The Name of the Rose**. They were followed by further global hits such as **The House of the Spirits** or the action horror thriller trilogy **Resident Evil**.

4 of the top 10 German blockbusters of the last 20 years were produced or co-produced by Constantin Film; 21 of the top 50 German theatrical films since 1988 were released to theatres by the company. 13 of the 30 most successful German theatrical films of the past 10 years were distributed by Constantin Film. (Source: Top 50 List since 1988, SPIO statistics)

In the past 7 years, Constantin Film has led the independent German distribution market by a long way, consistently competing at the same level as the German theatrical distribution operations of the major US studios in this context too. In the 2007 distribution year, Constantin Film reached a market share of 7.7 per cent with more than 8.6 million box office admissions. Constantin Film therefore managed to top the list of independent German distributors again with a long lead in 2007, which was in general a challenging theatrical year. Every third ticket that was bought at theatres last year for a German film was for a film distributed by Constantin Film. (Source: SPIO statistics)

The film highlights that Constantin Film has released in recent years include, for example, the most successful German film ever (**Manitou's Shoe**) and the sensational blockbuster from 2004 **Dreamship Surprise – Period 1**. The outstanding Bernd Eichinger productions **Perfume – The Story of a Murderer** and **Downfall**, the film that was nominated for an Oscar®, and the Oscar® winner **Nowhere in Africa** by director Caroline

Link were box office successes, as were our in-house productions **The White Masai**, **Siegfried, Mädchen, Mädchen!** or **Neues vom Wixxer**. Excellent admission figures have been recorded with the family entertainment productions **Hui Buh – Das Schlossgespenst**, **Der Räuber Hotzenplotz** and **Das Sams in Gefahr** in the last few years too. Constantin Film reached top positions in the theatrical charts with the distribution of such international blockbusters as **The Sixth Sense** and **American Pie** – the most successful film in 2000 – or **Sleepy Hollow**. The art house films we distribute satisfy the increasing demand for sophisticated, high-quality products as well, making Constantin Film German market leader in this sector with such theatrical films as **8 Women**, **Lost in Translation**, **The Passion of the Christ** or **The Chorus**, a film that was also nominated for an Oscar®.

One of Constantin Film's most important strategic objectives is to maintain the consistently high level achieved in the national and international in-house production operations. What this means for 2008 is that Constantin Film Produktion will probably complete about 7 to 8 productions in the German-speaking theatrical in-house and co-production field and probably two productions at the international level. International products in particular have become increasingly important in Constantin Film Produktion's in-house production operations in recent years.

Constantin Film AG's German in-house and co-production partners include many well-known and experienced producers, such as Bernd Eichinger, Uschi Reich, Bavaria Filmproduktion and Peter Zenk, Professor Dr Günter Rohrbach, Reinhard Klooss, Herman Weigel, Ulrich Limmer's collina Filmproduktion, the two producers Max Wiedemann and Quirin Berg as well as Sönke Wortmann and Tom Spieß with their production company Little Shark Entertainment. The Constantin Film subsidiaries and affiliated companies are important partners too. They include Olga Film with the producers Molly von Fürstenberg, Harry Kügler and Viola Jäger, MOOVIE – The art of entertainment with Oliver Berben and Carlo Rola and Christian Becker's Rat Pack Filmproduktion and Westside Filmproduktion. In the international projects, Constantin Film counts on successful co-operation with, for example, the producer Robert Kulzer in Los Angeles and the subsidiary Impact Pictures with the producers

◀ Scene from:
DIE WILDEN HÜHNER
UND DIE LIEBE
(theatrical release:
April 5, 2007)
with Michelle von
Treuberg,
Paula Riemann and
Jette Hering

Paul W.S. Anderson and Jeremy Bolt. Longstanding intensive contacts to the most important nationally and internationally respected authors, directors and actors are another elementary feature of Constantin Film's successful film business. The company has developed exceptional know-how that is unique in Germany in the production financing field in recent years and takes advantage of all the sources of funding that are available at international level for its products in order to minimise the risks involved. This makes it possible to arrange customised financing concepts according to the particular requirements of the individual productions.

Constantin Film has developed very positively in the area of advance sales and global marketing of the German and international productions in recent years. Most of the productions are sold abroad directly or via sales companies. Here too, Constantin Film has what is exceptional know-how by German standards as well as longstanding contacts to the companies Summit Entertainment, Beta Cinema, Atlas International and Celluloid Dreams.

Constantin Film has a highly respected and successful position in the production operations for fiction TV programmes with its subsidiaries Olga Film, MOOVIE – The art of entertainment, Rat Pack Filmproduktion, Westside Filmproduktion and the wholly-owned subsidiary Constantin Television. Constantin Entertainment, which has been part of the Constantin Group since September 2003, is one of the German market leaders in the TV show and TV entertainment production field. Another important move to broaden the TV production capacity is the joint venture PolyScreen, which was established at the beginning of 2007 by Constantin Film AG together with Polyphon Film und Fernsehgesellschaft. The purpose of the joint venture is to liaise on the development and production of high-quality entertainment formats in the television play and entertainment fields.

Constantin Film obtains the roughly 10 to 15 films per year that are required to make its distribution business a success and to spread risk appropriately not only from the very important in-house production operations but also from the acquisition of individual licences from our many longstanding production partners in Germany and elsewhere. The

strategic significance of this licence trading has increased enormously, not only because of the expansion of internal capabilities but also because of market developments. It has, however, become more difficult for German companies to acquire licences for the German-speaking countries over the years. This is due essentially to 2 factors: on the one hand, international purchase prices have gone up again because of the increase in competition and greater demand outside Germany in particular. In addition to this, there is a general lack of good, commercial films. On the other hand, the market in Germany has developed into a buyer's market for the TV stations because of the oligopolistic structure of the TV market and the few slots for feature films. This means that the TV stations frequently carry out their licence trading operations themselves nowadays.

Throughout the past few years, Constantin Film has nevertheless intensified and professionalised the TV licence acquisition operations very successfully. Whereas the licensing of practically all of Constantin Film's TV rights was carried out by KirchMedia in the past, Constantin Film AG has been responsible for complete exploitation at all rights levels since July 1, 2004. With the new general licensing contracts concluded in 2007 with Premiere Fernsehen GmbH & Co. KG and Disney Channel, Deutschland, about the Constantin Film in-house and co-productions and about the sale of pay TV rights to numerous international licensed films and with the output contract for in-house and co-productions concluded with ProSiebenSat.1 in the free TV field, Constantin Film has kept the biggest German television providers as long-term partners.

An important strategic broadening of the core business has been achieved with the in-house marketing of home entertainment. In cooperation with Highlight Communications AG and the sales organisation of Paramount Home Entertainment, Constantin Film is exploiting what is in the meantime a steadily growing library with more than 160 DVD rights from in-house productions and licensed films independently. Since we entered the market on January 1, 2004, we have succeeded in establishing the "Constantin Film" brand as one of the leading independent programme suppliers on the German-speaking home entertainment market.

THE 5-SECTOR STRATEGY

The Chief Executive Officer Fred Kogel, who was appointed to the Management Board in April 2003, announced a broadening of Constantin Film AG's business base in August 2003. The aim of the addition of 3 further areas of operation (licence trading, in-house exploitation of video and DVD rights and intensification of TV service production, particularly TV entertainment) to the classic production and distribution operations was to reduce the inherent volatility of the film business (which is due to the high level of dependence on the product), to expand the core business purposefully and to continue strengthening Constantin Film's leading position on the European media market. The 5-sector strategy already began to fulfil its potential for the first time in 2004, when considerable success was achieved. Since it was a difficult

theatrical year, the broader business focus was put to a tough test in 2005 – and Constantin Film AG's 5-sector strategy proved to be an emphatic success. Broadening the business base was shown to be the right move to maintain the company's position as one of the most important German media players on a difficult market in 2006 as well. The 5-sector strategy introduced in 2003, that involves concentration on production, distribution and licence trading as the core areas of operation, has proved to be correct to this day. In view of the constant changes in market requirements, the strategy continues to need regular adaptation and a high degree of flexibility on the part of Constantin Film AG, however.

Here is an outline of Constantin Film AG's 5-sector strategy:



- National film production (German market leader) and international film production for in-house distribution and the world market
- Service productions
- Special know-how about film funding



- Entertainment production (German independent market leader)
- Fiction TV production
- Internationalisation: licensing and production in European countries outside Germany



- Exploitation (own label) in co-operation with Highlight Communications AG



- Obtainment of licences
- VOD, PPV, PPC
- Free TV



- Leading independent German theatrical film distribution company



THE STOCK MARKETS IN 2007: POSITIVE RESULTS IN SPITE OF TURBULENCE

The German stock market continued the positive development it enjoyed in 2006 smoothly in January 2007 and the central index DAX performed encouragingly in the first month of the new year. The market was supported primarily by the positive development of the US stock markets. The DAX maintained the strong uptrend that started in mid-2006 at the beginning of February too. The index succeeded in setting new highs for the year of more than 7,000 points during this period. The buoyant mood that had dominated the international stock markets for many months changed at the end of February, however. Reasons for this were the increasing debate about ongoing economic prospects, the share price losses on the Chinese stock markets and interest / exchange rate speculations ("carry trades"). This led to substantial share price losses, cancelling out the increases made by the DAX in the previous weeks. The stock markets were volatile in early March, before a strong rally began, which took the central German index back up towards the 7,000 point mark.

The German stock market then developed very well throughout April, recording large share price increases. This extremely encouraging performance was due not only to the strong stimuli from the USA but also to a positive set of corporate results both in the USA and Europe. The M&A speculations affecting practically all industries proved to be share price drivers too. The German stock market benefitted in addition from the positive economic data for the Eurozone and for Germany in

particular. Almost all the research institutes revised their forecasts for GDP growth in Germany upwards considerably, for example. The speed of the DAX uptrend increased in May – substantial share price increases took the index to the psychologically important 8,000 point mark at the end of the month and thus at the same time close to the all-time high of 8,136 points that was reached in March 2000. Although the DAX continued the positive development in the following month, the index remained below the old all-time high in a very volatile trading market.

In July, the DAX succeeded in continuing the uptrend initially and finally managed to exceed the old historical high on July 13, 2007, when it reached 8,151 points. A consolidation phase started at the end of July, however, and the difficult situation on the US mortgage market in particular led to large drops in share prices and a considerable increase in volatility at the end of the month. The German stock market stabilised again somewhat at the beginning of August. It received support from the US stock markets, where the Dow Jones and Nasdaq Composite recorded moderate share price increases. However, the dominant issues on the stock markets continued to be the crisis on the US mortgage market and investors' fear of a domino effect and thus of the crisis spreading to the entire financial sector and other parts of the business community. In the middle of the month, negative company reports then fuelled investors' fears again, with the result that the DAX dropped to below 7,250 points. As the month continued, the Fed (US central bank) and other central banks made sure the fears of a credit squeeze were allayed by cutting interest rates and injecting liquidity; this led to substantial share price

◀ Scene from:
LISSI UND DER WILDE
KAISER
(theatrical release:
October 25, 2007)
by successful producer
Michael Bully Herbig

rallies on the stock markets. Following some further volatility in the first two weeks of September, a late-summer rally even began and the DAX moved emphatically back towards the 8,000 point range.

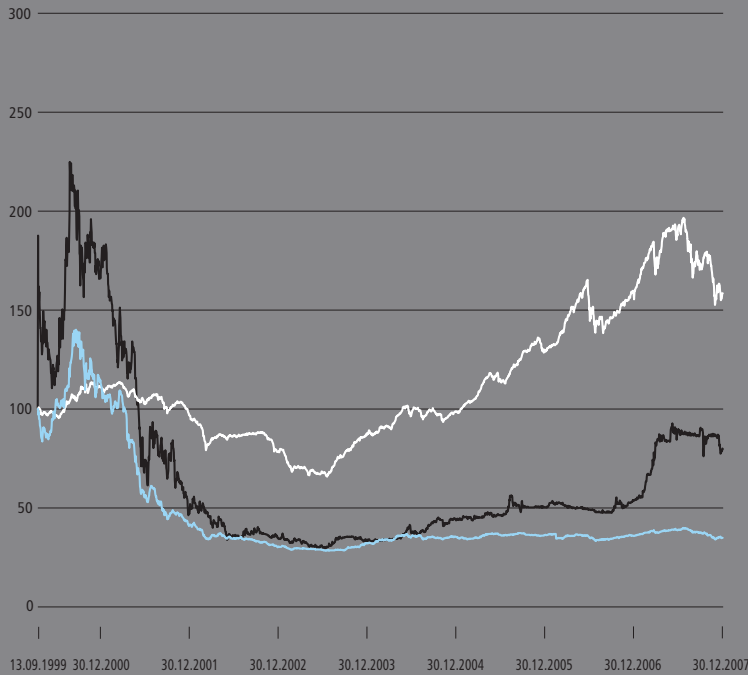
The German stock market held up well in October. The DAX continued to rise and reached the old all-time highs in the range between 8,050 and 8,150 points again. The US sub-prime crisis was still the dominant issue on the stock markets. The fact that most of the quarterly figures published during the reporting season were positive was a particular help in boosting share prices. The oil price, which increased substantially by a good 13 per cent in October, proved to be an increasingly negative factor, on the other hand.

The DAX then came under considerable pressure at the beginning of November, however. This was due mainly to new record marks reached by the euro (in relation to the US dollar) and crude oil prices as well as to the debate about an economic slowdown in the USA. As a consequence of this, the index dropped back below the 7,500 point mark for a time. Towards the end of the month, the DAX succeeded in climbing back up to 7,890 points – helped by renewed speculation about US interest rate cuts – so that a good basis was created here for the traditional year-end rally on the European and German stock exchanges.

In December, the German stock market was pulled in different directions between hopes of a reduction in US interest rates and deteriorations in the US growth prospects. Developments were volatile around a level between 7,800 and 8,100 points. The DAX reached 8,067 points on December 28 and thus only just fell short of its historical high, recording an increase of 22 per cent since the beginning of the year.

What were even more impressive in 2007 were the increases in the prices of the secondary German shares in the TecDAX: the technology share index increased by more than 30 per cent over the year. Only the mid-cap index MDAX managed growth of no more than just under 5 per cent. All in all, however, German shares outperformed the major comparable European indices like the EuroStoxx 50 (plus 7 per cent), the Paris Stock Exchange (Cac 40 index: plus 4 per cent) or London (FTSE 100: plus 8 per cent). The US stock exchanges lagged behind the German stock markets too: the Dow only increased by somewhat more than 6 per cent, whereas the technology stock exchange Nasdaq Composite at least achieved growth of 19 per cent.

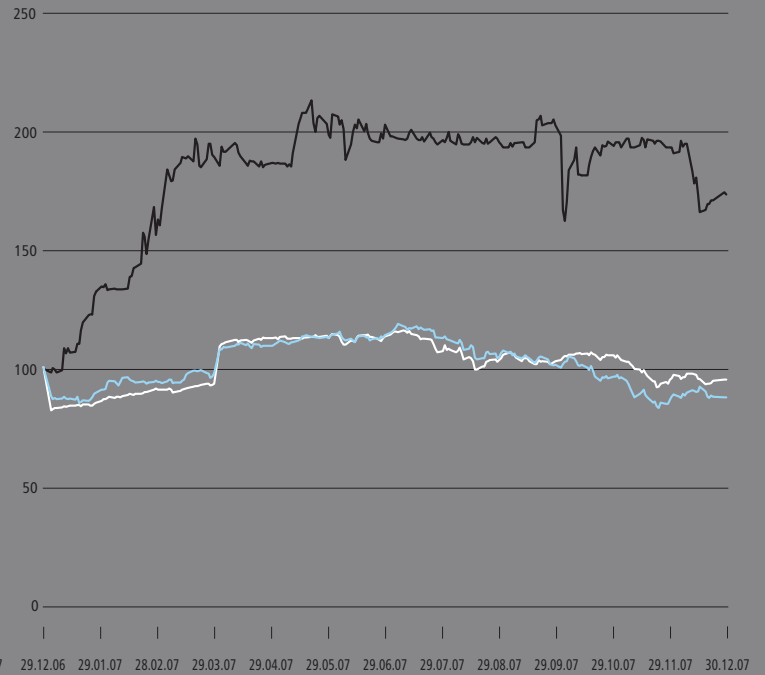
PERFORMANCE COMPARISON from 13.09.1999 to 31.12.2007 / in per cent



13.09.1999 / Issue price € 29.00

31.12.2007 / Final price € 21.30

PERFORMANCE COMPARISON from 31.12.2006 to 31.12.2007 / in per cent



31.12.2006 / Final price € 12.20

31.12.2007 / Final price € 21.30

- Constantin Film Xetra weighted
- SDAX Performance Index weighted
- Prime Media Performance Index weighted

SECURITIES IDENTIFICATION NUMBER 580080

**International Securities Identification Number ISIN:
DE0005800809**

THE CONSTANTIN FILM SHARE

The overall development of the Constantin Film share, which is listed in the Prime Standard, was extremely encouraging in 2007. It experienced an impressive price rally in the first 3 months in particular. While the share was still trading at a level of €12 at the beginning of the year, it was already testing the 24 euro mark at the end of March. This rapid development was driven primarily by speculation about a possible squeeze-out and delisting of the share by the major shareholder Highlight Communications.

At the beginning of the 2nd quarter, the share price moved sideways at the high level it had already reached, until the share succeeded in getting over the 25 euro mark in mid-May. On May 21, it reached €26.21, the highest level in 2007 and at the same time the highest level since January 2001. In June, the share price proved to be more volatile in a price range between €23.00 and €25.50. A sound sideways movement at a level of around €24.00 started in July and lasted until September. The share price did not gain much momentum again until the 2nd half of September, when the Constantin Film shareholder Highlight Communications AG reported the acquisition of a batch of shares that took its total shareholding to more than 95 per cent. This suggested the possibility of a squeeze-out again and the share succeeded in breaking through the 25 euro mark.

One single issue dominated the media community at the end of September: the comeback of Leo Kirch. This fact not only caused a stir throughout the media industry as a whole; due to the direct connection with Constantin Film's parent company Highlight Communications AG, another consequence was speculation about a possible sale of Constantin Film by the Swiss majority shareholder. The share lost considerable value at the beginning of October, even dropping below the 20 euro mark for a short period of time. Because the rumours about a sale were not confirmed, the situation calmed down again in the following days, however, and the share price managed to recover and settle at a level between €22.00 and €24.00.

From the 2nd week of October onwards, the Constantin Film share moved sideways in a stable development at this level. However, when it became

very clear in mid-December that the theatrical industry would be ending 2007 down on the previous year, this had an impact on the price of the Constantin Film share too. Further rumours about a sale led to uncertainty among small shareholders as well. In the penultimate trading week of the year, the share dropped back below the 21 euro mark, but managed to rally a little shortly before the end of the year.

The final price of the Constantin Film share on December 28 was €21.30, which represents an impressive overall performance amounting to an increase of more than 74 per cent since the beginning of the year (December 29, 2006: €12.20). Over the same period, the SDAX index lost almost 7 per cent and the Prime Media Performance Index recorded a loss of as much as 16 per cent.

The 8th Annual Shareholders' Meeting of Constantin Film AG was held at the Haus der Bayerischen Wirtschaft in Munich on June 6, 2007. 94.94 per cent of the share capital was represented and all 8 points on the agenda that required a vote to be taken were passed with a majority of more than 99 per cent.

PRICES / in €. indicating the final Xetra prices

Number of shares on 31.12.2007	12,742,600
Issue price on 13.09.1999	29.00
Closing price for the year 1999	42.50
Closing price for the year 2000	19.29
Closing price for the year 2001	4.04
Closing price for the year 2002	2.56
Closing price for the year 2003	3.92
Closing price for the year 2004	8.48
Closing price for the year 2005	10.94
Closing price for the year 2006	12.20
Highest price on 21.05.2007	26.21
Lowest price on 05.01.2007	12.00
Closing price for the year 2007	21.30

In mid-November 2007, Deutsche Börse AG co-operated with KfW-Mittelstandsbank and Ernst & Young to organise the German Equity Forum at the Messe Frankfurt Congress Centre. Constantin Film AG took the opportunity of this leading European information and networking platform to present the company to the decision-makers in the financial community and to hold its annual conference for analysts.

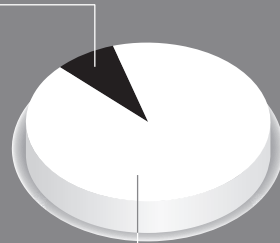
The Constantin Film AG share was actively followed by five teams of analysts in 2007. Three of the current reports recommend that the Constantin Film share is kept, while one thinks that it should be sold – primarily because of the substantial increases in the share price.

THE CONSTANTIN FILM AG SHAREHOLDER STRUCTURE

The total number of shares in Constantin Film AG amounted to 12,742,600 on December 31, 2007. The Highlight Communications Group held 95.22 per cent of them on December 31, 2007. The free float totals 4.78 per cent.

SHAREHOLDER STRUCTURE AS PER 31.12.2007

4.78% Free float



95.22% Highlight Communications AG

SHARES AND OPTIONS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS OF CONSTANTIN FILM AG

The following securities transactions were carried out by members of the Management and Supervisory Boards of Constantin Film AG in the period between January 1, 2007 and December 31, 2007. The two Management Board members Fred Kogel and Hanns Beese bought 5,000 and 2,500 Constantin Film AG shares respectively on January 19, 2007. Marc Conrad, one of the members of the Supervisory Board, sold 1,500 shares in the company on June 8, 2007. No other securities transactions were carried out by members of the Management and Supervisory Boards of Constantin Film AG in the period between January 1, 2007 and December 31, 2007.

The members of the Management and Supervisory Boards of Constantin Film AG held the following shares and options on December 31, 2007: Fred Kogel 11,150 shares, Hanns Beese 2,500 shares, Dr Paul Graf 500 shares. The company did not hold any of its own shares on December 31, 2007.

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MANAGEMENT REPORT ABOUT THE COMPANY AND THE GROUP

A. BUSINESS AND GENERAL CONDITIONS

A.1. OVERALL ECONOMIC SITUATION IN GERMANY IN 2007

According to calculations by the German statistical authorities, the Gross Domestic Product (GDP) grew by 2.5 per cent in 2007 after adjustment to eliminate price changes. The German economy grew by 2.9 per cent the year before.

For the first time in many years, Germany achieved a small budget surplus in 2007, so that the state budget was balanced for the first time since 1989. The strong economy is considered to be the reason for the improvement in the budget situation. It guaranteed buoyant tax income and new jobs, which boosted contributions to the social security system.

German companies also exported 8.3 per cent more than in the year before. Expenditure on private consumption remained poor, on the other hand, decreasing by 0.3 per cent.

The international finance system came under severe pressure from June 2007 onwards. Due to problems with mortgages and the overvaluation of properties in the USA, the market for CDO (collateralised debt obligations) refinancing to all intents and purposes collapsed. This made it considerably more difficult for companies to make structured financing arrangements too. The risk surcharges that debtors with a credit rating below investment grade had to pay increased significantly. This was only compensated for to some extent by interest rate cuts by central banks. Companies with a good credit rating benefitted from the relaxation of the central banks' monetary policy, on the other hand, as the increases in the risk surcharges they had to pay tended to be smaller than the interest rate cuts on the money market.

The German government expects the economy to cool off in 2008, when it is forecasting growth of 1.7 per cent. It is anticipated that the situation on the employment market will improve in 2008 with an average of 3.43 million unemployed over the year. The government is less positive

about the development of consumer prices. It is predicting an increase in inflation to 2.3 per cent from 2.2 per cent in the previous year. According to the government, private consumption will be the new growth driver. It is difficult at the moment to assess how the property crisis will affect the finance markets and what impact the high energy prices will have on further development of the economy in 2008. (Source: "German Economy in 2007", published by the German statistical authorities)

A.2. PRESENTATION OF THE SITUATION OF THE INDUSTRY AND BUSINESS DEVELOPMENT

Theatrical production

It can be assumed that demand for audiovisual products will be continuing to grow in future. In its production operations, Constantin Film is therefore concentrating on high-quality film productions with long-term exploitation potential for both the national and international market as well as on further expansion of the film library. In this context, it is essential for Constantin Film Produktion to focus – as it has up to now – on the profitability of the individual productions, which it has to be possible to exploit fully effectively at all exploitation levels. Changes and shifts within the exploitation chain can be expected, although it can be assumed that they will probably have no adverse effects overall. As in the past, both small, medium-sized and, of course, large event films are to be produced and acquired on the basis of this principle.

The German government will be supporting German theatrical films initially until 2009 with the help of the Deutscher Filmförderfonds (DFFF), which will be distributing grants of € 60 million per year that do not have to be repaid. The funds are for German film production companies and aim to continue not only improving the competitive position and quality of the German film industry but also protecting and strengthening Germany as a film location with its many studios and staff. The grants are made automatically without decisions being taken by a jury and are paid out following a review by the FFA. Grants are paid for international productions too, when they meet all the funding requirements and the German partner shares responsibility for the film and is actively involved in production.

◀ Scene from:
WARUM MÄNNER
NICHT ZUHÖREN UND
FRAUEN SCHLECHT
EINPARKEN
(theatrical release:
December 6, 2007)
with Benno Fürmann
and Jessica Schwarz in
the leading parts

Last year, the DFFF provided total grants of €59.3 million for 80 feature film productions, 14 documentary films and 5 animated film projects. The sustained economic impact of them on Germany as a film location amounted to about €390 million.

The feature film projects funded included the Constantin Film productions **Warum Männer nicht zuhören und Frauen schlecht einparken**, **Urmel voll in Fahrt**, **Freche Mädchen**, **Im Winter ein Jahr**, **Der Baader Meinhof Komplex**, **Anonyma – Eine Frau in Berlin** and **Effi** as well as the productions by our subsidiaries **Hanami – Kirschblüten**, **The Wave** and **Mord ist mein Geschäft, Liebling**. The DFFF funds granted to Constantin Film AG for productions in 2007 totalled €9.9 million (including Constantin subsidiaries). Constantin Film had received a total of €3.8 million of this amount by December 31, 2007.

An important step was taken in the Constantin film production operations in May 2007 with the conclusion of a 3-year first-look deal with the Cologne production company Little Shark Entertainment headed by Sönke Wortmann and Tom Spieß. The aims of the co-operation are the development, production and exploitation of co-productions by Little Shark Entertainment and Constantin Film. Little Shark Entertainment is a theatrical production company with an excellent track record that has been operating successfully for years. Not only Sönke Wortmann's hits **Das Wunder von Bern** or, more recently, **Deutschland. Ein Sommermärchen** but also the productions **Lammbock** or **Arnies Welt** (TV) led to enthusiastic responses from both audiences and critics and have won numerous prizes.

Sönke Wortmann's first major project for Constantin Film was soon to be announced in August last year: **Pope Joan**. Principal photography for the film of the global bestseller written by Donna Cross is scheduled to begin in 2008.

Constantin Film AG holds a very strong position in theatrical production and is German market leader for film productions in German.

Constantin Film and its subsidiaries regularly have 50 to 70 German and English film projects in the course of development. Rights to make

further films are also being bought and developed on an ongoing basis. This means that the company is well-prepared for future production assignments.

A start was made on the principal photography for 10 in-house and co-productions in 2007:

Principal photography of the Leander Haußmann film of the bestselling relationship guide **Warum Männer nicht zuhören und Frauen schlecht einparken** began on January 30, 2007 and ended on March 29, 2007. The screenplay for this comedy is based on the two bestsellers "Why Men Don't Have A Clue – And Women Always Need More Shoes" and "Why Men Don't Listen And Women Can't Read Maps" by Allan and Barbara Pease (published in Germany by Ullstein/Econ). With total global sales of about 10 million copies (4 million of them in German alone!), the books are among the biggest-selling publications in this genre.

Our subsidiary Olga Film started principal photography of **Kirschblüten – Hanami** (director: Doris Dörrie) in Tokyo on March 13, 2007. Hannelore Elsner, Elmar Wepper and Nadja Uhl are some of the actors appearing in the main roles. On January 18, 2008, the production was awarded the Bavarian Film Prize 2007 in the categories "Best Actor in a Leading Role" (Elmar Wepper) and "Producer's Prize" (Molly von Fürstenberg and Harry Kügler).

Principal photography of the major production **Anonyma – Eine Frau in Berlin**, a film based on the diary of a German woman who survived the end of the Second World War in Berlin and the city's conquest by the Russian Army, started on May 29. **Anonyma – Eine Frau in Berlin** is being produced for Constantin Film by Günter Rohrbach; Nina Hoss is playing the leading role (screenplay and director: Max Färberböck). Principal photography was completed on September 4.

Principal photography of **The Wave** with Jürgen Vogel in the leading part began in Berlin, Brandenburg and the surrounding area on July 3. This film of the oppressive description by Morton Rue of a school experiment is being produced by the Constantin Film subsidiary Rat Pack Filmproduktion with a switch in the setting to a small German town.

Dennis Gansel (**Mädchen, Mädchen, Napola**) was the director and Christian Becker was the producer. Principal photography was completed on August 24. The film had its world premiere in the international competition at the prestigious 2008 Sundance Film Festival. The film was released to German theatres on March 13, 2008.

Principal photography of **Paris 36**, a European co-production with Galatée Films/Pathé Renn Productions (France) and Blue Screen Productions s.r.o. (Czech Republic), started on July 4. Christoph Barratier, the director of **The Chorus**, wrote the screenplay and is the director. Gérard Jugnot, Maxence Perrin, Kad Merad (all familiar from **The Chorus**) will be appearing in the main roles. Principal photography was completed on October 18, 2007.

On July 10, director and Oscar® prizewinner Caroline Link (**Nowhere in Africa**) started principal photography of the feature film **Im Winter ein Jahr**, which Constantin Film is making as a co-production with Bavaria. Uschi Reich is producer, while the leading parts are being played by Karoline Herfurth (**Perfume – The Story of a Murderer**) and Josef Bierbichler (**Winterreise**). Principal photography was completed on November 10. The film is being released to theatres November 13, 2008.

A start was made on the long-awaited film of the bestselling series of books for children and young people entitled **Freche Mädchen – Freche Bücher** from Thienemann Verlag on July 17. The film is based on the extremely successful novel by Bianka Minte-König, about 7 million copies of which have been sold around the world; collina Filmproduktion (producer: Ulrich Limmer) is making the film of this book for children and young people with Constantin Film. Principal photography was completed on September 9. Constantin Film will probably be releasing the film to theatres on July 17, 2008.

Principal photography for **Der Baader Meinhof Komplex**, a feature film about the history of the first 10 years of the terror group Rote Armeefraktion, the latest major project by our successful producer Bernd Eichinger (**Perfume – The Story of a Murderer, Downfall**), began on August 7. Bernd Eichinger wrote the screenplay on the basis of the bestselling non-fiction book of the same name by the former Spiegel editor-in-chief Stefan Aust. Uli Edel (**Last Exit to Brooklyn**) is the

director. Principal photography was completed on November 28. This Bernd Eichinger production is being released to theatres on September 25, 2008.

The last take in the refilming of the Theodor Fontane classic **Effi Briest** (film title: **Effi**) with Hermine Huntgeburth (**The White Masai**) as director was on September 18, 2007. Julia Jentsch (**Sophie Scholl – The Final Days**) was cast in the title role. The film is being produced by Günter Rohrbach (**The White Masai**), while Volker Einrauch (**Das verflixte 17. Jahr**) wrote the screenplay.

Principal photography of the comedy **Mord ist mein Geschäft, Liebling**, a co-production by the Constantin Film subsidiary Rat Pack Filmproduktion with various partners, began on October 15, 2007. Nora Tschirner (**Keinohrhasen**) and Rick Kavanian (**Dreamship Surprise – Period 1**) are playing the leading parts. Principal photography was completed on December 16, 2007.

Urmel voll in Fahrt, the sequel to the successful cartoon film for children **Urmel aus dem Eis** (distribution: Warner Bros) is Constantin Film's first CGI animation project and is being carried out jointly by Reinhard Klooss as producer and Holger Trappe as director. The probable theatrical release date is May 1, 2008.

The international English film production **Pompeii**, which was announced in May 2007, was shelved for the time being in September last year when the director Roman Polanski withdrew from it. Constantin Film Produktion did not incur any costs or obligations as a result. Constantin Film is continuing to pursue the project.

The collective agreement for American screenwriters expired on November 1, 2007. Since the negotiations about a new collective agreement between the screenwriters organised in the Writers Guild of America and the US studios and producers (AMPTP: Alliance of Motion Picture and Television Producers) failed, the American screenwriters went on strike from the beginning of November 2007 until February 2008. The strike initially affected primarily the late-night shows on television that are produced at short notice. They were followed by US television series and US theatrical film productions. The last strike by the screenwriters

19 years ago lasted 22 weeks and cost the entertainment industry an estimated USD 500 million. The conflict about the collective agreement focusses on demands by the screenwriters for a better share of the proceeds of the exploitation of their works on DVD, in the Internet and via other alternative distribution channels. High sales growth is expected in future in the download field in particular. Up to now, the screenwriters have received about 3 cents for every DVD that is sold. After 3 months, the strike, which led to income losses by US producers between amounts in the triple-digit million dollar range and USD 2 billion according to initial estimates by the Los Angeles Economic Development Corp., ended in mid-February 2008. The agreement is said to include a solution for compensation for work in the new media field in particular. Screenwriters will, for example, be receiving a maximum lump sum of USD 1,200 in the first two years in future when their work is processed in the Internet as well as 2 per cent of the proceeds of sales from the 3rd year onwards. The new contract will be applying until May 1, 2011.

It cannot yet be predicted with any certainty whether fewer US films will be released in 2008 and 2009 because of the strike. The range of strong films available at the film fair in Los Angeles in November 2007 was at least smaller than in the previous years. Whether German films will benefit from this depends on whether the German theatrical producers can produce enough high-quality films to fill the gap.

Service production

In the service production field, the TV entertainment market has completed its consolidation process to a large extent in recent years, whereas the fiction TV production market is still going through a consolidation phase at present. Due to tighter cost management by both the private and public TV stations, the budgets for TV service productions are being reduced, which is putting severe pressure on smaller and fiction production companies in particular.

Constantin Film AG's TV service production operations are continuing to develop very positively. Impressive success was achieved last year too. The subsidiary MOOVIE – The art of entertainment, for example, attracted a total of 26.4 million viewers (over the age of 3) in January 2007 with the three-part event **Afrika, mon Amour** and in doing so exceeded the record ratings achieved by the three-part film **Die Patriarchin**, which

was also produced by Oliver Berben and MOOVIE – The art of entertainment and was seen by 25.6 million viewers when it was broadcast in January 2005.

A gmahde Wiesn, the first TATORT episode from the Constantin Film Group – again produced by MOOVIE – The art of entertainment GmbH – also achieved excellent ratings with an audience of 6.61 million viewers (over the age of 3) and a market share of 19.6 per cent, which meant that ARD aired the most popular programme on September 23, 2007.

The seventh episode in the service production **Kommissarin Lucas** for ZDF performed extremely well on November 24, 2007 too. **Kommissarin Lucas: Das Totenschiff**, the production by the Constantin Film subsidiary Olga Film GmbH, reached the best ratings since the successful thriller series began: 6.32 million viewers (over the age of 3) brought ZDF a market share of 20.8 per cent on the day when it was shown.

Further success was achieved with the TV film **Meine verrückte türkische Hochzeit** (director: Stefan Holtz) by Rat Pack Filmproduktion, which won the Adolf Grimme Prize in the fiction category of the competition. Rat Pack Filmproduktion achieved top ratings with the TV production **Das Wunder von Loch Ness**, which was shown on Sat.1 on February 5, 2008 and reached a market share of 17.4 per cent (14–49-year-olds).

The prime-time show **Extreme Activity**, which is produced by Constantin Entertainment GmbH, won the Grimme Prize 2007 as the best entertainment programme as well as the Austrian ROMY award. The development of Constantin Entertainment GmbH's international production operations is very encouraging too. Establishment of the company in Poland has, for example, proved to be a correct and profitable decision. It can be assumed that the service production volume will be expanded in the coming years – primarily in other markets.

In addition to the numerous productions by Constantin Entertainment GmbH – the extremely successful formats **Frauentausch** and **K11** should be mentioned primarily in this connection – principal photography that started in the last quarter included the following TV service productions:

Principal photography for the new daily programme by Bayerischer Rundfunk with the title **Dahoam is Dahoam** started on August 14. Stories from the Bavarian pub environment have been told with a great deal of humour and emotion from 19.45 to 20.15 on Monday to Thursday in the early-evening programme of the Bayerischer Rundfunk channel since October 8, 2007. **Dahoam is Dahoam** is a production by PolyScreen GmbH in co-operation with Constantin Television GmbH. 200 instalments are planned initially.

Principal photography for the Sat.1 two-part event **Der Tag, an dem die Mauer fiel** also began on August 14. This two-part event is a production by the Constantin Film subsidiary Olga Film. Anja Kling, Felicitas Woll and Heiner Lauterbach are playing the leading parts. Thomas Berger was the director. Principal photography was completed on November 20, 2007.

Based on motifs from the novels of the same name by Johannes Mario Simmel, principal photography of **Und Jimmy ging zum Regenbogen** and **Gott schützt die Liebenden**, 2 ZDF service productions by MOOVIE – The art of Entertainment GmbH, began on September 4, 2007 and October 13, 2007 respectively. Dennenesch Zoué and Heino Ferch are playing the main roles in one of the Oliver Berben productions, while Iris Berben and Peter Simonischek are starring in the other one. Carlo Rola was the director.

Constantin Television started its first production of **Bis dass der Tod uns scheidet**, with Muriel Baumeister and Bernhard Schlier in the leading parts, for Sat.1 on September 13, 2007. This drama about jealousy is being staged by Edzard Onneken. It is scheduled for broadcasting on April 15, 2008.

Principal photography of **Süden und der Luftgitarrist** based on the novel **Tabor Süden** by Friedrich Ani, another ZDF service production by MOOVIE – The art of entertainment GmbH, began on November 13, 2007 and was completed on December 14, 2007. Ulrich Noethen, Jeanette Hain, Martin Feifel, Johanna Bantzner and Jürgen Tonkel are cast in the thriller series directed by Dominik Graf.

Theatrical distribution

Germany has been waiting for economic consolidation of the theatrical market for some time now. Only slow progress is being made in this, however, even though both distributors and producers have given theatres massive support in the last 5 years, e.g. by reducing average distribution fees by 4–5 percentage points.

At the present time, it is estimated that the necessary digitisation of theatres (digital roll-out), which was already announced a long time ago, will be some time in coming, as agreement has not unfortunately been reached yet about a realistic financing and market launch concept. Constantin Film basically welcomes and supports digitisation of the theatrical market strongly in that it is willing, for example, to share in the costs by contributing a proportion of the expenses actually saved by the use of digital copies. This is, however, only feasible if no additional expenses have to be incurred in the digital / analog worlds by the parallel provision of analog and digital copies.

The number of theatre screens in Germany decreased by 16 to 4,832 last year, 3,745 of which are in constant commercial operation according to the FFA. 118 new ones were opened or existing ones reopened, whereas 134 were closed. The number of theatres decreased by 11. The number of seats dropped by 10,008 in 2007 too, which means that the total loss since 2002 amounts to about 48,285.

The average ticket price was €6.12 in 2007. This is an increase of €0.16 over the previous year – a price that is lower than average by European standards. Statistically speaking, every inhabitant of Germany went to the theatre only 1.5 times, compared with 1.7 times in the previous year. This demonstrates once again that Germans are reluctant to go to movie theatres – by international standards too.

The past year was a very mixed one for the German theatrical industry overall. According to the FFA statistics, box office admissions were 8.2 per cent or 11.3 million lower than in the previous year at 125.4 million and therefore dropped below the level achieved in 2005. Sales amounted to €767.9 million and thus fell €46.5 million short of the previous year; this represents a reduction of 5.7 per cent.

Only 62 of a total of 484 films managed to reach box office admissions of more than 500,000.

The most successful films in 2007 were **Harry Potter and the Order of the Phoenix** (7.1 million admissions), followed by **Pirates of the Caribbean – At World’s End** (6.0 million admissions) and **Ratatouille** (5.9 million admissions).

174 of the 484 films that were released to theatres in 2007 (2006: 487 films) came from Germany. The market share achieved by German films dropped to 18.9 per cent (23.4 million admissions) in 2007, however – this is 6.9 percentage points lower than in the very successful previous year (25.8 per cent or 34.7 million admissions).

The German film that generated the largest sales in 2007 was **Lissi und der Wilde Kaiser** (€13.6 million), which was distributed by Constantin Film, while the list was topped by **Die Wilden Kerle 4** where admissions are concerned (2.4 million).

With respect to the issue of “German films”, the FFA had a representative image survey entitled “An investigation of German films” carried out by GfK in September and October 2007: the interviewees put German and American films at the same level on their popularity scale. The reputation of American films was, however, considerably better among consumers who are particularly interested in films (cinema-goers, video renters and video buyers) as well as among young audiences. In contrast to German films, US films were considered to be more varied, more lavish, more entertaining and more professional. German theatrical films were praised for their subjects, stories, realistic portrayals and sophistication.

The most frequent recommendations the interviewees made in response to the question about what ought to be improved were “more information” and “more advertising” for German films.

German films continue to be attractive at international level too. The German co-production **Der Mongole** was nominated for an Oscar® and the German co-production **Der Fälscher** was awarded an Oscar® as the “Best Foreign Language Film” in 2008, for example. This means that a German film was nominated in this category for the 5th time in 6 years

now, following the Constantin Film productions **Nowhere in Africa** and **Downfall**, the Goldkind production **Sophie Scholl – The Final Days** and, of course, the Oscar® winner in 2007, the Wiedemann & Berg production **The Lives of Others**.

The performances of the international theatrical markets in 2007 varied widely, with no clear trend apparent:

The USA had a record year in 2007, with total box office receipts of USD 9.66 billion, 4.9 per cent higher than in the previous year. According to Ciné Chiffres Institut, box office admissions in France reached 178 million in 2007, which was a reduction of 5.3 per cent over 2006. Box office receipts in Britain amounted to GBP 904 million (€ 1.215 billion) last year, on the other hand. This represents an increase of 8 per cent over 2006. Chinese box offices reported an increase of 27 per cent in 2007. (Source: Blickpunkt Film)

Constantin Film released 13 films to German theatres in the year under review: 9 of them were in-house or co-productions and 4 were licensed films. They generated a total of 8.6 million box office admissions last year. By box office receipts, 5 of the films released to German theatres by Constantin Film in 2007 reached the top 10 in the German theatrical charts.

The most successful German film in 2007 by box office receipts was the CGI movie **Lissi und der Wilde Kaiser** by Michael Bully Herbig, with more than €13.6 million.

Constantin Film started the 2007 distribution year on January 18 with the comedy **Schwere Jungs**, a production by our subsidiary Olga Film that was directed by Marcus H. Rosenmüller (**Wer früher stirbt, ist länger tot**). The appealing theatrical adventure attracted mainly Bavarian audiences of 556,501.

La Vie en Rose celebrated its world premiere on February 8, 2007 as the opening film in the competition for the Golden Bear at the 57th International Film Festival in Berlin and attracted enthusiastic audiences of 504,620 following its theatrical release on February 22, 2007. The sensitive and emotional artist biopic tells the unique story of Edith Piaf,

the greatest French singer of all time. On February 24, 2008, Marion Cotillard was awarded an Oscar® as “Best Actress in a Leading Role” for her performance as Edith Piaf.

The makers of **The Chronicles of Narnia** and **Lord of the Rings** brought another enchanting film for the entire family to the screen on March 1, 2007. **Bridge to Terabithia**, a stirring and moving film about courage, friendship and the indestructible power of the imagination, was based on the novel of the same name – which is not, regrettably, very well-known in Germany – by Katherine Paterson, who received the Astrid Lindgren Memorial Award 2006 for her work. This family entertainment highlight attracted enthusiastic audiences of 267,372 to German theatres, which meant that it unfortunately fell short of the targets and expectations. Constantin Film is convinced that this is further evidence of the fact that the market for family entertainment is getting more difficult, due to the large number of different products – particularly materials that are not major brands.

Following the great theatrical success of **Der Wixxer** in 2004, the sequel to this ultimate comedy thriller – which was again produced by our subsidiary Rat Pack Filmproduktion – was released on March 15, 2007. In **Neues vom Wixxer** – this time with 4 genuine Wallace legends, including Joachim Blacky Fuchsberger – Chief Inspector Even Longer (Oliver Kalkofe), who is always in a bad mood, and his constantly charming partner Inspector Very Long (Bastian Pastewka) are now investigating again together on behalf of Scotland Yard. The film attracted enthusiastic audiences of 878,445 in Germany.

After the family entertainment movie **Die Wilden Hühner** succeeded in attracting more than a million fans to German theatres at the beginning of 2006, **Die Wilden Hühner und die Liebe** was released to theatres on April 5, 2007. The cast included not only the “Wilden Hühner” Michelle von Treuberg, Lucie Hollmann, Paula Riemann, Zsó Zsó Inci Bürkle and Jette Hering but also Veronica Ferres (**The Superwife**), Thomas Kretschmann (**Downfall**), Jessica Schwarz (**Der Rote Kakadu**) and Benno Fürmann (**Die Sturmflut**). Total theatrical audiences of more than 1 million watched the film based on a novel by Cornelia Funke.

In the children’s book filming operations, Constantin Film released the collina film production **Herr Bello** to theatres on May 17, 2007. Following the tremendous success of the prizewinning films **Das Sams** and **Das Sams in Gefahr**, **Herr Bello** was the new film by the successful **Sams** trio, consisting of the screenplay author Paul Maar, the director Ben Verbong and the producer/screenplay author Ulrich Limmer. The film only achieved average success, however, with 372,314 admissions.

The international Constantin in-house production **Fantastic Four – Rise of the Silver Surfer** also fell substantially short of expectations with 404,805 admissions.

50 copies of the licensed film **Beste Zeit** by the successful director Marcus H. Rosenmüller were released exclusively to Bavarian theatres on July 26, 2007 and performed well with an excellent 261,770 admissions.

The comedy **Kein Bund fürs Leben** with Franz Dinda, Florian Lukas and Axel Stein in the main roles was released on August 30, 2007 and achieved 516,354 admissions.

The film **Pornorama oder die Bekenntnisse der mannstollen Näherin Rita Brauchts** was the second co-operation between the successful director Marc Rothemund (**Harte Jungs**) and Bernd Eichinger and was released to theatres on October 11, 2007. The film only generated a disappointing 108,839 admissions.

Constantin Film released a highlight to theatres towards the end of the year on November 29, 2007. The Leander Haußmann film of the bestselling relationship guide **Warum Männer nicht zuhören und Frauen schlecht einparken** with Jessica Schwarz (**Der rote Kakadu**) and Benno Fürmann (**Die Sturmflut**) in the leading roles attracted theatrical audiences of 934,120 by the end of the year. (Source: Nielsen EDI; theatrical admissions up to December 31, 2007)

In March last year, Constantin Film received the FFA award in the production and distribution categories for the third time in a row.

Constantin Film Produktion GmbH received total funding of €2.7 million with 9 successful films overall, including **Atomised**, **Hui Buh – Das Schlossgespenst** and **Der Räuber Hotzenplotz**. The Bernd Eichinger production **Perfume – The Story of a Murderer** – the most successful German film in 2006 with 5.5 million box office admissions – was the only film to receive the maximum funding of €2 million. Constantin Film Verleih GmbH received €678,302. Constantin Film AG received a total of €3.4 million in grants for new theatrical projects from the FFA in accordance with the reference principle. Approval of funding depends on the number of tickets sold as well as the film prizes and festival awards won.

Major success was achieved in December 2007 too: according to a survey by the industry magazine Screen International, the international Constantin Film production **Resident Evil: Extinction** (box office admissions in Germany in 2007: 366,211) was the top independent film produced in 2007, with global box office receipts of USD 94.2 million outside North America. Together with the box office receipts generated in North America, the film reached almost USD 150 million, which makes it the most successful film in the Resident Evil trilogy. With this success, Constantin Film AG proved once again that it is not just the leading independent German production and distribution company but also plays a significant role on the international market. The first two parts of the spectacular horror thriller **Resident Evil** and **Resident Evil: Apocalypse** generated total global sales of more than USD 600 million at theatre box offices, on DVD and in television exploitation.

Home entertainment

The home entertainment industry set another record in 2007 with the sale in Germany of 103.3 million film DVDs. In line with the sales volume growth achieved on the sell-through market, the home entertainment industry succeeded in increasing total sales value too, recording industry sales of €1.587 billion at the end of the year, which corresponds to an increase of 0.5 per cent over the previous year (€1.579 billion). The data collected by the market research institute GfK about the home entertainment industry therefore confirm once again the change made many years ago in customers' consumption patterns in favour of home entertainment and the poorer theatrical performance that is a consequence of this.

A breakdown into the individual market segments showed that the industry generated sales of €1.313 billion on the sell-through DVD market in 2007. This means that retail sales increased by 1.4 per cent over the previous year (€1.295 billion). In line with the increase in sales value, the industry succeeded in achieving volume growth on the sell-through DVD market to 103.3 million units, which was a new sales record. The sales volume growth over the previous year (100.8 million units) was therefore 2.5 per cent. The US studio Warner Home Video released the most successful international production with the DVD of **Harry Potter and the Order of the Phoenix**: although it was only released just before Christmas, the film reached sales of 1.2 million units by the end of the year. Constantin Film AG was responsible for the most successful DVD release of a German production: the DVD of **Perfume – The Story of a Murderer**, which was released in March 2007 and managed to sell more than 800,000 units throughout the German-speaking countries.

The average price of €12.72 paid for a film DVD by end consumers was only slightly (1.0 per cent) lower than in the previous year (€12.85), but buying intensity by consumers as determined by the market research institute GfK increased by 2.0 per cent to 5.5 DVDs bought per consumer (previous year: 5.4). GfK found out that there were 18.7 million active DVD buyers, 1.0 per cent more than in the previous year (18.6 million consumers) too. GfK calculated that the budget invested by consumers in buying film DVDs remained unchanged at €70.00 in 2007.

The video stores that specialise in the film DVD rental business generated sales of €274.0 million by the end of the year, due to the sales growth generated in the summer months and due to a large number of attractive releases in the 4th quarter. Although this means that the rental industry again suffered a sales shortfall of 3.5 per cent over the previous year (€284.0 million), the industry managed to stop the 2-year downtrend emphatically in the course of last year. In addition to this, the campaign launched jointly by the video stores and the film industry helped to slow down the steady decrease in consumers considerably. At the end of the year, the market research institute GfK determined that there were 9.1 million active rental customers, but this was still a reduction of 6.5 per cent over the previous year (9.7 million customers). The figures

collected by GfK about rental intensity and the media budget spent on DVD rental by consumers also confirm that the marketing campaign initiated by the industry has not failed to make an impact, however. In 2007, rental intensity per consumer amounted to 12 transactions, which is 4.3 per cent higher than in 2006 (11.5 transactions). The average media budget of €30.0 per consumer spent on DVD rentals was also 3.4 per cent higher than in the previous year (€29.0).

In spite of the fact that the market situation was difficult in some areas, Constantin Film AG succeeded in continuing to strengthen the in-house marketing of the home entertainment programmes that is carried out in German-speaking countries by the parent company Highlight Communications AG in co-operation with Paramount Home Entertainment, Germany. On the basis of what they market together, which consists in the German-speaking countries of the products from Paramount Pictures, Dreamworks and Constantin Film, the share of the DVD sell-through market obtained together with Paramount Home Entertainment amounted in 2007 to 10.0 per cent, while the market share by sales value on the DVD rental market was as much as 11.0 per cent. Due to the high commercial quality of the Constantin product, which in 2007 included not only the in-house production **Perfume – The Story of a Murderer**, which had already proved to be a success in theatrical marketing, but also other successful productions like the surprise hit **Step Up**, Mel Gibson's **Apocalypto**, the international Constantin co-production **Fantastic Four – Rise of the Silver Surfer** and the Constantin co-production **Die Wilden Hühner und die Liebe**, Constantin Film AG managed to reach the targets set for the home entertainment operations in every respect. The Bernd Eichinger production **Perfume – The Story of a Murderer** was a particular success in DVD marketing: it developed into the bestselling German production film by the end of the year with sales of more than 800,000 units (GSA). Thanks to the high-quality film range and the steadily growing library, Constantin Film AG increased its share of the DVD sell-through market to 3.0 per cent. In the DVD rental field, the company reached a market share of 6.0 per cent last year, which is attributable to the range of films released in 2007 as well as to the exceptional success of the video premiere **Lucky Number Slevin**, which established itself as the most successful straight-to-video release of the year.

(Source: GfK Consumer Panel Report, December 2007)

TV

According to the media and advertising research company Nielsen Media Research, gross advertising investments in the overall media market amounted in total to €20.9 billion in 2007. This corresponds to an increase of 3.7 per cent over the previous year and means that the advertising market grew for the 5th time in succession. The television industry again generated the highest advertising sales (€8.7 billion) and recorded growth of 5.2 per cent over 2006. (Source: Nielsen Media Research)

Cost pressure at the stations remained as high as ever last year even so and led, as in the previous years, to some order and budget reductions with respect to German in-house productions and licence acquisition business in particular.

The traditional German television market continues to have an oligopolistic structure consisting of the public stations ARD (including additional ARD channels, such as BR3, HR3, NDR3 etc.) and ZDF (including arte, Kinderkanal, Phoenix and 3sat), the ProSiebenSat.1 Media AG Group (including Kabel1 and N24) and the RTL Group (including RTL, RTL II, Super RTL, VOX and n-tv).

Last year, RTL was the only station that was able to increase its market share to any significant extent in the target group of consumers between 14 and 49 years old by adding 0.4 per cent to reach a market share of 16 per cent. This means that RTL was the market leader with younger viewers under 50 for the 15th time in a row, although it had at the same time the poorest overall market share for years of 12.4 per cent (reduction of 0.4 per cent).

Due to the lack of major sports events, the public stations ZDF and ARD recorded the largest decrease in viewers along with Sat.1. Viewers between 14 and 49 years old switched allegiance in particular: ZDF lost 1.1 per cent and ARD as much as 1.3 per cent. The situation at Sat.1 is similarly dramatic in this target group, with a drop of 0.7 per cent to a market share of 10.6 per cent. The Kabel1 station had a successful year, reaching the best figures in its history with 5.6 per cent (+ 0.2 per cent) of viewers between 14 and 49 years old. ProSieben added 0.1 per cent in younger viewers. The VOX station achieved the largest increases in



market share, with growth of 0.8 per cent in the target group and 0.9 per cent in overall audiences.

73.5 per cent of the population (adults over 14) watched television on an average day in 2007. Average television viewing decreased for the 1st time since 1999. Daily viewing was 4 minutes shorter at 208 minutes. The list was topped by adults over 65: they spent an average of 285 minutes watching television every day in 2007, exactly the same as in the previous year. Adults between 30 and 49 years old spent an average of 205 minutes a day watching television, 4 minutes less than in the previous year. 14- –29-year-olds cut their average viewing from 140 minutes to 133 minutes. 3- –13-year-olds reduced their daily television viewing by 3 minutes too, watching programmes for an average of 87 minutes. (Source: AGF / GfK-Fernsehforschung).

Television broadcasting via the Internet and mobile phones is developing steadily. Video-on-demand in particular is entering the market to an increasing extent. Although none of the new forms of broadcasting has managed to establish itself with consumers to any significant extent yet, it is still important to monitor the market.

New players and telecommunications companies are providing programmes and television channels of their own. New television stations are being launched regularly as well, which offer viewers more and more choice. Competition on the television market is therefore becoming more intense all the time.

In the last 2 years, there has been a shift in emphasis at the TV stations away from feature films and towards international TV series, i.e. the budgets here are being switched increasingly to TV series. German feature film products are in general finding it difficult to attract TV viewers too – unless blockbusters that have been theatrical box office successes are involved, as there is less and less difference from high-quality TV events and as average German TV movies generally reach high quality standards.

In 2007, Constantin Film generated sales essentially by selling licences for the German TV rights to films like **Alexander**, **Resident Evil: Apocalypse**, **House of Flying Daggers** and **Vera Brühne**.

The general licensing agreements about exploitation of the pay TV rights to the Constantin in-house and co-productions that were concluded between Constantin Film Verleih GmbH and Premiere Fernsehen GmbH & Co. KG and Disney Channel, Deutschland, in February 2004 were extended by a further 2 years at the beginning of 2007.

The management of Constantin Film AG is expecting a substantial expansion of the company's own film library to have an effectively plannable and positive impact on the development of the Group's business in the medium to long term. Extensive film rights are returning to Constantin Film from former licence partners gradually over the next few years. The home entertainment, pay TV and free TV rights are what are of primary interest here. According to an independent auditor, who was commissioned to determine the value of the film rights on January 1, 2007, contributions to earnings in the high double-digit million range can be expected from this library business in the coming years up to 2021 on the basis of current valuation, after taking account settlement commitments and third-party interests into consideration and after discounting.

A.3. OTHER IMPORTANT EVENTS AND DEVELOPMENTS IN THE FISCAL YEAR

In April 2007, Constantin Film AG and Polyphon Film- und Fernsehgesellschaft mbH co-operated to establish PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH. Each of the two shareholders holds 50 per cent of the shares in the company. The company's operations include the development and production of programme formats in the television film and entertainment fields.

The interest in the Hamburg music label Königskinder Schallplatten GmbH that Constantin Film AG acquired in February 2006 was increased by a further 25 per cent in the 2nd quarter of 2007. Constantin Film AG took over control of the company within the framework of this increase in its shareholding.

Constantin Entertainment GmbH established Constantin Ring Koprodukcija d.o.o. towards the end of the second quarter of 2007 together with a Croatian production company. Each of the two share-

◀ Scene from:
NEUES VOM WIXXER
(theatrical release:
March 15, 2007)
with Bastian Pastewka
and Oliver Kalkofe in
the leading parts

holders holds 50 per cent of the shares in the company. The company's operations include the development of entertainment formats for Croatia. Constantin Entertainment GmbH took over the other 50 per cent of the shares in December, so that it is the sole shareholder.

The legal action taken against Constantin Entertainment GmbH by a Belgian channel because of what was claimed to be the illegal exploitation of the programme format **clever! Die Show, die Wissen schafft** was completed with final legal effect on June 18, 2007 when the action was withdrawn. On conclusion of the case, provisions of €1.7 million at Constantin Entertainment GmbH were reversed.

It was announced in an ad-hoc disclosure issued by EM.Sport Media AG on September 26 that EM.Sport Media AG had arranged to acquire a strategic interest of up to 36.4 per cent of Highlight Communications AG.

Constantin Music GmbH was established on December 13, 2007. All the music operations of the Group are being pooled at this company, with the strategic objectives of achieving effective exploitation of the existing theme music, soundtracks etc. in the film and television field and of facilitating the development, expansion and obtainment of interests in new and existing music rights (Constantin Musikverlag). Christoph Becker was appointed to be director of Constantin Music GmbH.

Constantin Film AG also acquired a 50 per cent interest in BECO Musikverlag from Constantin Beteiligungs GmbH in December 2007. SMV Schacht Musikverlage GmbH & Co. KG, which has its registered office in Hamburg, is co-shareholder of BECO Musikverlag.

B. SITUATION OF THE GROUP

The figures for the previous year used to explain the development in the situation of the Group compared with 2006 have been adjusted in accordance with the changes in the accounting and valuation principles and/or corrections outlined in the notes to the consolidated financial statements (see notes to the consolidated financial statements, section 5: CHANGES TO ACCOUNTING POLICY AND CORRECTIONS AS WELL AS ADJUSTMENT OF FIGURES FOR PREVIOUS YEARS). Comparability with the figures for the year under review is guaranteed by the adjustment of the figures for the previous year.

B.1. PROFITABILITY

B.1.1. SALES

Theatrical exploitation

The sales generated in the theatrical distribution operations in the year under review amounted to €33.427 million (previous year: €47.516 million) and accounted for 15 per cent of the total sales volume. Theatrical sales were therefore €14.089 million lower than in the previous year. Sales of €21.223 million were achieved in the in-house production segment in the year under review, compared with €42.794 million in the previous year. The reduction is due essentially to the excellent performance of **Perfume – The Story of a Murderer** in the previous year, which was not compensated for by the performance of such films as **Warum Männer nicht zuhören und Frauen schlecht einparken**, **Neues vom Wixxer** and **Die Wilden Hühner und die Liebe. Pornorama oder die Bekenntnisse der mannstollen Näherin Rita Brauchts** and **Fantastic Four – Rise of the Silver Surfer** did not produce the anticipated results in theatrical exploitation. International exploitation of **Resident Evil: Extinction** made a large contribution of €9.505 million to the theatrical sales. Theatrical exploitation of the licensed films **Bridge to Terabithia** and **Lissi und der Wilde Kaiser** in the third-party production segment fell short of expectations. However, the feature film **Lissi und der Wilde Kaiser** contributed decisively to the sales growth of €7.482 million to €12.204 million in this segment.

Video/DVD exploitation

Home entertainment generated sales of €44.675 million (previous year: €28.104 million). Sales therefore increased by 59 per cent over the previous year. The sales in the in-house production segment amounted to €28.847 million, 63 per cent higher than in the previous year (€17.650 million). This success is attributable essentially to the strong distribution programme in 2006 with **Perfume – The Story of a Murderer**, **Hui Buh – Das Schlossgespenst** and **Dead or Alive**, which were released for video exploitation, as well as to the good performance of individual films from the 2007 theatrical programme which it was already possible to release on video, such as **Fantastic Four – Rise of the Silver Surfer** and **Die Wilden Hühner und die Liebe**. Sales in the third-party production segment increased from €10.454 million in the

previous year to € 15.828 million. This growth is due to a strong performance by individual films from the 2006 programme, such as **Step Up** and **Apocalypto**, as well as to very good results with films that went straight to video, such as **Lucky Number Slevin**, **Fearless** and **Seraphim Falls**, and to good sales of library films like **Lost in Translation** and **The Chorus**.

TV-exploitation

The TV exploitation sales include sales from the licensing of TV rights to theatrical films, sales from TV in-house and co-productions and sales from service productions.

Sales from the licensing of the TV rights to theatrical films are not realised until legal or contractually agreed holdback periods have expired (with pay TV 15 to 18 months after theatrical release, with free TV after 24 to 32 months). The TV sales in 2007 were therefore attributable to films that were released to theatres in 2005 and 2006 as well as to revenue from licences for purely TV productions.

Sales of € 122.645 million (previous year: € 154.786 million) were generated in the in-house production segment.

The TV sales from theatrical productions that are included in the in-house production segment amounted in 2007 to a total of € 16.663 million (previous year: € 31.536 million). The decrease is due essentially to the generation of lower TV sales in global distribution. The sales relate to films like **Mädchen Mädchen 2**, **Resident Evil: Apocalypse** and **Napola** and also include sales from the licensing of TV in-house and co-productions, mainly **Hausmeister Krause 7** and **Vera Brühne**.

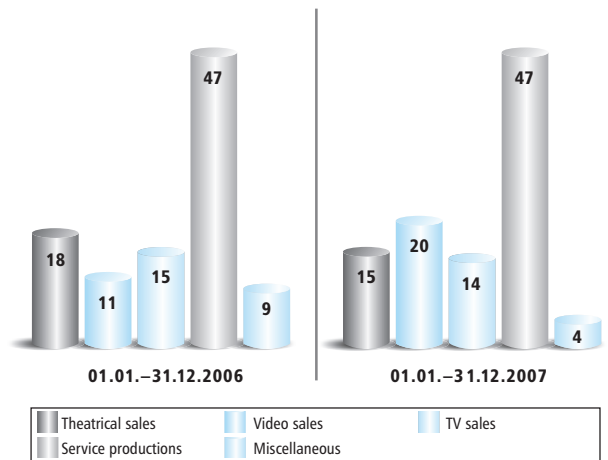
The sales from service productions in the in-house production segment amounted to € 105.982 million in the year under review (previous year: € 123.250 million) and represented 47 per cent of the total sales. The shortfall compared with the previous year is attributable essentially to the lower sales generated by Rat Pack Filmproduktion GmbH and MOOVIE – The art of entertainment GmbH, since major productions like **Lotta in Love** and **Afrika, mon amour** were not repeated in the year under review.

Films like **Alexander**, **The Grudge** and **Racing Stripes** contributed sales of € 15.549 million (previous year: € 8.898 million) in the third-party production segment.

Miscellaneous sales

The miscellaneous sales amounted to € 8.719 million (previous year: € 23.394 million) and were generated essentially in the in-house production segment. The reduction is due to the large contributions made in the previous year by co-productions, primarily the films **Perfume – The Story of a Murderer** and **The Dark**.

SALES SEGMENTATION / in % = of total sales



B.1.2. COSTS OF GOODS SOLD

The costs of goods sold for theatrical films include pro rata depreciation of the respective stage in exploitation. The costs of goods sold are capitalised and recognised in expenses in accordance with a units of production method that takes account of the reduction in the value of film rights as they are used on the basis of the sales that can be generated. Film release expenditure in theatrical exploitation, expenses relating to licensor shares, video release costs and the costs of service productions are also included here.

Total costs of goods sold of €193.003 million (previous year: €229.174 million) were incurred. The in-house production segment accounted for €154.916 million of them (previous year: €202.266 million). The costs of goods sold in the third-party production segment amounted to €38.087 million (previous year: €26.908 million). The depreciation of film rights includes expenses of €3.821 million (previous year: €3.137 million), which were attributable to adjustments made to the residual carrying amounts due to updated sales estimates of €3.563 million (previous year: €935,000) as well as to the risk provision made for films that were not being exploited yet of €258,000 (previous year: €2.202 million). The in-house production segment accounted for €2.584 million of this amount (previous year: €1.730 million), while €1.237 million (previous year: €1.407 million) were due to the third-party production segment.

B.1.3. GROSS PROFIT MARGIN

The gross profit margin of both segments together amounted to 14 per cent in the year under review. It was about 1 percentage point different from the previous year's figure of 13 per cent.

The performance of both segments was positive in the year under review, in contrast to the previous year. The gross profit margin achieved in the in-house production segment was 13 per cent (previous year: 15 per cent), while the third-party production segment contributed 17 per cent (previous year: -4 per cent).

The gross profit margin with the in-house productions was driven primarily by the service productions and by video/DVD and TV exploitation and remained practically unchanged by comparison with the previous year. Income from the release of provisions had a positive impact on the gross margin too. Extraordinary depreciation of film rights should be mentioned as a factor that had the opposite effect.

The extremely positive development in the gross profit margin over the previous year with the third-party productions is due essentially to high-margin licensing of the TV rights to theatrical films in the 2007 fiscal year. Initial positive effects of the strengthening of the licence trading operations were felt here.

B.1.4. OPERATING RESULT AND NET INCOME

The gross profit on sales amounted to €32.012 million (previous year: €33.524 million).

The selling expenses, particularly those that can be allocated to the in-house production segment, decreased by €380,000 over the previous year. This development is due essentially to the release of provisions formed to cover bad debt risks that did not materialise.

The general administration expenses were only slightly higher.

Earnings before interest and tax (operating result) amounted to €12.444 million (previous year: €14.150 million). The in-house production segment accounted for €10.259 million of this (previous year: €21.003 million), while €5.534 million came from the third-party production segment (previous year: €-3.238 million). The operating result developed in line with the gross profit margin. The operating result adjusted to eliminate the risk provision for films that are being exploited in subsequent years amounted to €12.702 million (previous year: €16.352 million). This positive performance is based on the very good results generated in fiction and non-fiction TV entertainment as well as on video/DVD marketing and the licensing of TV rights to theatrical films. The previous year's performance could not be repeated primarily because the theatrical operations were less successful. Postponement of the production of the film **Pope Joan** led to a further reduction in the operating result of €1.2 million too. The release of a provision for legal disputes of €1.7 million at Constantin Entertainment GmbH had the opposite effect in the year under review. There have nevertheless been a sound overall performance and consistent growth over the past 4 years. The operating result margin remained almost unchanged, however.

The interest expenditure relates fundamentally to general funding that cannot be allocated to individual projects. The interest balance amounted to €-750,000 (previous year: €-275,000) because use of the credit lines increased during the year. Valuation of the foreign currency portfolio led to an exchange rate balance of €-708,000 (previous year: €203,000). After allowing for these effects in the financial result, the result for the year before tax amounted to €10.978 million (previous year: €13.578 million).

CONSOLIDATED INCOME STATEMENT

	01.01. – 31.12.2006	01.01. – 31.12.2007
	€ thousand	€ thousand
Sales	262,698	225,015
Costs of goods sold without risk provision for films from subsequent years	226,972	192,745
Risk provision for films from subsequent years	2,202	258
Gross profit on sales	33,524	32,012
Selling expenses	1,749	1,369
General administration expenses	19,451	19,852
Other operating income	2,102	2,021
Other operating expenses	276	368
Operating result	14,150	12,444
Interest income/interest expenditure	–275	–750
Exchange rate profits/losses	203	–708
Profits/losses from associated companies and joint ventures accounted for using the equity method	–500	–8
Result for the year before tax	13,578	10,978
Taxes on income	5,691	4,106
Other taxes	–39	–146
Result for the year	7,848	6,726
– of which attributable to the shareholders of the parent company	7,669	6,187
– of which attributable to the minority shareholders	179	539

The main effects in the deferred taxes are the result of capitalisation of the film production costs (deferred tax liabilities) and of the differences in the realisation of sales according to HGB and IFRS (deferred tax assets). The total deferred tax liabilities amounted to € 2.710 million (previous year: € 3.485 million).

After deduction of taxes on income of € 4.106 million (previous year: € 5.691 million), the earnings attributable to the shareholders of the parent company amounted to € 6.187 million (previous year: € 7.669 million).

The key financial indicators presented are used for internal Group control purposes too.

B.2. FINANCIAL POSITION OF THE CONSTANTIN FILM AG GROUP

The balance sheet total was € 333.320 million on December 31, 2007, which is an increase of € 24.965 million over the previous year (€ 308.355 million). On the assets side, this is due essentially to the investments in the film assets, which exceeded the depreciation of films that were being exploited, the increase in bank balances, the increase in receivables from affiliated companies and the increase in other financial assets.

The current receivables were € 2.424 million higher than in the previous year. This development is attributable to the increase in receivables from affiliated companies in connection with the video business on the balance sheet date.

The other financial assets were up € 3.288 million over the previous year. This is due primarily to the increase in receivables from funding organisations.

The film assets amounted to € 181.671 million on December 31, 2007, which is an increase of 6 per cent over the previous year (€ 170.763 million). This increase is attributable to the high investments made in the year under review primarily for national productions.

Investments in film assets attributable to in-house productions amounted to € 68.903 million on December 31, 2007 (previous year:

€ 43.872 million). This means that the investment volume was 57 per cent higher than in the previous year. The investments made in the year under review include such theatrical films as **Der Baader Meinhof Komplex**, **Anonyma – Eine Frau in Berlin**, **Effi** and **The Wave**. Depreciation of in-house productions amounted to € 42.806 million. The film assets relating to in-house productions therefore increased by € 26.097 million (23 per cent) over the previous year to € 137.547 million.

€ 10.236 million (previous year: € 20.307 million) were invested in the acquisition of exploitation rights for distribution and licence trading in the 2007 fiscal year. These investments were offset by depreciation of € 25.425 million. The film assets attributable to third-party productions amounted to € 44.124 million on December 31, 2007 as a result (previous year: € 59.313 million).

Fixed assets were € 165,000 higher than in the previous year. The change over the previous year is attributable mainly to the increase in goodwill in connection with the acquisition of the shares in Constantin Ring Koprodukcija d.o.o.

The advance payments received were € 16.202 million higher than in the previous year. This development is attributable primarily to income from global distribution of the film **Resident Evil: Extinction**.

The increase of € 4.835 million in the other provisions is due to higher provisions for promotion funding. It relates essentially to productions made in the year under review.

The increase of € 3.745 million in the current other financial liabilities and of € 3.620 million in the non-current other financial liabilities is the result of liabilities entered into primarily to fund the film **Asterix at the Olympic Games**.

B.3. FUNDING SITUATION OF THE CONSTANTIN FILM AG GROUP

The objectives of the financial management activities are to optimise capital costs, to make sure sufficient liquidity is available and to limit financial risks.

The Constantin Film Group had funds of €91.790 million on December 31, 2007 (previous year: €79.451 million), while bank liabilities totalled €112.090 million (previous year: €119.387 million). Net debt was €19.636 million lower than on December 31, 2006. This change corresponds essentially to the investments in new film projects minus the inflows from the investments made in previous years, primarily in global distribution and from TV exploitation.

Thanks to the funds and credit lines that were available, the Constantin Group was in a position to meet its payment commitments throughout the fiscal year.

The cash flows from operating activities amounted to €24.488 million (previous year: €-12.609 million), which was attributable essentially to the investments in new film projects outlined above, mainly for the in-house production segment, as well as to the income from the exploitation of TV rights and from global distribution. The cash flows from financing activities totalled €-11.325 million (previous year: €5.822 million). The main influencing factors here were the repayment of the liabilities to banks for the funding of investments in the film assets and payment of the remaining instalments in connection with the acquisition of shares.

Equity increased by €5.769 million by comparison with the previous year and amounted to €74.588 million on December 31, 2007. See the statement of changes in equity on pages 56 and 57 for a detailed explanation. The theoretical equity ratio (the quotient of equity and the balance sheet total) is 22 per cent (previous year: 22 per cent). If the funds and bank liabilities and the film assets and the advance payments received are balanced, the equity ratio adjusted by this amounted to 44 per cent on December 31, 2007 (previous year: 40 per cent).

The Constantin Group has arranged credit lines as external sources of funding, some of which were used. The credit lines have variable interest rates. The interest rates in the Eurozone in 2007 ranged between 5 per cent and 8 per cent. In accordance with the local interest rate level, the interest rates in foreign currencies – particularly USD and CAD – were between 6.1 and 7.3 per cent. What are generally involved here are loans with a remaining term of less than one month. The only internal sources of funding that are available are basically any inflows from the business operations.

B.4. OVERALL ASSESSMENT OF THE SITUATION

Thanks to the TV production operations, which continued to develop positively, and the very successful video exploitation business in the fiscal year, the Constantin Group managed to generate an operating result of €12.444 million. The operating result was €1.706 million lower than in the previous year primarily because of the poorer performance in the theatrical operations. The development of the operating result over the past 4 years confirms, however, that the business model enables the Constantin Group to perform soundly and to achieve growth in a difficult market.

C. POSITION OF CONSTANTIN FILM AG (HGB)

C.1. FINANCIAL RATIOS OF CONSTANTIN FILM AG

The financial statements of Constantin Film AG were prepared in accordance with the provisions of German commercial law and the supplementary provisions of the German Companies Act (AktG).

C.2. RESULTS GENERATED BY CONSTANTIN FILM AG

The general administration expenses amounted to €10.839 million (previous year: €10.621 million). The other operating income amounted to €5.552 million (previous year: €5.098 million); the increase was attributable partly to the release of provisions and to income from charges made to third parties. Due to the profit and loss transfer agreements between Constantin Film AG and its subsidiaries, there was expenditure from loss transfers amounting to €36.055 million (previous year: €21.579 million), which were contributed mainly by Constantin Film Produktion GmbH in the fiscal year, and income from profit transfers of €48.601 million (previous year: €33.953 million), which was contributed mainly by Constantin Film International GmbH, Constantin Entertainment GmbH and Constantin Film Verleih GmbH in the year under review. The profit transfer from the subsidiaries was depressed by €933,000 due to the impact on earnings of the changes in accounting policy and corrections. With respect to the existing profit and loss transfer agreement, Constantin Film AG did not charge interest on to Constantin Film Verleih GmbH in the fiscal year. This reduced the interest balance to €-147,000 (previous year: €2.474 million). The income from

ordinary activities amounted to €7.315 million (previous year: €8.772 million). The tax expenses were € 1.270 million lower than in the previous year (€1.424 million) at €154,000. The reduction is due to the decrease of €5.022 million in taxable income amounting to €3.778 million (previous year: €8.820 million). All in all, Constantin Film AG reported a net income for the year of €7.157 million in the past fiscal year (previous year: €7.346 million). The result for the year was attributable essentially to the performance of the subsidiaries and primarily to the international exploitation of in-house productions and service productions. We refer here to pages 34 ff. of the management report.

C.3 FINANCIAL POSITION OF CONSTANTIN FILM AG

The balance sheet total amounted to €101.040 million on December 31, 2007 (previous year: €90.158 million), which was €10.882 million higher than in the previous year.

Fixed assets were €30,000 lower than in the previous year. The change from the previous year was due essentially to the addition to the financial assets because of the acquisition of shares in PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH and BECO Musikverlag GmbH. The scheduled depreciation of intangible assets and tangible assets had the opposite effect.

The current assets amounted to €75.180 million (previous year: €64.294 million). They consist mainly of receivables from affiliated companies of €73.432 million (previous year: €62.473 million) relating to the accounting transactions in business operations, which were attributable essentially to the profit transfers from Constantin Film International GmbH, Constantin Entertainment GmbH and Constantin Film Verleih GmbH as well as to administration cost charges made to the subsidiaries.

The liabilities to affiliated companies consisted primarily of the loss transfer of €34.806 million for Constantin Film Produktion GmbH.

Personnel costs were the main reason for the increase of €21,000 in other provisions. The other liabilities decreased by €2.886 million to €2.200 million, primarily because of the payment of further instalments from the acquisition of the shares in Constantin Entertainment GmbH.

C.4. FUNDING SITUATION OF CONSTANTIN FILM AG

Funding of the film productions is carried out by the operating companies. The funding situation of Constantin Film AG did not change materially by comparison with the previous year.

D. NON-FINANCIAL PERFORMANCE INDICATORS

An objective agreement and employee appraisal system was implemented at Constantin Film AG in August 2007. The goal of this system is to guarantee a style of personnel management in line with modern-day requirements, which in addition to the introduction of discussions with employees aims to facilitate even more concerted co-operation between managers and their staff and at the same time to promote ongoing training and development of all employees. In this context, the primary purpose of the newly introduced system is to act as an instrument for improving communication between managers and staff, so that the economic success of the company is guaranteed – by clearly defining the corporate objectives for the company employees and by integrating these objectives in the employees' own assignments via the agreements made with them. This enables all resources to be focussed more effectively on the corporate goals.

The company is devoting particularly close attention to the improvement of internal processes. Within the framework of the project known as "Quality Close", processes were analysed and documented in various departments in the year under review. Where optimisation potential was identified, this was included in the agreements on objectives as a performance indicator.

E. PERSONNEL DEVELOPMENT IN 2007

After 45 years of service with Constantin Film, Michael Marbach retired on May 15, 2007. Michael Marbach played a decisive role in the successful development of Constantin Film's distribution operations, particularly after the takeover by Bernd Eichinger in 1977, and Constantin Film's position as the most successful independent distributor of the past 30 years is attributable to a considerable extent to his efforts.

Oliver Koppert took over the position of Sales Director at Constantin Film Verleih with effect from May 1, 2007. After almost 10 years at Warner

Bros. Germany, Mr Koppert moved to United International Pictures (now Universal Pictures International) in 1995, where he was the Sales Director responsible for theatrical marketing for the past 10 years.

In October 2007, Constantin Film AG announced that Matthias Peipp was joining Fred Kogel and Thomas Peter Friedl as director of Constantin Film Verleih GmbH with effect from January 1, 2008. His assignments include the acquisition and sale of programme licence rights and exploitation of the Constantin film rights library. In this position, Matthias Peipp reports to Fred Kogel, Chief Executive Officer and the Management Board member responsible for these operations.

On December 11, 2007, it was announced that Thomas Peter Friedl, the member of the Management Board responsible for sales, marketing and central services, would be leaving Constantin Film AG at his own request when his contract ended on January 31, 2008.

The Chief Executive Officer Fred Kogel and the team of experienced staff are taking over responsibility for running the Constantin Film distribution operations for the time being from February 2008 onwards.

F. COMPENSATION REPORT FOR THE 2007 FISCAL YEAR

Compensation paid to the members of the Management Board

The Supervisory Board is responsible for handling contracts with the Management Board and therefore in particular for determining the compensation paid to the members of the Management Board. The Supervisory Board specifies the structure of the compensation system for the Management Board and reviews this structure at regular intervals. Criteria for specification of appropriate compensation are in particular the assignments of the Management Board member in question, his personal performance, the performance of the Management Board as a whole and the economic situation of the company, taking its relevant environment into consideration.

Compensation structure and elements

The compensation paid to the members of the Management Board consists of benefits paid as a salary and in kind that are not related to

performance and elements that are performance-based. In most cases, the performance-based, variable compensation elements consist of 2 parts: a bonus linked to earnings targets and a variable bonus that is at the discretion of the Supervisory Board.

Compensation paid to the members of the Management Board in 2007

The total compensation paid to the members of the Management Board for their activities in the 2007 fiscal year amounted to €2.6 million (see 12.2.). In accordance with the resolution passed by the Annual Shareholders' Meeting on June 8, 2006, the company does not disclose individualised information about Management Board compensation.

Compensation paid to the members of the Supervisory Board

The structure and size of the compensation paid to the Supervisory Board are determined by the Shareholders' Meeting and are specified in § 12 of the articles of association (date: June 6, 2007). They are based on the assignments and responsibility of the members of the Supervisory Board as well as on the economic success of the company.

The annual compensation consists of the following elements:

A basic amount (fixed compensation) of €10,000 p.a. for the members of the Supervisory Board, €20,000 p.a. for the Chairman of the Supervisory Board and €15,000 p.a. for the Deputy Chairman of the Supervisory Board.

The members of the Supervisory Board also receive variable compensation (bonus) amounting to €1,000 for each half a percentage point that the retained earnings exceed 4 per cent of the share capital, up to a maximum amount of half the fixed compensation.

Additional compensation is paid for membership of Supervisory Board committees (€1,000 per meeting). The Chairman of each committee receives €1,500 per meeting.

The expenses incurred by the members of the Supervisory Board (travel, hotel and any entertainment costs) are also reimbursed.

Compensation paid to the members of the Supervisory Board in 2007

The total compensation that had to be paid to the Supervisory Board for 2007 amounted to €127,000. An individualised list of the compensation paid to the members of the Supervisory Board who belonged to the Supervisory Board in 2007 can be found in section 12.2. of the notes to the consolidated financial statements, to which reference is made.

Miscellaneous information

In addition to this, 2 members of the Supervisory Board received compensation in the year under review for services they provided personally as producers of films for the Group. Reference is made to section 12.2. of the notes to the consolidated financial statements in this context too.

G. FINAL STATEMENT ABOUT THE REPORT ON THE RELATIONSHIPS TO AFFILIATED COMPANIES

The Management Board compiled its report about the relationships between the company and affiliated companies and stated in it "that Constantin Film AG, Munich, received an appropriate consideration for every legal transaction and for every measure that was taken or not taken and is covered by this report about the relationships to affiliated companies and was not disadvantaged by the fact that a measure was taken or not taken. This assessment is based on the circumstances we were aware of when the transactions about which notification is required were carried out."

The auditor issued an unqualified certificate in accordance with § 313 paragraph 3 of the German Companies Act (AktG).

The review of the report by the Supervisory Board did not lead to any objections being made. The Supervisory Board therefore agrees with the findings of the auditor. No objections need as a result to be raised about the statement made by the Management Board about the relationships between the company and affiliated companies.

H. INFORMATION IN ACCORDANCE WITH §§ 289 PARAGRAPH 4, 315 PARAGRAPH 4 OF THE HGB

"The share capital of Constantin Film AG amounts to €12,742,600 and is divided up into 12,742,600 shares with no par value. The company does not hold any of its own shares. Each share grants the right to one vote.

There are no restrictions on voting rights or the transfer of shares; the Management Board is not aware of any arrangements between shareholders involving restrictions on voting rights or the transfer of shares.

At the time when the financial statements were prepared, one shareholder held a direct or indirect interest in the share capital of Constantin Film AG that exceeded 10% of the voting rights. This shareholder is the Highlight Communications Group, which holds 95.22% of the Constantin Film AG share capital and voting rights.

Constantin Film AG has not given any special rights to the holders of shares and has not issued any shares that grant special rights or control powers either. Employees do not hold any interests in the capital where the control rights are not exercised directly either.

In accordance with § 5 of the articles of association of Constantin Film AG, the Management Board consists of one or more persons. The Supervisory Board specifies the number of Management Board members unless a certain number is stipulated by law. The Supervisory Board appoints the members of the Management Board for a maximum of 5 years by passing resolutions that require a majority of the votes cast. Reappointment or extension of the period of office for a maximum of 5 years in each case is possible. A new resolution has to be passed by the Supervisory Board to do this, which is possible one year before the end of the current period of office at the earliest. If there is a lack of a necessary member of the Management Board, a court appointment of the member is made in urgent cases at the request of one of the parties. The period of office of the member of the Management Board appointed by the court ends as soon as the gap has been filled. The Supervisory Board appoints the Chairman of the Management Board too. The Supervisory Board can

appoint deputy members of the Management Board. The Supervisory Board is responsible for cancelling the appointment to the membership or chairmanship of the Management Board as well with a majority of the votes cast. An important reason is required for dismissal. Such a reason is gross violation of duties, incapability of conducting the business properly or a vote of no confidence by the Annual Shareholders' Meeting, unless the vote of confidence is based on obviously irrelevant reasons. Dismissal remains effective until its ineffectiveness has been determined finally and absolutely. If only one Management Board member has been appointed, this member is entitled to represent the company alone. If several Management Board members have been appointed, the company is represented either by 2 members of the Management Board or by one member of the Management Board together with another authorised signatory. The Supervisory Board is entitled to grant individual or all members of the Management Board powers of sole representation. It can also exempt members of the Management Board from the restrictions of § 181 of the German Civil Code (BGB) within the limits of § 112 of the German Companies Act (AktG).

In accordance with § 16 paragraph 2 of the articles of association of Constantin Film AG, changes to the articles of association are made by a simple majority of the votes cast and by a simple majority of the share capital represented when a vote is taken on the resolution, unless mandatory legal regulations conflict with this. In accordance with § 11 paragraph 2 of the articles of association of Constantin Film AG, the Supervisory Board is entitled to make changes to the articles of association that only affect the wording.

The Management Board is authorised to acquire company shares amounting to up to 10% of the share capital up to December 5, 2008. No company shares were acquired or sold in the 2007 fiscal year.

The Management Board is also authorised to increase the share capital of the company on one or more occasions by up to a total of €4,800,000.00 by April 30, 2010 with the approval of the Supervisory Board by issuing new bearer shares in return for the injection of cash and/or physical assets ("authorised capital I"). The number of shares must be increased in the same ratio as the share capital. In this context, the Management Board is authorised to suspend the shareholders' legal subscription right with the approval of the Supervisory Board. The

subscription right may only be suspended, however, for fractional shares and/or for capital increases in return for the injection of physical assets.

The Management Board is also authorised to increase the share capital of the company on one or more occasions by up to a total of €1,200,000.00 by April 30, 2010 with the approval of the Supervisory Board by issuing new bearer shares in return for the injection of cash ("authorised capital II"). The number of shares must be increased in the same ratio as the share capital. In this context, the Management Board is authorised to take decisions about suspension of the shareholders' subscription right, with the approval of the Supervisory Board in each case. Suspension of the subscription right is only permissible if the issue price is not substantially lower than the stock market price.

The share capital of the company was increased conditionally by €600,000.00, divided up into 600,000 shares, by issuing new shares in order to carry out the stock option plan that was adopted via a resolution passed at the shareholders' meeting on August 29, 2003. The conditional capital increase is only made to the extent that subscription rights to shares are issued and the holders of these subscription rights make use of their right to exercise them in accordance with the stock option plan (SOP 2003) on the basis of the resolution passed by the Shareholder' Meeting on August 29, 2003.

Options for a maximum of 600,000 shares can be issued up to July 31, 2008 in accordance with the SOP 2003. No advantage was taken of this possibility up to the end of the 2007 fiscal year. The Management Board is not planning to issue any options on the basis of the SOP 2003 in future either.

How new shares participate in profits can be specified differently from § 60 of the German Companies Act (AktG) when a capital increase is made.

The directors of Constantin Entertainment GmbH, Ulrich Brock, Otto Steiner and Onno Müller, each has the right to terminate his employment contract as director of Constantin Entertainment GmbH prematurely with notice of 6 months to the end of a month and to resign from his office as director of Constantin Entertainment GmbH when his employment contract as director ends if Constantin Entertainment GmbH is no longer a dependent company of Constantin Film AG or Highlight Communications AG. No

other major arrangements have been made by the company that are based on the condition of a change in control as a result of a takeover bid.

No arrangements have been made by Constantin Film AG with members of the Management Board or employees about compensation in case a takeover bid is made."

I. EVENTS OF PARTICULAR IMPORTANCE AFTER THE END OF THE FISCAL YEAR

On March 31, 2008, Constantin Film AG and Bernd Eichinger agreed in advance to extend their general production contract until March 31, 2014.

On March 31, 2008, EM.Sport Media AG acquired 5.33 million more shares in Highlight Communications AG. Its interest increased by 11.3 per cent from 26.3 per cent to 37.6 per cent as a result. Completion of the transaction is subject to approval by the cartel authorities in Germany and Austria.

J. RISK REPORT

RISKS AND OPPORTUNITIES: PROBABLE DEVELOPMENT

Development of the risk management system that has been built up in recent years is being continued steadily, in order to be able to identify potentially dangerous developments at an early stage and take countermeasures in good time with the help of a standardised monitoring system.

Constantin Film AG is a holding company that depends on the development of the operating companies in which it holds equity interests. The company is influenced in its ongoing development by opportunities and risks to varying extents. Constant controlling takes account of this, so that any risks representing a threat to the survival of the company can be identified and appropriate countermeasures can be taken.

The information presented below applies to both the Constantin Group and Constantin Film AG.

1. Industry-specific opportunities and risks in the buying and exploitation of feature films

The success that Constantin Film achieves in its distribution of in-house and third-party productions depends on a number of industry-specific risks, the probability of occurrence and impact of which on the financial position and profitability of the company are difficult to estimate. Risks can develop because of changes in the market situation affecting the companies exploiting rights in the theatre, video/DVD and TV fields. Changes in media legislation, the advertising market and the form of TV broadcasting (pay TV, TV on demand) can, for example, influence what films are selected by rights exploiters as well as the choice of programmes by TV stations and their buying policy. Changes in consumer behaviour patterns and preferences can lead to market changes by rights exploiters as well. The strong trend towards concentration among television channels could, finally, cause changes to be made in sales markets. This trend towards concentration may be strengthened by initial moves towards digital distribution via the Internet. Online shops have been in operation for quite a long time now, although their sales have been marginal. This distribution channel will become more attractive as sufficient bandwidth for downloading and streaming becomes available to an increasing extent. First major players are starting to enter this market. Competition for pay TV in particular may develop here in the medium to long term.

The company monitors the structural changes on the theatrical market on an ongoing basis and will respond to decreasing audience figures by changing the theatrical distribution strategy, should this prove necessary.

On the marketing side, the Constantin Group has been supplying TV stations as direct customers since 2004 and the home entertainment market is being covered directly by a new Management Board assignment too. This extension of the added-value chain not only increases the risks Constantin faces, on the one hand; it also improves considerably the opportunities the company has to make profits, on the other hand. Constantin is profiting in this area from its excellent contacts to the television stations as well as from the synergy benefits generated with Highlight Communications AG.

Strong concentration processes are influencing the buying markets. While all that the “independent” companies do is produce, so that they are dependent on sales partners to market the films, the majors have global sales channels of their own in addition to large film studios. The entry of new players and an increase in competitive pressure as a result could also have an adverse effect on market conditions. It should also be mentioned in this connection that the majors are buying German product to a larger extent and are therefore positioning themselves as competitors for Constantin Film on the procurement market for local product. Further competition – not only from UFA Cinema GmbH, a new production subsidiary for theatrical productions by UFA and at the same time a subsidiary of the Bertelsmann Group, but also and above all from foreign studios and production companies – can also be expected on the German market in the theatrical and TV production fields. The Hollywood studio Universal Pictures has, for example, announced that it intends to concentrate to a larger extent on German theatrical productions, while Warner Bros. Entertainment, Twentieth Century Fox and The Walt Disney Company are operating aggressively on the market as well. Constantin Film AG has, however, succeeded in continuing to strengthen its sound position on the market and in developing an impressively high profile, even in a difficult market environment. It will be able to adapt flexibly to changes in the competitive situation in the future as well. There is on the other hand no guarantee that changes in competitive conditions or possible wage disputes will not have a negative impact on the company’s business, financial position and profitability.

The ever-increasing amount of piracy may lead to significant sales shortfalls. The growth in illegal copying could have the effect that the number of box office admissions decreases and that the licence prices for home entertainment and the TV exploitation of films go down in future. Making viewers more aware of the situation, expanding legal Internet opportunities and supporting various associations that represent our interests are measures that Constantin Film has already taken. These measures combined with the aggressive prosecution of offenders made an important contribution to combatting piracy in 2007.

2. Operating opportunities and risks with in-house productions

The in-house and co-production of theatrical and television films and the marketing of them are expensive and involve financial risks. The production costs of an average German theatrical film amount to between €3 million and €7 million, while the amount can be many times higher in the case of international productions. The company has to finance some of these costs in advance, as the budget concerned cannot be covered completely by co-production contributions and film subsidies. In view of the large amount of money that is required for a production, the complete or partial failure of individual film projects could already have substantial negative consequences for the Group’s business, financial position and profitability. The production of a film can in addition lead to budget overruns that the company has to pay. Thanks to its experience in film production, the Constantin Group has, however, in the past generally succeeded in covering all the production costs by the income from film exploitation. The company has also succeeded in completing film productions within the planned time and budget as well as in avoiding unplanned costs to a very large extent and/or in hedging the risk by obtaining appropriate insurance cover. A guarantee that the company will manage to limit itself to successful film projects in the future as well cannot, however, be given. Similar formats are used all over the world for TV productions. This means that there is the risk in the industry of format right disputes, which the company is also affected by and for which it has made appropriate provision.

The “Deutscher Filmförderfonds” (DFFF) initiated by the State Minister of Culture Bernd Neumann was approved at the end of 2006. A total of € 180 million are available as a result up to the end of 2009 in production cost reimbursements for productions that fulfil certain criteria. This will have a positive impact on the film production environment. (See pages 23 ff., “Theatrical production” in this context)

There are legal disputes with an external distributor about 2 in-house productions. In line with the assessment of its legal advisor, the company is working on the assumption that there is no threat of any charges in connection with these disputes.

In the non-fiction service production operations, there are risks associated with dependence on a single station and its alignment in future. As a countermeasure to reduce the risks connected with this dependence, the company concentrated more intensively on the development of its business outside Germany.

3. Financial risks

The main financial instruments used by the Group – with the exception of derivative financial instruments – are current account overdrafts, bank loans, trade payables and other financial liabilities. The aim of these financial instruments is to fund the Group's business operations. The Group has financial assets such as trade receivables, cash and cash equivalents and other financial assets that result directly from its business operations.

The Group also has derivative financial instruments. It is a fundamental rule that they are used to hedge interest and exchange rate risks that result from the Group's business operations and its sources of funding.

In accordance with the Group's internal rules, no trading of derivatives was carried out in the 2007 and 2006 fiscal years and none will be carried out in future either.

The Group is exposed to various financial risks that result from the Group's business operations and financial transactions. The most important financial risks to which the Group is exposed result from changes in foreign currency exchange rates, in interest rates and in liquidity risks as well as in the creditworthiness and solvency of the Group's partners.

Foreign currency exchange rate risk:

Most of the licences that Constantin Film buys on the international film markets and the production costs of international films are in USD. The sales generated in exploiting the licences obtained are, on the other hand, received mainly in €. The revenues from the exploitation of our international film productions are received essentially in USD. Fluctuations in the €/USD exchange rate in both directions can have an effect on the company's business operations, financial position and profitability – particularly operating margins – and lead to both exchange rate profits and losses. As in the past, the Constantin Group is trying to minimise the risk of exchange rate losses by taking advantage of suitable derivative

financial instruments. These derivative financial instruments are arranged with banks. The financial instruments relate to future foreign currency payment flows for film projects. The Group does not hold or issue any derivative financial instruments for trading purposes. It is a fundamental rule for the Group to make sure that the amount of the hedging transaction does not exceed the transaction on which it is based. No guarantee can, however, be given that the hedging transactions carried out by the company will be successful in every case. Constantin Film also tries to specify upper limits for exchange rates in licence purchasing contracts that are transacted on the basis of USD.

If the exchange rate had been 5 per cent higher in 2007 than it actually was on December 31, 2007, earnings before tax would have been € 314,000 lower (previous year: improvement of € 1.425 million) because of the change in the trade receivables and payables and the bank balances. There are, on the other hand, pending business transactions which are carried out using these financial instruments, among other things. If they are included, earnings before tax are only € 202,000 lower (previous year: improvement of € 59,000). The difference from the previous year is due to dollar liabilities at banks in the previous year's accounts, which were paid back from the dollar cash flow in 2007.

Interest rate change risk:

The interest rate change risk to which the Group is exposed relates primarily to the liabilities and loans on which interest is paid. The Constantin Group could be exposed to interest rate change risks in the context of the in-house marketing of TV rights, if there is a lengthy period of time between acquisition of the rights and payment by the TV stations. Liabilities on which interest is paid generally have a shorter term than the receivables financed by them. This difference in terms leads to an interest rate change risk that is controlled by the Group actively. The focus here is on analysis of the yield structure curve. Current financial debt is carried at amortised cost and the effective interest method is applied. Reference is made to page 47 in relation to the terms. Since short terms are involved, there are no major deviations between the fair value and the carrying amount.

At the present time, the Group does not use any financial instruments to hedge the interest rate change risk; there is an interest rate pooling arrangement for the current account bank overdrafts.

If the level of interest rates had been 5 per cent higher in 2007 than the current level and all the other conditions had remained unchanged, profits before tax would have been € 75,000 lower (previous year: € 61,000). The main reason for this would have been the lower financial result. If the situation had been the other way round, profits would have been increased to the same extent.

The turbulence on the international credit markets has not had any negative consequences for Constantin Film AG so far. Although the risk premiums demanded on the market have increased for companies like Constantin Film with a good credit standing too, this effect is being compensated for by decreasing money market interest rates. In addition to this, Constantin Film's risk premiums in the potentially capital-intensive film production operations are fixed on a long-term basis. Due to the fact that Constantin Film's total debt is low at the moment, even sizable increases in interest rates would only have a comparatively small impact on company earnings.

Liquidity risk:

To minimise the liquidity risk, the Constantin Group has credit lines that exceed the funding requirements.

The following table shows the credit lines available to the Group on the balance sheet date. The use made of them at the different banks on December 31, 2007 was as follows:

	Lines available	Amount used in € thousand
DZ Bank AG, Bayerische Landesbank, Dresdner Bank AG Syndicate loan, production funding (USD thousand)	100,000	13,728
Bayerische Landesbank, Dresdner Bank AG, DZ Bank AG Licence trading and working capital (€ thousand)	50,000	21,050
HypoVereinsbank Line for working capital and service productions (€ thousand)	2,500	500
Bankhaus Reuschel Guarantee line, line for working capital and service productions (€ thousand)	5,000	0
Berliner Bank Line for service productions (€ thousand)	3,600	1,523

The credit lines (production funding and licence trading line) are secured by the film rights included in the film assets amounting to € 181.671 million and the exploitation revenues resulting from them as well as by receivables amounting to € 21.812 million. The amounts used are all due on request in 2008.

The Constantin Group is expecting a positive net inflow of cash and cash equivalents from the business operations in the 2008 fiscal year and the following years. Together with the agreed credit lines, sufficient funds should be available to carry out the company's activities properly.

In the licence trading operations, credit lines are arranged until further notice or on a yearly basis. Taking the current developments on the capital market into consideration, the company is acting on the assumption that it will be possible to extend them in 2008 without significant changes to the conditions.

The revolving production credit line has also been extended with unchanged conditions for a further year until the end of 2009.

Credit risk:

Credit risks may result from cash and cash equivalents, business relations with financial institutions, bank balances, derivative financial instruments and receivables from customers. Banks need to have a minimum independent rating of "A" in order to be able to maintain a banking relationship with the Constantin Group. Any risks involved with cash and cash equivalents are also reduced even more by making use of different financial service providers rather than just one bank.

Risks can arise in connection with the financial standing of contractual partners in the context of the marketing and/or licensing of film rights in the various exploitation phases (theatre, video/DVD, TV). These risks are minimised by restricting business transactions to partners with an excellent credit standing. There is a concentration of default risks from business relationships with individual debtors and debtor groups with respect to TV stations. Actual default is considered to be improbable, however.

The credit risks relate to the possibility that the partner in a transaction is incapable or unwilling to meet its commitments and that the Group

suffers financial loss as a result. Trade receivables are subject to active risk management with the focus on the evaluation of risks in individual countries, the specification of the credits available, regular reviews of credit risks and monitoring of the receivables.

Trade receivables can be broken down into receivables that are not overdue and receivables that are overdue, taking the conditions agreed with the customers into account in each case. The age structure is as follows:

	31.12.2006	31.12.2007	31.12.2006	31.12.2007
	€ thousand	€ thousand	€ thousand	€ thousand
	Current trade receivables		Others	
Not overdue, no impairment made	18,364	25,355	11,804	14,816
1–30 days overdue, no individual impairment made	5,427	4,364	0	0
31–60 days overdue, no individual impairment made	440	250	0	0
61–90 days overdue, no individual impairment made	1,774	66	0	276
91–180 days overdue, no individual impairment made	2,411	899	0	0
More than 181 days overdue, no individual impairment made	2,611	1,417	0	0
Total	31,027	32,351	11,804	15,092
General impairment	–1,805	–705	0	0
Total after impairment	29,222	31,646	11,804	15,092

Impairments for trade receivables are made not only on the basis of an individual assessment but also on the basis of recent experience in the past, due to the differences in the customer structure in the different sectors.

The actual debtor losses in the 2007 fiscal year amounted to €490,000 (previous year: €716,000). The release of the impairment is due to the elimination of risks, connected primarily with receivables from the licensing of video rights and with the change in risks associated with receivables from theatre operators.

	2006	2007
	€ thousand	€ thousand
Impairment		
On January 1	3,395	3,615
Impairment for doubtful debts	716	490
Impairment required	–496	–754
Impairment released	0	–1,636
On December 31	3,615	1,715
of which specific impairment	1,810	1,010
of which general impairment	1,805	705

K. PROSPECTS

Theatrical exploitation

At the present time, Constantin Film is planning 13 theatrical releases in the 2008 distribution year: 9 national and international in-house and co-productions as well as 4 licensed third-party productions. A conservative estimate of the admission figures and sales has been made per theatrical release on the basis of past experience and taking the genre into account.

We started the distribution year on January 3, 2008 with the licensed film **Beste Gegend**, followed by the European co-production **Asterix at the Olympic Games** on January 31, 2008. **Beste Gegend**, which was only shown in Bavaria, reached 110,000 theatrical admissions by February 28, 2008. **Asterix at the Olympic Games** attracted enthusiastic audiences totalling an impressive 1.2 million mainly young viewers.

The Oscar®-winning licensed film **Michael Clayton** starring George Clooney was released to German theatres on February 28. **Step Up to the Streets**, the sequel to the licensed film **Step Up** which reached more than 600,000 admissions in 2006, was then released to theatres on March 6.

The Wave, a production by the subsidiary Rat Pack Filmproduktion, was released to German theatres on March 13, 2008.

Urmel voll in Fahrt, the sequel to the successful cartoon film for children **Urmel aus dem Eis** (distribution: Warner Bros) is Constantin Film's first CGI animation project and is being released to theatres on May 1, 2008.

Constantin Film is releasing the licensed film **Cassandra's Dream**, the latest work by the art house director Woody Allen, to theatres on June 5, 2008 as an alternative to the European Football Championship.

Freche Mädchen – a production by collina Filmproduktion based on the series of bestselling books for young people called **Freche Mädchen – Freche Bücher** – is being released to theatres on July 17, 2008.

The theatrical highlight of 2008, the keenly awaited in-house production **Der Baader Meinhof Komplex** by the successful producer Bernd Eichinger, is being released to German theatres on September 25, 2008.

The theatrical release of the following in-house and co-productions is also planned for the last 2 quarters of 2008: **Paris 36** (theatrical release: November 27, 2008) by the makers of the theatrical hit **The Chorus**, **Im Winter ein Jahr** (theatrical release: November 13, 2008) by Oscar® prizewinner Caroline Link, **Anonyma – Eine Frau in Berlin** (theatrical release: October 23, 2008) – a production by Günter Rohrbach – and **Effi** (theatrical release: beginning of 2009) by director Hermine Huntgeburth.

In the in-house production segment, national exploitation of **Asterix at the Olympic Games** and **Der Baader Meinhof Komplex** will be having a strong impact. All in all, we are hoping that the gross profit from theatrical exploitation in this segment will be higher in 2008.

In the third-party production segment, the high-quality production **Michael Clayton** will be playing a prominent role in theatrical exploitation. We anticipate a good theatrical performance by **Step Up to the Streets** too. Theatrical exploitation in this segment is expected to produce similar results to 2007.

Video / DVD exploitation

Successful continuation of the business operations is assumed in the video exploitation field. An estimate of the sales volume and value per film is made on the basis of the admission figures achieved / planned. The strong distribution programmes from 2007 and 2008 with the in-house productions **Resident Evil: Extinction** and **Warum Männer nicht zuhören und Frauen schlecht einparken**, **Asterix at the Olympic Games** and the third-party productions **Lissi und der Wilde Kaiser** and **Step Up to the Streets** will make substantial contributions to sales here. We will, however, be scoring points with such back catalogue films as **American Pie**, **The Sixth Sense** or **Sleepy Hollow** in the autumn of 2008 too, the rights to which have now returned to Constantin Film.

TV exploitation

TV exploitation sales can generally be forecast with greater accuracy, because they result from contracts that have already been concluded.

Free TV exploitation in the in-house production segment will be driven essentially by the sales generated with the films **Fantastic Four**, **The White Masai**, **Siegfried** and **The Dark**. The film **Fantastic Four** will probably make the largest contribution to sales. In the third-party production segment, the Constantin Group will be obtaining sales with the licensing of the TV rights to films like **Domino – Live Fast, Die Young**, **Basic Instinct 2: Risk Addiction** and **Keeping Mum**. Sales will be spread pretty evenly between the individual films here.

In the licensing of pay TV rights in the in-house production segment, sales will be driven especially by the films **Perfume – The Story of a Murderer**, **Hui Buh – Das Schlossgespenst**, **Schwere Jungs** and **Neues vom Wixxer**. The main films in the licensing of pay TV rights in the third-party production segment include **Bridge to Terabithia**, **Step Up** and **Apocalypto**.

Theatrical production

Constantin Film and its subsidiaries regularly have 50 to 70 German and English film projects in the course of development. Constantin Film Produktion is planning to make about 7 to 8 German and 2 international in-house and co-productions in 2008.

At the present time, the schedule for 2008 includes principal photography for the following productions and co-productions:

Die Perlmutterfarbe (director: Marcus H. Rosenmüller), **Tannöd** (director: Bettina Oberli), **Pandorum** (director: Christian Alvert), **Die Konferenz der Tiere**, **Die Vorstadtkrokodile** (director: Christian Ditter), **Pope Joan** (director: Sönke Wortmann), **Wickie** (director: Michael Bully Herbig) and **Männersache** by and with Mario Barth.

Service productions

Developments in the TV service production operations continue to be very positive. Some of the projects planned for 2008 are as follows:

The plans made by our wholly-owned subsidiary Constantin Television for 2008 include continuation of the production of the daily programme **Dahoam is Dahoam** for Bayerischer Rundfunk. Various TV projects are in the process of being prepared too – principal photography of 2 projects is expected in the 1st half of 2008.

On behalf of ZDF, MOOVIE – The art of entertainment is planning the production of a major project as well as another programme for the successful series **Rosa Roth** in 2008. A 3rd TV film in the series based on the novels by Johannes Mario Simmel is also planned for ZDF.

Rat Pack Filmproduktion's plans for 2008 include the production of further instalments of **Kalkofes Mattscheibe** and at least 2 other projects.

Developments in the TV entertainment operations continue to be good too. New projects planned by Constantin Entertainment for 2008 include: the casting show **Bully sucht die starken Männer**, another series of **Hit Giganten** and the new documentary/soap opera **The Real Wedding Crashers**. We are also expecting the Constantin Entertainment subsidiaries in Poland and Croatia to develop increasingly positively.

The sales generated by the service production operations are expected to develop in a similar way to the 2007 fiscal year in 2008.

Summary

Constantin Film AG owes the good development of its business in recent years to its performance and commitment in the core production and content distribution operations, even though the market environment has become tougher.

Further competition – not only from UFA Cinema GmbH, a new production subsidiary for UFA theatrical productions and at the same time a subsidiary of the Bertelsmann Group, but also and above all from foreign studios and production companies – can be expected in 2008 and the subsequent years on the German market in the theatrical and TV production fields. The Hollywood studio Universal Pictures has, for example, announced that it intends to concentrate to a larger extent on German theatrical productions, while Warner Bros. Entertainment,

Twentieth Century Fox and The Walt Disney Company are operating aggressively on the market as well.

It also remains to be seen what impact StudioCanal's involvement in the Kinowelt Group will have on the licence trading, distribution, home entertainment and production operations in the coming years.

In the distribution operations, Constantin Film will be continuing to implement the proven strategy of combining national and international in-house and co-productions with high-quality third-party films in 2008 and the coming years. Constantin Film Produktion is concentrating in addition on steady optimisation of the sustained high quality of its national and international in-house productions. The extension of the added-value chain by the addition of TV entertainment, licence trading and home entertainment is still proving to be strategically correct. Constantin Entertainment in particular is one of the leading entertainment production companies on the German market. The successful company establishment of Constantin Television GmbH and the foundation of the new company PolyScreen GmbH, a joint venture with the successful Polyphon Film und Fernsehgesellschaft GmbH from Hamburg, have proved to be sensible moves. By concluding the output sales deals for our in-house and co-productions in free TV (ProSiebenSat.1) and pay TV (Premiere Fernsehen GmbH und Co. KG and Disney Channel, Deutschland) in 2006 and 2007, we have obtained the biggest German television channels as long-term partners.

Our focus on the core business and its sustained expansion in Germany does not, however, mean that we are neglecting the new distribution and exploitation channels in the digital media age. The Management Board has been working intensively on video-on-demand and its new forms (download-to-own and electronic sell-through) for years now. In this field, we have at an early stage sought to co-operate with suitable partners, with whom we liaise to develop new strategies that open up these distribution channels for Constantin Film at economically viable conditions. As a content company, we are also watching the market for the distribution of mobile content and mobile TV very closely. Our general starting point here is the economically viable generation and

provision of content and not the operation of platforms or stations of our own. In addition to this, further expansion of our operations abroad has particularly high priority in the TV production operations.

Attention is drawn to the fact that the actual results may differ considerably from the expectations about probable developments, if the assumptions on which the forward-looking statements are based prove to be wrong. Major assumptions made by Constantin Film AG relate to the theatrical and video success of individual films.

The company will be continuing to optimise administration cost development by applying systematic cost management.

With the outstandingly talented creative staff who are committed to Constantin Film and with our highly motivated, excellent-quality team of employees, we are certain that we will tackle the tremendous challenges posed by the market effectively and are therefore planning sales of at least €230 million and a positive operating result of at least €12 million in the 2008 fiscal year. We are planning business development in 2009 that matches the success achieved in the previous years.

Constantin Film AG is planning to continue the expansion of the existing business – particularly the TV production operations in the entertainment field in European countries outside Germany – in 2008 and the subsequent years. Constant efforts are also being made to add further operations to the business that are closely associated with the core activities.

Munich, April 2008

The Management Board

► CONSOLIDATED BALANCE SHEET / IFRS

ASSETS	1) 31.12.2006 ²⁾	31.12.2007
	€ thousand	€ thousand
Current assets	7.2.	
I. Cash and cash equivalents	6.1. / 6.8.1. / 7.1. / 7.2.3.	79,451
II. Receivables	6.2. / 7.1. / 7.2.1.	
1. Trade receivables		26,696
2. Receivables from affiliated companies		2,526
III. Inventories	6.4. / 7.2.2.	1,669
IV. Other financial assets	6.8.1. / 7.1. / 7.2.1.	11,804
V. Current tax assets		1,253
Total current assets		123,399
Non-current assets	7.3.	
I. Intangible assets	6.6. / 7.3.1. / 7.3.2.	5,179
II. Tangible assets	6.7. / 7.3.1.	1,463
III. Financial assets	6.8.1. / 7.1. / 7.3.1.	393
IV. Film assets	6.5. / 7.3.3.	
1. In-house productions		111,450
2. Third-party productions		59,313
V. Receivables	6.2. / 7.1. / 7.3.4.	
1. Trade receivables		1,974
VI. Deferred tax claims	7.6.	5,184
Total non-current assets		184,956
Total assets		308,355

1) See the relevant number in the notes to the consolidated financial statements for further information

2) The figures as per December 31, 2006 have been adjusted as described on page 65 ff. in the notes to the consolidated financial statements

EQUITY AND LIABILITIES	1) 31.12.2006 ²⁾	31.12.2007
	€ thousand	€ thousand
Current liabilities	7.4.	
I. Liabilities to banks	7.1./7.4.5.	119,387
II. Trade payables	6.10./7.1./7.4.1.	18,763
III. Liabilities to affiliated companies		8
IV. Advance payments received	6.11./7.4.2.	55,989
V. Provisions	6.12./7.4.3.	
1. Tax provisions		2,050
2. Other provisions		30,224
VI. Other financial liabilities	6.8.2./7.1./7.4.4.	7,367
VII. Current tax liabilities		375
Total current liabilities		234,163
Non-current liabilities	7.5.	
I. Other financial liabilities	6.8.2./7.1./7.5.1.	2,000
II. Deferred tax liabilities	7.6.	3,373
Total non-current liabilities		5,373
Equity	6.13./7.7.	
I. Subscribed capital		12,743
II. Capital reserves		55,546
III. Retained earnings		-905
IV. Other comprehensive income		678
- Subscribed capital and reserves / earnings attributable to the shareholders of the parent company		68,062
- Equity attributable to the minority shareholders		757
Total equity		68,819
Total equity and liabilities		308,355
		333,320

► CONSOLIDATED INCOME STATEMENT / IFRS

		01.01. – 31.12.2006 ²⁾	01.01. – 31.12.2007
	1)	T€	T€
Sales	8.1.	262,698	225,015
Costs of goods sold	8.2.	229,174	193,003
Gross profit on sales		33,524	32,012
Selling expenses		1,749	1,369
General administration expenses		19,451	19,852
Other operating income		2,102	2,021
Other operating expenses		276	368
Operating result		14,150	12,444
Interest income/interest expenditure	6.15. / 8.4.	– 275	– 750
Exchange rate profits/losses	8.5.	203	–708
Profits/losses from associated companies and joint ventures accounted for using the equity method		– 500	–8
Result for the year before tax		13,578	10,978
Taxes on income	6.16. / 7.6.	5,691	4,106
Other taxes		– 39	–146
Result for the year		7,848	6,726
– Profits attributable to the shareholders of the parent company		7,669	6,187
– Profits attributable to the minority shareholders		179	539
Earnings per share in € (undiluted)	8.6.	0.60	0.49
Earnings per share in € (diluted)	8.6.	0.60	0.49
Average number of shares in circulation		12,742,600	12,742,600

1) See the relevant number in the notes to the consolidated financial statements for further information

2) The figures for the period 01.01. – 31.12.2006 have been adjusted as described on page 65 ff. in the notes to the consolidated financial statements

► CONSOLIDATED CASH FLOW STATEMENT / IFRS

	01.01. – 31.12.2006 ¹⁾	01.01. – 31.12.2007
	€ thousand	€ thousand
Result for the year	7,848	6,726
Depreciation of tangible assets and financial assets, amortisation of other intangible assets	1,221	1,006
Profits / losses on the disposal of fixed assets	18	0
Change in net working capital		
Change in trade receivables and receivables from affiliated companies	–3,889	–1,016
Change in the other non-interest bearing receivables and other assets	–2,435	–1,913
Investment in film assets / in-house productions	–43,872	–68,903
Depreciation of film assets / in-house productions	73,100	42,806
Investment in film assets / third-party productions	–20,536	–9,933
Depreciation of film assets / third-party productions	11,494	25,425
Change in trade payables and liabilities to affiliated companies	4,566	–2,066
Change in advance payments received	–35,704	16,202
Change in non-interest bearing liabilities, provisions and other liabilities	–8,356	13,444
Change in deferred taxes	3,466	2,710
Other expenses not affecting payment	470	0
Cash flows from operating activities	–12,609	24,488
Inflow of funds from disposals of tangible assets, intangible assets and financial assets	19	0
Investments in intangible and tangible assets	–1,413	–711
Investments in other financial assets	–547	–16
Acquisition of fully consolidated participations	–14	–161
Currency translation differences	9	64
Cash flows from investing activities	–1,946	–824
Acquisition of shares in companies already controlled	–2,850	–2,849
Profit distributions	0	–33
Change in liabilities to banks	8,672	–8,443
Cash flows from financing activities	5,822	–11,325
Change in funds	–8,733	12,339
Funds at the beginning of the period	88,184	79,451
Funds at the end of the period	79,451	91,790

1) The figures for the period 01.01. – 31.12.2006 have been adjusted as described on page 65 ff. in the notes to the consolidated financial statements

► CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / IFRS

STATEMENT OF CHANGES IN EQUITY / in € thousand

On January 1, 2006

Before changes to accounting principles

- I) Change in the time when grants are recognised
- II) Change to accounting of service productions

On January 1, 2006

After changes to accounting principles

Profits/losses from cash flow hedges
Tax impact of profits/losses from cash flow hedges
Total earnings directly recognised in equity
Result for the year after changes to accounting principles and corrections
Total result for the period after changes to accounting principles and corrections
Acquisition of minority interests

On December 31, 2006

After changes to accounting principles and corrections

On January 1, 2007

Before changes to accounting principles and corrections

- I) Change in the time when grants are recognised
- II) Change to accounting of service productions
- III) Change in the recognition of promotion loans,
the repayment of which leads to another right to payment
- IV) Correction of repayment commitments for project grants

On January 1, 2007

After changes to accounting principles and corrections

Profits/losses from cash flow hedges
Tax impact of profits/losses from cash flow hedges
Total earnings directly recognised in equity
Result for the year
Total result for the period
Acquisition of minority interests
Dividend payment

On December 31, 2007

► CONSOLIDATED STATEMENT OF CHANGES IN EQUITY / IFRS

Subscribed capital and reserves / earnings attributable to the shareholders of the parent company				Equity attributable to the minority shareholders		Total equity
Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Total		
12,743	55,546	-7,765	-296	60,228	511	60,739
		-3,039		-3,039	404	-2,635
		2,230		2,230	-338	1,892
12,743	55,546	-8,574	-296	59,419	577	59,996
			1,240	1,240		1,240
			-266	-266		-266
			974	974		974
		7,669		7,669	179	7,848
		7,669	974	8,643	179	8,822
				0	1	1
12,743	55,546	-905	678	68,062	757	68,819
12,743	55,546	536	678	69,503	698	70,201
		-2,902		-2,902	390	-2,512
		1,801		1,801	-331	1,470
		-588		-588	0	-588
		248		248	0	248
12,743	55,546	-905	678	68,062	757	68,819
			-1,147	-1,147		-1,147
			469	469		469
			-678	-678		-678
		6,187		6,187	539	6,726
		6,187	-678	5,509	539	6,048
					4	4
					-283	-283
12,743	55,546	5,282	0	73,571	1,017	74,558

► CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS / IFRS

Acquisition or production costs / in € thousand					
CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS 2006	01.01.2006	Currency trans- lation differences	Additions	Disposals	31.12.2006
I. Intangible assets					
1. Goodwill	6,358	0	3	0	6,361
2. Software	374	0	662	0	1,036
3. Franchises, industrial rights	390	0	15	9	396
	7,122	0	680	9	7,793
II. Tangible assets					
1. Land and buildings, including buildings on third-party land	311	-3	0	0	308
2. Other equipment, operating and office equipment	4,097	-35	736	299	4,499
	4,408	-38	736	299	4,807
III. Financial assets					
1. Equity investments in associated companies	0	0	500	0	500
2. Equity investments in other companies	294	0	0	0	294
3. Long-term investments	303	0	0	1	302
4. Other loans	53	0	47	0	100
	650	0	547	1	1,196
	12,180	-38	1,963	309	13,796
CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS 2007	01.01.2007	Currency trans- lation differences	Additions	Disposals	31.12.2007
I. Intangible assets					
1. Goodwill	6,361	0	453	0	6,814
2. Software	1,036	0	249	0	1,285
3. Franchises, industrial rights	396	0	0	0	396
	7,793	0	702	0	8,495
II. Tangible assets					
1. Land and buildings, including buildings on third-party land	308	0	78	0	386
2. Other equipment, operating and office equipment	4,499	-36	384	169	4,678
	4,807	-36	462	169	5,064
III. Financial assets					
1. Equity investments in associated companies	500	0	107	500	107
2. Equity investments in other companies	294	0	0	0	294
3. Long-term investments	302	0	12	0	314
4. Other loans	100	0	4	44	60
	1,196	0	123	544	775
	13,796	-36	1,287	713	14,334

► CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS / IFRS

Accumulated depreciation/amortisation / in € thousand					Carrying amount / in € thousand		
01.01.2006	Currency translation differences	Additions	Disposals	31.12.2006	01.01.2006	31.12.2006	
1,818	0	0	0	1,818	4,540	4,543	
296	0	127	0	423	78	613	
358	0	21	6	373	32	23	
2,472	0	148	6	2,614	4,650	5,179	
15	-1	39	0	53	296	255	
3,052	-28	533	266	3,291	1,045	1,208	
3,067	-29	572	266	3,344	1,341	1,463	
0	0	500	0	500	0	0	
294	0	0	0	294	0	0	
8	0	1	0	9	295	293	
0	0	0	0	0	53	100	
302	0	501	0	803	348	393	
5,841	-29	1,221	272	6,761	6,339	7,035	
01.01.2007	Currency translation differences	Additions	Disposals	31.12.2007	01.01.2007	31.12.2007	
1,818	0	138	0	1,956	4,543	4,858	
423	0	302	0	725	613	560	
373	0	1	0	374	23	22	
2,614	0	441	0	3,055	5,179	5,440	
53	0	44	0	97	255	289	
3,291	28	521	169	3,671	1,208	1,007	
3,344	28	565	169	3,768	1,463	1,296	
500	0	8	500	8	0	99	
294	0	0	0	294	0	0	
9	0	0	0	9	293	305	
0	0	0	0	0	100	60	
803	0	8	500	311	393	464	
6,761	28	1,014	669	7,134	7,035	7,200	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS) OF CONSTANTIN FILM AG FOR THE 2007 FISCAL YEAR

The shares of Constantin Film AG, based in Munich, were admitted for trading on the Neuer Markt on September 13, 1999. Deutsche Börse admitted Constantin Film AG to the Prime Standard on January 1, 2003. The rules of the Prime Standard require financial statements to be prepared in accordance with international accounting standards.

1. APPLICATION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Constantin Film AG prepares its consolidated financial statements in accordance with § 315 a I of the HGB on the basis of the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB), as they have to be applied in the European Union.

The Management Board of Constantin Film AG approved the submission of the consolidated financial statements to the Supervisory Board on April 14, 2008. It is the responsibility of the Supervisory Board to review the consolidated financial statements and to state whether it approves the consolidated financial statements.

For this purpose, Constantin Film AG restates all the balance sheets and income statements of individual consolidated companies that have been prepared on the basis of local accounting rules to the international accounting standard IFRS and then compiles consolidated financial statements on this basis. The consolidated financial statements are compiled in accordance with uniform accounting and valuation principles. The main accounting and valuation principles that were applied when these consolidated financial statements were prepared are described below. Unless information is provided to the contrary, the principles described were applied systematically to the reporting periods presented.

2. DESCRIPTION OF THE CONSTANTIN FILM AG GROUP

Together with its subsidiaries and affiliated companies, Constantin Film AG (hereinafter referred to as "Constantin Group") is a major German producer and distributor of theatrical, video/DVD and television films. The Group's operations include the production of films and the exploitation of acquired film rights. The rights to these films are exploited at all the different stages, from theatres to video/DVD and television. The films produced in-house are often exploited all over the world. Third-party productions are distributed essentially in German-speaking countries. The subsidiaries abroad are used in the implementation of international in-house productions. The Constantin Group also produces fiction and non-fiction programmes for TV stations. The music operations resulting from the film business are combined and exploited at 4 subsidiaries too.

2.1. Companies consolidated

The consolidated financial statements of the Constantin Group include the financial statements of Constantin Film AG and its subsidiaries.

Subsidiaries are companies that Constantin Film AG controls directly or indirectly. Control means the possibility of dominating the financial transactions and business operations in order to generate appropriate benefits. This is normally the case when Constantin Film AG owns more than 50 per cent of the voting rights or potential voting rights of a company directly or indirectly. Special purpose entities are included in the consolidated financial statements if the Group controls the special purpose entity in view of the nature of the relationship. The following changes were made to the companies consolidated in the year under review:

Königskinder Schallplatten GmbH

Constantin Film AG acquired a 25 per cent interest in Königskinder Schallplatten GmbH in the 2nd quarter of 2006. Königskinder Schallplatten GmbH was considered to be an associated company.

Constantin acquired another 25 per cent in the 2nd quarter of 2007. This interest has been consolidated in full since then, as Constantin Film AG controls the company (IAS 27.13 (b) in connection with IAS 27.14). This acquisition led to an inflow of cash and cash equivalents of €19,000 and an outflow of €12,000 in funds. Königskinder Schallplatten GmbH generated earnings of €-213,000 in the period.

Königskinder Schallplatten GmbH had a different fiscal year, with a balance sheet date of June 30 each year. It was arranged for an incomplete fiscal year to be completed from July 1, 2007 to December 31, 2007, so that the balance sheet date is now December 31, as it is in the rest of the Group..

PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH

In the 2nd quarter of 2007, Constantin Film AG and POLYPHON Film- und Fernsehgesellschaft mbH co-operated to establish PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH. Each of the two shareholders holds 50 per cent of the shares in the company. The company's operations include the development and production of high-quality television film and entertainment formats. The interest is consolidated by the equity method in accordance with IAS 31. The investment associated with the establishment of this joint venture amounted to €52,000.

The Group holds a 50 per cent stake in PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH, €1.548 million of the current assets, €1.481 million of the current liabilities, €1.320 million of the income and €1.317 million of the expenses (previous year €0 in each case).

Constantin Ring Koprodukcija d.o.o.

Constantin Entertainment GmbH established Constantin Ring Koprodukcija d.o.o. towards the end of the 2nd quarter of 2007 together with a Croatian producer. The company's operations include the development and production of entertainment formats. Until December 28, 2007, each of the two shareholders held 50 per cent of the shares in the company. The company was consolidated in the consolidated financial

statements by the equity method from the 3rd quarter onwards. The company has been consolidated in full since December 28, 2007 due to the acquisition of the remaining shares. This acquisition led to an inflow of cash and cash equivalents of €32,000 and an outflow of €202,000 in funds. Constantin Ring Koprodukcija d.o.o. generated earnings of €0 in the period.

BECO Musikverlag GmbH

Constantin Film AG acquired a 50 per cent interest in BECO Musikverlag GmbH on December 17, 2007. The acquisition was made in connection with the strengthening of the music operations in the Constantin Group. The company has been consolidated in the consolidated financial statements by the equity method since the time of acquisition. The purchase price for the shares was €55,000. This had not yet been paid on December 31, 2007.

Constantin Music GmbH

Constantin Film AG acquired an interest of 90 per cent in Constantin Music GmbH on December 13, 2007. The acquisition was made in connection with the strengthening of the music operations in the Constantin Group. The company has been consolidated in full in the consolidated financial statements since the time of acquisition. This acquisition led to an inflow of cash and cash equivalents of €25,000 and an outflow of €23,000 in funds. Constantin Music GmbH generated earnings of €0 in the period.

The book values of the assets and liabilities taken over in all acquisitions corresponded to the fair values on the final date.

If the equity interests in Königskinder Schallplatten GmbH, Constantin Ring Koprodukcija d.o.o. and Constantin Music GmbH had already been consolidated on January 1, 2007, the result for the Group would have been sales of €226.465 million and earnings of €6.535 million.

In addition to Constantin Film AG as the parent company, the following companies in which Constantin Film AG directly or indirectly holds an equity interest are consolidated:

DIRECT CAPITAL INTEREST / in per cent

		Company operations
Constantin Script & Development GmbH , Munich	100.0	Acquisition and development of material rights
Constantin Media GmbH audiovisuelle Produktionen , Munich	100.0	Acquisition and development of material rights
Constantin Film Development Inc. , Los Angeles/USA ^{1)/2)}	100.0	Acquisition and development of material rights
Constantin Film Produktion GmbH , Munich	100.0	Film and television production
Constantin Film Services GmbH , Munich ²⁾	100.0	Film services
Constantin Film International GmbH , Munich	100.0	International film production
Constantin Pictures GmbH , Munich ²⁾	100.0	International film and television production
Constantin Production Services Inc. , Los Angeles/USA ^{1)/2)}	100.0	International film production
DoA Production Ltd. , London/Great Britain ^{1)/2)}	100.0	International film production
Constantin Entertainment GmbH , Ismaning	100.0	TV entertainment production
Olga Film GmbH , Munich ¹⁾	51.0	Film and television production
bob Film GmbH , Munich ^{1)/2)}	51.0	Film and television production
MOOVIE – The art of entertainment GmbH , Berlin ¹⁾	51.0	Film and television production
Rat Pack Filmproduktion GmbH , Munich ¹⁾	51.0	Film and television production
Westside Filmproduktion GmbH , Krefeld ¹⁾	51.0	Film and television production
Constantin Film Verleih GmbH , Munich	100.0	Licence trading and cinema distribution
Classic Media Werbeagentur GmbH , Munich	100.0	Advertising and event marketing
Constantin International B.V. , Amsterdam/NL ¹⁾	100.0	Licence trading
Constantin Music Verlag GmbH , Munich	100.0	Exploitation of music rights
Constantin Propaganda GmbH , Munich	100.0	Licence trading
Constantin Television GmbH , Munich ²⁾	100.0	TV production
Königskinder Schallplatten GmbH , Hamburg ¹⁾	50.0	Music production and exploitation
Resident Evil Mexico S. DE R.L. DE C.V. , Mexicali/Mexiko ^{1)/2)}	100.0	Production of Resident Evil: Extinction
Constantin Entertainment UK Ltd. , London ^{1)/2)}	100.0	TV entertainment production
Constantin Entertainment Polska Sp. z o.o. , Warsaw ^{1)/2)}	85.0	TV entertainment production
Constantin Music GmbH , Munich	90.0	Exploitation of music rights
Constantin Ring Koprodukcija d.o.o. , Zagreb ^{1)/2)}	100.0	TV entertainment production
PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH , Munich ¹⁾	50.0	TV production
BECO Musikverlag GmbH , Hamburg ¹⁾	50.0	Music publishing

1) No profit/loss transfer agreement 2) Indirect equity interest

(See also the summary of equity interests on page 131)

In addition to this, the company Resident Evil Productions LLC (Delaware / USA), in which no indirect or direct interest is held, was consolidated in accordance with SIC 12 in the year under review.

2.2. Consolidation methods

The consolidated financial statements are based on the financial statements compiled in accordance with consistent valuation and accounting principles as per December 31, 2007 and certified by auditors and/or on the financial statements of the companies included reviewed in the context of the audit made of the consolidated financial statements.

Acquired subsidiaries are included in the accounts by the purchase method. The acquisition costs correspond to the fair value of the assets contributed, the equity instruments employed and the debts created and/or taken over at the time of the transaction ("date of exchange") plus the costs that can be allocated directly to the acquisition. Assets, debts and contingent liabilities that can be identified in the context of a business combination are valued with their fair values at the time of acquisition in initial consolidation, irrespective of the size of the minority interests.

The amount left after deduction of the Group share of the net assets valued with the fair value from the acquisition costs is included as goodwill.

Interests in associated companies are consolidated by the equity method. These are companies which the Group does not control but on which it exercises or could exercise a significant influence. This is generally the case when 20 per cent to 50 per cent of the voting rights or potential voting rights are held.

Sales, expenses and income within the Group and receivables and liabilities between the consolidated companies have been eliminated. Appropriate adjustments have been made for profits generated in intra-group deliveries that are not realised by sale to third parties.

Deferred taxes are formed in connection with consolidation measures affecting the income statements that will probably cancel themselves out again in subsequent periods.

2.3. Currency translation

The € is the Constantin Film AG reporting currency. Unless information is provided to the contrary, amounts are shown rounded off to the nearest thousand €.

Translation of business transactions in a foreign currency:

The initial entry in the functional currency is made by translation at the exchange rate on the transaction date. Monetary balance sheet items have to be translated on every balance sheet date using the exchange rate on the qualifying date. Non-monetary items that have to be valued at amortised cost or production costs are not translated at the exchange rate on the qualifying date. The rate on the date of the initial entry continues to apply.

Translation of foreign financial statements in the consolidated financial statements:

The functional currency of all the consolidated companies outside Germany is the currency of the parent company of the Group, because the companies are dependent foreign units that are integrated in the business operations of the Group. Monetary balance sheet items have to be translated on every balance sheet date using the exchange rate on the qualifying date. Non-monetary items have to be valued at the exchange rate on the historical date. Income and expenses are translated at the average exchange rates for the year (simplification option according to IAS 21.40). The resulting currency translation adjustments are included in the income statement.

Goodwill and adjustments to the fair value that resulted from the acquisition of a foreign company are treated as assets and liabilities of the foreign company and are translated at the exchange rate on the qualifying date.

Currency translation within the Group was based on the following main exchange rates:

Country	Currency	Exchange rate on the qualifying date		Average exchange rate	
		31.12.2006	31.12.2007	2006	2007
		USA	USD 1.00	0.7590	0.6794
Great Britain	GBP 1.00	1.4883	1.3615	1.4667	1.4607
Canada	CAD 1.00	0.6536	0.6929	0.7024	0.6821
Poland	PLN 1.00	0.2611	0.2788	0.2569	0.2646

3. CHANGES TO THE ACCOUNTING PRINCIPLES

3.1. Application of new standards for the first time

The Constantin Group applied new standards for the first time in the 2007 fiscal year, with the following impact on presentation:

IAS 1 (revised)

Presentation of Financial Statements – Disclosure Rules for Capital Management (from January 1, 2007 onwards).

The information about financial risk management is included appropriately in the notes and/or management report. (See the Risk report, pages 44 ff., too)

IFRS 7 Financial Instruments: Disclosures (from January 1, 2007 onwards)

The standard contains new rules for the disclosure of financial instruments and replaces the existing IAS 30 and IAS 32. The relevant information for the fiscal year and the previous year is provided in the notes and the management report.

The Group is currently in the process of investigating the potential impact of all the new standards and interpretations that had been published by December 31, 2007 but had not yet come into force. The Group does not expect the new standards and interpretations to have any significant impact on the results, earnings, financial position and funding situation of the Group.

4. USE OF ESTIMATES

Preparation of financial statements in accordance with the IFRS requires the management to make assumptions and estimates that affect amounts shown and information associated with them. Although these estimates are made to the best of our knowledge on the basis of current understandings and activities, the actual results may differ from these estimates.

All the main estimates and assessments are reviewed regularly and are based on past experience as well as on other factors, including expectations about future events that appear to be reasonable under the existing circumstances.

a. Valuation of the film assets

The expected sales play a central role in valuation of the film rights (see "individual film forecast method" in section 6.5.). They are reviewed and updated on a quarterly basis.

b. Construction contracts

The cost-to-cost method (production costs incurred up to the qualifying date in relation to the anticipated total production costs) and/or the physical completion method are used in determination of the extent to which productions have been completed when the percentage-of-completion method is being applied. The calculation of the probable total production costs is based on estimates. Changes in the estimates have a direct impact on the actual results.

c. Goodwill impairment

In line with the accounting and valuation principles described in 7.3.2., the Group makes quarterly analyses of whether there has been any

individual goodwill impairment. The recoverable amount of cash-generating units was determined on the basis of the estimated future cash inflows.

d. Provisions

The Group determines the provisions required for identifiable commitments to third parties from a past event at quarterly intervals in accordance with IAS 37, taking IAS 19 into consideration as well if necessary. They are valued on the basis of the best possible estimate of the size of the commitment. The main areas in which estimates are made relate to taxes, litigation risks (particularly for format right disputes) and repayment commitments with respect to promotion loans and provisions for film expenditure and for profit-sharing and licensors.

e. Taxes on income

Extensive estimates have to be made in order to determine current and deferred tax assets and liabilities. Some of these estimates are based on the interpretation of existing tax legislation and regulations. The management is of the opinion that the estimates are reasonable and that the uncertainties about the taxes on income have been taken into account sufficiently in the liabilities included in the financial statements. Numerous internal and external factors can have favourable and unfavourable effects on the assets and liabilities from taxes on income. These factors include not only changes to tax legislation and regulations and interpretation of them but also changes to the tax rates and profits before tax. When such changes occur, they can have an impact on the assets and liabilities from current and deferred taxes on income included in the financial statements about future reporting periods.

5. CHANGES TO ACCOUNTING POLICY AND CORRECTIONS AS WELL AS ADJUSTMENT OF FIGURES FOR PREVIOUS YEARS

5.1. Accounting and presentation of public grants

The German government improved the general economic conditions for the film industry in Germany with the guidelines issued on December 21, 2006 by the BKM entitled: "Incentive to strengthen film production in Germany" (Deutscher Filmförderfonds, "DFFF").

On the basis of these guidelines, the government is providing grants of €60 million to fund the production costs of theatrical films. The project is limited to a maximum period of three years (until 2009).

What are involved here are grants that do not have to be repaid and are provided in the form of the reimbursement of the production costs of theatrical films when clearly defined conditions are met.

With the introduction of the DFFF (reimbursement of production costs) as a newly created type of grant, the Constantin Group has made a general revision of the accounting and valuation principles applied to date with respect to the receipt and posting of public grants.

This revision relates to the following issues and has led to the following changes to the accounting and valuation principles:

- a) Presentation of grants relating to assets (IAS 20.24) and grants relating to income (IAS 20.29)
- b) Time when grants are recognised (IAS 20.12)
- c) Recognition of promotion loans, the repayment of which leads to another right to payment (success loan) (IAS 20.7)

The valuation of two provisions was corrected in this context too. The changes to the accounting and valuation principles and corrections outlined below lead overall to a reduction in Group earnings for 2006 of €217,000 and in the profit carried forward to January 1, 2006 of €2.635 million.

The new accounting and valuation policy and corrections that require retrospective application and the necessary information are outlined below:

a) Changes in the presentation of the grants relating to assets (IAS 20.24) and grants relating to income (change in accounting policy) (IAS 20.29)

Grants relating to assets that involve grants for the production of films are now deducted in the balance sheet when the film asset's carrying amount is being determined (IAS 20.24) and are included in the income statement via an appropriately reduced depreciation charge over the duration of the exploitation of the film assets requiring depreciation from theatrical release onwards (IAS 20.27).

According to the accounting principle applied up to now, grants relating to assets were recognised as sales from the theatrical release of the film onwards (IAS 20.24). We refer to the change outlined in section b) in relation to the correct periodic recognition of this income.

The change in accounting policy leads to a reduction in sales in the 2006 fiscal year and in the film assets on December 31, 2006 of €13.699 million. Due to the reduction of the same amount in the film asset depreciation charge resulting from this, there is no effect on Group earnings and earnings per share in an isolated analysis of this change in accounting policy.

Grants relating to income that are provided for the distribution of films are now deducted from the relevant expenses in the income statement (IAS 20.29). According to the accounting policy that applied in the past, the grants were presented as income within sales. The change in accounting policy leads to a reduction in sales and at the same time in the film release costs included in the production costs of €4.768 million in the 2006 fiscal year. There is no impact on Group earnings and the earnings per share for the 2006 fiscal year and previous fiscal years.

The Constantin Group decided to change this accounting policy in order to give the recipients of the financial statements reliable and more relevant information about the size of company investments in the film assets and/or in film release costs.

If the grants had been accounted for by the previous accounting policy in 2007, the relevant items would have changed as follows in the year under review:

	2007 Previous policy € thousand	2007 Changed policy € thousand
Sales	236,905	225,015
Film release costs	19,675	14,776
Depreciation of film assets	75,223	68,231
Film assets	189,323	181,671
Deferred income	7,652	0

There is no impact on Group earnings and the earnings per share for the 2007 fiscal year.

b) Changes in the time when grants are recognised (change in accounting policy) (IAS 20.12)

It is a fundamental rule that grants must be recognised in the income statement on a scheduled basis in the course of the periods that are necessary to offset them against the relevant expenses that they are supposed to compensate for (IAS 20.12).

According to the accounting policy applied up to now, the Constantin Group recognised the entire grants in the income statement on the theatrical release date, on the basis of SOP 00-2, which stipulates that inclusion in sales is necessary when the licence period begins. In the past, the grants were included in the calculation of the depreciation rate for film rights by the individual film forecast method (see section 6.5.). This method led in the year when the grant was received to higher depreciation of the film assets and to lower depreciation of the film assets in the following years. From the 2007 fiscal year onwards, grants relating to depreciable assets are being recognised in income over the periods over which depreciation is charged. This is done now by deducting grants for assets that relate to grants for the production of films in the balance sheet when the book value of the film assets is

determined (IAS 20.24) and by continuing to recognise them in income from the theatrical release date onwards over the exploitation period for the film assets that require depreciation via the depreciation charge reduced in this way (IAS 20.27).

This change leads to a shift in the timing of the distribution of the grants by comparison with the previous method. The grants continue to be offset against the expenses they are supposed to compensate for over the depreciation period.

The new method provides more relevant information about the financial position and earnings of the company.

The effect of this retrospective adjustment is a reduction in depreciation in the 2006 fiscal year and an increase of € 183,000 in the film assets on December 31, 2006. The impact on the equity carried forward to January 1, 2006 amounts to € -2.635 million.

The effect on Group earnings after tax and minority interests and on earnings per share amounts to € 123,000 and € 0.01 respectively for the 2006 fiscal year. The diluted earnings per share correspond to the basic earnings per share.

If the time when the grants are recognised had not been changed in 2007, the relevant items would have changed as follows in the year under review:

	2007 Previous policy € thousand	2007 Changed policy € thousand
Costs of goods sold	193,693	193,003
Film assets	184,680	181,671
Deferred tax liabilities	5,000	4,033
Equity	76,631	74,588

The effect on Group earnings after tax and minority interests and on earnings per share amounts to € 485,000 and € 0.04 respectively for the 2007 fiscal year. The diluted earnings per share correspond to the basic earnings per share.

c) Change in the recognition of promotion loans, the repayment of which leads to another right to payment (success loan) (change in accounting policy) (IAS 20.7)

The concept behind what are known as success loans is as follows:

Funding for a film project is provided in the form of an interest-free loan that has to be paid back under certain conditions in accordance with the stipulations of German film funding legislation and/or the relevant state funding regulations (e.g. Bavarian film/television fund / "FFF Bavaria" rules). This loan has to be repaid as soon as and to the extent that the income received by the producer as a result of the exploitation of the film exceeds a certain amount. According to the stipulations of German film funding legislation and/or the relevant state funding regulations (e.g. FFF Bavaria rules), the producer of a film can demand that the funds he has paid back, i.e. the loan repayments he has made, are provided to him again for the production of a new film. This means that a renewed right to payment (success loan) is generated by the repayment.

In the past, repayment obligations of this kind were not shown, as repayment of the originally granted loan was considered to be an adequate basis for providing a success loan for a new film. The Constantin Group now interprets the criterion of reasonable assurance for provision of the grant differently. The renewed right to payment on repayment of a loan (success loan) is realised when the producer has met the conditions made on provision and when the grant is provided. This is at the time when the application for payment of the success loan is submitted.

The time when the success loan is recognised is therefore being changed with retrospective effect. The result of this is a divergence between the time at which the repayment commitment has to be recognised as a provision in the income statement and the time at which the right to a success loan has to be recognised.

This led to the inclusion in liabilities of provisions of €995,000 for repayment commitments in the 2006 fiscal year. The impact of this on the equity carried forward to January 1, 2006 is €0. The effect on Group earnings after tax and minority interests and on earnings per share amounts to €-588,000 and €-0.05 respectively for the 2006 fiscal year. The diluted earnings per share correspond to the basic earnings per share.

If the promotion loans, repayment of which leads to a right to further payment (success loan), had been accounted for by the previous accounting policy in 2007, the relevant items would have changed as follows in the year under review:

	2007	2007
	Previous policy	Changed policy
	€ thousand	€ thousand
Other financial assets	15,523	15,092
Provisions	34,495	35,059
Deferred tax liabilities	4,440	4,033
Equity	75,176	74,588

There is no impact on Group earnings and the earnings per share for the 2007 fiscal year.

d) Changes to the valuation of repayment commitments with respect to two project grants (correction)

The adjustments outlined above led to corrections to provisions for probable repayment commitments with respect to grants for two film projects that were given too high a value in the 2006 fiscal year.

The provision for repayment commitments was therefore reduced by €421,000 in the 2006 fiscal year.

The effect on Group earnings after tax and minority interests and on earnings per share for the 2006 fiscal year amounts to €249,000 and €0.02 respectively. The diluted earnings per share correspond to the basic earnings per share.

5.2. Service productions

In the past, service productions were recognised in sales at the time when the material was supplied to the customer, in accordance with SOP 00-2.

From the 2007 fiscal year onwards, the Group is applying the rules of IAS 11 Construction Contracts for the first time in its accounting for the service productions. The Constantin Group decided to implement these rules with the particular aim of providing the recipients of the financial statements with reliable and even more relevant information about the revenues and costs of a service production while it is being carried out for a TV station. The company also expects that the information will be easier to compare with the annual reports of other media companies too.

What is involved is a change in accounting policy for which a retrospective adjustment of the comparable amounts for the periods presented earlier is necessary.

The effects of the change in this accounting principle are as follows:

	Effect on 01.01.2006	Effect on 31.12.2006	Changes for 2006
	€ thousand	€ thousand	€ thousand
Sales		10,958	10,958
Costs of goods sold		11,658	11,658
Deferred taxes (income)		292	292
Minority interests (expense)		7	7
Group earnings		-415	-415
Trade receivables	0	-86	-86
Gross amount due from customers for construction contracts	9,860	8,869	-991
Inventories	-24,382	-34,839	-10,457
Deferred tax assets	-2,994	-9,715	-6,721
Assets	-17,516	-35,771	-18,255
Equity	1,892	1,484	-408
Deferred tax liabilities	-2,258	-9,271	-7,013
Advance payments received	-17,062	-28,330	-11,268
Provisions	-311	-23	288
Gross amount due to customers for construction contracts	223	369	146
Equity and liabilities	-17,516	-35,771	-18,255

The impact of the change on Group earnings and earnings per share is €-415,000 and €-0.03 respectively. The diluted earnings per share correspond to the basic earnings per share.

If the service productions had continued to be valued in accordance with SOP 00-2, the relevant items would have changed as follows:

	2007 SOP 00-2 € thousand	2007 IAS 11 € thousand
Sales	237,325	225,015
Costs of goods sold	205,380	193,003
Inventories	27,106	439
Trade receivables	20,967	24,508
Other assets	15,517	15,092
Provisions	37,330	35,059
Advance payments received	99,234	72,191
Trade payables	13,425	17,194
Equity	73,335	74,588
Deferred tax liabilities	3,225	4,033

The effect on Group earnings after tax and minority interests and on earnings per share amounts to €47,000 and €0.004 respectively for the 2007 fiscal year. The diluted earnings per share correspond to the basic earnings per share.

5.3 Inclusion of deferred revenue

The fundamental rule is for sales in TV licence business to be included at the time when the licensing period begins. However, since the TV stations receive the material associated with the licence considerably earlier than this, a liabilities item "deferred sales" was included within the advance payments received to cover this and receivables of the same size were also included to the extent that the receivables had not yet been satisfied by the receipt of payment. This accounting solution was chosen in the past with reference to SOP 00-2.8 ("Accounting by Producers or Distributors of Films"). It is now being abandoned with reference to IAS 18, since the preconditions for income realisation on the basis of IAS 18 at the same time also determine the conditions and the time at which a receivable has to be recognised for the first time for the services provided.

What is involved is a correction for which a retrospective adjustment of the comparable amounts for the periods presented earlier is necessary.

The company expects that it will be easier to compare the information provided with the annual reports of other media companies as a result.

The effects of this are as follows:

	Effect on 01.01.2006 € thousand	Effect on 31.12.2006 € thousand	Changes for 2006 € thousand
Non-current trade receivables	-9,138	-28,195	-19,057
Current trade receivables	-17,393	-13,265	4,128
Deferred tax assets	1,115	-37	-1,152
Total assets	-25,416	-41,497	-16,081
Advance payments received	-26,531	-41,460	-14,929
Deferred tax liabilities	1,115	-37	-1,152
Total equity and liabilities	-25,416	-41,497	-16,081

This correction does not have any impact on Group earnings and earnings per share.

5.4 Total impact of the changes in accounting policies and/or corrections.

The total impact of the changes in accounting policies / corrections is as follows:

	2006 old € thousand	Impact on 01.01.2006 € thousand	Changes for 2006 € thousand	2006 new € thousand
Sales	270,206		-7,508	262,698
Costs of goods sold	235,591		-6,417	229,174
Earnings attributable to minority interests	186		-7	179
Deferred tax expenditure	3,937		-452	3,485
Earnings attributable to the shareholders of the parent company	8,301		-632	7,669
Film assets	174,463	-3,883	183	170,763
Inventories	36,508	-24,382	-10,457	1,669
Non-current trade receivables	30,169	-9,138	-19,057	1,974
Current trade receivables	31,178	-17,393	4,042	17,827
Gross amount due from customers for construction contracts	0	9,860	-991	8,869
Deferred tax assets	13,528	-631	-7,713	5,184
Total adjusted assets	285,846	-45,567	-33,993	206,286
Equity	70,201	-743	-639	68,819
Provisions	29,673	-311	862	30,224
Advance payments received	125,779	-43,593	-26,197	55,989
Gross amount due to customers for construction contracts	0	223	146	369
Deferred tax liabilities	12,681	-1,143	-8,165	3,373
Total adjusted equity and liabilities	238,334	-45,567	-33,993	158,774

The total change had an impact on Group earnings and the earnings per share of €-632,000 and €-0.05. The diluted earnings per share correspond to the basic earnings per share.

6. ACCOUNTING AND VALUATION PRINCIPLES

6.1. Cash and cash equivalents

All the funds originally due within up to 3 months are classified by the Constantin Group as cash and cash equivalents for the purposes of the statement of cash flows in accordance with IAS 7. This item consists essentially of credit balances at banks and cash in hand.

6.2. Receivables and other financial assets

Receivables and other financial assets are included at their nominal value minus any appropriate provisions.

6.3. Promotion loans and subsidies

6.3.1. Project promotion

A distinction is made in promotion funding between project promotion in the form of conditionally repayable loans and subsidies / film project promotion in accordance with the guidelines issued by the BKM (DFFF), which are grants that do not have to be repaid.

Project promotion in the form of conditionally repayable loans

Film project promotion takes the form of a conditionally repayable loan on which no interest is paid in accordance with the stipulations of German film funding legislation and/or the relevant state funding regulations (e.g. Bavarian film/television fund / "FFF Bavaria" rules). This loan has to be repaid as soon as and to the extent that the income received by the producer as a result of the exploitation of the film exceeds a certain amount.

What are involved here are public grants relating to assets. The amount of them which it is certain enough will not have to be paid back is deducted from the book value of the film assets in the balance sheet.

It is generally possible to determine the amount which it is certain enough will not have to be paid back at the time of the theatrical release. If it is determined at a later date that more of a loan has to be repaid, the book value of the film asset is increased by this amount and a provision is included in liabilities at the same time.

The funds are recognised via reduced depreciation of the capitalised production costs over the exploitation cycle of a film.

Project subsidies

Project subsidies are grants that do not have to be repaid, to which a producer is entitled in order to finance the costs of a subsequent film project depending on the number of box office admissions achieved in theatrical exploitation of a (reference) film. What are involved here are public grants relating to assets. The subsidies made are deducted from the book value of the reference film in the balance sheet at the time when principal photography of the subsequent film begins.

The grants are recognised via reduced depreciation of the capitalised production costs over the exploitation cycle of a film.

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

Film project promotion in accordance with the guidelines issued by the BKM (DFFF) consists of grants that do not have to be paid back, which are made as reimbursement of the production costs of a theatrical film when clearly defined conditions are met.

What are involved here are public grants relating to assets. The film project promotion grants made are deducted from the book value of the film promoted in the balance sheet at the time of the theatrical release at the latest.

The grants are recognised via reduced depreciation of the capitalised production costs over the exploitation cycle of a film.

6.3.2. Distribution funding

A distinction is made in this kind of promotion funding between distribution promotion in the form of conditionally repayable loans and sales subsidies in the form of grants that do not have to be repaid.

Distribution funding in the form of conditionally repayable loans

Distribution promotion takes the form of a conditionally repayable loan on which no interest is paid in accordance with the stipulations of German film funding legislation and/or the relevant state funding regulations (e.g. Bavarian film/television fund / "FFF Bavaria" rules). This loan has to be repaid as soon as and to the extent that the income received by the distributor as a result of the exploitation of the film exceeds a certain amount.

What are involved here are public grants for expenses that have already been incurred. They are recognised as a reduction of the film release costs by the amount which it is certain enough will not have to be paid back.

It is generally possible to determine the amount which it is certain enough will not have to be paid back at the time of the theatrical release. If it is determined at a later date that more of a loan has to be repaid, the amount in question is posted as expenditure and the relevant amount is included in liabilities as a provision.

The funds are included in the course of the periods that are necessary in order to offset them against the relevant film release costs that they are supposed to compensate for.

Sales subsidies

Sales subsidies are grants that do not have to be repaid, to which the distributor is entitled in order to finance the release costs of a subsequent film depending on the number of box office admissions achieved in theatrical exploitation of a reference film.

What are involved here are public grants for expenses that have already been incurred. The sales subsidies made are recognised as a reduction of the film release costs at the time of the theatrical release of the subsequent film.

The funds are included in the course of the periods that are necessary in order to offset them against the relevant film release costs that they are supposed to compensate for.

6.4. Service productions

IAS 11 specifies that service productions are valued by the percentage of completion (POC) principle. Provided that the results of a service production can be determined reliably, all the revenues generated by the service production and the costs associated with it are posted in earnings according to the percentage of completion.

Determination of the percentage of completion is based on the physical completion method in the case of daily and weekly programmes and on the cost-to-cost method in the case of TV films and event shows. Reasonable assurance about the results of a service production within the framework of determination of the percentage of completion by the cost-to-cost method is generally reached at the time when the rough cut is accepted by the station.

If the results of the construction contract cannot be estimated reliably, income is only realised in the form of an amount that corresponds to costs that have already been incurred and are probably covered by associated income (zero profit method). The costs of the commission are included without any profits. If and when the uncertainty is eliminated at a later date, so that the results of the construction contract can be estimated reliably, profits are realised on a pro rata basis in accordance with the percentage of completion.

Service productions at the development stage are included in inventories.

6.5. Film assets

The "film assets" item includes not only rights acquired to third-party productions (i.e. films not produced within the Group) but also production costs of films made within the Group (in-house and co-productions) as well as costs of the development of new projects. Third-party productions generally involve theatrical, video/DVD and TV rights. Service productions by the Group are included in the in-house productions too.

The acquisition costs of third-party productions include the minimum guarantees. The individual instalments of the minimum guarantee are included as an advance payment and are capitalised in film assets when the material is supplied and accepted.

In-house productions are shown with their production costs. Film release costs (known as "P&A costs") are not included in these costs; they are immediately charged as expenses when they are incurred. The P&A costs include the costs that are incurred in film exploitation, such as press and marketing costs. The costs of producing copies of films are deferred and are charged as expenses when the relevant theatrical sales are received. Financing costs that can be allocated directly are capitalised.

A units of delivery depreciation method that takes account of the reduction in the value of film rights as they are used in the course of time on the basis of the sales that can be generated is applied with respect to film rights (both third-party and in-house productions). This method is known as the "individual film forecast method". In this method, the depreciation charge for a film in a period is determined on the basis of the following quotient (revenues generated by the film in the period / estimated total remaining revenues generated by the film x residual book value of the film). The sales on which calculation of the depreciation charge is based include all the revenues generated with a film. When the depreciation in connection with the video sales is determined, the latter are adjusted to eliminate the video costs. The maximum period for the revenue estimate amounts to 10 years for the kind of films that are accounted for in the film assets of Constantin Film.

The estimate of total revenues is checked at the end of every quarter and is adjusted if necessary. The quotient for the depreciation charge in the

period is determined on the basis of the total revenues after they have been adjusted if necessary. What is known as an impairment test is carried out with every film. If the acquisition costs and/or the book value of a film plus any P&A costs that may still be incurred are not covered by the estimated total revenues, depreciation is made on the basis of the impairment test. The estimated sales can change significantly due to a number of factors, such as market acceptance and the probable advertising income generated by the film. The Constantin Group reviews and revises the sales expectations and the depreciation charges as soon as there are any changes from the assumptions made to date.

Capitalised costs of the development of new projects (particularly screenplay rights) are checked regularly to see if they are still to be used as the basis for the production of a film. If the start of principal photography of the film or sale of the rights cannot be specified definitely 3 years after initial capitalisation of costs of a project, the costs are written off completely. If there are signs of impairment earlier than this, appropriate recognition of this is arranged.

6.6. Intangible assets

They include software and licences associated with it as well as goodwill that is attributable exclusively to capital consolidations.

All acquired intangible assets that are shown are carried at their acquisition costs.

Software, franchises and industrial rights are depreciated over their probable useful life of 3 to 6 years using the straight-line method. Depreciation to the lower recoverable amount is made wherever necessary.

Goodwill is tested for impairment on an annual basis. Goodwill is allocated to the relevant cash-generating units (relevant companies). If the recoverable amount of the cash-generating unit, which corresponds to the higher of the two amounts of its fair value less costs to sell and its value in use, is lower than its book value, the book value is reduced. The method applied in the impairment testing of cash-generating units is outlined in section 7.3.2.

6.7. Tangible assets

Tangible assets are valued at acquisition costs less depreciation. Depreciation is made using the straight-line method. Depreciation to the lower recoverable amount is made wherever necessary. Appropriate write-ups are made when the reasons no longer apply.

The useful lives applied are summarised in the following table:

TANGIBLE ASSETS / in years

Computers and associated equipment	3 – 6
Other operating and business equipment	10 – 11
Office equipment	7 – 13
Vehicles	2 – 5
Fixtures	12
Buildings	27.5

6.8. Financial instruments

A financial instrument is a contract that leads simultaneously to the creation of a financial asset at one company and to the creation of a financial liability or an equity instrument at another company. It is a fundamental rule that financial instruments included as financial assets or financial liabilities are shown separately.

Financial instruments are recognised for the first time at their fair value. In measurement after recognition, the financial instruments are assigned to one of the valuation categories indicated in IAS 39 “Financial Instruments: Recognition and Measurement”. Transaction costs that can be allocated directly to the acquisition or issue are taken into account when determining the book value, if the financial instruments are not valued at the fair value in the income statement. When the day of trading and the day of performance differ, the Constantin Group opts for

first-time inclusion in and/or deletion from the financial statements on the day of trading.

Hedging derivatives and cash and cash equivalents are defined as classes in accordance with IFRS 7.6 in addition to the categories,

The risks associated with the financial instruments and the nature and extent of them are explained in the management report (“Risk report” / page 44).

► NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS / IFRS

Valuation of the financial instruments by classes and categories is as follows:

	Valuation	Nominal value	
		Cash reserve	
	Valuation category	Book value	Fair value
December 31, 2006 / in € thousand			
FINANCIAL ASSETS			
Non-current assets			
Trade receivables			
Other financial assets			
Current assets			
Receivables			
1. Trade receivables			
minus del credere/impairment			
2. Receivables from affiliated companies			
Other financial assets			
Cash and cash equivalents		79,451	79,451
FINANCIAL LIABILITIES			
Non-current liabilities			
Other financial liabilities			
Current liabilities			
Trade payables			
Liabilities to affiliated companies			
Other financial liabilities			
Liabilities to banks			
December 31, 2007 / in € thousand			
FINANCIAL ASSETS			
Non-current assets			
Trade receivables			
Other financial assets			
Current assets			
Receivables			
1. Trade receivables			
minus del credere/impairment			
2. Receivables from affiliated companies			
Other financial assets			
Cash and cash equivalents		91,790	91,790
FINANCIAL LIABILITIES			
Current liabilities			
Other financial liabilities			
Current liabilities			
Trade payables			
Liabilities to affiliated companies			
Other financial liabilities			
Liabilities to banks			

► NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS / IFRS

		At acquisition costs				At fair value								Total	
		Loans and receivables		Other liabilities		Fair value option		Trading		Available-for-sale financial instruments		Hedging derivatives acc. to IAS 39			
	Book value	Fair value	Book value	Fair Value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	
	1,974	1,974											1,974	1,974	
	100	100			293	293							393	393	
	30,311	30,311											30,311	30,311	
	-3,615	-3,615											-3,615	-3,615	
	2,526	2,526											2,526	2,526	
	11,804	11,804											11,804	11,804	
													79,451	79,451	
			2,000	2,000									2,000	2,000	
			18,763	18,763									18,763	18,763	
			8	8									8	8	
			7,015	7,015							352	352	7,367	7,367	
			118,241	118,241							1,146	1,146	119,387	119,387	
	941	941											941	941	
	159	159			305	305							464	464	
	26,223	26,223											26,223	26,223	
	-1,715	-1,715											-1,715	-1,715	
	7,138	7,138											7,138	7,138	
	15,092	15,092											15,092	15,092	
													91,790	91,790	
			5,620	5,620									5,620	5,620	
			17,194	17,194									17,194	17,194	
			40	40									40	40	
			10,948	10,948							164	164	11,112	11,112	
			112,090	112,090									112,090	112,090	

The effects of valuation are included as follows in the income statement:

INTEREST BALANCE / in € thousand

	2006	2007
Interest income	479	571
Interest expenditure	-754	-1,321
Total interest balance	-275	-750
of which:		
Loans	4	95

The write-downs and/or write-ups made in the income statement with respect to loans and receivables in the year under review amounted to € 490,000 and € 1.636 million respectively (previous year: € 716,000 and € 0 respectively). The write-downs and/or write-ups were based on apparent loan risks with respect to individual receivables and/or groups of receivables with a similar risk structure. The net gains / losses made in the categories "available-for-sale financial assets" and "other liabilities" were immaterial in both the year under review and the period compared with.

6.8.1. Financial assets

Financial assets particularly include trade receivables, receivables from banks, cash in hand, derivative financial assets and marketable securities and financial investments.

In accordance with the valuation categories specified by IAS 39, the Constantin Group makes a distinction in the financial assets between "Financial assets at fair value through profit or loss", "Loans and receivables", and "Available-for-sale financial assets". Classification depends on the nature and purpose of the purchase. The financial assets are allocated to the valuation categories following their initial recognition.

All standard purchases and sales of financial assets are included in the financial statements on the day of trading, i.e. on the day on which the

OTHER FINANCIAL RESULT / in € thousand

	2006	2007
Earnings from companies included in the financial statements at equity	-500	-8
Currency translation balance	203	-708
Total other financial result	-297	-716

company entered into the commitment. Standard purchases and sales are purchases or sales of financial assets that specify delivery of the assets within a period stipulated by market regulations or conventions.

Financial assets at fair value through profit or loss

The category of the financial assets at fair value through profit or loss includes basically the financial assets held for trading as well as financial assets that are designated on initial recognition as to be measured at fair value. Derivatives are basically also classified as held for trading, with the exception of derivatives which involve a financial guarantee or which have been designated as hedging instruments and are effective as such. In fiscal years 2007 and 2006 derivatives have been exclusively employed as hedging instruments. All the derivatives in the 2007 and 2006 fiscal years were used as hedging instruments. No financial assets were held for trading in the 2007 and 2006 fiscal years.

Financial assets may be designated on initial recognition as to be measured at fair value through profit or loss if the following criteria are met:

- a) classification eliminates or materially reduces incongruencies that would be created if assets were valued as necessary otherwise or if profits and losses were stated by different valuation methods; or
- b) the assets are part of a group of financial assets that is controlled in accordance with a documented risk management strategy and the development of its value is assessed on the basis of the fair value.

Cash and cash equivalents

Cash and cash equivalents include in particular cash in hand, cheques and bank deposits with an original term of up to 3 months. Cash and cash equivalents correspond to the funds shown in the consolidated statement of cash flow.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition, loans and receivables are valued at amortised cost by the effective interest method minus provisions for impairment. Amortised cost is calculated taking all discounts and premiums on acquisition into account and includes all the charges that are an integral part of the effective interest and the transaction costs. Profits and losses are recognised in the earnings for the period, when the loans and receivables have been written off or down as well as in case of amortisations. Receivables due in more than 12 months after the balance sheet date are shown as non-current. Loans and receivables are shown in the financial statements as current receivables or non-current receivables, depending on the due dates (cf. section 7.2.1. and 7.3.4. in this context).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets classified as available-for-sale that are not included in one of the 2

above-mentioned categories. Following their initial recognition, available-for-sale financial assets are valued at fair value, with non-realised profits or losses being recognised directly in equity. In the case of non-monetary items, the profits or losses included in equity also include foreign currency changes. On disposal of financial assets, the cumulated profit or loss recognised beforehand in equity is reposted to the income statement. Interest received or paid in connection with financial assets is shown as interest income or interest expenditure.

Fair value

The fair value of financial assets that are traded on organised markets is determined by the market price (buying rate) quoted on the balance sheet date. The fair value of financial assets for which there is no active market is determined by applying valuation methods. The valuation methods include use of the most recent business transactions between expert, interested and independent business partners, comparison with the current fair value of another essentially identical financial instrument, analysis of discounted cash flows and use of other valuation models. On every balance sheet date, the Group determines whether the value of a financial asset or a group of financial assets has been impaired.

Impairment

If there is objective evidence that the value of loans and receivables included in the financial statements at amortised cost has been impaired, the size of the loss is the difference between the carrying amount of the asset and the present value of the anticipated future cash flows (with the exception of anticipated future loan defaults that have not occurred yet), discounted by the original effective interest rate of the financial asset (i.e. the effective interest rate determined on initial recognition). The book value of the asset is reduced using an impairment account. The impairment loss is stated in the income statement.

If there is objective evidence, e.g. the debtor is likely to become insolvent or is suffering from significant financial problems, in connection with trade receivables that not all the due amounts will be paid in accordance with the originally agreed invoice conditions, a reduction is made in the value using an impairment account. Impairment amounts are written off

when they are classified as uncollectible. A detailed breakdown of the age structure of the receivables and the provisions made can be found on page 48.

If the value of an available-for-sale asset is impaired, an amount recognised in equity is basically reposted to the income statement that corresponds to the difference between the acquisition cost (minus any repayments and amortisations) and the current fair value – minus any impairments of this financial asset already stated in the income statement at an earlier date. The Constantin Group considers available-for-sale assets to be impaired when their fair value drops below the acquisition cost significantly, i.e. by at least 20 per cent, or for a lengthy period of time, i.e. for at least 9 months.

Reversals of impairment losses with equity instruments that are classified as available for sale are not recognised in the income statement.

Foreign currency differences relating to monetary items are reflected in the income statement.

6.8.2. Financial liabilities

Financial liabilities particularly include trade payables, liabilities to banks, derivative financial liabilities and other liabilities.

The financial liabilities are included in the financial statements at their amortised cost. Following initial recognition, the financial liabilities are valued at amortised cost using the effective interest method.

Derivatives are classified as held for trading, unless they are designated as a hedging instrument and are effective as such. Profits or losses from financial liabilities that are held for trading are recognised in the income statement.

Up to now, the Constantin Group has not exercised the option of designating financial liabilities as financial liabilities at fair value through profit or loss on initial recognition in the financial statements.

6.9. Financial instruments in hedging relationships

The Group generally uses derivative financial instruments solely for hedging purposes.

Derivatives are recognised at fair value at the time when the contract is concluded. Subsequent valuation is also made at fair value.

Currency futures are used as derivative financial instruments to hedge against currency risks. These derivative financial instruments are recognised at fair value at the time when the contract is concluded and are valued at fair value in the subsequent periods. Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Profits or losses from changes in the fair value of derivative financial instruments that do not fulfil the criteria necessary for inclusion in the financial statements as hedging relationships are immediately recognised in the income statement. The fair value of currency futures is based on bank valuations.

The general rules for classification of hedging instruments with respect to the inclusion of hedging relationships in the financial statements are as follows:

- a) to hedge the fair value where the risk of a change in the fair value of an asset or a liability included in the financial statements or of a firm commitment that is not included in the financial statements is being hedged (fair value hedges);
- b) to hedge cash flows where the risk of cash flow fluctuations is being hedged that can be attributed to the risk associated with an asset or a liability included in the financial statements or with a transaction that will very probably be carried out in future or to the currency risk of a firm commitment that is not included in the financial statements (cash flow hedges).

At the beginning of the hedging operation, both the hedging relationship and the risk management objectives and strategies of the Group are formally specified and documented with respect to the hedging operation. The documentation includes specification of the hedging instrument, the basic transaction or the hedged transaction, the nature of the hedged risk and a description of how the company determines the effectiveness of the hedging instrument in compensation for the risks of changes in the fair value or the cash flow of the basic transaction hedged. Such hedging relationships are considered to be extremely effective with respect to the achievement of compensation for the risks of changes in the fair value or the cash flows. They are assessed regularly to determine whether they really were highly effective during the entire period under review for which the hedging relationship was defined.

It is a fundamental aim in the Group hedging strategy to classify hedging transactions as fair value hedges. All the new hedging transactions concluded in 2007 were classified as fair value hedges.

Hedging transactions that fulfil the strict criteria for hedge accounting are included in the financial statements as follows:

Fair value hedges

The change in the fair value of the derivative hedging instrument is recognised in the income statement. The change in the fair value of the basic transaction that can be assigned to the hedged risk is posted as part of the carrying amount of the hedged basic transaction and is also recognised in the earnings for the period. The amount is shown in the production costs of the film in question.

In the case of fair value hedges that relate to basic transactions recognised at amortised cost, the adjustment of the carrying amount is released in the income statement over the remaining term until maturity. Adjustments to the book value of a hedged financial instrument to which the effective interest method is applied are released in the income statement.

Release can begin as soon as an adjustment is made, but at the latest at the time when the basic transaction is no longer adjusted by changes to the fair value that are attributable to the risk that is being hedged. If/when the basic transaction is written off, the non-amortised fair value is recognised in the income statement immediately.

If a firm commitment that is not included in the financial statements is classified as a basic transaction, the subsequent cumulative change in the fair value of the firm commitment that is attributable to the hedged risk is recognised as an asset or a liability with a corresponding profit or loss in the earnings for the period. The changes in the fair value of the hedging instrument are also recognised in the earnings for the period.

Cash flow hedges

The effective part of the profit or loss of a hedging instrument is recognised directly in equity, whereas the ineffective part is recognised immediately in the income statement under the production costs of the film in question. The amounts recognised in equity are reposted to the income statement in the period in which the hedged transaction influences the period earnings, e.g. when hedged financial income or expenditure is recognised or when an anticipated sale is made. If a hedge leads to the recognition of a non-financial asset or a non-financial liability, the amounts recognised in equity become part of the acquisition cost at the time when the non-financial asset and/or the non-financial liability is added.

If the planned transaction or the firm commitment are no longer expected to materialise, the amounts recognised beforehand in equity are reposted to the income statement under the production costs of the film in question. If the hedging instrument expires or is sold, ended or exercised without the hedging instrument being replaced by or swapped for another hedging instrument, the amounts recognised to date in equity remain in equity as a separate item until the planned transaction or firm commitment has materialised. The same applies if it is determined that the hedging instrument no longer meets the criteria for hedge accounting.

6.10. Liabilities

The liabilities are carried at their redemption or fair value.

6.11. Advance payments received

Sales are shown at the time when the licence begins or at the time when the licensee can exploit the film rights. If the Group receives payments from licensees before these revenue realisation dates, such payments are posted initially as advance payments received.

6.12. Provisions

The provisions take all identifiable commitments to third parties from a past event into account in accordance with IAS 37 as well as IAS 19, if appropriate. They are valued on the basis of the best possible estimate of the size of the commitment. If an outflow of funds is expected, the provisions are determined on the basis of the fair value, i.e. with the help of an estimate of the probable outflows of funds.

6.13. Equity

The breakdown and development of the equity can be found in the statement of changes in equity (see pages 56–57) and the explanatory notes about the balance sheets (see 7.7.).

The Constantin Group's objectives in capital management are to guarantee the company's long-term survival and to generate adequate returns for the shareholders. The capital structure is controlled in such a way that it takes account not only of the changes in the general economic conditions but also of the risks the underlying assets represent. The key indicator monitored in this context is the Group equity ratio. The capital ratios agreed with financing banks were reached in the period under review.

The Constantin Group manages debt capital actively too. The objectives in the obtaining of debt capital are medium-term availability of funds and optimisation of the conditions. The focus in the selection of financial instruments is on the achievement of matching maturities in funding.

6.14. Revenue recognition

Theatrical film sales start to be recognised when the film is released to theatres. The size of the sales depends directly on the number of people who go to the theatre to watch it. The film rent paid to the distributor by

the theatre operators is posted as the distributor's share of the total theatre revenues in accordance with standard industry practice and IAS 18. The film rent is calculated on the basis of a percentage of the box office receipts.

In the case of in-house video/DVD exploitation, the sales – which depend on the number of video cassettes and DVDs sold – are recognised from the release date onwards. When video/DVD rights are licensed to video operators, sales are recognised at the time when the licence begins.

Sales generated by TV (pay and free TV) rights are recognised from when the licence begins – generally 18 to 32 months after theatrical exploitation starts. In these forms of exploitation of the film rights, sales are recognised when the relevant contractually agreed holdback period for exploitation has ended. This means that sales do not start to be recognised until licence availability begins in each case.

The Group generally receives a minimum guarantee for the exploitation rights sold (theatrical, video/DVD and TV rights) in global distribution. This guarantee is allocated to the different sales sources. Allocation to the theatrical, video/DVD and TV rights is made at the following flat rates on the basis of past experience in accordance with corporate planning: 25 per cent for the theatrical right, 15 per cent for the video/DVD right and 60 per cent for the TV right. The fundamental rule for recognition of the relevant sales is as follows: theatrical sales on theatrical release in Germany, video/DVD sales 6 months after theatrical release, TV sales 24 months after theatrical release. Revenue recognition is based on the licence account settlements by the licensees in the case of global distribution sales without a minimum guarantee.

Revenue recognition with service productions is in accordance with IAS 11. See section 6.4.

6.15. Interest

With the exception of financing costs that can be allocated directly to the film assets, interest is booked as expenditure or income at the time when it is incurred.

6.16. Tax expenses

The taxes on income are determined in accordance with IAS 12. According to these rules, all the tax liabilities or assets in the financial statements of the companies consolidated that develop in the course of the fiscal year in relation to taxes on income have to be included in accordance with the tax legislation that applies to the consolidated companies. Deferred tax assets and liabilities are included when an impact on tax can be expected in future that is attributable either to temporary differences between the book values of existing assets and liabilities according to IFRS and tax balance sheet figures or to existing accumulated losses and positive tax balances. Periodic reviews are made to determine whether the value of deferred tax assets is accurate. Deferred tax assets and liabilities are calculated on the basis of the tax rates that (will) probably apply in view of the current tax legislation about income that is liable to tax in the years in which these chronological differences are reversed or eliminated. The effects of changes in tax rates on deferred tax assets and liabilities are taken into account in the result in the period in which the changes have been decided by the government and/or in the period for which a change in legislation that has already been decided is to apply.

7. EXPLANATORY NOTES ABOUT THE BALANCE SHEET

7.1. Financial instruments

The following table shows carrying amounts and fair values of all the financial instruments recognised in the consolidated financial statements:

FINANCIAL ASSETS / in € thousand

	Carrying amount		Fair value	
	31.12.2006	31.12.2007	31.12.2006	31.12.2007
Cash and cash equivalents	79,451	91,790	79,451	91,790
Other financial assets	393	464	393	464
Current trade receivables	26,696	24,508	26,696	24,508
Current receivables from affiliated companies	2,526	7,138	2,526	7,138
Other financial assets (current)	11,804	15,092	11,804	15,092
Non-current receivables	1,974	941	1,974	941
Total	122,844	139,933	122,844	139,933

FINANCIAL LIABILITIES / in € thousand

	Carrying amount		Fair value	
	31.12.2006	31.12.2007	31.12.2006	31.12.2007
Liabilities to bank	119,387	112,090	119,387	112,090
Other financial liabilities (current)	7,367	11,112	7,367	11,112
Trade payables	18,763	17,194	18,763	17,194
Liabilities to affiliated companies	8	40	8	40
Other financial liabilities (non-current)	2,000	5,620	2,000	5,620
Total	147,525	146,056	147,525	146,056

7.2. Current assets

7.2.1. Trade receivables and other financial assets

The breakdown of the trade receivables is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Trade receivables	30,311	26,223
minus allowances for bad debts	-3,615	-1,715
Trade receivables from affiliated companies / not consolidated	2,526	7,138
Total	29,222	31,646

The carrying amounts of the trade receivables correspond to the fair values.

The trade receivables are shown after deduction of allowances for bad debts. The allowances for bad debts relate essentially to receivables from theatre operators. Allowances for bad debts of €1.715 million (previous year: €3.615 million) were made with respect to trade receivables.

The currency breakdown of the trade receivables is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	25,489	28,934
USD	3,726	2,699
Others	7	13
	29,222	31,646

The gross amount due from customers for construction contracts amounted to €9.834 million (previous year: €8.869 million). The gross amount due to customers for construction contracts amounted to €3.769 million (previous year: €369,000). They are included in the trade receivables and trade payables.

The service revenues recognised in this context amounted to €105.982 million (previous year: €123.250 million).

The costs incurred and profits reported (less any losses reported) totalled €36.953 million (previous year: €43.339 million). The advance payments received amounted to €0 (previous year: €0).

The breakdown of the other financial assets is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Input tax	2,234	2,962
Receivables from promotion funds and subsidies	4,560	8,077
Other receivables	5,010	4,053
	11,804	15,092

The carrying amounts of the other financial assets correspond to the fair values.

The currency breakdown of the other assets is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	10,470	15,019
USD	1,334	73
	11,804	15,092

Attention is drawn to the management report / financial risk management on page 48 with reference to the maturity structures and the change in the impairment account.

7.2.2. Inventories

The inventories essentially include the costs of goods sold of the service productions that are in the process of development.

7.2.3 Cash and cash equivalents

The currency breakdown of the cash and cash equivalents is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	65,559	67,762
USD	9,707	17,348
Others	4,185	6,680
	79,451	91,790

7.3. Non-current assets

7.3.1. Fixed assets

Information on the development of the fixed assets is presented in the statement of changes in fixed assets (pages 58/59), which is part of the notes to the consolidated financial statements.

The final securities portfolio in the fixed assets amounting to €305,000 (previous year: €293,000) acts as security for liabilities to banks.

7.3.2. Goodwill

An amount of €4.543 million was included in the intangible assets for goodwill on January 1, 2007; this amount was divided up between several cash-generating units. The addition of €453,000 in the year under review is attributable to initial consolidation of Constantin Ring Koprodukcija d.o.o. and Königskinder Schallplatten GmbH. These goodwill items were reviewed in the context of an impairment test. The review was made on the basis of forecast cash flows of the individual cash-generating units derived from the 5-year plan submitted by the management in each case. Over the 5-year period, the figures planned were calculated on the basis of detailed individual projects and perpetual annuity growth of 1 per cent was assumed after the first 5 years. The value of the cash-generating units was then determined from the cash flows by applying a discounting interest rate of between 8.5 per cent and 9.5 per cent. The discounting rate is based on free-market interest rates and a risk surcharge for individual cash-generating units that reflects the potential risks of the individual cash-generating units appropriately. Following the review explained above, the goodwill of Königskinder Schallplatten GmbH of €138,000 was written down. This means that the value of the goodwill shown on December 31, 2007 was €4.858 million. The carrying amounts of the goodwill amounts allocated to a cash-generating unit are as follows:

Cash-generating unit	31.12.2006	31.12.2007
	€ thousand	€ thousand
Constantin Entertainment GmbH	3,476	3,476
Olga Film GmbH	1,022	1,022
Rat Pack Filmproduktion GmbH	40	40
Constantin Television GmbH	3	3
Constantin Film Services GmbH	2	2
Constantin Ring Koprodukcija d.o.o.	0	315
Total	4,543	4,858

7.3.3. Film assets

The film assets can be broken down as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
In-house productions and co-productions		
Films being exploited	108,097	133,914
Films being developed and produced	3,353	3,633
Total in-house productions	111,450	137,547
Third-party productions		
Films being exploited	51,538	42,464
Films being prepared and advance payments	7,775	1,660
Total third-party productions	59,313	44,124
Film assets	170,763	181,671

The item "Films being prepared and advance payments" includes advance payments for films that still have to be supplied as well as rights to third-party productions that are not yet being exploited and/or have not yet been supplied by producers.

The film assets developed as follows by comparison with the previous year:

Disposal is also assumed in the case of a complete write-off of screenplay rights.

Financing costs of €2.098 million (previous year: €3.010 million) that could be allocated directly were capitalised in the 2007 fiscal year. The interest rate varies between 3.5 and 6.5 per cent.

The film rights and the receivables attributable to them are assigned as security for the bank loans to some extent.

7.3.4. Trade receivables

The non-current trade receivables relate to the VAT that has to be paid for sales which do not have to be realised yet in accordance with IFRS.

All of the trade receivables are in euros.

7.4. Current liabilities

7.4.1. Trade payables

The trade payables are carried at their redemption value.

The trade payables are not subject to interest and generally have maturities of between 30 and 60 days.

FILM ASSET MOVEMENTS 2006 in € thousand	Acquisition or production costs				Accumulated amortisation				Carrying amount	
	01.01.2006	Additions	Disposals	31.12.2006	01.01.2006	Additions	Disposals	31.12.2006	01.01.2006	31.12.2006
In-house and co-productions	404,786	43,872	406	448,252	264,108	73,100	406	336,802	140,678	111,450
Third-party productions	231,923	20,307	0	252,230	181,424	11,493	0	192,917	50,499	59,313
	636,709	64,179	406	700,482	445,532	84,593	406	529,719	191,177	170,763

FILM ASSET MOVEMENTS 2007 in € thousand	Acquisition or production costs				Accumulated amortisation				Carrying amount	
	01.01.2007	Additions	Disposals	31.12.2007	01.01.2007	Additions	Disposals	31.12.2007	01.01.2007	31.12.2007
In-house and co-productions	448,252	68,903	2,112	515,043	336,802	42,806	2,112	377,496	111,450	137,547
Third-party productions	252,230	10,236	0	262,466	192,917	25,425	0	218,342	59,313	44,124
	700,482	79,139	2,112	777,509	529,719	68,231	2,112	595,838	170,763	181,671

The currency breakdown of the trade payables on the basis of carrying amounts is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	15,333	15,354
USD	3,408	1,851
Others	30	29
	18,771	17,234

7.4.2. Advance payments received

This item consists essentially of advance payments received with respect to TV and global distribution revenues.

7.4.3. Provisions

The provisions for net-profit participations were shown in the provisions for film expenditure in the past. They are now being reported together with the provisions for licensor shares.

The provisions developed as follows:

PROVISIONS / in € thousand

	31.12.2006	Reclassi- fication	Required	Released	Added	31.12.2007
Provision for outstanding invoices and film expenses	10,709	-5,141	4,095	1,051	5,333	5,755
Provision for net-profit participations and licensor shares	4,746	5,058	2,627	870	4,275	10,582
Provision for conditional loan repayment	4,845	0	379	1,443	7,460	10,483
Provision for personnel expenses	3,709	0	2,885	205	3,646	4,265
Provisions for tax expenses	2,050	0	1,382	54	264	878
Others	6,215	83	2,385	2,043	2,104	3,974
Provisions	32,274	0	13,753	5,666	23,082	35,937

The other provisions mainly included the provisions at Constantin Entertainment GmbH of €2.622 million for impending legal disputes. The legal disputes relate primarily to possible format right violations by the company in show and entertainment productions. Since the legal action about exploitation of the programme format **clever! – Die Show, die Wissen schafft** was withdrawn, a provision of €1.731 million was reversed to income in the year under review.

€158,000 were added in the year under review for current and new licence right disputes.

7.4.4. Other financial liabilities

The items have been included in the financial statements with their redemption amounts and can be broken down as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Salaries, income tax, social security contributions	1,575	2,206
VAT	437	187
Other financial liabilities from film financing	347	5,446
Financial commitment from share acquisition	2,850	1,000
Others	2,158	2,273
Other financial liabilities	7,367	11,112

The other financial liabilities are due in 1 to 6 months.

The currency breakdown of the other financial liabilities on the basis of carrying amounts is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	7,041	11,054
USD	325	57
Others	1	1
	7,367	11,112

7.4.5. Liabilities to banks

The carrying amounts of the liabilities on which interest is paid correspond to the fair values and have the following maturity structure:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Less than 6 months	119,387	112,090
Between 6 and 12 months	0	0
	119,387	112,090

The currency breakdown of the liabilities to banks (on the basis of carrying amounts) is as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
€	72,478	91,905
USD	39,282	11,891
Others	7,627	8,294
	119,387	112,090

Constantin Film AG has made interest pooling arrangements for the short-term bank current account overdraft facilities.

The currency breakdown of the effective interest rates on the balance sheet date is as follows:

	31.12.2006	31.12.2007
	%	%
€	4.7–7.8	5.1–7.8
USD	7.2	7.3
Others	6.1	6.8

The following table shows the credit lines available to the Group on the balance sheet date. These credit lines at the different banks had been used to some extent.

DZ Bank AG, Bayerische Landesbank, Dresdner Bank AG		
Syndicate loan, production funding	USD thousand	100,000
Bayerische Landesbank, Dresdner Bank AG, DZ Bank AG		
Licence trading and working capital	€ thousand	50,000
HypoVereinsbank		
Line for working capital and service productions	€ thousand	2,500
Bankhaus Reuschel		
Guarantee line, line for working capital and service productions	€ thousand	5,000
Berliner Bank		
Line for service productions	€ thousand	3,600

The credit lines (production funding and licence trading line) are secured by the film rights included in the film assets amounting to €181.671 million and the exploitation revenues resulting from them as well as by receivables amounting to €21.812 million.

7.5. Non-current financial liabilities

7.5.1. Other financial liabilities

The items have been included in the financial statements with their redemption amount and can be broken down as follows:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Financial commitment from share acquisition	2,000	1,000
Other liabilities and medium- + long-term loans	0	4,620
Other financial liabilities	2,000	5,620

The carrying amounts of the financial liabilities correspond to the fair values and have the following maturity structure:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Up to 2 years	1,000	1,000
More than 2 years	1,000	4,620
Other financial liabilities	2,000	5,620

All of the non-current financial liabilities are in thousand €, the effective interest rates are between 4% and 5.25%.

7.6. Tax expenses

The tax expenses relate to the parent company of the Group Constantin Film AG and the subsidiaries included in the Group. On the basis of the profit/loss transfer agreements that have been concluded, Constantin Film AG is parent of the following subsidiaries for corporation tax and trade tax purposes:

- Constantin Script & Development GmbH
- Constantin Media GmbH audiovisuelle Produktionen
- Constantin Film Produktion GmbH
- Constantin Film International GmbH
- Constantin Pictures GmbH
- Constantin Film Verleih GmbH
- Classic Media Werbeagentur GmbH
- Constantin Music Verlag GmbH
- Constantin Propaganda GmbH
- Constantin Entertainment GmbH
- Constantin Film Services GmbH
- Constantin Television GmbH

Within the framework of this integrated group structure, the income that is subject to corporation tax and the income for trade tax purposes for all the relevant subsidiaries in the Group as well as for the parent company are pooled at the level of the parent company. Taxes are incurred at the level of the parent company alone. The following consolidated companies remain independent taxpayers for the purposes of corporation tax and trade tax:

- Olga Film GmbH
- bob Film GmbH
- MOOVIE – The art of entertainment GmbH
- Rat Pack Filmproduktion GmbH
- Westside Filmproduktion GmbH
- Constantin Film Development Inc.
- Constantin Production Services Inc.
- DoA Production Ltd.
- Constantin International B.V.
- Königskinder Schallplatten GmbH
- Resident Evil Mexico S. DE R.L. DE C.V.
- Resident Evil Productions, LLC
- Constantin Entertainment UK Ltd.
- Constantin Entertainment Polska Sp. z o.o.
- Constantin Music GmbH
- PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH
- Constantin Ring Koprodukcija d.o.o.
- BECO Musikverlag GmbH

Taxes on income for the German Group companies consist of corporation tax, reunification tax and trade tax. The rate assumed for the taxes on income is based on a corporation tax rate of 25 per cent and reunification tax of 5.5 per cent for the 2007 fiscal year. The trade tax rate depends on the location of the registered office of the company in each individual case. The actual trade tax rate for the German companies included in the consolidated financial statements is between 17 and 20 per cent. The local rates for taxes on income applied for foreign Group companies vary between 29 and 40 per cent.

In accordance with IAS 12, the deferred taxes were formed by the liability method for temporary differences between the tax values and the carrying amounts of the assets and liabilities according to IFRS as well as the carry-forward of unused tax losses, provided that the profit forecast is positive. The calculation was made on the basis of the tax rates applicable to the individual companies depending on their location. The 2008 tax reform and the tax rates that will be applicable as a result (average tax rate in future: 29.83 per cent) were already taken into account in this context for the deferred taxes that will be realised in the following fiscal year. The local tax rates applied to calculate the deferred taxes for the foreign companies vary between 20 and 40 per cent.

Tax expense for the 2006 and 2007 fiscal years is as follows:

TAXES

	2006	2007
	€ thousand	€ thousand
Current tax expense	2,206	1,396
Deferred tax expense	3,485	2,710
Tax expense	5,691	4,106

The deferred tax expense of € 2.710 million (previous year: € 3.485 million) shown can be broken down into deferred tax assets and liabilities relating to temporary differences amounting to € -1.392 million (previous year: € -1.476 million) and deferred tax assets relating to the carry-forward of unused tax losses amounting to € 4.102 (previous year: € -2.369 million).

The actual tax expense arising from the result before tax generated by the Constantin Group can be reconciled from the calculated (theoretical) tax expense as follows:

	2006	2007
	€ thousand	€ thousand
Result for the year before tax	13,578	10,978
Theoretical tax expense (40.86%)	5,548	4,486
Tax rate differences	-105	-220
Change in tax rate	0	-359
Tax additions and deductions	14	-144
Tax from the previous year	95	-1,465
Write-down	0	0
Goodwill	0	31
Revaluation of tax losses	0	1,683
Off balance sheet carried-forward tax losses	36	65
Tax-free Income	204	-228
Others	-101	257
Tax expense	5,691	4,106

The deferred taxes relate to the following items:

	2006	2007
	€ thousand	€ thousand
Deferred taxes (assets)		
Carry-forward of unused tax losses	10,331	6,229
Advance payments received	42,043	45,013
Provisions	558	1,344
Film assets	0	1,655
Inventories	2,319	3,124
Trade payables	150	63
Trade receivables	4,067	302
Other financial assets	306	127
Deferred taxes (assets)	59,774	57,857
Deferred taxes (liabilities)		
Film assets	52,946	54,634
Others (equity)	469	0
Provisions	85	215
Advance payments received	1,101	2,970
Trade receivables	3,362	469
Deferred taxes (liabilities)	57,963	58,288
Deferred taxes (net)	1,811	-431

The deferred tax assets and liabilities from the Group companies are balanced in accordance with IAS 12. At Group level, the deferred tax assets therefore amounted to €3.602 million (previous year: €5.184 million), while the deferred tax liabilities totalled €4.033 million (previous year: €3.373 million).

The carry-forward of unused tax losses amounted to €21.683 million on December 31, 2007 (previous year: €25.214 million). The carry-forward of unused tax losses, in respect of which deferred taxes were formed, amounted to €20.717 million (previous year: €25.216 million). The deferred tax assets relating to them amounted to €6.229 million (previous year: €10.331 million). The change in the carry-forward of unused tax losses led to tax expense of €4.102 million (previous year: €2.369 million) for the Group in the year under review.

In view of the adequate taxable temporary differences and the sustained profitability of the company, it is assumed that the value of the deferred tax assets is accurate.

7.7. Equity

See the statement of changes in equity on pages 56–57.

7.7.1. Subscribed capital

The subscribed capital continues to amount to €12,742,600 and consists of 12,742,600 bearer ordinary shares with no par value, each of which accounts for €1.00 of the subscribed capital.

Scene from: ►
SCHWERE JUNGS
(theatrical release:
January 18, 2007)
by successful director
Marcus H. Rosenmüller



7.7.2. Capital reserves

The capital reserves were generated essentially by the inflow of the premium from the proceeds of the public offering in 1999 minus the directly allocated IPO costs and the goodwill charge for the equity interests acquired in 1999. The capital reserves amounted to €55.546 million on the balance sheet date (previous year: €55.546 million).

The difference between the reserves under commercial law and in accordance with IFRS is as follows:

RESTATEMENT OF THE CAPITAL RESERVES / in € thousand

Capital reserves according to HGB	40,157
Direct allocation of the IPO costs	-6,553
Goodwill charge on the basis of fair market value calculation	2,242
Capital increase at Constantin Film AG	1,640
Release of the capital reserves acc. to §150 paragraphs 3 and 4 AktG	32,697
Acquisition of shares in companies already controlled	-14,637
Capital reserves according to IFRS	55,546

7.7.3. Retained earnings / other comprehensive income

See the statement of changes in equity, pages 56–57, for the development of the items in the year under review.

The retained earnings include the accumulated operating results attributable to the shareholders of the parent company.

Changes in the market value of the currency futures transactions included in the financial statements as cash flow hedges are generally shown in the other comprehensive income.

7.7.4. Authorised capital

In accordance with a resolution passed at the Annual Shareholders' Meeting on May 12, 2005, the Management Board has been authorised to increase the share capital on one or more occasions by up to a total of € 4,800,000.00 by April 30, 2010 with the approval of the Supervisory Board in return for the injection of cash and/or physical assets. The subscription right of the shareholders can be suspended to some extent in this context (authorised capital 2005/I).

In accordance with a resolution passed at the Annual Shareholders' Meeting on May 12, 2005, the Management Board has been authorised to increase the share capital on one or more occasions by up to a total of € 1,200,000.00 by April 30, 2010 with the approval of the Supervisory Board in return for the injection of cash. The subscription right of the shareholders can be suspended to some extent in this context (authorised capital 2005/II).

7.7.5. Conditional capital

In accordance with a resolution passed at the Shareholders' Meeting on August 29, 2003, the share capital of the company was increased conditionally by up to € 600,000.00 to implement a stock option plan (SOP 2003) (conditional capital 2003/I). Options for a maximum of 600,000 shares can be issued up to July 31, 2008 in accordance with the SOP 2003. No advantage was taken of this possibility up to the end of the 2007 fiscal year. The Management Board is not planning to issue any options on the basis of the SOP 2003 in future either.

7.7.6. Minority interest

This item includes the accumulated results that are attributable to the minority shareholders.

7.8. Hedging instruments

Currency futures hedging contracts were in force on December 31, 2007. The strict conditions for hedge accounting in accordance with IAS 39 in a cash flow hedge relationship and a fair value hedge relationship are met. The hedging transactions that were still in force on the qualifying date

relate to rights purchases in USD and will probably continue until September 2008.

The nominal amount of all the futures contracts in force amounts to € 8.575 million. Total market price valuation of these business transactions leads to €-164,000. Valuation of the futures contracts is calculated as the difference between the forward price when the transaction was concluded and the market value of the futures contract on the balance sheet date. Valuation of the loans is determined as the difference between the value on the date when the 1st tranche of the loan was taken and the market value on the qualifying date (taking the income already paid into account).

In accordance with IAS 39, the changes in market value after deduction of taxes are shown in equity as part of the other comprehensive income in the case of cash flow hedges (€0; previous year: €678,000) and in the income statement in the case of fair value hedges (€-164,000; previous year: €-352,000). The change in the valuation of the pending basic transaction is in turn included in the income statement in the case of fair value hedges.

In the context of the application of cash flow hedge accounting for derivative financial instruments, € 1.146 million (previous year: €-296,000) were removed from equity and taken into account in valuation for the first time of the sales. The change in equity due to cash flow hedge accounting amounted to € 0 million (previous year: €-974,000), which had no effect on earnings.

The market value of the hedging instruments can be broken down as follows:

	31.12.2006		31.12.2007	
	€ thousand		€ thousand	
	Assets	Liabilities	Assets	Liabilities
Hedging instruments				
Foreign exchange – cash flow hedges	0	1,146	0	0
Foreign exchange – fair value hedges	0	352	0	164
	0	1,498	0	164

8. EXPLANATORY NOTES ABOUT THE INCOME STATEMENT

In accordance with the cost of sales method, goodwill amortisation of €138,000 (previous year: €0) and depreciation of tangible assets, other intangible assets and financial assets of €868,000 (previous year: €720,000) are being included in the selling expenses and/or general administration expenses from this fiscal year onwards.

8.1. Sales

The total sales can be broken down as follows:

	2006	2007
	€ thousand	€ thousand
Sales:		
Theatrical sales	47,516	33,427
Video sales	28,104	44,675
TV sales	40,434	32,212
Service productions	123,250	105,982
Others	23,394	8,719
Total	262,698	225,015

8.2. Costs of goods sold

The costs of goods sold shown consist of depreciation of film rights and capitalised development costs, of film release expenditure, of the costs of goods sold incurred in connection with video exploitation as well as of the costs of goods sold of service productions and – if applicable – of expenses relating to the repayment of licensor shares. The depreciation of film rights includes expenses of € 3.821 million (previous year: € 3.137 million) that are due to adjustments of the residual carrying

amounts on the basis of current sales estimates of € 3.563 million (previous year: €935,000) as well as to the risk provision made for films that are not being exploited yet with an amount of €258,000 (previous year: €2.202 million). €2.584 million (previous year: €1.730 million) of this amount are accounted for by the in-house production segment, while the third-party production segment accounts for € 1.237 million (previous year: € 1.407 million).

8.3. Personnel expenses

Wages and salaries in the year under review amounted to € 16.624 million (previous year: € 15.387 million). Social security expenditure amounted to € 1.941 million (previous year: € 2.080 million).

The Constantin Film Group had an average of 290 employees over the year (previous year: 239). At the end of the year, the Constantin Film Group had 300 employees (previous year: 232). 263 of them were full-time employees, 25 of them senior executives and directors and 12 of them part-time employees and apprentices.

8.4. Financial result

Total interest expenditure in the year under review amounted to € 1.321 million (previous year: € 754,000). Interest income was € 571,000 (previous year: € 479,000).

The interest expenditure and interest income included on the basis of valuation of the financial instruments are outlined on page 78.

8.5. Foreign currency translation

An exchange rate balance of € -708,000 (previous year: € 203,000) was recorded because of the valuation on the qualifying date of the transactions carried out in USD that cannot be allocated to individual projects and of the foreign currency portfolio. The exchange rate income amounted to € 228,000 (previous year: € 1.325 million), whereas the exchange rate expenses totalled € 936,000 (previous year: € 1.122 million).

8.6. Earnings per share

The basic earnings per share are calculated by dividing the proportion of earnings attributable to the shareholders of Constantin Film AG by the weighted average number of shares in circulation during the fiscal year. The earnings per share are diluted by what are known as "potential shares". These include option rights, although they only dilute earnings if shares are issued at a value lower than the stock exchange price for the share on the basis of these rights.

Since no options have been issued so far in accordance with the stock option plan SOP 2003 that still exists, the earnings per share were not diluted by them. The earnings per share amounted to € 0.60 (previous year: € 0.49).

9. EXPLANATORY NOTES ABOUT THE CASH FLOW STATEMENT

The cash flow from operating activities includes the following inflows and outflows in accordance with IAS 7.31 and IAS 7.35:

	2006	2007
	€ thousand	€ thousand
Payments made for taxes on income	-2,351	-2,742
Interest payments received	479	571
Interest payments made, minus the capitalised amounts	-3,675	-3,357

The Constantin Film Group had funds of € 91.790 million on December 31, 2007 (previous year: € 79.451 million), while bank liabilities totalled € 112.090 million (previous year: € 119.387 million). Net debt was € 19.636 million lower than on December 31, 2006. This change includes the inflows from the investments made in previous years, primarily in global distribution and from TV exploitation, and the investments in new film projects.

The cash flow from operating activities amounted to €24.488 million and was attributable essentially to the investments in new film projects outlined above, mainly for the in-house production segment, as well as to the income from the exploitation of TV rights and from global distribution. The cash flow from financing activities totalled €-11.325 million. The main influencing factors here were the repayment of the liabilities to banks for the funding of investments in the film assets and payment of the remaining instalments in connection with the acquisition of shares. Since they relate to the Constantin Film AG service provision process, investments in the film assets are included in the cash flow from operating activities. If the investments in the film assets were included in the cash flow from investing activities, the cash flow from operating activities would amount to €103.324 million (previous year: €51.799 million); the cash flow from investing activities would change to the same extent.

10. SEGMENT REPORTING

The Constantin Group distinguishes in its reporting between 2 segments that are exposed to different risks and are therefore subject to regular review by the Management Board. These two segments are known as "in-house production (or co-production)" and "third-party production":

In the case of in-house production (or co-production), the Group contributes services of its own to the production of films. In the initial phase, these services include monitoring trends, finding the right material and developing the screenplay. Two possible approaches are adopted here: not only the development of internal ideas but also the acquisition of film rights. As soon as a decision has been taken about further implementation of the film project, the next stage involves choosing the organisational and artistic personnel. This is followed by the principal photography for the film. Technical post-production of the film starts when principal photography has been completed. Where co-productions are concerned, the Group participates by contributing resources to a film project. The Constantin Group and the co-production partner each receive a share of the proceeds of film exploitation in

accordance with a key that is specified in advance. The in-house production segment also covers genuine service productions. A customer commissions the Constantin Group to produce a film in genuine service production. The right to the film production is held and remains directly with the customer after the production has been completed.

The exploitation of acquired rights (third-party productions) – American productions in particular – is another segment of the Constantin Group's operations alongside in-house production (or co-production). The purchasing strategy is based fundamentally on the acquisition of individual licences (known as pick-ups) from our numerous longstanding production partners in Germany and other countries.

To improve presentation, the company has decided to make a more detailed breakdown of the segment expenses, to the extent that this is possible. The allocation of the items in the income statement to the two segments is as follows:

▶ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS / IFRS

CONSOLIDATED INCOME STATEMENT by SEGMENTS/IFRS in € thousand

	2006	2007	2006	2007	2006	2007	2006	2007
	In-house and co-productions		Third-party productions		Expenses that cannot be allocated to the segments		Total	
Sales:								
Theatrical sales	42,794	21,223	4,722	12,204	0	0	47,516	33,427
Video sales	17,650	28,847	10,454	15,828	0	0	28,104	44,675
TV sales	31,536	16,663	8,898	15,549	0	0	40,434	32,212
Service productions	123,250	105,982	0	0	0	0	123,250	105,982
Others	21,485	6,183	1,909	2,536	0	0	23,394	8,719
Total	236,715	178,898	25,983	46,117	0	0	262,698	225,015
Costs of goods sold:								
Amortisation	73,100	42,806	11,493	25,426	0	0	84,593	68,232
Other costs of goods sold	129,166	112,110	15,415	12,661	0	0	144,581	124,771
Total	202,266	154,916	26,908	38,087	0	0	229,174	193,003
Gross profit on sales	34,449	23,982	-925	8,030	0	0	33,524	32,012
Percentage of sales	15	13	-4	17	0	0	13	14
Selling expenses	1,576	1,096	173	273	0	0	1,749	1,369
General administration expenses	13,369	13,646	2,280	2,327	3,801	3,879	19,451	19,852
Other operating income	1,723	1,204	140	104	239	713	2,102	2,021
Other operating expenses	223	185	0	0	53	183	276	368
Operating result	21,003	10,259	-3,238	5,534	-3,615	-3,349	14,150	12,444

Scene from: ▶▶

RESIDENT EVIL: EXTINCTION

(theatrical release:

September 27, 2007)

with Milla Jovovich

in the leading part



► NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS / IFRS

The allocation of the balance sheet items to the 2 segments is as follows:

CONSOLIDATED BALANCE SHEET by SEGMENTS/IFRS in € thousand

ASSETS	2006	2007	2006	2007	2006	2007	2006	2007
	In-house and co-productions		Third-party productions		Balance sheet items that cannot be allocated to the segments		Total	
Current assets								
Cash and cash equivalents	0	0	0	0	79,451	91,790	79,451	91,790
Trade receivables and receivables from affiliated companies	26,332	25,160	2,890	6,486	0	0	29,222	31,646
Inventories	1,669	439	0	0	0	0	1,669	439
Other financial assets	7,704	11,426	4,100	3,666	0	0	11,804	15,092
Current tax assets	817	711	436	228	0	0	1,253	939
Total current assets	36,522	37,736	7,426	10,380	79,451	91,790	123,399	139,906
Non-current assets								
Intangible assets	4,958	5,299	221	141	0	0	5,179	5,440
Tangible assets	955	981	508	315	0	0	1,463	1,296
Financial assets	299	349	0	0	94	115	393	464
Film assets	111,450	137,547	59,313	44,124	0	0	170,763	181,671
Receivables	1,779	748	195	193	0	0	1,974	941
Deferred tax assets	3,383	2,727	1,801	875	0	0	5,184	3,602
Total non-current assets	122,824	147,651	62,038	45,648	94	115	184,956	193,414
Total assets	159,346	185,387	69,464	56,028	79,545	91,905	308,355	333,320

EQUITY AND LIABILITIES	2006	2007	2006	2007	2006	2007	2006	2007
	In-house and co-productions		Third-party productions		Balance sheet items that cannot be allocated to the segments		Total	
Current liabilities								
Liabilities to banks	0	0	0	0	119,387	112,090	119,387	112,090
Trade payables and liabilities to affiliated companies	12,251	13,048	6,520	4,186	0	0	18,771	17,234
Advance payments received	36,542	54,657	19,447	17,534	0	0	55,989	72,191
Provisions	21,064	27,209	11,210	8,728	0	0	32,274	35,937
Other financial liabilities	4,808	8,413	2,559	2,699	0	0	7,367	11,112
Current tax liabilities	245	390	130	125	0	0	375	515
Total current liabilities	74,910	103,717	39,866	33,272	119,387	112,090	234,163	249,079
Non-current liabilities								
Other financial liabilities	2,000	5,620	0	0	0	0	2,000	5,620
Deferred tax liabilities	2,201	3,053	1,172	980	0	0	3,373	4,033
Total non-current liabilities	4,201	8,673	1,172	980	0	0	5,373	9,653
Equity								
Subscribed capital	0	0	0	0	12,743	12,743	12,743	12,743
Capital reserves	0	0	0	0	55,546	55,546	55,546	55,546
Retained earnings	0	0	0	0	-905	5,282	-905	5,282
Other comprehensive income	0	0	0	0	678	0	678	0
Minority shareholders	0	0	0	0	757	1,017	757	1,017
Total equity	0	0	0	0	68,819	74,588	68,819	74,588
Total equity and liabilities	79,111	112,390	41,038	34,252	188,206	186,678	308,355	333,320

There are no business relations between the in-house production (or co-production) segment and the third-party production segment. The management of the Constantin Group uses "sales", "depreciation" and "gross profit on sales" as indicators for the success achieved by the two segments.

Constantin Film does not have any significant assets outside the Federal Republic of Germany and did not make any investments abroad.

More detailed explanations about the individual segments can be found in the management report about the company and the Group.

The total sales can be broken down into the different territories as follows:

SALES SEGMENTATION BY COUNTRIES / in € thousand

	2006	2007
Germany	215,777	197,554
Europe (without Germany)	21,823	11,871
USA	15,002	5,310
Japan	5,848	3,532
Others	4,248	6,748
Total	262,698	225,015

11. FINANCIAL RISK MANAGEMENT

See the management report about the company and the Group for information about the financial risk management system, pages 44 ff.

12. OTHER EXPLANATORY NOTES

12.1. Financial commitments and contingent liabilities

The Group leases and rents vehicles, equipment and buildings that are all subject to operating lease contracts. Leasing and rental expenditure in the year under review amounted to €2.784 million (previous year: €2.755 million).

There is also a rent guarantee for the business premises rented by Constantin Film AG amounting to €229,000 (previous year: €229,000). There are in addition guarantees for service productions with a total

value of €8.652 million (previous year: €8.520 million) to various TV stations.

The credit lines (revolving production and licence trading line) are secured by the film rights shown in the film assets and the proceeds of the exploitation of them.

The following table is a summary of future rent and leasing payments arising from operating lease/rental agreements that are due as follows until the minimum term of the contracts ends:

	31.12.2006	31.12.2007
	€ thousand	€ thousand
Remaining term up to 1 year	2,410	2,502
Remaining term 1–5 years	4,902	5,776
Remaining term more than 5 years	2,851	1,947
Total	10,163	10,225

The Group obtains access to future film rights by concluding licence contracts. Film purchasing and production preparations lead to financial commitments for the future that amount to about €20.362 million (previous year: €27.910 million). The impact on the asset situation, financial position and profitability from 2009 onwards cannot be estimated with sufficient certainty at the present time.

There are also future commitments to net profit partners and licensors amounting to €929,000 (previous year: €90,000).

12.2. Connections to related parties

The Management Board and the Supervisory Board of Constantin Film AG, the shareholders of the company that have a controlling and significant influence, the associated companies and the joint ventures are the main related parties as defined by IAS 24. Since the main shareholder Highlight Communications AG (95.22%) has this influence, it is a related party.

The members of the Management and Supervisory Boards held the following number of shares on December 31, 2007: Fred Kogel 11,150 shares, Hanns Beese 2,500 shares and Dr Paul Graf 500 shares.

On June 29, 2005, Constantin Film AG acquired shares in Constantin Entertainment GmbH from Kogel Beteiligungs- und Verwaltungs-GmbH. €2 million (plus interest) of the purchase price of €9 million remained to be paid on December 31, 2007.

The information specified in § 314 paragraph 1 no. 6 letter a sentences 5–9 of the HGB is not provided in accordance with the resolution passed by the Annual Shareholders' Meeting on June 8, 2006 on the basis of § 314 paragraph 2 sentence 2 in connection with § 286 paragraph 5 of the HGB.

The members of the Management Board receive annual remuneration consisting of fixed and variable elements. The total remuneration paid to the Management Board (January 1 to December 31, 2007) amounted to €2.555 million (previous year: €2.688 million).

The remuneration paid to the members of the Supervisory Board for their Supervisory Board activities amounted in total to €127,000 (previous year: €117,000) in 2007. The remuneration paid to the individual members was as follows:

Name	Function	Compensation € thousand
Bernhard Burgener	Chairman	36
Bernd Eichinger	Deputy Chairman	27
Marc Conrad		15
Dr Paul Graf		19
Professor Dr Günter Rohrbach		15
Martin Wagner		15

Bernd Eichinger received remuneration of €1.763 million from the production contract and screenplay fees in 2007 (previous year: 2.470 million). Professor Dr Günter Rohrbach received €173,000 as compensation for his assignments as a producer in 2007 (previous year: €29,000).

The sales and other operating income of €32.509 million (previous year: €21.073 million) and expenses of €15.833 million (previous year: €10.320 million) recorded by the Constantin Film Group with Highlight Communications AG in 2007 relate essentially to the joint operation of the video business. There were receivables of €6.894 million (previous

year: €2.446 million) and liabilities of €40,000 (previous year: €8,000) on December 31, 2007.

The sales and other operating income of €247,000 and expenses of €5,000 recorded by the Constantin Film Group with PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH in 2007 (previous year: €0 in both cases) were attributable essentially to the service production **Dahoam is Dahoam**. On December 31, 2007, there were receivables of €241,000 and advance payments received of €369,000 (previous year: €0 in both cases).

Mr Bernd Eichinger and Mr Thomas P. Friedl hold the shares in Topeka GmbH, Cologne, (operator of the CINEDOM multiplex) directly and indirectly. The Constantin Group had theatrical sales of €256,000 with Topeka GmbH this year (previous year: €540,000). There was a receivable amounting to €27,000 on December 31, 2007 (previous year: €32,000).

Bernd Eichinger held 50% of the shares in BECO Musikverlag GmbH indirectly until December 17, 2007. On this date, Bernd Eichinger sold his shares to Constantin Film AG for a purchase price of €55,000. The purchase price had not been paid yet on December 31, 2007.

12.3. Board members

12.3.1. Management Board of Constantin Film AG

The Management Board of Constantin Film AG had 5 members during the fiscal year:

FRED KOGEL / lawyer and producer

/ Chairman of the Management Board

HANNS BEESE / economics graduate

THOMAS PETER FRIEDL (until January 31, 2008)

/ film businessman

MARTIN MOSZKOWICZ / businessman and producer

FRANZ WOODTLI / businessman

The contracts of the members of the Management Board extend at least until the middle of the 2008 fiscal year. Mr Thomas Peter Friedl resigned from the Management Board with effect from January 31, 2008.

12.3.2. Supervisory Board of Constantin Film AG

The Supervisory Board consists of 6 members at the present time.

	Main profession	Membership of other Supervisory Boards
Bernhard Burgener Chairman of the Supervisory Board (since 08.06.2006) (member of the Supervisory Board since 05.05.2004)	Chairman of the Board Highlight Communications AG	Chairman of the Board of Team Holding AG, Lucerne, Switzerland Chairman of the Board of Team Football Marketing AG, Lucerne, Switzerland Chairman of the Board of TE.A.M. Television Event And Media Marketing AG, Lucerne, Switzerland Chairman of the Board of Rainbow Home Entertainment AG, Pratteln, Switzerland Chairman of KJP Holding AG, Lucerne, Switzerland Board of Radio Basilisk Betriebs AG, Basel, Switzerland Board of Escor Casino & Entertainment SA, Düringen, Switzerland Deputy Chairman of the Supervisory Board of EM. Sport Media AG, Ismaning, Germany Chairman of the Board of Lechner Marmor SA, Laas, Italy
Bernd Eichinger Deputy Chairman (since 08.06.2006) (member of the Supervisory Board since 03.01.2003)	Film producer	Artists for Kids, non-profit organisation with limited liability
Martin Wagner (since 23.07.2003)	Lawyer	Deputy Chairman of the Board of Highlight Communications AG, Pratteln, Switzerland Supervisory board of the EM.Sport Media AG, Ismaning, Germany Board of the Team Holding AG, Lucerne, Switzerland Board of Team Football Marketing AG, Lucerne, Switzerland Board of TE.A.M Television Event and Media Marketing AG, Lucerne, Switzerland Board of Rainbow Home Entertainment AG, Pratteln, Switzerland Board of Escor Casino & Entertainment SA, Düringen, Switzerland Board of Jean Frey AG, Zurich, Switzerland Board of KJP Holding AG, Lucerne, Switzerland Chairman of the Board of Weltwoche Verlags AG, Zurich, Switzerland Board of Pima Canyou JDS AG, Rünenberg, Switzerland Chairman of the Board of VCP Venture Capital Partners, Basel, Switzerland Chairman of the Board of Radio Basilisk Betriebs AG, Basel, Switzerland Board of Axel Springer Schweiz AG, Zurich, Switzerland Board of TR7 AG, Zurich, Switzerland Board of Sport Wochenzeitung AG, Zurich, Switzerland Deputy Chairman of the Board of Neue-Ideen.ch, Zurich, Switzerland Board of IWF Institut für Wirtschaftsförderung AG, Liestal, Switzerland Board of IPWR Institut für Politik, Wirtschaft und Recht, Basel, Switzerland President of the Swiss Mercedes Benz representatives' association Co-President of the car industry association beider Basel
Marc Conrad (since 12.05.2005)	Film producer	None
Dr Paul Graf (since 19.08.2004)	Businessman	None
Professor Dr Günter Rohrbach (since 13.07.2001)	Independent producer	None

12.4. Corporate governance

The Management Board and Supervisory Board of Constantin Film AG have issued the compliance statement about the German Corporate Governance Code required in accordance with § 161 of the German Companies Act (AktG) and have made it available to the shareholders on a permanent basis on the company website (www.constantinfilm.de).

12.5. Fees paid to the auditor

The fees for the auditor of the consolidated financial statements (KPMG Deutsche Treuhand-Gesellschaft, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft) that were included in the 2007 fiscal year in accordance with § 314 paragraph 1 no. 9 of the HGB amounted in total to € 680,000 (previous year: 405,000). Auditing fees accounted for € 466,000 (previous year: € 346,000), while € 214,000 (previous year: € 59,000) were fees charged for tax and other consulting services.

12.6. Exemption of subsidiaries

Even though they are companies limited by shares, the following subsidiaries were not required to compile a management report in accordance with the regulations for companies limited by shares and to apply the disclosure regulations, on the basis of the provisions of § 264 III of the HGB:

- ▶ Constantin Script & Development GmbH
- ▶ Constantin Media GmbH audiovisuelle Produktionen
- ▶ Constantin Film Produktion GmbH
- ▶ Constantin Film International GmbH
- ▶ Constantin Pictures GmbH
- ▶ Constantin Film Verleih GmbH
- ▶ Classic Media Werbeagentur GmbH
- ▶ Constantin Music Verlag GmbH
- ▶ Constantin Propaganda GmbH
- ▶ Constantin Film Services GmbH
- ▶ Constantin Television GmbH

Constantin Entertainment GmbH was another company limited by shares that was not required to apply the disclosure regulations, on the basis of the provisions of § 264 III of the HGB.

► RESPONSIBILITY STATEMENT

“To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.”

Munich, April 14, 2008



► FRED KOGEL / Chairman of the Management Board;
licence trading, distribution and marketing,
legal affairs, human resources,
TV entertainment, corporate communications
and investor relations



► MARTIN MØSZKOWICZ / production



► HANNS BEESE / finance and accounting



► FRANZ WOODTLI / home entertainment

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Constantin Film Aktiengesellschaft, München, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § [Article] 317 HGB [Handelsgesetzbuch „German Commercial Code“) 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 group 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 group 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 entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group 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 IFRSs, as adopted by the EU, 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 requirements. The group 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, April 14, 2008

▶ **KPMG Deutsche Treuhand-Gesellschaft**
Aktiengesellschaft / Wirtschaftsprüfungsgesellschaft

Hagner / Auditor
Sandhaas / Auditor

▶ AG BALANCE SHEET / HGB

ASSETS HGB	31.12.2006	31.12.2007
	€ thousand	€ thousand
A. Fixed assets		
I. Intangible assets	606	540
II. Tangible assets	781	688
III. Financial assets	24,414	24,543
Total fixed assets	25,801	25,771
B. Current assets		
I. Receivables and other current assets		
1. Receivables from affiliated companies	62,473	73,432
2. Receivables from companies in which the company has a participating interest	80	0
3. Other assets	1,727	1,737
II. Cash in hand and at banks, cheques	14	11
Total current assets	64,294	75,180
C. Prepaid expenses	63	89
Total assets	90,158	101,040

EQUITY AND LIABILITIES HGB	31.12.2006	31.12.2007
	€ thousand	€ thousand
A. Equity		
I. Subscribed capital	12,743	12,743
II. Capital reserves	40,157	40,157
III. Retained earnings	6,372	9,950
IV. Accumulated profits/losses	974	4,553
Total equity	60,246	67,403
B. Provisions		
I. Tax provisions	1,521	44
II. Other provisions	1,556	1,577
Total provisions	3,077	1,621
C. Liabilities		
1. Trade liabilities of which due within 1 year: €0.334 million (previous year: €0.402 million)	460	335
2. Liabilities to affiliated companies of which due within 1 year: €29.481 million (previous year: €21.289 million)	21,289	29,481
3. Other liabilities of which due within 1 year: €1.200 million (previous year: €3.087 million) of which from taxes: €0.187 million (previous year: €0.221 million) of which in connection with social security: €0.2 million (previous year: €0.2 million)	5,086	2,200
Total liabilities	26,835	32,016
Total equity and liabilities	90,158	101,040

▶ AG INCOME STATEMENT / HGB

	01.01. – 31.12.2006	01.01. – 31.12.2007
	€ thousand	€ thousand
General administration expenses	10,621	10,839
Other operating income	5,098	5,552
Other operating expenses	53	45
Income from equity interests	0	260
Income from profit transfer agreements	33,953	48,601
Other interests and similar income of which from affiliated companies €0.019 million (previous year: €2.791 million)	2,848	32
Depreciation of financial assets	500	12
Interest and similar expenses of which to affiliated companies €0 (previous year: €0)	374	179
Costs of loss absorption	21,579	36,055
Income from continuing operations	8,772	7,315
Taxes on income	-1,424	-154
Other taxes	-2	-4
Net income for the year	7,346	7,157
Accumulated profits from previous years	0	974
Allocation to the retained earnings	-6,372	-3,579
Accumulated profits	974	4,552

- ▶ Theatrical productions
- ▶ TV productions
- ▶ Theatrical distribution
- ▶ Home entertainment/
new video releases

► Theatrical productions

Titel	Form	Co-Produktionspartner	Produzent	Regie	Hauptrollen
Anonyma – Eine Frau in Berlin	Europäische Co-Produktion	Tempus Film (POL), ZDF	Günter Rohrbach	Max Färberböck	Nina Hoss
Asterix bei den Olympischen Spielen	Europäische Co-Produktion	Pathé, TRI Pictures, Novo RPI	Thomas Langmann	Frederic Forestier	Michael Bully Herbig, Gerard Depardieu
Der Baader Meinhof Komplex	Europäische Co-Produktion	Nouvelles Editions de Films, G.T. Productions	Bernd Eichinger	Uli Edel	Moritz Bleibtreu, Johanna Wokalek, Martina Gedeck
Effi	Eigenproduktion		Günter Rohrbach	Hermine Huntgeburth	Julia Jentsch, Sebastian Koch, Ulrich Noethen
Paris 36	Europäische Co-Produktion	Galatée Films, Pathé Renn, Blue Screen Productions s.r.o.	Jacques Perrin, Nicolas Mauvernay, Romain Le Grand	Christophe Barratier	Gerard Jugnot
Freche Mädchen	Co-Produktion	Collina Film	Uli Limmer	Ute Wieland	Anke Engelke, Celina Shirin Müller, W.G. Ochsenknecht
Im Winter ein Jahr	Co-Produktion	Bavaria Film	Uschi Reich	Caroline Link	Johannes Bierbichler, Karoline Herfurth
Kirschblüten Hanami	Eigenproduktion	Bayerischer Rundfunk ARD/Degeto ARTE	Molly von Fürstenberg, Harald Kügler	Doris Dörrie	Elmar Wepper, Hannelore Elsner
Mord ist mein Geschäft, Liebling	Co-Produktion	Rat Pack Filmproduktion GmbH, Erfttal Filmproduktion, B.A. Produktion, Warner Bros., Babelsberg Film GmbH, Beta Film	Christian Becker	Sebastian Niemann	Nora Tschirner, Rick Kavanian, Janek Rieke
Skinwalkers	Internationale Eigen-Produktion	Stan Winston DCP, Red Moon Films	D. Carmody, R. Kulzer, S. Winston, D. Beradi	James Isaac	Scott Anderson, Jason Behr, Sarah Carter
Urmel voll in Fahrt	Co-Produktion	White Horse Pictures, Agir Film, Ambient Entertainment, Bavaria Pictures	Reinhard Klooss	Reinhard Klooss, Holger Trappe	
Die Welle	Co-Produktion	Rat Pack Filmproduktion GmbH, GFP II, B.A. Produktion	Christian Becker	Dennis Gansel	Jürgen Vogel, Frederick Lau, Max Riemelt, Jennifer Ulrich

Genre	Inhalt	Status (Stand 31.12.07)	Kinostart
Drama	Das Jahr 1945. Die Rote Armee besetzt Berlin. Für die Frauen der Stadt geht der Kampf ums Überleben weiter.	Postproduktion	23.10.2008
Komödie	Nur ein Sieg bei den Olympischen Spielen wird dem Gallier Weiterblix helfen, die Hand der griechischen Prinzessin Irina zu erobern, die eigentlich Cäsars Sohn Brutus versprochen ist. Asterix und Obelix begleiten Weiterblix nach Athen.	fertiggestellt	31.01.2008
Historisch/Terror	Die Journalistin Ulrike Meinhof schließt sich im Mai 1970 der Gruppe um Andreas Baader und Gudrun Ensslin an und befreit ihn aus der Untersuchungshaft. Das ist der Auslöser für mehr als ein Jahrzehnt eskalierende Gewalt, die den deutschen Rechtsstaat auf eine harte Probe stellt.	Produktion	25.09.2008
Drama/ Literaturadaption	Die 17-jährige Effi Briest wird mit dem 20 Jahre älteren Baron Innstetten verheiratet, einem früheren Verehrer von Effis Mutter. Die Ehe ist unglücklich. Effi beginnt eine Affäre mit Major Crampas, die aber ein Ende findet, als Effi ihrem Mann nach Berlin folgt.	Postproduktion	Anfang 2009
Drama	Angesteckt vom politischen Zeitgeist besetzen 3 Arbeitslose spontan das leer stehende Revuetheater „Chansonica“ am Place du Faubourg und ziehen dort ein eigenes Programm auf.	Postproduktion	27.11.2008
Coming of Age	Während ihre Freundinnen die Wirrungen der ersten Liebe durchleben, interessiert sich die 14-jährige Mila aufgrund der kurzen Affären ihrer Mutter nicht für Jungs. Das ändert sich, als ihr Klassenkamerad Markus ihr auf poetische Weise den Hof macht.	Postproduktion	17.07.2008
Familiendrama	Eliane Richter beauftragt Max Hollander, ihre beiden Kinder zu malen. Während die 21-jährige Lilli ihm Portrait stehen kann, muss sich Max bei ihrem jüngeren Bruder Alexander auf Fotos und Videos stützen, hat dieser doch vor 9 Monaten seinem Leben ein Ende gesetzt. Das Motiv liegt nach wie vor im Dunkeln.	Postproduktion	13.11.2008
Drama	Einem Ehemann wird nach dem plötzlichen Tod seiner Frau auf einmal bewusst, was für ein Mensch sie eigentlich war und dass er ihren Sehnsüchten und Wünschen immer im Weg stand. So macht er sich auf zu seinem Sohn nach Japan, um das Versäumte wiedergutzumachen.	fertiggestellt	06.03.2008
Komödie	Romantische Screwball-Komödie im Dean-Martin-Stil mit einem guten Schuss Action.	Postproduktion	Winter 2008
Horror	Böse Werwölfe kämpfen gegen gute Werwölfe um die Seele des 13-jährigen Timothy, und dessen bis gestern ahnungslose Mutter hat auch noch ein Wörtchen mitzuschießen.	fertiggestellt	direct to video
CGI-Kinderfilm	Der kleine Dinosaurier Urmel wird von der paradiesischen Insel Titiwu in einen Vergnügungspark gelockt, wo er von dem bösen Geschäftsmann Barnaby in Ketten gelegt wird und als Hauptattraktion des Parks dienen soll. Doch Urmels Freunde bestehen jedes Abenteuer, um ihn zu befreien.	Postproduktion	01.05.2008
Drama	Ein Lehrer beweist seinen Schülern in einem aufsehenerregenden Experiment, dass faschistoides Denken und Handeln immer noch und überall vorhanden ist. Ein Unterrichtsversuch, der zu weit geht.	fertiggestellt	13.03.2008

► TV productions

Titel	Form	Produktionsfirma/ Produzent	Sender	Hauptrollen bzw. Moderator	Genre	Regie
Aschenputtel Experiment	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL II		Docu-Soap	
The Big Picture	deutsche TV-Produktion	Constantin Entertainment GmbH	SevenOne Media		Dritter Deutscher Premierentag	Uwe Hahn
clever! – Die Show, die Wissen schafft	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Barbara Eligman, Wigald Boning	Science-Show	
Clip Charts	deutsche TV-Produktion	Constantin Entertainment GmbH	Kabel1		Clip-Show	
Der Club der Ex-Frauen	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL II	Maja von Hohenzollern, Giulia Siegel, Claudia Effenberg	Docu-Soap	
Comedy-Falle III	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Kai Pflaume	Event-Show	
Die Dreisten Drei	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Janine Kunze, Markus Majowski, Mathias Schlung	Sketch-Show	
Ein Job – Deine Chance	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1		Dokumentation	
Extreme Activity	deutsche TV-Produktion	Constantin Entertainment GmbH	ProSieben	Jürgen von der Lippe	Comedy- Game-Show	
Family Showdown	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Wigald Boning	Show	Kurt Pungartz
Frauentausch	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL II		Reality- Dokumentation	
Galileo XXL	deutsche TV-Produktion	Constantin Entertainment GmbH	ProSieben	Daniel Aminati, Eva Mähl, Aiman Abdallah	Wissensmagazin	
Hit Giganten Reloaded	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Hugo Egon Balder	Show	Utz Weber
Hit Giganten Schnittversionen	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Hugo Egon Balder	Show	
Hit Giganten Silvester	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1		Show	
K11 – Kommissare im Einsatz	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Michael Naseband, Alexandra Rietz	Docu-Crime	
Lenßen & Partner	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Ingo Lenßen	Docu-Crime	
Liebling, wir bringen die Kinder um	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL II	Alexa Iwan	Reality- Dokumentation	
Mega Clever!	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Barbara Eligman, Wigald Boning	Event-Show	Thomas Klees
Meister der Comedy	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Hugo Egon Balder	Show	Günter Mitgutsch

Status (Stand 31.12.07)	Sonstiges	Ausstrahlung	Quote Erstausstrahlung*
Produktionsbeginn von 6 Folgen im Juni 2007. Produktionsende August 2007.	6 Folgen	ab 12.11.07, montags 21:15 Uhr	7,18% MA
Konzeption und Entwicklung des Dritten Deutschen Premierentages der SevenOne Media aus der Tonhalle in Düsseldorf.	Off Air	12.07.2007	
Beauftragung von weiteren 13 Folgen mit Studioproduktionsbeginn im November. Ausstrahlung ab Januar 2008.	9 Folgen wurden in 2007 produziert, 4 weitere im Februar 2008	2007 wurden mittwochs um 20:15 Uhr 10 Folgen ausgestrahlt (Zeitraum 13.06.–22.08.07)	Durchschnittsquote: 11,5% MA
Abgeschlossene Produktion bereits in 2006. Kabel1strahlt erneut aus.		Ausstrahlung um 9:30 Uhr am 17.12.07, 21.12.07 und 27./28.12.07	4,8% MA
Produktion von 6 Folgen bis Ende September 2007. Ausstrahlung ab 3. September 2007. Nach der 2. Ausstrahlung Herausnahme aus dem Programm wegen zu geringer Quote. Die Ausstrahlung der 4 noch nicht gesendeten Folgen ist noch offen.	6 Folgen		4,55% MA
In Produktion bis Mitte November 2007.		2 Folgen am Samstag um 20:15 Uhr 4 Folgen am Mittwoch um 20:15 Uhr	Samstag: 15,65% MA Mittwoch: 9,95% MA
Staffel 6 (17 Folgen) ist in Produktion, Ausstrahlung in 2008.	Ausstrahlung der Staffel 5 in 2007 (13 Folgen)	freitags 22:15 Uhr	Durchschnittsquote 2007: 11,6% MA
Insgesamt Herstellung von 9 Folgen, Ausstrahlung von 8 Folgen.	9 Folgen	mittwochs 21:15 Uhr	9,25% MA
Ausstrahlung bis zum 3. November 2007, dann Absetzung des Formates. Ausstrahlungen der restlichen 8 Folgen ist offen.	Produziert in 2007: Staffel 3 (20 Folgen) und Staffel 4 (10 Folgen)	Staffel 2: 2 Folgen dienstags 20:15 Uhr Staffel 3: 18 Folgen dienstags 20:15 Uhr Staffel 4: ab 27.08.07 montags 21:15 Uhr	Durchschnittsquote dienstags: 9,02% MA Durchschnittsquote montags: 6,8% MA
Produktion von 8 Folgen im August und September, Ausstrahlung ab 7. September bis 26. Oktober 2007	8 Folgen	freitags 20:15 Uhr	Durchschnittsquote: 9,36% MA
Ausstrahlung der 9. Staffel seit dem 6. September, Beauftragung einer 10. Staffel mit 35 Folgen mit Produktionsbeginn im Oktober 2007	Die Produktion der 17 Folgen der 8. Staffel laufen. Weitere 13 Folgen der 9. Staffel sind bereits beauftragt.	donnerstags 21:10 Uhr	Durchschnittsquote 2007: 8,9% MA
9 Folgen	bis 07.09.07 Produktion von 9 Folgen (à 15 Minuten)	werktäglich 19:05 Uhr	Durchschnittsquote 11,68% MA
Beauftragung von 4 neuen „Hit Giganten“ Sendungen, Studioproduktion im Oktober 2007	4 Folgen	Ausstrahlung in 2008	
Postproduktion von 10 Schnittversionen „Hit Giganten“	10 Folgen	freitags 21:15 Uhr, Folge 10 Mittwoch 26.09.07	15,4% MA
Beauftragung 1 „Hit Giganten“-Silvestersendung, Zusammenschnitt aus alten „Hit Giganten“-Sendungen	1 Folge	Montag, 31.12.07, 22:00 Uhr	8,8% MA
Staffel 5 in Produktion bis 30. November 2007 Staffel 6 ab 30. November 2007	Staffel 5 = 190 Folgen Staffel 6 = 175 Folgen	werktäglich 19:45 Uhr	Durchschnittsquote 2007: 11,58% MA
Staffel 6 Produktionsende 23. November 2007 Staffel 7 in Produktion seit 17. November 2007	Staffel 6 = 196 Folgen Staffel 7 = 175 Folgen	werktäglich 18:00 Uhr	Durchschnittsquote 2007: 12,7% MA
BBC Lizenz	6 Folgen + Rückblick	montags 21:15 Uhr	Durchschnittsquote 7 Fol- gen in 2007: 6,47% MA
Studioaufzeichnung am 27. Oktober 2007		am 24.11.07 am 19.05.07	6,3% MA 11,9% MA
Produktion von 2 Folgen im Rahmen der Aufzeichnung von „Wer zuletzt lacht“ am 28. November 2007	2 Folgen	Folge 1 am 31.12.07, 12:35 Uhr Folge 2 am 31.12.07, 17:30 Uhr	9,2% MA

* MA in Zielgruppe 14–49-Jährige

► TV productions

Titel	Form	Produktionsfirma/ Produzent	Sender	Hauptrollen bzw. Moderator	Genre	Regie
Rich List	deutsche TV-Produktion	Constantin Entertainment GmbH	Sat.1	Kai Pflaume	Quiz-Show	
Richter Alexander Hold	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Alexander Hold	Court-Show	
Schwiegerschreck	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL II		Reality- Dokumentation	
Screening Discovery 2007	deutsche TV-Produktion	Constantin Entertainment GmbH	Discovery Networks Deutschland		Off Air Event	Uwe Hahn
Sudoku	deutsche TV- Produktion	Constantin Entertainment GmbH	ZDF	Christian Clerici	Game-Show	
Das Strafgericht	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL	Ulrich Wetzel	Court-Show	
Telemesse Österreich	deutsche TV-Produktion	Constantin Entertainment GmbH	SevenOne Austria		Off Air Event	Uwe Hahn
Wer zuletzt lacht	deutsche TV-Produktion	Constantin Entertainment GmbH	SAT.1	Hugo Egon Balder	Show	Günter Mitgutsch
Wunderbar – Sketche on the Rocks	deutsche TV-Produktion	Constantin Entertainment GmbH	RTL	S. Sideropoulos, C. Kebekus, B. Blümel, T. Gimbel	Sketch-Comedy	
Bittere Wahrheit	Constantin Entertainment Lizenz		Kanal 5, St. Petersburg	Valeria Alfimowa	Scripted Talk	
Föderaler Richter	Constantin Entertainment Lizenz		Russland, Channel 1		Court-Show	
Justice for Moscow	Constantin Entertainment Lizenz		Russland, Channel 1		Docu-Crime	
W11	Constantin Entertainment Lizenz	über BETA-Film	TVN Polen		Docu-Crime	
Clever – Widzisz i Wiesz	ausländische Constantin Entertainment Co-Produktion	Constantin Entertainment Polska Sp. z o.o.	TVN Polen		Science-Show	
Hanrahan Investigates	ausländische Constantin Entertainment Co-Produktion	Constantin Entertainment UK Ltd.	Channel Five, GB	Will Hanrahan	Docu-Crime	
Krim Tim 2 (bisheriger Titel: Odjel 5)	ausländische Constantin Entertainment Co-Produktion	Constantin Ring Koprodukcija d.o.o. Zagreb	RTL Televizija, Kroatien		Docu-Crime	
Sedzia Anna Maria Wesolowska	ausländische Constantin Entertainment Co-Produktion	Constantin Entertainment Polska Sp. z o.o.	TVN Polen	Anna Maria Wesolowska	Court-Show	

Status (Stand 31.12.07)	Sonstiges	Ausstrahlung	Quote Erstausstrahlung*
Absetzung des Programms nach der 9. Ausstrahlung der 2. Staffel aufgrund der Quote. Von einer Beauftragung einer 3. Staffel wurde Abstand genommen.	Staffel 1 = 15 Folgen Staffel 2 = 13 Folgen	1. Staffel Samstag + Sonntag, 19:15 Uhr ab 01.07.07 nur noch sonntags ab 29.08.07 mittwochs 20:15 Uhr	1. Staffel: 1. Sendung Montag, 28.05.07, 19:15 Uhr: 12% MA, 6 Sendungen samstags: 9,35% MA, 8 Sendungen sonntags: 11,69% MA. 2. Staffel: 6 Sendungen sonntags, 19:15 Uhr: 12,2% MA; ab 29.08.07 3 Sendungen mittwochs 20:15 Uhr: 5,96% MA
In Produktion Staffel 6 bis 30. November 2007 Staffel 7 in Produktion ab 19. November 2007	Staffel 6 = 195 Folgen Staffel 7 = 175 Folgen	werktäglich 16:00 Uhr, Zweitausstrahlung werktäglich 12:00 Uhr	Durchschnittsquote 2007: 15,9% MA
Die Produktion der 1. Staffel ist abgeschlossen, aufgrund des sehr komplexen Castings wurde die 1. Staffel um 2 Folgen auf 6 gekürzt.	montags 20:15 Uhr	montags 20:15 Uhr	4,42% MA
4 Screeningtage gesamt in den Städten München, Frankfurt, Düsseldorf und Hamburg im August	Off Air		
	12 Folgen	samstags 15:30 Uhr	Durchschnittsquote 2007: 3,3% MA
Drehende Staffel 7 am 21. November 2007, Drehbeginn Staffel 8 am 26. November 2007, Drehende Mai 2008	Staffel 7 = 80 Folgen Staffel 8 = 90 Folgen	werktäglich 16:00 Uhr	Durchschnittsquote 2007 für Sendeplatz um 14:00 Uhr (bis 15. Oktober 07): 15,9% MA Durchschnittsquote 2007 für Sendeplatz um 16:00 Uhr (ab 15. Oktober): 10,25% MA
Screeningtag der SevenOne Austria in Wien	Off Air	Veranstaltung am 26.09.07	
Produktion am 28. November 2007	1 Folge	Ausstrahlung am 29.12.07, 20:15 Uhr	14,7% MA
Produktion der 1. Staffel in 2007 abgeschlossen.		voraussichtliche Ausstrahlung der 1. Staffel ab April 2008	
Insgesamt wurden 190 Folgen beauftragt. Zum Jahresende 2007 ist die Serie ausgelaufen.		werktäglich 15:00 Uhr	
Das Programm ist sehr erfolgreich und befindet sich bereits in der 5. Staffel.	insgesamt inkl. 5. Staffel = 600 Folgen	werktäglich 17:00 Uhr	
Das Programm ist sehr erfolgreich und wurde für eine 4. Staffel verlängert.	insgesamt inkl. 4. Staffel = 480 Folgen		
Die Lizenzierung wurde fortgesetzt, die Produktion befindet sich bereits in der 5. Staffel.	insgesamt inkl. 5. Staffel = 520 Folgen	montags–donnerstags 20:15 Uhr	
Studioaufzeichnungen von 8 Folgen ab dem 13. Oktober 2007	8 Folgen	Ausstrahlung der 1. Folge am 23.12.07, 17:50 Uhr, Ausstrahlung der restlichen Folgen in 2008	16,8% MA (Zielgruppe 16–49-Jährige)
In Großbritannien wurde Ende 2006/Anfang 2007 für den Sender Channel Five die Produktion von 40 Folgen in London abgeschlossen.	40 Folgen	10 Folgen wurden vom 10.–21.12.07 ausgestrahlt	1,73% MA
In Produktion. Die Docu-Crime wird seit dem 14. Mai 2007 mit großem Erfolg ausgestrahlt. Die Produktion wird von CRK in Co-Produktion mit Constantin Entertainment und Ring Multimedia produziert.	Staffel 1 = 180 Folgen	montags–donnerstags 19:05 Uhr	Durchschnittsquote 2007: 28,55% MA
Ab 24.09.2007 Produktion der 3. Staffel	130 Folgen/3. Staffel	werktäglich 17:25 Uhr	Durchschnittsquote 2007: 18,65% MA

* MA in Zielgruppe 14–49-Jährige

► TV productions

Titel	Form	Produktionsfirma/Produzent	Sender	Hauptrollen bzw. Moderator	Genre
Sudnica Melani Vukmirice	ausländische Constantin Entertainment Co-Produktion	Ring Multimedia	Nova TV, Kroatien		Court-Show
Trzy Po Trzy-Numery Z. Kwatery	ausländische Constantin Entertainment Co-Produktion	Constantin Entertainment Polska Sp. z o.o.	TVN Polen	Anna Maria Chrostowska, Jerzy Polonski, Wojciech Slupinski	Sketch-Comedy
Dahoam is Dahoam	deutsche Auftragsproduktion	PolyScreen GmbH Hubertus Meyer-Burkhardt, Fred Kogel Ausführende Produktionsfirma: Constantin Television GmbH Kerstin Schmidbauer, Robin von der Leyen	BR	Senta Auth, Harry Blank, Doreen Dietel, Ursula Erber, Florian Fischer, Heidrun Gärtner, Michael A. Grimm, Joyce Ilg, Horst Kummeth, Wilhelm Manske, Daniela März, Anton Pointecker, Peter Rappenglück, Teresa Rizos, Werner Rom, Michael Schreiner, Tommy Schwimmer, Pippi Söllner, Bernhard Ulrich, Brigitte Walbrun, Martin Wenzl	Daily
Bis dass der Tod uns scheidet (AT)	deutsche Auftragsproduktion	Constantin Television GmbH Kerstin Schmidbauer, Robin von der Leyen	Sat.1	Muriel Baumeister, Bernhard Schir, Henning Baum	TV-Film
Afrika, mon amour	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Iris Berben, Robert Atzorn, Matthias Habich, Bettina Zimmermann u.a.	Event-Dreiteiler
Rosa Roth – Der Tag wird kommen	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Iris Berben, Mario Adorf, Ulrich Tukur, Jasmin Tabatabai	Krimireihe
Tatort: A gmahde Wiesen	deutsche Auftragsproduktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	BR/ARD	Miroslav Nemeč, Udo Wachtveitl, Michael Fitz, Monika Baumgartner, Franziska Schlattner, Georg Maier	Krimi
Mord in aller Unschuld	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Katja Flint, August Schmörlzer, Gundi Ellert, Günther-Maria Halmer, Uwe Ochsenknecht, Henning Baum	Krimireihe
Liebe und andere Gefahren	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Katja Flint, August Schmörlzer, Gundi Ellert, Johannes Silberschneider, Fred Stillkrauth, Herbert Knaup	Krimireihe
Simmel 1 Und Jimmy ging zum Regenbogen	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Dennesch Zoudé, Heino Ferch	TV-Film
Simmel 2 Gott schützt die Liebenden	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Iris Berben, Peter Simonischek	TV-Film
Süden 1 Süden und das Geheimnis der Königin	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Ulrich Noethen, Jeanette Hain, Martin Feifel, Johanna Bantzer, Jürgen Tonkel	Krimireihe
Süden 2 Süden und der Luftgitarist	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Ulrich Noethen, Jeanette Hain, Martin Feifel, Johanna Bantzer, Jürgen Tonkel	Krimireihe

Regie	Status (Stand 31.12.07)	Sonstiges	Ausstrahlung	Quote Erstausstrahlung*
	Die Produktion der 180 Folgen der 1. Staffel ist zwischenzeitlich beendet.		werktaglich 18:20 Uhr	
	Produktion abgeschlossen	13 Folgen	seit 09.09.2007, sonntags 22:50 Uhr	Durchschnittsquote 2007: 16,7% MA
Gerald Grabowski, Siegi Jonas, Carl Lang, Jochen Muller, Klaus Petsch, Tanja Roitzheim, Thomas Stammberger, Peter Zimmermann, Micaela Zschieschow	Dreh seit 14. August 2007	200 Folgen	seit 08.10.07, Montag–Donnerstag, 19:45 Uhr	Durchschnittsquote 2007: 12,4% MA (regional/Zuschauer gesamt)
Edzard Onneken	fertiggestellt		15.04.2008	
Carlo Rola	ausgestrahlt		08., 10. und 14.01.07, 20:15 Uhr	Teil 1: 13,1% MA Teil 2: 11,8% MA Teil 3: 12,1% MA
Carlo Rola	ausgestrahlt		23., 25. und 28.04.07, 20:15 Uhr	Teil 1: 5,9% MA Teil 2: 4,1% MA Teil 3: 5,6% MA
Martin Enlen	ausgestrahlt		Sonntag, 23.09.07, 20:15 Uhr	15,3% MA
Connie Walther	Postproduktion	Die 3. Folge der Reihe Franziska Luginsland		
Nina Grosse	Postproduktion	Die 4. Folge der Reihe Franziska Luginsland		
Carlo Rola	Postproduktion	Nach den Romanen von Johannes Mario Simmel		
Carlo Rola	Postproduktion	Nach den Romanen von Johannes Mario Simmel		
Martin Enlen	Postproduktion	Nach den Romanen „Tabor Suden“ von Friedrich Ani		
Dominik Graf	Postproduktion	Nach den Romanen „Tabor Suden“ von Friedrich Ani		

* MA in Zielgruppe 14–49-Jahrig

► TV productions

Titel	Form	Produktionsfirma/Produzent	Sender	Hauptrollen bzw. Moderator	Genre
Rosa Roth – Der Fall des Jochen B.	deutsche TV-Produktion	MOOVIE – The art of entertainment GmbH, Oliver Berben	ZDF	Iris Berben, Ole Puppe, Carmen Maja Antoni, Peter Kurth	Krimireihe
Comedy = tragedy+time (AT) Laughing tears (AT)		MOOVIE – The art of entertainment GmbH, Oliver Berben		Iris Berben und weitere Interviewpartner	Dokumentarfilm
Kommissarin Lucas German Angst	deutsche TV-Produktion	Olga Film GmbH Molly von Fürstenberg, Harald Kügler	ZDF	Ulrike Kriener, Thure Riefenstein, Michael Roll, Tilo Prückner, Anke Engelke, Monika Bleibtreu	Krimireihe
Kommissarin Lucas Das Totenschiff	deutsche TV-Produktion	Olga Film GmbH Molly von Fürstenberg, Harald Kügler	ZDF	Ulrike Kriener, Thure Riefenstein, Michael Roll, Tilo Prückner, Anke Engelke, Hannes Jaenicke, Jenny Schily	Krimireihe
Kommissarin Lucas Wut im Bauch	deutsche TV-Produktion	Olga Film GmbH Molly von Fürstenberg, Harald Kügler	ZDF	Ulrike Kriener, Michael Roll, Tilo Prückner, Anke Engelke, Ronald Zehrfeld	Krimireihe
Kommissarin Lucas Der schwarze Mann	deutsche TV-Produktion	Olga Film GmbH Molly von Fürstenberg, Harald Kügler	ZDF	Ulrike Kriener, Michael Roll, Tilo Prückner, Anke Engelke, Alice Dwyer, Bernd Tauber	Krimireihe
Die Verzauberung	deutsch/österreichische TV-Produktion	Olga Film GmbH	BR/ORF	Katharina Abt, Christoph Waltz, Katharina Müller-Elmaw, Heio von Stetten	TV-Film
Der Tag an dem die Mauer fiel (AT)	deutsche TV-Co-Produktion	Olga Film GmbH Viola Jäger, Harald Kügler, Molly von Fürstenberg	Sat.1	Anja Kling, Hans Werner Meyer, Matthias Koeberlin, Ronald Zehrfeld, Anna Fischer, Oliver Bröcker, Jörg Schüttauf, Kirsten Block, Lucas Gregorowicz, Felicitas Woll, Heiner Lauterbach	Event-Zweiteiler
Die ProSieben Märchenstunde 2. Staffel	deutsche Auftragsproduktion	Rat Pack Filmproduktion GmbH	ProSieben	Thomas Fritsch, Jeanette Biedermann, Felicitas Woll, Katja Flint, Christian Tramitz, Josefine Preuss, Horst Janson, Oliver Korittke, Dirk Bach	Comedy
Das Wunder von Loch Ness	deutsche TV-Produktion	Rat Pack Filmproduktion GmbH	Sat.1	Lukas Schust, Lisa Martinek, Hans-Werner Meyer	TV-Film
Funny Movie – Dörte's Dancing	deutsche Auftragsproduktion	Rat Pack Filmproduktion GmbH	ProSieben	Jeanette Biedermann, Sven Waasner, Tom Beck, Eva-Maria Grein	Comedy
Funny Movie – H3 – Halloween Horror Hostel	deutsche Auftragsproduktion	Rat Pack Filmproduktion GmbH	ProSieben	Alfonso Losa, Jenniver Ulrich, Axel Stein, Hendrik v. Bültzingslöwen	Comedy
Funny Movie – Eine wie keiner	deutsche Auftragsproduktion	Rat Pack Filmproduktion GmbH	ProSieben	Josefine Preuß, Manuel Cortez, Laura Oswald	Comedy
Funny Movie – Spiel mir das Lied und Du bist tot!	deutsche Auftragsproduktion	Rat Pack Filmproduktion GmbH	ProSieben	Niels-Bruno Schmidt, Siegfried Terpoorten, Katy Karrenbauer, Jürgen Tonkel	Comedy

	Regie	Status (Stand 31.12.07)	Sonstiges	Ausstrahlung	Quote Erstausstrahlung*
	Carlo Rola	Produktion			
	Solo Avital	Produktion			
	Thomas Berger	ausgestrahlt	Folge 6	29.09.07, 20:15 Uhr	12,1% MA
	Thomas Berger	ausgestrahlt	Folge 7	24.11.07, 20:15 Uhr	10,0% MA
	Christiane Balthasar	Postproduktion	Folge 8		
	Christiane Balthasar	Postproduktion	Folge 9		
	Wolfram Paulus	ausgestrahlt		23.05.07, 20:15 Uhr	8,1% MA
	Thomas Berger	Postproduktion			
	Tommy Krappweis, Erik Haffner, Franziska Meyer-Price, Dominic Müller	ausgestrahlt	2. Staffel	1. Folge: 26.03.07, 2. Folge: 02.04.07 3. Folge: 16.04.07, 4. Folge: 23.04.07 5. Folge: 27.08.07, 6. Folge: 03.09.07 7. Folge: 10.09.07, 8. Folge: 17.09.07	1. Folge: 15,1% MA, 2. Folge: 14,9% MA 3. Folge: 13,1% MA, 4. Folge: 13,9% MA 5. Folge: 15,4% MA, 6. Folge: 13,3% MA 7. Folge: 11,7% MA, 8. Folge: 10,3% MA
	Michael Rowitz	fertiggestellt		Dienstag, 05.02.08, 20:15 Uhr	17,4% MA
	Andi Niessner	fertiggestellt		Dienstag, 11.03.08, 20:15 Uhr	22,8% MA
	Michael Karen	fertiggestellt		Dienstag, 18.03.08, 20:15 Uhr	17,1% MA
	Marco Petry	fertiggestellt		Dienstag, 25.03.08, 20:15 Uhr	16,3% MA
	Erik Haffner	fertiggestellt		Dienstag, 01.04.08, 20:15 Uhr	

* MA in Zielgruppe 14–49-Jährige

► Theatrical distribution

Titel	Form	Co-Produktionspartner	Produzent	Regie
Schwere Jungs	Eigenproduktion	Olga Film	Molly von Fürstenberg, Viola Jäger, Harry Kügler	Marcus H. Rosenmüller
Das Parfum – Die Geschichte eines Mörders (Wiedereinsatz)	Eigenproduktion	Castelao, Nouvelles Editions de Films	Bernd Eichinger, Andrew Birkin, Gigi Oeri	Tom Tykwer
La Vie en Rose	Lizentitel		Alain Goldman	Olivier Dahan
Brücke nach Terabithia	Lizentitel		Hal Lieberman, Lauren Levine, Davis Paterson	Gabor Csupo
Neues vom Wixxer	Co-Produktion	Rat Pack Filmproduktion GmbH	Christian Becker	Cyrrill Boss & Phillipp Stennert
Die Wilden Hühner und die Liebe	Co-Produktion	Bavaria Film	Uschi Reich, Peter Zenk	Vivian Naefe
Herr Bello	Co-Produktion	Collina Film	Ulrich Limmer	Ben Verbong
Beste Zeit	Lizentitel	Monaco Film Hamburg	Nils Dünker, Joke Kromschroder	Marcus H. Rosenmüller
Fantastic Four – Rise of the Silver Surfer	Internationale. Co-Produktion	Twentieth Century Fox, Marvel Enterprise	Ralph Winter, Bernd Eichinger, Avi Arad	Tim Story
Kein Bund fürs Leben	Co-Produktion	Wiedemann & Berg Filmproduktion, Seven Pictures, GFP	Quirin Berg, Max Wiedemann	Granz Henman
Resident Evil: Extinction	Internationale Eigenproduktion	Davis Film	B. Eichinger, R. Kulzer, S. Hadida, J. Bolt, P. Anderson, M. Moszkowicz	Russell Mulcahy
Pornorama oder die Bekenntnisse der mannstollen Näherin Rita Brauchts	Eigenproduktion	Sommer 69 GmbH & Co KG	Bernd Eichinger	Marc Rothemund
Lissi und der wilde Kaiser	Lizentitel		Michael Bully Herbig	Michael Bully Herbig
Warum Männer nicht zuhören und Frauen schlecht einparken	Eigenproduktion		Martin Moszkowicz, Herman Weigel, Oliver Berben	Leander Haußmann

	Cast	Genre	Inhalt	Kinostart	Besucher (Stand 31.12.2007) nach Nielsen EDI
	Sebastian Bezzel, Michael A. Grimm, Simon Schwarz	Komödie	Success-Story der bayerischen Art vom „Wer früher stirbt, ist länger tot“-Regisseur.	18.01.2007	556.395
	Ben Whishaw, Dustin Hoffman, Alan Rickman, Rach Hurd-Wood, Karoline Herfurth, Jessica Schwarz	Thriller/Drama	Aufwendige Adaption des Weltbestsellers von Patrick Süskind.	08.02.2007	5,6 Mio
	Marion Cotillard, Sylvie Testud, Pascal Greggory	Drama	Biopic über die legendäre französische Sängerin Edith Piaf.	22.02.2007	504.247
	Josh Hutcherson, AnnaSophia Robb	Drama/Fantasy	Fantasievolle Geschichte über einen unerwarteten Todesfall und wie man in jungen Jahren damit umgeht.	01.03.2007	267.372
	Oliver Kalkofe, Oliver Welke, Bastina Pastewka	Komödie	Das Kreativ-Team um Oliver Kalkofe zündet mit seiner 2. Edgar-Wallace-Persiflage ein wahres Gag-Feuerwerk.	15.03.2007	878.445
	Michelle von Treuberg, Paula Riemann, Jette Hering	Komödie/Jugend	2. Film um die Mädchenbande von Cornelia Funke.	05.04.2007	998.297
	August Zirner, Armin Rohde, Sophie von Kessel	Kinderfilm	Familienkomödie, in der ein Hund in einen Menschen verwandelt wird.	17.05.2007	372.314
	Rosalie Thomass, Anna Maria Sturm, Florian Brückner	Komödie	Heimat und Freiheit sind erneut das zentrale Thema in dem Film über das Erwachsenwerden in der bayerischen Provinz.	26.07.2007 (nur in Bayern)	261.628
	Jessica Alba, Michael Chiklis, Chris Evans, Dr. Doom	Science Fiction/ Action	2. Abenteuer der Superhelden aus dem Marvel-Imperium, die es diesmal mit dem mysteriösen Silver Surfer zu tun bekommen.	14.08.2007	404.756
	Franz Dinda, Axel Stein, Florian Lukas	Komödie	Respektlos-rigoreuse Militär-Komödie vom „Harte Jungs“-Schreiber.	30.08.2007	516.354
	Milla Jovovich	Horror/Action	Sequel der erfolgreichen Games-Verfilmung.	27.09.2007	366.205
	Benno Fürmann, Karoline Herfurth, Tom Schilling	Komödie	Als die sexuelle Revolution in einem Sommer Ende der 60er Jahre selbst München-Ramersdorf erfasst, will auch der 20-jährige Polizeianwärter Bennie nicht zu kurz kommen.	11.10.2007	108.839
		CGI	In Bullys dritter Produktion steht das überglückliche Kaiserpaar Lissi und Franz im Mittelpunkt, deren heile Welt eines Tages völlig aus der Bahn gerät.	25.10.2007	2,27 Mio
	Benno Fürmann, Jessica Schwarz	Komödie	Verfilmung des Bestsellers von Allan Pease und Barbara Pease.	06.12.2007	905.668

► Home entertainment/new video releases

Titel	Form	Co-Produktionspartner	Produzent	Regie	Cast
Lucky Number Slevin	Lizentitel		Chris Eberts, Christopher Roberts, Kia Jam, Anthony Rhulen, Tyler Mitchell, Robert S. Kravis	Paul McGuigan	Josh Hartnett, Bruce Willis, Lucy Liu
Dead or Alive	Internationale Co-Produktion	Impact Pictures, VIP 4 Medienfonds, Mindfire Enter	Bernd Eichinger, Robert Kulzer, Jeremy Bolt, Paul W.S. Anderson, Mark Altman	Corey Yuen	Jaime Pressly, Holly Valance, Sarah Carter, Devon Aoki
Step Up	Lizentitel		Patrick Wachsberger, Erik Feig, Adam Shankman, Jennifer Gibgot	Anne Fletcher	Channing Tatum, Jenna Dewan
Das Parfum – Die Geschichte eines Mörders	Internationale Eigenproduktion	Castelao, Nouvelles Editions de Films	Bernd Eichinger, Andrew Birkin, Gigi Oeri	Tom Tykwer	Ben Whishaw, Dustin Hoffman, Alan Rickman, Rach Hurd-Wood, Karoline Herfurth, Jessica Schwarz
TKKG – Das Geheimnis um die rätselhafte Mind-Machine	Co-Produktion	Bavaria Filmverleih/Produktion, Bavaria Film, BR, Lunaris Film	Uschi Reich	Tomy Wigand	Jannis Niewöhner, Jonathan Dümcke, Lukas Eichhammer
Der Fluch – The Grudge 2	Lizentitel		Sam Raimi, Robert G. Tapert, Takashige Ichise	Takashi Shimizu	Amber Tamblyn, Arielle Kebbel, Jennifer Beals
Apocalypto	Lizentitel		Mel Gibson, Bruce Davey	Mel Gibson	Rudy Youngblood, Dalia Hernandez, Jonathan Brewer
Fearless	Lizentitel		Bill Kong, Jet Li, Ronny Yu	Ronny Yu	Jet Li, Shido Nakamura, Betty Sun
Schwere Jungs	Eigenproduktion	Olga Film	Molly von Fürstenberg, Viola Jäger, Harry Kügler	Marcus H. Rosenmüller	Sebastian Bezzel, Michael A. Grimm, Simon Schwarz
Brücke nach Terabithia	Lizentitel		Hal Lieberman, Lauren Levine, Davis Paterson	Gabor Csupo	Josh Hutcherson, AnnaSophia Robb
Wrong Turn 2	Internationale Co-Produktion	Fox	Jeff Freilich	Joe Lynch	Henry Rollins, Erica Leehresen, Texas Battle
Die Wilden Hühner und die Liebe	Co-Produktion	Bavaria Film	Uschi Reich, Peter Zenk	Vivian Naefe	Michelle von Treuberg, Paula Riemann, Jette Hering
Seraphim Falls	Lizentitel		Bruce Davey, David Flynn	David von Ancken	Liam Neeson, Pierce Brosnan, Anjelica Huston
Herr Bello	Co-Produktion	Collina Film	Ulrich Limmer	Ben Verbong	August Zirner, Armin Rohde, Sophie von Kessel
Fantastic Four – Rise of the Silver Surfer	Internationale Co-Produktion	Twentieth Century Fox, Marvel Enterprise	Bernd Eichinger, Ralph Winter, Avi Arad	Tim Story	Jessica Alba, Michael Chiklis, Chris Evans, Dr. Doom

► Home entertainment/new video releases

Genre	Inhalt	Auslieferung	Einheiten (Stand 31.12.2007)
Kriminalfilm/Komödie	Raffinierter Crime-Thriller, in dem ein unschuldiger Mann aufgrund einer Verwechslung Druck von 2 verfeindeten Verbrecherbanden bekommt.	11.01.2007	195.000 Einheiten
Action/Abenteuer	Adaption des populären japanischen Videogames über 4 sexy Kampfsportlerinnen.	08.02.2007	118.000 Einheiten
Drama/Komödie	Sympathischer Teenie-Tanzfilm nach Vorbild von „Fame“.	08.02.2007	300.000 Einheiten
Thriller/Drama	Aufwendige Adaption des Weltbestsellers von Patrick Süskind.	15.03.2007	750.000 Einheiten
Kinderfilm/Kriminalfilm	Leinwand-Adaption der populären Jugendkrimi-Buch- und -Hörspielreihe.	29.03.2007	95.000 Einheiten
Horror	Sequel des erfolgreichen Geister-Horrors.	05.04.2007	110.000 Einheiten
Action/Drama	Mel Gibsons martialische filmische Aufarbeitung des Untergangs der Maya-Kultur.	29.05.2007	220.000 Einheiten
Action/Drama	Martial-Arts-Epos im Stil von „Tiger & Dragon“ und „Hero“ über den größten chinesischen Kämpfer des frühen 20. Jahrhunderts.	14.06.2007	55.000 Einheiten
Komödie	Success-Story der bayerischen Art vom „Wer früher stirbt, ist länger tot“ Regisseur.	26.07.2007	65.000 Einheiten
Drama/Fantasy	Fantasievolle Initiationsgeschichte über einen unerwarteten Todesfall und wie man in jungen Jahren damit umgeht.	20.09.2007	60.000 Einheiten
Horror	Ein Überlebensspiel wird blutrünstige Wirklichkeit gegen menschenfressende grausam entstellte Hinterwäldler.	04.10.2007	47.530 Einheiten
Komödie/Jugend	2. Film um die Mädchenbande von Cornelia Funke.	11.10.2007	163.900 Einheiten
Western/Drama	2 zur Versöhnung unfähige Bürgerkriegsveteranen hetzen sich einmal quer durch die Vereinigten Staaten in diesem epischen Westerndrama mit Starbesetzung.	22.11.2007	17.000 Einheiten
Kinderfilm	Familienkomödie, in der ein Hund in einen Menschen verwandelt wird.	15.11.2007	18.000 Einheiten
Science Fiction/Action	2. Abenteuer der Superhelden aus dem Marvel-Imperium, die es diesmal mit dem mysteriösen Silver Surfer zu tun bekommen.	14.12.2007	215.000 Einheiten

ALLIANCE OF GERMAN PRODUCERS – FILM AND TELEVISION

Association representing the German producers of film, television and other audio-visual products, which promotes the interests of the producers with respect to the political community, exploitation companies, collective agreement partners and all the institutions in the media and culture industry.

AMPTP (ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS)

US association of film and television producers.

ART HOUSE

High-quality independent films for a sophisticated audience.

BAVARIAN FILM/TELEVISION FUND (“FFF BAVARIA”)

FFF Bavaria has been responsible for film promotion in Bavaria since 1996. The partners include the Bavarian state, the central Bavarian institution for new media (BLM), Bayerischer Rundfunk radio and television station (BR), ZDF television station and the commercial television stations ProSiebenSat.1 and RTL. The production of theatrical and television films is promoted.

BEARER SHARE

A share that is issued to the bearer and is not registered by name in the company's books. Bearer shares can be transferred quickly and simply (by agreement and delivery) in accordance with § 929 of the German Civil Code (BGB).

BLOCKBUSTER

A very successful film (box office receipts of at least about USD 100 million in the USA; audiences of at least 3 million in Germany).

BLU RAY

Digital optical storage medium that is considered to be the successor to the DVD.

BOX OFFICE

Receipts from the sale of theatre tickets.

CDOS (COLLATERALIZED DEBT OBLIGATIONS)

Funds in which loans of varying quality are pooled. The purpose of this is to spread risk.

COMPLETION BOND INSURANCE

Guarantee about the completion of a film that is given by special insurance companies.

COMPUTER-GENERATED ANIMATION FILMS (CGI ANIMATION):

Computer-generated imagery is the English technical term for pictures created by 3D computer graphics for film production and visual effects. It is used in connection with computer animation in films.

DAILY

TV format that is broadcast every day.

DEFERRED TAXES

In view of the differences between US GAAP and the German Commercial Code (HGB) in the determination of results (realisation of sales, depreciation of film assets according to revenue generation, capitalisation of film production costs), there are deviations from the actual assessment basis under German tax legislation. This difference involves an underlying deferred increase or decrease in the tax burden, which is expressed in the deferred tax items included in assets/liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS

Standardised financial instruments, valuation of which depends on the development in the prices of the underlying security; options and futures are the most important examples.

DEUTSCHER FILMFÖRDERFONDS (DFFF):

The German government will be promoting German theatrical films with grants of € 60 million per year up to 2009. These funds are intended for German film productions and international co-productions with German partners. The new film promotion fund is supposed to continue improving the competitive position and quality of German films as well as to safeguard and strengthen Germany as a film location.

DIGITAL ROLL-OUT

Comprehensive digitisation of theatres.

DISTRIBUTION COSTS ("P&A")

Costs incurred in connection with a cinema release, particularly for making copies of the film and advertising it (Prints & Advertising).

EPS

(Earnings per share)

The net profit attributable to one share. This figure is used to determine the price-earnings ratio.

EXPLOITATION CHAIN (ADDED-VALUE CHAIN)

Theatre ►

Video/DVD ►

Pay per view ►

Video-on-Demand (Internet) ►

Free TV ►

Pay TV ►

► Merchandising

Theatre release	6	12	15	18	24	30	32	months
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EVENT MOVIE

High-quality TV feature film that provides a cinema-like experience.

FICTION PRODUCTIONS

Productions that are based essentially on imaginary plot elements (e.g. feature films and TV series).

FILMFÖRDERUNGSANSTALT (FFA):

The assignments for which the FFA is responsible include taking action to promote German films and to improve the structure of the German film industry, supporting the overall economic interests of the film industry in Germany, improving the bases not only for the distribution and exploitation of German films in the country in line with market requirements but also for their economic and cultural impact outside Germany and making sure film promotion by the federal and state governments is agreed and co-ordinated.

FILM PROMOTION

General term for government support provided for specific projects relating to the production and distribution of films, which normally takes the form of tax depreciation options or direct funding. If funding is granted as (conditional) loans, a right to new funding in the form of a subsequent loan is often created on repayment.

FILM STOCK (LIBRARY)

Stock of film rights a producer and/or supplier has available.

FIRST LOOK DEAL

Contract about the right of first refusal to films and/or rights.

FREE FLOAT

Term used for the shares of an issue that are circulating on a market and do not therefore have a specific individual owner.

FREE TV

Television that is financed by licence fees or advertising (see also **Pay TV**).

GERMAN CORPORATE GOVERNANCE CODE

This Code presents major legal regulations about the management and monitoring of German companies with a stock market listing and includes internationally recognised standards for responsible corporate management.

GOVERNMENT COMMISSIONER FOR CULTURE AND THE MEDIA (BKM)

The State Minister of Culture Bernd Neumann has been the German government commissioner for culture and the media since November 2005.

The State Minister of Culture's assignments include the promotion of cultural institutions and projects of national and state importance. He is also responsible for the ongoing optimisation and improvement of the general conditions for art and culture.

GROSS PROFIT

Gross profit is one of the key figures in business management and is an item in the income statement. It indicates the gross profit on sales after deduction of the costs of goods sold.

GROSS PROFIT MARGIN

The gross profit margin is one of the key figures in business management and indicates the ratio between the gross profit and sales.

HEDGING

Obtainment of protection against currency risks for unsettled items by undertaking an opposite risk in the form of a security instrument (hedge) that is intended and suitable for the provision of protection. The basic business transaction and the security instrument are considered to be a single valuation unit in **hedge accounting**.

IAS 11

Standard specifying the accounting treatment of construction contracts. It is applied to the accounting treatment of service productions.

IAS 20

Standard specifying the accounting for and disclosure of government grants. It is applied to the accounting of grants.

IFRS

(International Financial Reporting Standards)

International accounting standards that are issued by the International Accounting Standards Board (IASB).

IFRS 7

Standard specifying the disclosure of financial instruments in the notes to the consolidated financial statements, which has been applied since January 1, 2007.

IMPAIRMENT

Review of the value of a film right on the basis of a comparison between the film investment and the estimated total revenues.

INDEPENDENT

A producer who is not tied to a major studio.

INDIVIDUAL FILM FORECAST METHOD

Depreciation method for film rights based on the ratio of the periodic sales to the total expected sales.

INTEGRATED MEDIA GROUP

A corporate group with companies that cover the entire **exploitation chain** in addition to developing and producing films.

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

The ISIN was introduced as the primary identification code for securities on April 22, 2003.

LABORATORY ACCESS LETTER

Authorisation for copies to be made.

LIBRARY PRODUCT

Productions with an initial release date that is at least three years before the date on which they are acquired.

LICENCE PRODUCTION

An in-house production to which the producer holds all the rights and only licenses limited chronological and geographical exploitation rights (e.g. to TV stations) (see also **Service production**).

MAJOR STUDIO

US studio companies with global marketing operations (Paramount, Buena Vista, Fox, Universal, Warner, Sony Pictures).

MARKET CAPITALISATION

(Stock market capitalisation, stock exchange value)

Market price/value of a public limited company on the stock exchange. It is determined by multiplying the total number of shares by the stock exchange price per share.

MATCHING PRINCIPLE

Principle of the accurate allocation of expenditure to the corresponding income.

MERCHANDISING

Selling of products that tie in with films (e.g. T-shirts, toys).

MINIMUM GUARANTEE

The purchase price for rights to a film that has to be paid even if it is not a success. A share of the proceeds of exploitation has to be paid as well if it is a success.

MULTIPLEX THEATRE

A theatre with several (about 6 to 20) screening rooms of different sizes.

NET PROFIT PARTICIPATION

Share of the net profit of a film given e.g. to actors.

NON-FICTION TV PRODUCTIONS

Productions that reproduce events which really happen (e.g. documentaries, quiz and game shows, documentary soap operas).

OPERATING RESULT

The operating result is one of the key figures in business management and is an item in the income statement. It indicates the profit before the financial result, extraordinary earnings and taxes.

OPERATING RESULT MARGIN

The operating result margin is one of the key figures in business management and indicates the ratio between the operating result and sales.

OUTPUT DEAL

Licence agreement about all the films a producer and/or studio will be making within a specific period of time.

PACKAGE DEAL

Licence agreement about a film package consisting of several different productions.

PAY PER VIEW

Individual films or sports programmes that can only be received if the viewer pays a fee.

PAY TV

Television programmes that can be received on payment of a monthly fee (see also **Free TV**).

PER

Price-earnings ratio – the ratio of the price of a share to the net earnings (EPS) attributable to the share.

PERCENTAGE OF COMPLETION METHOD

Method for realisation of a percentage of profits according to the progress made in completion.

POST-PRODUCTION

Completion of the film after shooting has finished.

PRIME MEDIA PERFORMANCE INDEX

The Prime Media Performance Index is one of the 18 industry indices in the Prime All-Share Index (includes all the companies in the **Prime Standard**). The industry indices are a breakdown of the Prime All-Share Index and distinguish the companies in the Prime Standard as a result. The Prime Media Performance Index includes all the media companies in the Prime Standard.

PRIME STANDARD

The Prime Standard is a quality segment with high information and transparency requirements. It was introduced on January 1, 2003 as part of the German stock market resegmentation exercise.

PRIME TIME PROGRAMME

Programme that can be shown when audiences are potentially largest (about 20.00 to 22.00).

SECONDARY RIGHTS

Rights to audio and video recording media, secondary printing rights, merchandising rights.

SERVICE PRODUCTION

A film produced on the basis of a commission – e.g. by a TV station – to which the commissioning party receives all the rights (see also **Licence production**).

SOP 00/2

(Statement of Position 00/2)

Rule about the valuation and accounting of film rights for film producers and film traders issued by the American Institute of Certified Public Accountants (AICPA).

SPITZENORGANISATION DER FILMWIRTSCHAFT E.V. (SPIO):

The central organisation of the film industry represents the interests of the German film, television and video industry. SPIO's assignments include both promoting the interests of the film and media community at the political level and carrying out service functions for its members.

SUBSIDIES

Right to financial support for a film project that is granted depending on the theatrical success of a German film.

US GAAP

(Generally Accepted Accounting Principles)

US accounting principles – Deutsche Börse AG has stipulated that companies listed in the Prime Standard are required to publish financial statements in accordance with IFRS or US GAAP.

VIDEO-ON-DEMAND

Films, for example, that are shown when specifically ordered.

WEEKLY

TV format that is broadcast every week.

YIELD CURVE

The yield structure is plotted on a graph to show what is known as the yield curve (also: yield structure curve). Yield structure is the term used for the relation between the interest rate and the time to maturity of an investment.

► SUMMARY OF EQUITY INTERESTS as of April 14, 2008

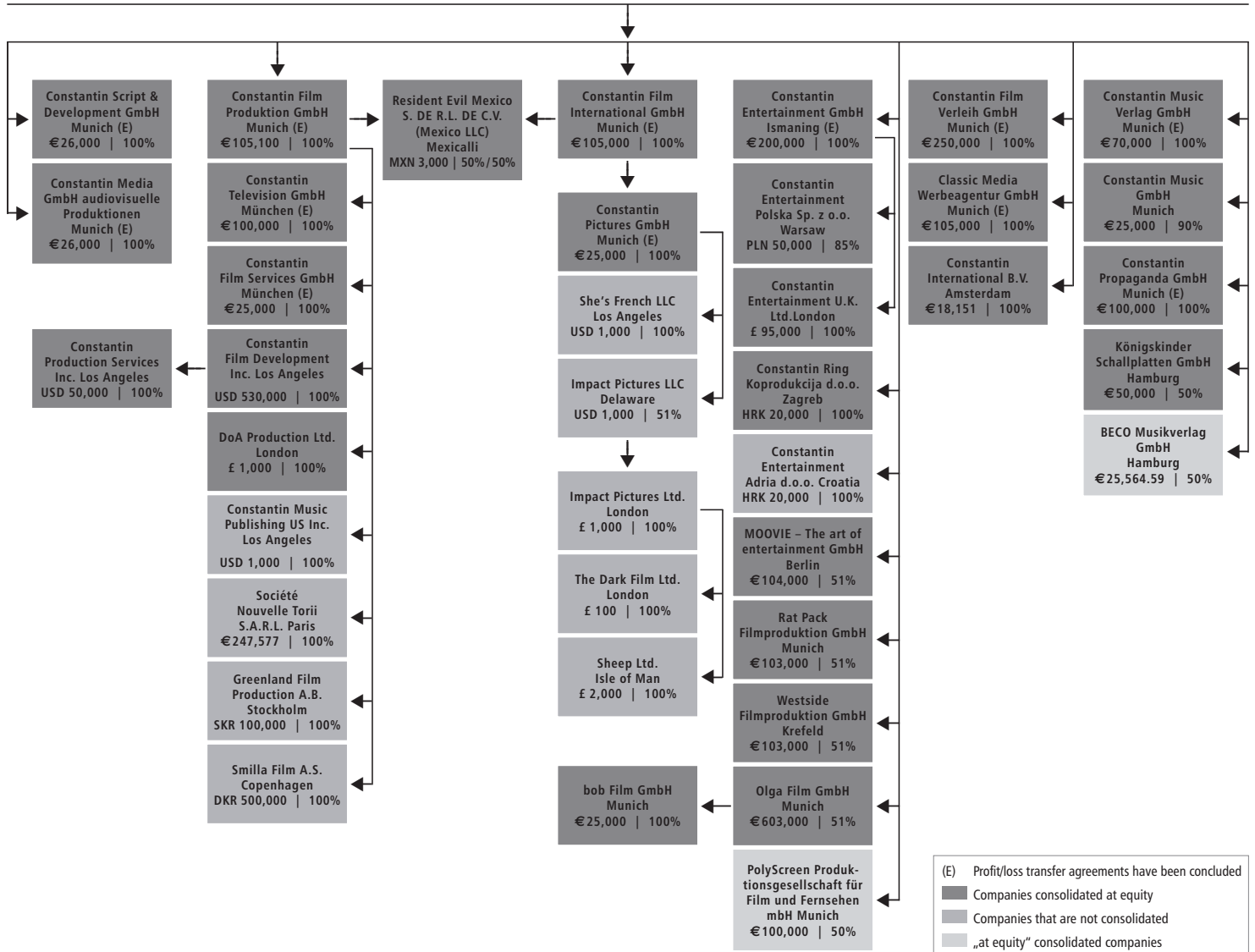
Development of film material

Production

Distribution

Ancillary rights

Constantin Film AG Munich / €12,742,600



► **IMPORTANT DATES** / for 2008

Publication of the results for the first three months	May 2008
Annual Shareholders' Meeting	June 13, 2008
Publication of the results for the first six months	August 2008
Publication of the results for the first nine months	November 2008
Analysts' conference	November 2008

► **INTERNATIONAL SECURITIES IDENTIFICATION NUMBER ISIN: DE0005800809**

► **SECURITIES IDENTIFICATION NUMBER 580 080**

► **CONTACT:**

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E-mail investorrelations@constantin-film.de / www.constantinfilm.de

ANNUAL REPORT 2007 OF CONSTANTIN FILM AG



MANAGEMENT BOARD MEMBERS FRED KOGEL (CHAIRMAN) HANNS BEESE MARTIN MOSZKOWICZ FRANZ WOODTLI

SUPERVISORY BOARD MEMBERS BERNHARD BURGNER (CHAIRMAN) BERND EICHINGER (DEPUTY CHAIRMAN) MARTIN WAGNER MARC CONRAD DR PAUL GRAF PROFESSOR DR GÜNTER ROHRBACH

DEVELOPMENT OF THE FILM MATERIAL SCRIPTS CONSTANTIN SCRIPT & DEVELOPMENT GMBH CONSTANTIN MEDIA GMBH CONSTANTIN FILM DEVELOPMENT INC.

INTERNATIONAL AND GERMAN THEATRICAL PRODUCTION TV PRODUCTION CONSTANTIN FILM PRODUKTION GMBH POLYSCREEN GMBH CONSTANTIN FILM INTERNATIONAL GMBH
CONSTANTIN ENTERTAINMENT GMBH CONSTANTIN TELEVISION GMBH CONSTANTIN FILM SERVICES GMBH

EQUITY INTERESTS OLGA FILM GMBH MOOVIE – THE ART OF ENTERTAINMENT GMBH RAT PACK FILMPRODUKTION GMBH WESTSIDE FILMPRODUKTION GMBH

BUYING THEATRICAL DISTRIBUTION LICENCE TRADING FREE TV PAY TV VIDEO GLOBAL SALES CONSTANTIN FILM VERLEIH GMBH CLASSIC MEDIA WERBEAGENTUR GMBH

CONSTANTIN INTERNATIONAL B.V. SECONDARY RIGHTS EXPLOITATION MERCHANDISING MUSIC PRINT INTERNET CONSTANTIN MUSIC VERLAG GMBH CONSTANTIN PROPAGANDA GMBH
KÖNIGSKINDER SCHALLPLATTEN GMBH CONSTANTIN MUSIC GMBH

More information about the company is available online: <http://www.constantinfilm.de>

Constantin Film