

Quarterly Report 3/2000





Nine-month results

Significant sales and earnings growth

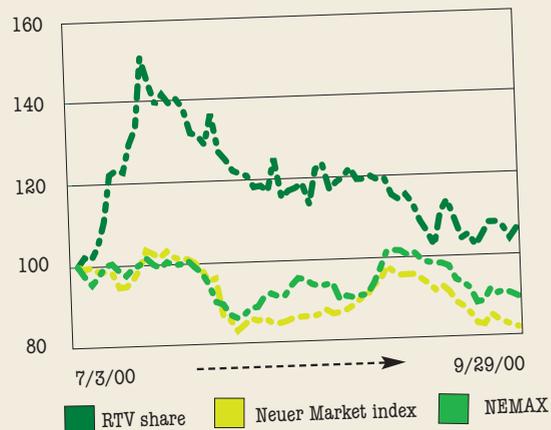
- Sales increased to **DM 65.6 million**, rising **154%** relative to the same period in 1999.
- **EBITDA** jumped **208%** to **DM 37.3 million**.
- Earnings from ordinary operations were up **60%** to **DM 12 million**.

In the first nine months of 2000, RTV Family Entertainment AG posted sales of approximately DM 65.6 million, a 154% increase relative to the same period in 1999. Earnings from

ordinary operations rose by 60%, or DM 7.5 million, to around DM 12 million. Operating profit (EBIT) was up 122%, from DM 7.5 million to around DM 16.7 million. Net income under DVFA/SG accounting principles totaled DM 6.1 million, up from DM 3.7 million. As of September 30, 2000, RTV's

intangible assets were 270% higher than at the same time the previous year. This growth corresponds to an increase in the number of episodes from 3,300 to 5,200, which, it should be noted, involve mainly international rights. RTV expects full-year sales of DM 110 million and EBIT of DM 30 million in 2000.

Share price trend:



Highlights

RTV acquires Off the Fence

On July 1, RTV Family Entertainment AG acquired 100% of Off the Fence, a Dutch company based in Amsterdam that specializes in producing and distributing documentaries, in particular wildlife programs. Off the Fence's The Great Dance documentary received three Panda awards at the Wildscreen Festival. The acquisition price in the amount of DM 13 million was paid through a combination of cash and shares. With this acquisition, RTV continues to expand into new market segments along with its core business, its program library is further diversified, and its position as an international

producer and distributor is strengthened. Off the Fence expects to post sales of around DM 8 million in 2000.

Eleven new productions are scheduled for completion in 2000 and 2001.

Further cooperation with Nelvana

At Mipcom, the film and television trade show in Cannes, RTV and Nelvana Ltd. agreed to extend their existing cooperation further. Under the recent agreement, some new programs will be co-produced instead of purchased, as was the case previously. In addition, as many as two additional animated series will be co-produced each year, and Nelvana will acquire

additional programs from RTV. Over the next three years, these new partnership activities will increase turnover with Nelvana by DM 25 million totally to DM 40 million annually. The Nelvana partnership also significantly enhances RTV's access to the North American television market, the largest in the world, and it increases RTV's sales potential, notably in Canada. Nelvana was acquired by Toronto-based Corus Entertainment, which is Canada's leading television network operator.





Balance sheet

as of September 30, 2000

	2000
	DM
Assets	
FIXED ASSETS	
Intangible assets	240,785,555.28
Tangible fixed assets	2,196,436.63
Financial assets	86,015.50
	243,068,007.41
CURRENT ASSETS	
Inventories	8,945,905.09
Receivables and other assets	70,963,695.85
Cash and cash equivalents	23,959,855.63
	103,869,456.57
DEFERRED PAYMENTS	217.95
	346,937,681.94
Liabilities	
Equity	216,338,616.54
Reserves	10,549,917.77
Debt	120,049,148.74

The financial statements are setup in accordance with HGB.

Income Statement

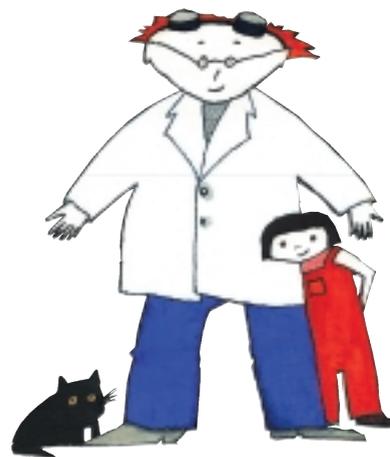
January 1 through September 30, 2000

	2000	1999
	DM	in TDM
CONSOLIDATED SALES	65,594,321.72	25,766
Other operating income	783,564.24	217
	66,377,885.96	25,983
Cost of materials		
Cost of raw materials and purchased materials	152,566.02	100
Cost of purchased services	5,158,343.11	1,065
	61,066,976.83	1,165
Personnel expenses		
Salaries and wages	5,284,635.14	1,875
Social security	488,128.68	274
Pensions	42,500.00	17
	5,815,263.82	2,166
Depreciation of intangible and fixed assets	20,464,179.62	4,512
Repairs and maintenance	106,506.55	28
Administrative expenses	6,059,649.44	1,333
Renting and leasing expenses	889,449.43	187
Non-mandated benefits	162,932.39	31
Sales costs	7,596,755.01	8,263
Other operating expenses	3,252,319.97	750
	18,067,612.78	10,592
EBIT	16,719,920.60	7,548
Other interest and similar income	153,436.67	210
Interest and similar expenses	4,874,886.47	283
	11,998,470.80	7,475
EARNINGS OR LOSS FROM ORDINARY OPERATIONS	11,998,470.80	7,475
Extraordinary expenses	5,556,280.64	4,987
Corporate tax	5,296,124.31	1,264
Other taxes	1,516.30	2
	5,297,640.61	1,266
NET INCOME	1,144,549.56	1,222
Minority interests	(638,962.37)	0
Loss carried forward	(83,168.06)	0
	422,419.13	1,222
UNAPPROPRIATED PROFIT	422,419.13	1,222

Cash flow statement

for the periods January 1 - September 30, 2000

	1/1/ - 9/30/2000	1/1/ - 9/30/1999
	TDM	TDM
Net income	7,254	1,222
Depreciation	15,327	4,512
Changes in long-term reserves	77	937
Gross cash flow (DVFA/SG)	22,658	6,671
Decrease in inventory	0	2,198
Increase in accounts receivable and other assets	-60,237	-13,090
Increase in short-term reserves	4,463	1,872
Increase or decrease in accounts payable and other liabilities	-6,071	-48,646
Cash used for operating activities	-39,187	-50,995
Capital expenditures	-173,629	-9,155
Cash used for investing activities	-173,629	-9,155
Proceeds from capital increase	150,917	60,150
Loan proceeds	1,364	0
Cash provided by financing activities	152,281	60,150
Changes in cash and cash equivalents	-60,533	0
+ Net cash and cash equivalents at beginning of year	10,683	2
= Net cash and cash equivalents at end of year	-49,850	2
Breakdown of cash and cash equivalents		
Cash	2	2
Current bank liabilities	-49,852	0
	-49,850	2
Average Number of employees in 2000	37	
Average number of employees as of September 30, 2000	41	



Business Lines

Television production

RTV negotiated a co-production agreement with Futurikon, a French animated film producer based in Paris. The two companies are jointly producing Malo Korrigan, a 26-part animated series. The France 3 and Super RTL television networks are also involved in the production. The series, for which RTV secured substantial television, merchandising and Internet rights, is scheduled to be delivered to networks in April 2002. RTV is co-producing with Nelvana Mo-Gang, a 26-part series scheduled for completion by end-2001. RTV has secured merchandising rights for this series to go along with its substantial distribution rights. Generation O!, an RTV co-production along with Sunbow/Sony Wonder and Warner Bros., was rated by TV Guide's Parent's Guide edition as one of the 10 best children's series. In the U.S., TV Guide is a highly successful weekly television program



guide. Super RTL, the leading children's programming network in Germany, will air this series.

Distribution

At last October's MipJunior and Mipcom trade shows in Cannes, Gloria's House and Marvellous Milly received substantial interest from several networks. Big Cat Little Cat was also popular. This animated series is a co-production by RTV Family Entertainment AG, SWR, Hahn Film and Small Screen Developments. The pilot episode received the "worthwhile" designation from the German Film

Key financial results

in DM millions	Jan.-Sept. 2000	Jan.-Sept. 1999	% change
Sales	65.6	25.8	+154 %
EBITDA	37.3	12.1	+208 %
EBIT	16.7	7.5	+122 %
Earnings from ordinary operations	12.0	7.5	+60 %
Net income under DVFA/SG accounting principles	6.1	3.7	+65 %
Net income per share	0.05	0.12	-58 %

Board (Filmbewertungsstelle), and Warner Brothers Germany acquired the German-language market movie license. The live action series Wild Cat, a co-production between RTV and Barron Entertainment, has also generated significant interest.

Merchandising

Meanwhile, RTV has developed the "Moorhuhn" character. The character is being adapted to several television formats, and other public relations measures are planned for November. Thus the vast merchandising campaign for "Moorhuhn" is proceeding apace.



Outlook

On January 1, 2001, RTV will acquire a 51% stake in Düsseldorf-based Golbach Productions. This company operates in the advertising film segment and offers RTV significant growth potential through access to new clients in the advertising industry.

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Investor Relation calendar

November 8, 2000

DVA Media & IT Forum, Munich

April 2001

2000 annual press conference

Mai 23, 2001

Shareholders' General Meeting