

**EM.TV FINANCE B.V.**

Financial statements for the year 2009

0809660



## TABLE OF CONTENTS

	<b>PAGE</b>
<b>Managing Directors' report</b>	<b>1</b>
<b>Financial Statements</b>	
A - Balance sheet as at December 31, 2009	3
B - Profit and loss account for the year 2009	5
C - Cash flow statement for the year 2009	6
D - Notes to the balance sheet and profit and loss account	7
E - Notes to the balance sheet as at December 31, 2009	10
F - Notes to the profit and loss account for the year 2009	14
<b>Other Information</b>	
I - Provisions in the articles of association governing the appropriation of result	16
II - Result appropriation 2008	16
III - Proposal for result appropriation	16
IV - Auditor's report	17

## MANAGING DIRECTORS' REPORT

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## **EM.TV FINANCE B.V., AMSTERDAM**

### **MANAGING DIRECTOR'S REPORT**

The management herewith submits the audited Financial Statements for the year ended December 31, 2009.

#### Company profile

The main activity of EM.TV Finance B.V., Amsterdam, (the "Company") is to provide financing services to the parent company.

On May 8, 2006, the Company issued a convertible bond on the capital market for an amount of € 87,750,000. The Bond bears a fixed interest of 5.25 % per annum and will be redeemed at its principal amount at May 8, 2013. The bondholders have the right to request an earlier repayment on May 8, 2011. Given the current market situation and the share price of the underlying Constantin Medien shares an earlier repayment is currently more likely than the later repayment.

#### Organisation

The Company has its seat in Amsterdam and is managed by two directors. The Dutch managing director has been granted a power of attorney enabling him to represent the company singly in transactions regarding day to day management.

#### Financial risk management

As the proceeds of the convertible loan are one on one lent to Constantin Medien AG (the "parent company", formerly known as EM.Sport Media AG), the ability of the company to meet its obligations under the convertible bond depends upon the payment of the principal and the interest due from the parent company. Therefore liquidity risk is limited to the equity of the company and depends on the ability of the parent company to meet its obligations under the loan agreement.

The interest rate on the loan to the parent company is 0.2835% (2008: 0.2835%) higher than the interest rate on the convertible loan. We furthermore refer to the paragraph financial instruments as specified in the notes to the balance sheet as at December 31, 2009 on page 13 of this report.

#### Result

During the year under review, the Company recorded a net profit of € 39,258 (2008: profit of € 23,721) which is set out in detail in the attached Profit and Loss account.

#### Subsequent events

No material subsequent events, affecting these financial statements, have occurred to date.

**EM.TV FINANCE B.V., AMSTERDAM****MANAGING DIRECTOR'S REPORT**Future developments

The company intends to continue its operations as an inter group finance company for the foreseeable future. No substantial changes in the field of capital expenditures and financing are foreseen.

These financial statements are prepared in accordance with statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for the Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Audit Committee

Based on Article 21a of WTA and article 41 sub EU Directive no.2006/43/EG the Company has opted for the possibility to not have its own audit committee and asked the existing audit committee of the parent company to fulfil this role also for EM.TV Finance B.V.

Directors' statement

To the best of our knowledge and in accordance with the applicable reporting principles and disclosure requirements for annual reports of listed companies, these financial statements give a true and fair view of the assets, liabilities, financial position, profit and cash flow of the Company as at December 31, 2009.

Moreover, the Managing Directors' report includes a fair review of the developments and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Amsterdam, April 13, 2010

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T.J. van Rijn

.....

Dr. P. Braunhofer

**FINANCIAL STATEMENTS**

## EM.TV FINANCE B.V., AMSTERDAM

## FINANCIAL STATEMENTS

**A - Balance sheet as at December 31, 2009***(before result appropriation)*

ASSETS		December 31, 2009		December 31, 2008	
		€	€	€	€
<b>Fixed assets</b>					
Long-term receivable from affiliated company	1	87,548,075		87,548,075	
			87,548,075		87,548,075
<b>Current assets</b>					
Tax and social security charges	2	-		5,072	
Receivables from affiliated companies	3	3,161,861		3,150,229	
Other receivables		250		250	
			3,162,111		3,155,551
Cash and cash equivalents	4		896,300		845,951
<b>Total current assets</b>			<b>4,058,411</b>		<b>4,001,502</b>
<b>TOTAL ASSETS</b>			<b>91,606,486</b>		<b>91,549,577</b>





## EM.TV FINANCE B.V., AMSTERDAM

## FINANCIAL STATEMENTS

**B - Profit and loss account for the year 2009**

		2009		2008
		€	€	€
Other operating expenses	12	(207,851)		(198,554)
<b>Total operating expenses</b>			(207,851)	(198,554)
<b>Operating result</b>			(207,851)	(198,554)
Income from other investments and long term loans	13	4,853,106		4,844,472
Other interest and similar income	14	20,430		6,209
Interest and similar charges	15	(4,595,901)		(4,604,088)
<b>Total financial income and expenses</b>			277,635	246,593
<b>Income from normal operations before taxes</b>			69,784	48,039
<b>Taxes on result operating activities</b>	17		(30,526)	(24,318)
<b>Result after taxes</b>			39,258	23,721

## EM.TV FINANCE B.V., AMSTERDAM

## FINANCIAL STATEMENTS

**C - Cash flow statement for the year 2009**

	2009		2008	
	€	€	€	€
Receipts from Constantin Medien AG		5,723		497,305
Payments to creditors		(202,892)		(217,464)
			(197,169)	279,841
Interest paid		(4,595,900)		(4,595,900)
Corporate income taxes paid		(21,487)		(25,111)
Interest received		4,864,905		4,859,093
			247,518	238,082
<b>Cash flow from operating activities</b>			50,349	517,923
<b>Net Cash Flow</b>			50,349	517,923
<b>Movement in cash</b>				
Balance as at January 1			845,951	328,028
Net cash flow			50,349	517,923
Balance as at December 31			896,300	845,951

**EM.TV FINANCE B.V., AMSTERDAM****FINANCIAL STATEMENTS****D - Notes to the balance sheet and profit and loss account****I General****I.I Organisation**

EM.TV Finance B.V., Locatellikade 1, 1076 AZ Amsterdam, the Netherlands was incorporated on March 14, 2006 as a private company with limited liability (Besloten Vennootschap). In the fourth quarter 2009, the Company moved its office from Rijswijk to Amsterdam. On December 18, 2009 Jens Stahman resigned as managing director of the Company and Dr. Peter Braunhofer was appointed as new managing director. Both changes were entered into the commercial register on December 21, 2009.

As a 100% subsidiary of Constantin Medien AG, the figures of EM.TV Finance B.V. are included in the consolidated financial statements of Constantin Medien AG.

Transactions with related parties are appointed as such in the notes to the financial statements as at December 31, 2009.

**I.II Objectives of the company**

According to article 3 of the Articles of Association of the company, the objects of the company are:

- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned;
- to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties;
- to finance businesses and companies; and
- to trade in currencies, securities and items of property in general, as well as everything pertaining the foregoing, relating thereto or conducive thereto, all in the widest sense of the word.

**II Principles for the valuation of assets and liabilities****II.I General**

The financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The principles are unchanged compared to the financial statements 2008 of the company.

Insofar as not stated otherwise, assets and liabilities are shown at nominal value.

The income and expenses are accounted for in the period to which they relate.

**II.II Translation of foreign currencies**

The reporting currency in the financial statements of EM.TV Finance B.V. is the Euro (EUR; €).

Assets and liabilities expressed in foreign currencies have been translated into Euros at the exchange rate prevailing at the balance sheet date. Foreign currency transactions have been converted at exchange rates approximating those at the time of the transactions. The resulting exchange differences have been recognised in the profit and loss account. During the business year there have been no transactions in foreign currencies.

**D - Notes to the balance sheet and profit and loss account****II.III Notes to the cash flow statement**

The cash flow statement has been prepared applying the direct method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks.

Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities. Dividends paid have been included in the cash flow from financing activities.

**II.IV Financial instruments**

Management has the option to apply fair value accounting on financial instruments or to perform certain disclosures on the fair value of financial instruments. The management board has chosen not to apply fair value accounting on financial instruments. Therefore, the applicable fair value disclosures have been included in the notes to the balance sheet and profit and loss account.

The Dutch Reporting Guideline RJ 290 on financial instruments has been applied as from the 2008 financial statements. In this the company makes use of the exemption of RJ 290 paragraph 1007.

**II.V Receivables and other assets**

If there are doubts concerning the collectibility of outstanding receivables, the receivables in question are stated at their lower realisable value.

**III Principles for the determination of the result****III.I Revenue accounting**

The income has been calculated by reducing the revenues with the operational charges over the same reporting period of time.

Revenues and charges relating to the financial year have been included in the annual accounts, irrespective of whether they have led to receipts or expenditure in that year.

Profits are only shown to the extent they have been realised on the balance sheet date.

Losses and risks originating prior to the end of the reporting period are taken into account if they became known prior to the drawing up of the financial statements.

The principles are unchanged compared to the company's financial statements 2008.

**III.II Taxation on result**

Taxes are calculated on the result, taking into account the tax facilities.

**D - Notes to the balance sheet and profit and loss account****IV Financial instruments****IV.I Market risk***Currency risk*

A currency risk exists in particular wherever there are claims or liabilities in a currency other than that applied in financial statements. Foreign exchange fluctuations may change the value in the Euro currency used in financial statements. In view of the fact that the development of other currencies in terms of the Euro can not be predicted, additional earnings effects may also arise from the aforesaid in the future. During the business year there have been no transactions in foreign currencies.

*Price risk*

The Company's price risk is limited as the convertible loan issued by the Company has been one on one used to finance the loan to group companies. As a result a natural hedge has been obtained.

**IV.II Interest rate risk**

The Company's exposure to interest rate risk on interest-bearing receivables (mainly taken up in financial fixed assets and receivables) and interest-bearing long-term and current liabilities is limited as the convertible loan issued has a fixed interest rate, which loan has been one on one used for financing the loan to group companies. It has been agreed that the interest rate cannot be fixed below the rate of the convertible bonds. As a result a natural hedge has been obtained.

**IV.III Credit risk**

Constantin Medien AG issued a guarantee to the bond creditors both for the relevant interest payments and also for the ultimate repayment. In the event of a conversion taking place, the repayment claim in connection with the loan lapses for the amount of the bonds converted into shares of Constantin Medien AG.

We further refer to the paragraph financial instruments as specified in the notes to the balance sheet as at December 31, 2009 on page 13 of this report.

**EM.TV FINANCE B.V., AMSTERDAM**

## FINANCIAL STATEMENTS

**E - Notes to the balance sheet as at December 31, 2009****FIXED ASSETS****Financial fixed assets****1. Long-term receivable from affiliated companies**

This represents a loan issued to Constantin Medien AG on May 8, 2006 and is valued at nominal value.

The interest rate was 5.3911 percent p.a. until May 7, 2007 and was increased to 5.5335 percent p.a. afterwards. The loan has a term of seven years. Interest on this loan is due yearly at first on May 8, 2007. The movement can be specified as follows:

	<i>2009</i>	<i>2008</i>
	€	€
Balance as at January 1	87,548,075	87,548,075
Transfer, due to executing convertible rights	-	-
Balance as at December 31	<u>87,548,075</u>	<u>87,548,075</u>

**CURRENT ASSETS****2. Tax and social security charges**

	<i>2009</i>	<i>2008</i>
	€	€
Corporate income tax	-	5,072
	-	<u>5,072</u>

**3. Receivables from affiliated companies**

	<i>2009</i>	<i>2008</i>
	€	€
Accrued interest on the loan issued to Constantin Medien AG	3,158,861	3,150,229
Service fee to be invoiced	3,000	-
	<u>3,161,861</u>	<u>3,150,229</u>

All receivables are due within one year.

**EM.TV FINANCE B.V., AMSTERDAM****FINANCIAL STATEMENTS****E - Notes to the balance sheet as at December 31, 2009****4. Cash and cash equivalents**

All cash balances are available on demand.

	<i>2009</i>	<i>2008</i>
	€	€
ING Bank, current-account	3,408	6,535
ING Bank, savings-account	883,980	829,605
West LB, current-account	8,912	9,811
	<u>896,300</u>	<u>845,951</u>

**SHAREHOLDER'S EQUITY****5. Issued and paid-up capital**

The company authorised share capital, consisting of 1,000 shares with a nominal value of € 1,000 amounts to € 1,000,000. A total of 1,000 shares has been issued and fully paid-up. All shares are held by Constantin Medien AG.

	<i>2009</i>	<i>2008</i>
	€	€
Balance as at January 1	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
Balance as at December 31	1,000,000	1,000,000

**6. Other reserves**

	<i>2009</i>	<i>2008</i>
	€	€
Balance as at January 1	(58,473)	(98,400)
Result appropriation previous year	23,721	39,927
	<u>(34,752)</u>	<u>(58,473)</u>
Balance as at December 31	(34,752)	(58,473)

**7. Profit for the year**

To be transferred to the other reserves of the company after result appropriation.

**EM.TV FINANCE B.V., AMSTERDAM****FINANCIAL STATEMENTS****E - Notes to the balance sheet as at December 31, 2009****LONG TERM LIABILITIES****8. Convertible loan**

EM.TV Finance B.V. issued a 5.25% convertible bond 2006/2013 with a total nominal value of € 87,750,000 by May 8, 2006. Originally, the convertible bond 2006/2013 guaranteed a conversion right on a total of 15,000,000 bearer ordinary shares in Constantin Medien AG with a nominal value of € 1.00 per share. The issue price which is equivalent to the nominal amount and the initial conversion price amounts to € 5.85 for each convertible bond. The interest rate is equivalent to 5.25% p.a.

The issue proceeds from the convertible bond were used by EM.TV Finance B.V. to make a long-term loan available to Constantin Medien AG. Constantin Medien AG issued a guarantee to the bond creditors both for the relevant interest payments and also for the ultimate repayment. In the event of a conversion taking place, the repayment claim in connection with the loan lapsed for the amount of the bonds converted into shares of Constantin Medien AG. The bondholders have the right to request an earlier repayment on May 8, 2011. Given the current stock market situation and the share price of the underlying Constantin Medien AG share an earlier repayment is currently more likely than the later repayment.

In 2009 no convertible rights were executed. As of December 31, 2009, a total number of 14,965,483 convertible bonds were outstanding, of which five million were bought back by the parent company. As made public at June 26<sup>th</sup> 2009, starting April 24<sup>th</sup> 2009 each bond entitles the holder to convert the bond in 1.0123 bearer ordinary shares (before that it was 1 share per bond) in Constantin Medien AG.

The following securities were granted to the creditors of the convertible bond:

- The assignment of all claims by EM.TV Finance B.V. in connection with the loan to Constantin Medien AG;
- A guarantee of Constantin Medien AG for the outstanding amount plus accrued interest.

Interest of the outstanding convertible loan is due yearly on May 8 until it is repaid or converted in full.

The movement of the long term liabilities can be specified as follows:

	2009 €	2008 €
Balance as at January 1	87,548,075	87,548,075
Executed convertible rights	-	-
Balance as at December 31	<u>87,548,075</u>	<u>87,548,075</u>

**9. Tax and social security charges**

	2009 €	2008 €
Corporate income tax	3,967	-
	<u>3,967</u>	<u>-</u>



**EM.TV FINANCE B.V., AMSTERDAM****FINANCIAL STATEMENTS****E - Notes to the balance sheet as at December 31, 2009****10. Liabilities to affiliated companies**

	2009 €	2008 €
Credit notes issued to Constantin Medien AG	-	2,808

**11. Other liabilities**

	2009 €	2008 €
Accrued interest on convertible loan	2,996,779	2,996,778
Audit and consulting fees	22,325	23,004
Handling costs convertible loan	26,659	10,663
Administrative and other costs	4,118	1,501
	<u>3,049,881</u>	<u>3,031,946</u>

**Financial instruments***Financial instruments valued at nominal value*

The table below shows financial instruments whose market value differs from nominal value.

	<i>December 31, 2009</i>		<i>December 31, 2008</i>	
	<i>Market value</i> €	<i>Book value</i> €	<i>Market value</i> €	<i>Book value</i> €
<i>Financial fixed assets</i>				
Loan to affiliated company	Not available	87,548,075	Not available	87,548,075
<i>Long-term liabilities</i>				
Convertible loan issued	74,977,070	87,548,075	54,624,013	87,548,075

*Financial fixed assets*

The market value of the loan to the affiliated company is unknown.

*Long-term liabilities*

The market value of the convertible bond as of December 31, 2009 amounts to € 5.01 per bond being a total of € 74,977,070.

**EM.TV FINANCE B.V., AMSTERDAM****FINANCIAL STATEMENTS****F - Notes to the profit and loss account for the year 2009****12. Other operating expenses**

	<i>2009</i>	<i>2008</i>
	€	€
Management services	39,963	39,306
Audit and consulting fees	77,058	66,227
Administrative costs	48,552	36,718
Handling costs convertible loan	15,996	16,000
Rent and lease expense	15,708	15,710
Non recoverable VAT previous years	-	22,710
Other	10,574	1,883
	<u>207,851</u>	<u>198,554</u>

**Remuneration of the Board of directors**

In 2009 the Board of directors did not receive any remuneration for their activities.

Nevertheless the company paid a management fee to TMF Nederland B.V. for the services provided by the Dutch Director Mr. Timo van Rijn.

**13. Income from other investments and long term loans**

	<i>2009</i>	<i>2008</i>
	€	€
Interest on the loan issued to Constantin Medien AG	4,853,106	4,844,472

**14. Other interest and similar income**

	<i>2009</i>	<i>2008</i>
	€	€
Interest on banks	20,430	5,989
Interest from tax authorities	-	220
	<u>20,430</u>	<u>6,209</u>

**15. Interest and similar charges**

	<i>2009</i>	<i>2008</i>
	€	€
Interest on convertible loan	4,595,901	4,604,088

**EM.TV FINANCE B.V., AMSTERDAM**

## FINANCIAL STATEMENTS

**F - Notes to the profit and loss account for the year 2009****16. Employees**

No employees were employed by EM.TV Finance B.V. during 2009 (2008: 0).

**17. Taxes on result operating activities**

	2009
	€
Corporate income tax for the period	30,526
	<hr/>

The calculation of the taxable amount can be specified as follows:

Commercial result	69,784
Costs not accepted (above accepted maximum)	82,851
	<hr/>
Taxable income based on APA (Advanced Pricing Agreement)	152,635
	<hr/>

The calculation of the corporate income tax charged can be specified as follows:

Corporate income tax to be paid: 20.00% x € 152,635	30,526
	<hr/>

**Signature of the Financial Statements**

Amsterdam, April 13, 2010

T.J. van Rijn

Dr. P. Braunhofer

**OTHER INFORMATION**

**OTHER INFORMATION****I - Provisions in the articles of association governing the appropriation of result**

Under article 21 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of - or addition to - one or more general or special reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

**II - Result appropriation 2008**

The appropriation of the result for the year 2008 has been adopted in accordance with the proposal in the annual accounts on this year. It is proposed that the result of € 23,721 is added to the other reserves. This proposal has been incorporated in the annual accounts.

**III - Proposal for result appropriation**

The board of directors proposes that the result for the financial year 2009 amounting to € 39,258 will be added to the other reserves.

**EM.TV FINANCE B.V., AMSTERDAM**

## OTHER INFORMATION

**IV - Auditor's report****Report on the financial statements**

We have audited the accompanying financial statements 2009 of EM.TV Finance B.V., Amsterdam as set out on pages 3 to 15, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year 2009, the cash flow statement for the year 2009 and the notes.

**Directors' responsibility**

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the Managing Directors' Report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of EM.TV Finance B.V. as at December 31, 2009, and of its result and cash flows for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Managing Directors' Report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, April 13, 2010

PricewaterhouseCoopers Accountants N.V.

Originally signed by H.C. Wüst RA