



EM.TV

HIGHLIGHTS | Second Quarter 2000

- Internationalization inspires growth in all business segments
- Interest in US media company Crown Media Holding
- EM.TV forms a 50 : 50 joint venture with Grupo Planeta, Spain
- Agreement with Comarex covering all of Latin America
- EM.TV signs exclusive licensing agreement with Irish channel TG4
- Comprehensive agreement with French channel Teletoon
- Continuation of the successful cooperation with the German ZDF channel
- Acquisition of a majority interest in entertainment company Dolce Media
- Exclusive Junior World established at Karstadt
- Development of Junior-Web Internet platform
- Annual General Meeting in Munich



EM.TV SHARE PRICE | April to June 2000 in EUR

EM.TV share NEMAX

EM.TV – WORLDWIDE Strengthening the International Market Position

While the first quarter of 2000 was marked by strategic acquisitions such as the 100 percent takeover of The Jim Henson Company and the 50 percent investment in SLEC (Formula One Group), the second quarter was a phase of consolidation and integration. EM.TV successfully marketed the characters from the portfolio of The Jim Henson Company, one of the world's leading producers and marketeers of pre-school, children and family entertainment and the rights holder of all Sesame Street characters. Moreover, EM.TV was the first European media company to establish a children programming block on a US TV channel. The Jim Henson Company will exchange its investments in the Odyssey Channel and the Kermit Channel for an 8.2 percent interest in NASDAQ-listed media company Crown Media Holding. Through this move, EM.TV will expand its international position and get access to the US market, the largest media market in the world.

The Junior umbrella brand, a global brand for high-quality family entertainment, was strengthened successfully. EM.TV signed agreements with a large number of European and international channels.

Expanding the Worldwide Presence

EM.TV opened a representative office in the UK, which is headquartered in the London offices of The Jim Henson Company and acts as an interface between the two companies. The office also serves as the central point of coordination for the purchase and sale of TV content in the Junior portfolio and as the point of contact for the British co-production partners and TV channels. This UK presence will help EM.TV strengthen its position as a global media company.

Moreover, EM.TV has set up an International Board in the Netherlands in order to exploit future synergies and cross-marketing potential between the EM.TV subsidiaries more effectively.

ACCOUNTING The Neuer Markt regulations require the annual accounts to be established to international accounting standards, i. e. IAS or US-GAAP. Pursuant to § 292a of the German Commercial Code, EM.TV establishes its Group accounts to IAS (International Accounting Standards). This means that the company does not have to establish Group accounts to § 290 of the German Commercial Code.

SALES AND EARNINGS PERFORMANCE Continued Dynamic Growth

All EM.TV divisions continued their dynamic growth in the second quarter. For the first time, the company also publishes not only the Group's first-half figures but also the first-half figures of Tele München Gruppe (TMG), The Jim Henson Company and Speed Investment Ltd. (50 percent shareholder of SLEC, the Formula One holding company). The figures of the EM.TV Group have been consolidated excluding the above investments, whose results are reported separately. The results do not include goodwill amortization on Tele München Gruppe, The Jim Henson Company and Formula One.

The gross performance of the old EM.TV Group in the first six months totalled DM 223.0 million, which represented a 20 percent increase over the same period of the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) of the EM.TV core business amounted to DM 89.3 million in the first half of the year, while EBIT (earnings before interest and taxes) stood at DM 59.1 million.

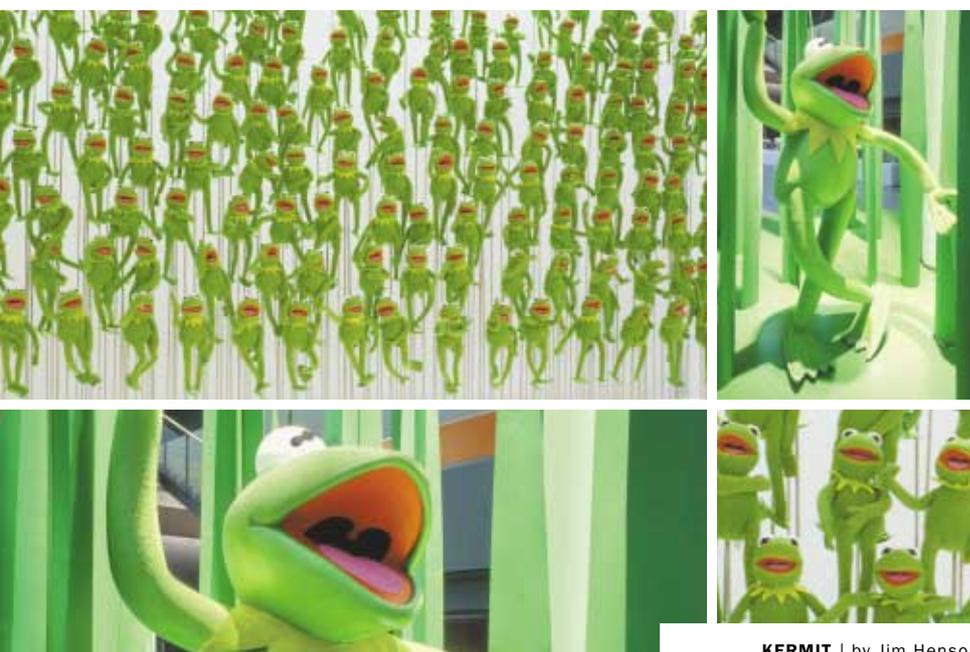
With effect from January 1, 2000, 45 percent of the Group results of Tele München Gruppe were included in the Group results of EM.TV in line with the latter's interest in TMG, which contributed sales revenues of DM 74.8 million. The Group's EBITDA and EBIT amounted to DM 50.9 million and DM 16.8 million, respectively.

The Jim Henson Company was acquired with effect from April 1, 2000. The individual results shown therefore refer only to the three-month period ended June 30, 2000. In the first three months with the Group, The Jim Henson Company reported a gross performance of DM 55.8 million, negative EBITDA of DM –9.0 million and negative EBIT of DM –9.9 million.

The 50 percent interest in the Formula One Group was included in EM.TV's income statement with effect from May 12, 2000, the day of the acquisition. Given that the exact figures for the correct definition of the company's share in the EM.TV results are not yet available, the results of the entire Formula One Group for the period from January 1 to June 30, 2000 are shown here. In the first six months of the year, the Formula One Group generated sales of USD 212.7 million, EBITDA of USD 88.6 million and EBIT of USD 84.2 million.

EM.TV's Core Business Remains Bound for Success

In the first half of the year 2000, the core business of EM.TV continued to develop positively in operating terms. Gross performance increased by 20 percent from DM 185.3 million in the first half of 1999 to DM 223.0 million. The result on ordinary activities amounted to DM 23.5 million. This result was achieved despite the charges resulting from the acquisitions in the first half of the year. These were primarily increased interest expenses and additional personnel expenses on the administrative side; goodwill amortization is not included.



KERMIT | by Jim Henson

Acquisitions Shown Separately for the First Time

For the first time, EM.TV has not only published the income statements of the old Group (to IAS) but also those of Tele München Gruppe (45 percent; to IAS), The Jim Henson Company (100 percent; to US-GAAP) and the Formula One Group (50 percent; to UK-GAAP).

In 1999, Tele München Gruppe achieved record sales of DM 414 million (1998: DM 384 million) and record EBITDA of DM 283 million (1998: DM 278 million), respectively. During the same period, EBIT rose 30 percent to DM 43 million. The second half of the year suggests that 2000 will be another record year, with licensing sales and contributions from all Group divisions pointing upwards. In 2000, the operating result before extraordinary income will be clearly up on the previous year.

The acquisition of The Jim Henson Company has given EM.TV access not only to one of the world's premier product libraries but also to the US market. Moreover, the company's television investments have opened up new distribution channels for the EM.TV brands. The deals closed with TV channels such as Teletoon, the children channel of French pay TV channel TPS, emphasize the huge international potential of The Jim Henson Company.

The result of The Jim Henson Company was weighed down by expenses incurred in conjunction with the preparation of new productions as well as by the start-up losses of the Odyssey Channel of approx. DM 20 million. The 22.5 percent interest will be transferred to Crown Media Holding in the second half of the year, so that no further losses will arise in this context.

Formula One is considered to be the best-known annual sports event in the world. The 16 races of the 1999 season were broadcast to over 200 countries by 120 TV channels. 4.5 million people attended the races. The total reach, including pre- and post-coverage, amounted to some 58 billion viewers. The attractive brand development activities of the No. 1 motor sports event generate similarly impressive margins as EM.TV. Building on its know-how, EM.TV will expand Formula One's brand development activities, in particular.

Due to the first consolidation currently underway, goodwill for Tele München Gruppe, The Jim Henson Company and the Formula One Group has not been amortized yet. Extraordinary effects in the first half of the year included the pro-rata income from the sale of Tele München Gruppe's 34 percent investment in TV channel tm3 of DM 152.7 million as well as consulting fees and bank commissions paid in conjunction with the acquisition and financing of The Jim Henson Company and the Formula One Group.

ANNUAL GENERAL MEETING | on July 26, 2000



TELE MÜNCHEN GRUPPE I in KDM, according to IAS
JANUARY 1 to JUNE 30, 2000

Sales	74.783
Cost of material	-13.155
Gross Earnings	61.628
Other operating income	1.458
Other operating expenses	-12.215
EBITDA	50.871
Depreciation	-34.018
EBIT	16.853
Income from investments	-12.979
Results from financial activities	-1.701
Results of ordinary activities	2.173

JIM HENSON COMPANY I in KDM, according to US-GAAP
APRIL 1 to JUNE 30, 2000

Sales	55.812
Cost of material	-40.230
Gross Earnings	15.582
Other operating income	0
Other operating expenses	-24.644
EBITDA	-9.062
Depreciation	-855
EBIT	-9.917
Income from investments	-19.984
Results from financial activities	-1.385
Results of ordinary activities	-31.286

FORMULA ONE GROUP I in KDM, according to UK-GAAP*
JANUARY 1 to JUNE 30, 2000

Sales	438.234
Cost of material	-217.258
Gross Earnings	220.976
Other operating income	0
Other operating expenses	-38.520
EBITDA	182.456
Depreciation	-8.980
EBIT	173.476
Income from investments	0
Results from financial activities	-93.310
Results of ordinary activities	80.166

* Figures refer to 100 percent of the Formula One Group. 50 percent will be included in the EM.TV Group accounts as per May 12, 2000.



TV PRODUCTION AND MARKETING **TV Sales: The Strongest EM.TV Division**

As in the previous year, the TV Sales Division generated the highest sales and margins of all EM.TV divisions and accounted for 84.8 percent or DM 189.1 million of the old Group's total sales.

In particular, international sales of the rights portfolio of the Junior umbrella brand increased at a disproportionate rate in the first half to DM 37 million, a more than fourfold increase over full 1999. The overall share of international sales climbed to 13 percent, with domestic sales declining to 87 percent. In 1999, the SAT.1 deal, the largest TV licensing deal for family entertainment in Germany, made a major contribution to sales. In the first half of 2000, numerous national deals already generated excellent sales of DM 140 million.

Programming Block on the Odyssey Channel

EM.TV has signed a comprehensive cooperation agreement with Crown Media Holding, a US group of channels, and will hold approx. 8.2 percent in the NASDAQ-listed media company. Under the agreement, a daily children programming block from the EM.TV portfolio is broadcast on the US Odyssey Network. EM.TV was one of the first European media companies to establish a programming block on a US pay TV channel. Additional programs and brands will follow.

Joint Venture with Grupo Planeta

EM.TV and Barcelona-based Grupo Planeta formed a 50:50 joint venture, which aims to expand the children program in Spain and Portugal under the Planeta-Junior brand on free and pay TV as well as in the publishing, video and merchandising segments and to make it synonymous with high-quality children entertainment in these markets. The agreement with Grupo Planeta, the leading publishing group in Spain, also provides for a joint venture to be set up for the Latin American market.

Junior Conquers Latin America

EM.TV and Comarex S.A., Mexico, signed a comprehensive agreement for the marketing of the Junior portfolio in 26 Latin American countries. Comarex acquired the exclusive TV and video rights to the EM.TV portfolio for Latin America from EM.TV. The two companies also plan to install a Junior pay TV satellite channel which is to go on air by February 2001 at the latest as well as to establish a Junior block on Mexican channels Televisa or Channel 13.

Junior Successful in Ireland

An exclusive three-year agreement was signed between EM.TV and Irish TV channel TG4, Dublin, under which the Junior programs and the wrap-around program featuring the virtual characters Junior, Jaz and Jane are broadcast on Irish free TV. Since April, a two-hour Junior block comprising classics such as Tabaluga and new productions such as Pigs Next Door has been aired on TG4 each day with great success. The agreement impressively underlines the attractiveness of the EM.TV portfolio for the English-speaking market.

Comprehensive Agreement Signed with Teletoon

EM.TV and Teletoon, the children channel of French pay TV channel TPS, signed a 3-year agreement, under which 850 EM.TV episodes are broadcast by the French channel. Series such as Twipsy, Rainbow Fish and Flipper & Lopaka are being shown in France for the very first time. The agreement also covers Jim Henson productions such as The Muppet Show and Fraggle Rock.

Long-term Cooperation with ZDF to Continue

EM.TV and ZDF continue their successful cooperation under a 5-year master licensing agreement. ZDF has acquired some 600 episodes from EM.TV's existing film rights stock as well as from new co-productions. Moreover, EM.TV and ZDF-E (ZDF Enterprises GmbH) have produced another 78 episodes of the highly successful Tabaluga series, which now comprises 104 episodes.

MERCHANDISING AND EVENT MARKETING

A Growing Market for EM.TV

The Merchandising and Consumer Products Divisions contributed 7.3 percent and 7.9 percent, respectively, to the Group's performance in the first half of 2000. The marketing of fictitious characters, celebrities and events is a lucrative and dynamically growing business, which EM.TV will exploit in full building on its comprehensive rights portfolio and merchandising experience. In order to expand its personality licensing operations, EM.TV acquired an interest in Dolce Media, a German entertainment company.

Gottschalk Goes EM.TV

In May EM.TV acquired a 51 percent interest in Dolce Media GmbH, which holds comprehensive marketing rights in many TV stars such as Thomas Gottschalk and Verona Feldbusch. The company is also the exclusive marketer of "Wetten, dass ...", the successful ZDF series. EM.TV will exploit the potential of Dolce Media to establish its personality licensing operations and open up new marketing channels such as the Internet. The attractiveness of this business segment has been underlined by the advertising and promotion agreement with Deutsche Post AG, under which the Gottschalk Bros. will exclusively promote the company's IPO.



CONSUMER PRODUCTS Exclusive Junior World Opened at Karstadt**DIVISION**

EM.TV and Karstadt Warenhaus AG have signed a comprehensive cooperation agreement under which they will jointly exploit their offerings for the target group of children and families. The first Junior World will be opened exclusively in the Karstadt department stores before the end of the year. They will have a size of 700 to 900 square metres and sell a wide variety of children's products from toys to audio, video and publishing products. EM.TV will contribute its Junior licensing rights to the partnership, while Karstadt will contribute its stationary and online marketing and merchandise services. Smaller Junior shops in the Karstadt stores will exclusively sell merchandising products of the EM.TV brands. Moreover, Karstadt will establish Junior World in its virtual department store, karstadt.de, to be launched in autumn.

Junior on the Internet

EM.TV is currently developing Junior-Web, a unique interactive platform for children, young teenagers and their parents. Perfectly tailored to the requirements of these target groups, Junior-Web will offer TV and audio programs, publishing and multimedia products, games and information. The high-quality contents will be sourced from the portfolios of Junior.TV, The Jim Henson Company and Trickompany.

ANNUAL GENERAL MEETING Largest AGM to Date Attended by 3,500 Shareholders

On July 26, 2000, EM.TV welcomed more than 3,500 shareholders to the Annual General Meeting in Munich. The most important topics on the agenda were the acquisition of The Jim Henson Company and the investment in the Formula One Group as well as joint ventures and partnerships with national and international media firms, production companies, trading partners and TV channels. The shareholders approved all topics presented.

OUTLOOK Laying the Foundation for Tomorrow's Growth Today

EM.TV has continued its successful internationalization strategy and opened up a huge potential for the future through strategic investments and partnerships. In particular, the company has focused on establishing its Junior umbrella brand on a global scale. Negotiations about additional high-income TV agreements are at an advanced stage. The comprehensive marketing of themes from the Jim Henson portfolio and the Formula One will also make a significant contribution to total 2000 sales. EM.TV's three strategic pillars – a comprehensive, sustainable high-quality rights portfolio, world-famous brands and a marketing approach that covers all stages of the media value chain – mean the company's perspectives for the future are excellent indeed.



JANUARY 1 TO JUNE 30, 2000 KDM, according to IAS	1.1. – 30.6.00	1.1. – 30.6.00	1.1. – 30.6.99
Sales			
Sales	210.958		204.751
Increase in discounts on receivables	-570		-19.441
		210.388	185.310
Other capitalized self-created performances		12.515	0
Inventory changes, semi-finished performances		101	0
Overall output		223.004	185.310
Other operating income		2.630	924
Cost of material		-83.931	-30.809
Personnel expenses		-21.529	-14.497
Depreciation			
on tangible and intangible fixed assets	-30.195		-28.609
on current assets	-9		0
		-30.204	-28.609
Other operating expenses		-30.881	-18.180
Operating result		59.089	94.139
Results from financial activities			
Income from associated companies	0		90
Loss from associated companies	-1.487		0
Intragroup transactions	428		0
Other interest and similar income	5.469		2.494
Income from the retransfer of discounts on receivables	0		0
Interest and similar expenses	-39.969		-6.594
		-35.559	-4.010
Profit on ordinary activities		23.530	90.129
Extraordinary result		-66.504	0
Taxes			
Taxes on income and earnings	-2.704		-29.403
Deferred taxes	13.741		-12.981
Other taxes	0		0
Equity-charged tax	0		0
		11.037	-42.384
Group net loss for the year prior to interests of outside shareholders		-31.937	47.745
Profit/Loss shares of outside shareholders		2.234	-118
Group net loss for the year		-29.703	47.627
Group balance sheet profit brought forward		63.682	9.556
Group balance sheet profit		33.979	57.183

ASSETS AS AT JUNE 30, 2000 KDM, according to IAS	30.6.00	30.6.00	30.6.99
Fixed assets			
Intangible assets			
Film and Merchandising rights, EDP Programs	562.309		540.407
Goodwill	69.723		14.497
Payments on account	23.748		7.216
		655.780	562.120
Property, plant and equipment			
Land and buildings	6.938		1.693
Technical equipment and machines	599		57
Other equipment, factory and office equipment	6.325		2.787
Payments on account	4.506		674
		18.368	5.211
Financial assets			
Shares in affiliated companies	191.835		8
Loans to affiliated companies	5.821		0
Shares in associated companies	4.177.134		257
Other investments	801.756		0
Joint ventures	0		0
Other loans	267		33
		5.176.813	298
		5.850.961	567.629
Long-term trade accounts receivable		151.706	136.677
Current assets			
Inventories			
Merchandise	12.185		5.762
Inventory, raw materials and supplies	0		391
Work in process	9.112		0
Prepayments	10.877		13
		32.174	6.166
Receivables and other assets			
Trade receivables	248.417		70.343
Receivables from affiliated companies	18.129		0
Receivables from associated companies	18.156		5.659
Receivables from joint ventures	61.740		0
Receivables from shareholders	0		0
Other assets	48.889		24.851
		395.331	100.853
Cash on hand, bank balances		61.361	19.087
		488.866	126.106
Deferred taxes		48.099	2.883
Deferred charges and prepaid expenses		1.093	464
Total assets		6.540.725	833.759

EQUITY AND LIABILITIES AS AT JUNE 30, 2000 KDM, according to IAS		30.6.00	30.6.00	30.6.99
Equity				
Subscribed capital		280.937		21.725
Capital reserve		3.631.691		301.545
Special reserve		8.511		0
Other equity		714		447
Retained earnings		33.979		57.183
		3.955.832		380.900
Minority Shareholders' Shares				
		4.842		1.782
Accruals and provisions				
Pension provisions		141		0
Tax provisions		13.753		36.272
Other accruals and provisions		51.463		14.637
		65.357		50.909
Long-term interest-bearing liabilities				
		2.265.643		306.681
Long-term non-interest-bearing liabilities				
		1.450		0
Short-term liabilities				
Convertible bonds		0		0
Liabilities to financial institutions		104.169		19.782
Payments received on account of orders		31.925		132
Trade accounts payable		71.760		42.805
Amounts due to affiliated companies		0		0
Amounts due to associated companies		1.124		212
Amounts due to joint ventures		0		369
Liabilities from losses of associated companies		0		0
Other liabilities		23.930		14.144
		232.908		77.444
Deferred taxation				
		14.606		15.913
Deferred income				
		87		130
Total equity and liabilities				
		6.540.725		833.759

JANUARY 1 TO JUNE 30, 2000 KDM, according to IAS	1.1. – 30.6.00	1.1. – 30.6.00	1.1. – 30.6.99
Group surplus for the year		-29.704	47.628
Depreciation on tangible and intangible fixed assets	30.195		28.609
Profits/Losses on the disposal of fixed assets	3		378
Net changes, discounts on receivables	570		14.498
Increase/decrease of adjustments on receivables	400		2.935
Release of accruals	-70		3.422
Deferred taxes	-13.767		0
Other non-cash items	1.379		0
Non-financial expenditure and income		18.710	49.842
Cash flow from current business activities		-10.994	97.470
Increase/decrease in long-term trade accounts receivable		-11.699	-114.000
Increase/decrease in long-term trade accounts payable		520	-5.122
Inventories	-14.920		-2.074
Trade accounts receivable	-120.000		-55.726
Receivables from associated companies	-9.924		-5.625
Receivables from joint ventures	0		0
Receivables from affiliated companies	-18.130		0
Other current assets	-17.116		249.117
Current financial assets	0		0
Deferred taxes on initial consolidation	0		0
Prepaid expenses	4.870		-137
Increase in short-term assets		-175.220	185.555
Tax accruals	-43.904		29.695
Tax deferral on cost of capital increase without affecting income	0		0
Other accruals	31.247		6.317
Payments received on account for orders	18.164		-12.193
Trade accounts payable	-22.541		17.206
Liabilities to associated companies	151		212
Liabilities to joint ventures	0		0
Liabilities to affiliated companies	0		-1.014
Other liabilities	8.130		9.545
Accruals and deferred income	31		120
Increase in short-term liabilities		-8.722	49.888
Cash flow from ordinary business activities		-206.115	213.791

JANUARY 1 TO JUNE 30, 2000 KDM, according to IAS	1.1. – 30.6.00	1.1. – 30.6.00	1.1. – 30.6.99
Amount brought forward		-206.115	213.791
Investments in company acquisitions	-1.579.963		0
Investments in intangible assets	-58.052		-526.648
Investments in tangible assets	-8.579		-2.239
Investments in financial assets	-39.875		-165
Net additions to intangible assets from initial consolidation	0		0
Net additions to tangible assets from initial consolidation	0		-10.997
Net additions to financial assets from initial consolidation	0		0
Incoming payments from disposal of intangible assets	16.781		0
Incoming payments from disposal of tangible assets	25		817
Incoming payments from disposal of financial assets	3.720		1.956
Cash flow from investment activity		-1.665.943	-537.276
Incoming payments from shareholders from capital increases	773		0
Payment of dividends	0		0
Costs of capital increase	0		0
Change in deferred taxation	0		13.527
Exchange-rate-related change in equity capital	0		279
Change in minority interests	0		117
Change in long-term bank loans	1.209.816		306.220
Incoming payments from the issue of convertible bonds	782.333		0
Cash flow from financing activity		1.992.922	320.143
Cash flow financial year		120.864	-3.342
Net short-term liquid funds at beginning of financial year	-163.672		2.647
Net short-term liquid funds at end of financial year	-42.808		-695
Increase/decrease in liquid funds		120.864	-3.342
Cash in hand and bank balances	61.361		19.087
Short-term liabilities to banks	-104.169		-19.782
Net short-term liquid funds at end of the year under review	-42.808		-695



EM.TV & MERCHANDISING AG

Betastrasse 11

D-85774 Unterföhring

Phone +49 (0) 89 995 00-0

Fax +49 (0) 89 995 00-111

E-mail info@em-ag.de

Internet www.em-ag.de