

Brothers Flub



Molly O!



Inspector Mouse



Philipp



Six of a kind



Urmel



Report on quarter 2/99

2nd quarter 1999 highlights

RTV looks back on a highly successful second quarter. The dynamic revenue and profit growth posted in the 1st quarter of the year was improved on in several areas. Foreign revenues rose by some 180% compared to the previous year's figure. At DM 6.3 million (Euro 32 million), the result from ordinary activities was 90% up on the previous year's DM 3.3 million (Euro 1.7 million). The improved standing among customers and partners as well as the IPO proceeds helped RTV close several strategic cooperations and push ahead international expansion.

Successful IPO

RTV shares have been traded on Frankfurt's New Market since June 8, 1999 when Deutsche Bank listed the company and placed 2,875,000 shares. All the new shares were created by way of a capital increase. The IPO generated proceeds of DM 46.7 million for RTV.

The shares were issued at Euro 8.3 and rose to Euro 24,9 on the first day of trading. Within a few days from the initial listing the greenshoe option for another 375,000 shares was fully exercised to satisfy the strong domestic and international demand. Investors who bought the share at the issue price were able to more than quintuple their initial investment by June 30, 1999.

International partnerships strengthen position in the USA and Canada

RTV was a sought-after partner at MIP TV in Cannes in April 1999 and was therefore able to expand its international network of production partners and customers. The company signed a large number of promising cooperation agreements with international partners at Europe's biggest film and TV trade fair. Highlights on this list include: "Molly O!", a coproduction with Sunbow/Sony Wonder, USA, (production start in summer 1999, completion in 2000); "Rotten Ralph", a turbulent cartoon series coproduced with the BBC and Italtoons, USA; "The Nits" with Energee, Australia; as well as "Urban Squirrel", a cartoon series coproduced with JP Kids and Disney Channel, USA. To strengthen its international sales presence particularly in South-eastern Europe, RTV signed a cooperation deal with SPI, USA.

"Philipp" goes America

RTV signed a 5-year agreement with Itsy bitsy Entertainment Company, USA with respect to "Philipp", a show developed and produced by RTV. Starting September 1999, more than 75 million households in the USA, Canada and Latin America will be able to enjoy "Philipp" on the 90-minute "It's itsy bitsy Time!" magazine on Fox Family Channel.

Important licensing agreement

"Fix & Foxi" will soon take centre-stage on the shelves at cooperating Vedes toy and leisure shops. Vedes, Europe's largest distribution and retail group for toys and leisure products, has acquired licensing rights to "Fix & Foxi" for a large part of its own indoor and outdoor toy ranges. From spring 2000, the licensed merchandise will be available at virtually all specialist toy shops in Germany. "Fix & Foxi" licenses have also been acquired by Ravensburger Buch- und Spieleverlag, Ravensburger Interactive Media and Ravensburger Spieleland. Together with the upcoming publication of new "Fix & Foxi"-

cartoon books, RTV's cooperation with these partners provides an excellent basis for a sustained and successful presence in the market.

"Fix & Foxi" sold to 25 countries

"Fix & Foxi" will soon enjoy a worldwide exposure on TV. The first series of cartoon episodes has already been sold to 25 countries even though production will not be completed before autumn 1999. Apart from German-speaking TV channels, buyers include broadcasters in Britain, Canada and Spain as well as in important new markets in Japan, China and Korea.

Selling of the year's second major project, "Brothers Flub", is proceeding just as smoothly. The cartoon show featuring two intergalactic postmen has meanwhile been sold to Nickelodeon, USA, as well as to Australia, France and Britain.

The company

RTV develops and produces films and TV programmes for kids and families, concentrating on high-quality cartoon shows which are suitable for international marketing. RTV is a fully integrated operator, handling everything from rights creation to merchandising and relying on a comprehensive network of coproducers and broadcasters. As such, RTV is a leading supplier of kids' and family entertainment in Germany.

TV business (production, commissioned productions, distribution)

The positive development in productions and commissioned productions continued in the second quarter of 1999. This year's major projects have been marketed successfully on an international scale, agreements for follow-up productions have been concluded, and first-class rights have been acquired. All these measures represent solid stepping stones towards the future. Generating revenues of DM 14.9 million (Euro 7.6 million) - up 12% on the previous year's value - the TV business contributed 83% of RTV's total revenues. New production activity in the first-half of 1999 has centred on "Fix & Foxi I", "Brothers Flub", "Inspector Mouse" and "Patrol 03", all of which have already been sold to the key markets. The purchase of the "Bussi Bear" rights from Rolf Kauka as well as the acquisition of the "Amon und Skarabä" property have materially enhanced the value of RTV's programme stock.

In addition to these new productions, the company decided to continue several successful programmes. Preparations for the production of another 26 "Fix & Foxi" episodes are already under way. RTV's pipeline currently includes new episodes of the top-selling "Countrymouse/ Citymouse" and "Babaloo" shows. "Philipp's Animal Hour", a commissioned production launched several years ago, will be continued in 1999 as well.



Merchandising business

The merchandising activities were clearly expanded in the second quarter of 1999. Apart from a more intensive exploitation of existing rights, RTV secured numerous attractive new licenses. Generating revenues of DM 3.1 million (Euro 1.6 million), the merchandising business contributed 17% of RTV's total revenues. Compared to the previous year's figure of DM 2.0 million (Euro 1 million), revenues were up by 55%.

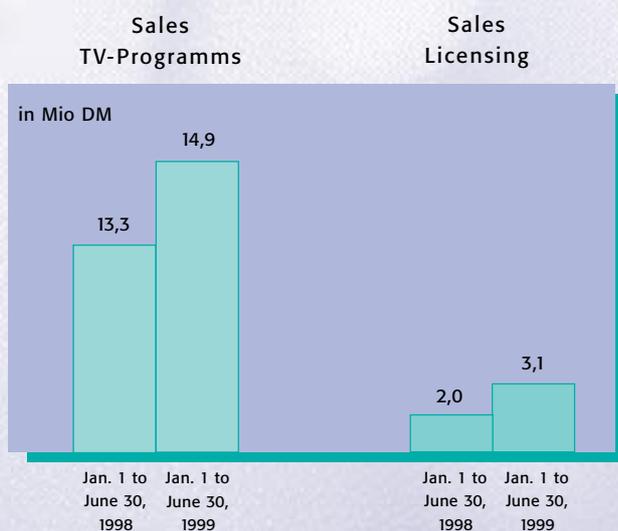
The successful marketing of the "Fix & Foxi" rights provided the highlight in the second quarter of 1999 when RTV was able to sign a comprehensive agreement with Vedes regarding the marketing of the two inseparable little foxes. The two classic characters, "Captain Bluebear" and "Philipp", once again proved their potential. New additions to the portfolio included licenses for "Verstehen Sie Spaß?", "Michael Schanze", "Die Knickerbocker-Bande" and the character "Penny" created by children's book author Thomas Brezina.

Sales and profits

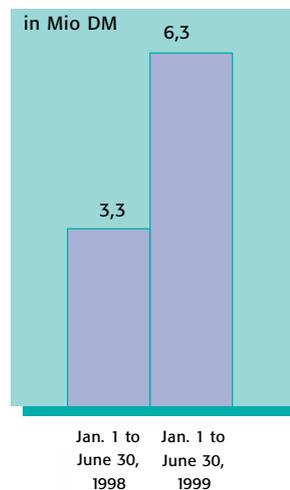
The second quarter of 1999 saw RTV continue the first quarters strong growth across all fields of business and markets. In the first six months of the current financial year RTV recorded sales of DM 18.0 million (Euro 9.2 million). This represents an 18% increase on the previous year's DM 15.3 million (Euro 7.7 million). This outcome was supported, in particular, by the exceedingly positive development of foreign sales which came in at DM 5.4 million (Euro 2.8 million). This means that RTV generated 80% of the previous year's full-year sales already in the first half of 1999. The merchandising business improved clearly on the previous year's figures as well.

Profits showed a highly gratifying development. The result from ordinary activities amounted to DM 6.3 million (Euro 3.2 million) in the reporting period. This represents a 90% increase over the previous year's period (DM 3.3 million, Euro 1.7 million). This means that RTV has posted more than 80% of the forecast 1999 profit already in the first six months of 1999.

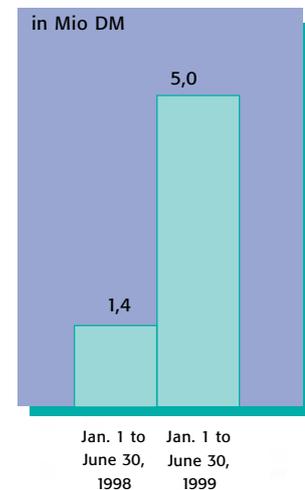
Apart from a newly adopted depreciation policy and clearly lower costs of materials, the impressive profit growth reflects strong license sales, incoming cash flow from productions such as "Philipp", "Fix & Foxi" and "Brothers Flub" as well as excellent merchandising results.



Result from ordinary activities



Cash-flow



The DVFA/SG result for the first six months of 1999 amounted to DM 2.8 million (Euro 1.4 million), compared to DM 1.3 million (Euro 0.677 million) in the previous year. This result does not recognize the extraordinary IPO expenses. The DVFA/SG cash flow amounted to DM 5.0 million (Euro 2.6 million) in the first half of 1999, compared to DM 1.4 million (Euro 0.730 million) in the same period of the previous year.

Employees

RTV employed a total of 23 people as at June 30, 1999, including 15 in Ravensburg and eight at the Mainz branch office.

Outlook

The next quarter will see continued marketing efforts for "Fix & Foxi". Working in close cooperation with the main licensees, Vedes and Ravensburger AG, RTV will ensure comprehensive marketing of the two popular characters and their friends. Additional licensing deals which are still at the negotiating stage will ensure additional exposure in the German-speaking markets.

Opportunities for intensive merchandising at home and abroad will also be created by the license sales for other cult and trend programmes such as "Brothers Flub" and "Philipp".

RTV expects favourable stimulation for the international marketing of its own characters and productions as well as new coproductions and partnerships from MIPCOM, the international television fair taking place in Cannes in October.

Effective September 1, 1999, the RTV board will be expanded in order to have the management resources required to meet the growth targets. Dr. Arno Haselhorst will be in charge of finances, investor relations and merchandising.

As regards the full year 1999, RTV expects to post positive revenue and profit growth. The company has invested DM 5.9 million (Euro 3.0 million) in programme activities - documentaries, commissioned productions, films and cartoons - already during the current financial year. Building on its strategic partnerships, RTV is now looking forward to dynamic growth far beyond the next two quarters.

Profit and Loss Statement

for the period from January 1, 1999 to June 30, 1999
 compared with first-half 1998 figures - unaudited HGB statement

in DM '000s	January 1 to June 30, 1999	January 1 to June 30, 1998
Sales	18.018	15.265
Cost of materials	737	7.324
Gross profit	17.281	7.941
Personnel expenses	1.373	1.282
Other operating result	6.423	3.085
EBDIT	9.485	3.574
Depreciation	2.975	74
EBIT	6.510	3.500
Financial result	218	190
Result from ordinary activities	6.292	3.310
Tax on profit on ordinary activities	3.492	1.986
DVFA/SG result	2.800	1.324
extraordinary expenses (net)	2.192	-
Other Taxes	2	-
Net profit for the first six months	606	1.324
DVFA/SG result per share	0,27 "(1)	0,18 "(2)

"(1) based on 10,375,000 shares

"(2) based on 7,500,000 shares

Translation to IAS standards

The translation of the half-year statement to IAS standards merely required an adjustment of the pension provisions resulting in a DM 10,000 profit decrease.



Dates 1999



October 4 - 8, 1999

MIPCOM, Cannes

November 12, 1999

Quartalsbericht 3/99

November 29 - December 7, 1999

IPOC / German Midcap Conference

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