



**STUDIO
BABELSBERG**

Annual Report 2015

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Preamble of the Board of Management

Dear Shareholders,

The Studio Babelsberg Group finished financial year 2015 with a pre-tax profit of EUR 5.2 million. This positive result is attributable in particular to an increase in demand for our core activities of studio renting, production services, equipment and set construction.

The films we produced in the past year included *A Cure for Wellness* by director Gore Verbinski (*Pirates of the Caribbean*); *Eddie the Eagle*, a ski jumper biopic based on actual events; *The Lake*, an action thriller produced by Luc Besson; a remake of the fairy tale classic *Das kalte Herz*; and the entire fifth season of the American television series *Homeland*, which was filmed in our studio and at more than 100 locations in Berlin and Brandenburg.

After years of planning and negotiation, we have decided to invest in further expansion and modernisation of the "new studio lot" on Wetzlarer Strasse in Potsdam. A key part of this investment will cover the EUR 8 million needed to construct the "Neue Berliner Strasse" backlot, which will be available for cinematic, television and promotional film productions beginning in June 2016. With this investment in our future we aim to secure our strategic position as an attractive production location and provider of production services for German and international film projects.

We wish to thank all of our employees at the Studio Babelsberg Group and our many filmmakers for all their hard work. We send our thanks also to all of our shareholders for the trust they have placed in us.


Potsdam, May 2015
Studio Babelsberg AG



Dr. Carl L. Wobcken



Christoph Fisser



Marius Schwarz

Report of the Board of Supervisors

The Board of Supervisors performed its advisory and oversight duties continuously throughout financial year 2015. In discharging the tasks assigned to it by law, the Articles of Association and its rules of procedure, it kept itself apprised at all times of the business performance and position of the company and its subsidiaries.

The Board of Supervisors advised and supervised the Board of Management. Once a month the Board of Management presented the Board of Supervisors with a written report for the previous month describing the state of the company, the current business performance of the company, its subsidiaries, and its individual divisions, and particular projects of significance. In addition, there was constant contact between the Board of Supervisors and the Board of Management. The Board of Supervisors established no committees, but rather discussed and dealt with all pending issues and topics within the Board of Supervisors itself. As the Board of Supervisors consists of only three members, the formation of committees was neither useful nor objectively justifiable.

Key topics addressed by the Board of Supervisors

In financial year 2015 the Board of Supervisors duly and independently verified that there are no existing conflicts of interest. Topics addressed during Board of Supervisors meetings in 2015 and in regular consultations and discussions between members of the Board of Supervisors and the Board of Management included: investment plans for the Babelsberg location, in particular the construction of the new "Neue Berliner Strasse" backlot, expansion of our business model, strategic cooperation opportunities with foreign partners, and our financial and liquidity situation. Furthermore, regular reports were given on the development of national and international funding programs for film production, in particular on the amount of DFFF funds available beginning in 2016 as a significant incentive for major international projects and the Babelsberg location.

Audit of the Annual and Consolidated Financial Statement

The Berlin office of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, reappointed auditor by the shareholders' meeting, audited on behalf of the Board of Supervisors the annual and consolidated financial statement along with the consolidated status report for the Company and the Group for financial year 2015 and issued an unqualified audit certificate. The annual financial statements and the consolidated financial statement, the consolidated status report for the Company and the Group, and the auditor's audit report were presented to and reviewed by the Board of Supervisors.

In the accounts meeting held by the Board of Supervisors on 3 May 2016, these documents were extensively discussed with the auditor. In this meeting the auditor reported on the key results of his reviews and answered in depth the detailed questions put to him by the Board of Supervisors. The Board of Supervisors took note of the audit results with approval. Based on the final result of its own review, the Board of Supervisors raised no objections to the annual financial statements, the consolidated financial statement, the consolidated status report for the Company and the Group for financial year 2015 or the auditor's audit reports. At its meeting on 3 May 2016 the Board of Supervisors approved the annual financial statement and the consolidated financial statement that were presented by the Board of Management. The annual financial statements of Studio Babelsberg AG are therefore adopted.

The Board of Management had in addition drawn up its report on its relationships with affiliated companies ("dependent companies report") and presented it to the Board of Supervisors along with the auditor's related audit report. Each member of the Board of Supervisors was provided in advance with the dependent companies report and the audit report. The auditor's report stated as follows:

"Upon audit and evaluation in accordance with our duty, we confirm that

1. the factual information contained in the Report is correct,
2. the consideration given by the Company for the legal transactions referred to in the report was not unreasonably high."

The dependent companies report and the auditor's audit report were reviewed by the Board of Supervisors. At the meeting/accounts meeting of the Board of Supervisors on 3 May 2016, the auditor reported orally on the main results of his audit and made himself available for further information. Neither the dependent companies report nor the audit report gave any cause for objection. The Board of Supervisors accepted the results of the auditor's audit. In accordance with the final result of its own review, the Board of Supervisors raised no objections to the Board of Management's statement at the end of the report concerning relations between Studio Babelsberg AG and its affiliated companies or to the results of the auditor's audit report.

The Board of Supervisors thanked the Board of Management, the managing directors of the subsidiaries, and all employees for their hard work in financial year 2015.

Potsdam, May 2016

Dr. Roland Folz
Chairman of the Board of Supervisors

Status Report

Studio Babelsberg AG, Potsdam Report on the position of the Company and Group for 2015

A. Presentation of the development of business

1. Business area

With a history that goes all the way back to 1912, the year of its founding, Studio Babelsberg is the oldest large-scale film studio in the world. Countless renowned directors and film producers have added to their credits or produced films at Babelsberg. Many actors have been launched into international stardom as a result of their work at Babelsberg. Our film studio has always played an important role in the international development of cinema and was in the forefront of innovation in film technology.

Today, Studio Babelsberg is the largest contiguous studio complex in Europe. The Company has positioned itself with its subsidiaries and services as a production partner and service provider for the production of feature films and television formats along with advertising productions. Its target group comprises German and international film production companies. Of central importance is the acquisition of major international film productions, as these usually have large budgets and entail extensive studio shooting and set construction. The Company seeks to achieve continuous and maximum possible utilisation of its studio capacity and its individual service areas.

The grounds of Studio Babelsberg cover an area of 169,000 square metres. A total of 20 stages and studios collectively occupying an area in excess of 25,000 square metres, various office building complexes, and backlots for temporary set construction are available for film, television and advertising productions. Among these are the historic Marlene-Dietrich-Stage (built in 1926), the Tonkreuz sound stage (built in 1929), the TV & Media Center, and the fx.Center, which specialises in visual effects.

The subsidiary Studio Babelsberg Motion Pictures GmbH (SBMP) handles the entire film production process as a full-service provider and executive production company. It offers in particular, in addition to specific services, service packages that are delivered all under a single roof. The services range from location scouting, project costing, and financing models to bookkeeping and cost controlling, funding administration, production and vendor management and the shooting process. SBMP specialises in international film projects that come to Germany for the entirety or a part of their production.

Art Department Studio Babelsberg GmbH (ADSB), another subsidiary, is the creative

and technical heart of the studio, the unit responsible for the interior and backlot sets, along with every aspect of set design, for film, television and advertising projects—from the initial idea through the planning and design phases to final realization. The division works with its carpentry, sculpture, plastics engineering, metalworking, and painting units in modern workshops and assembly shops on more than 10,000 square metres of space immediately adjacent to the ateliers and studios. Our art department continues to uphold Studio Babelsberg's long tradition of film architecture, whose foundation was laid with such films as *Metropolis* and *The Blue Angel*. ADSB has also been receiving an increasing volume of orders for set construction for exhibitions, museums, and trade fairs and has become more involved in event, advertising, and art projects.

Owing to the great diversity of films produced at Studio Babelsberg, the props warehouse at Studio Babelsberg contains more than one million props. Each of these props is available for rent to filmmakers and theatre directors, but event organisers and private persons may rent them as well. The departments fit out numerous German film, television and advertising productions. Production and costume designers involved in major international film projects also work closely with our Prop Department.

2. Overview of financial year 2015

In 2015 Studio Babelsberg AG was responsible, through its subsidiaries, for the shooting process for the following international film productions: *A Cure for Wellness* (directed by Gore Verbinski), *Eddie the Eagle* (directed by Dexter Fletcher), *The Lake* (directed by Steven Quale), *Captain America: Civil War* (directed by Anthony Russo, Joe Russo) along with the entire fifth season of the television series *Homeland*. In addition, a remake of the fairy tale classic *Das kalte Herz* was partially realised in the autumn as a co-production in our studios and on our backlots.

The renting situation in financial year 2015 was satisfactory. In particular, the elaborately produced thriller *A Cure for Wellness* and the television series *Homeland* with its nine-month production schedule helped to improve capacity utilisation in our ateliers and studios. Moreover, a large number of the scenes in *The Lake* were staged in the studio's own water tank. The smooth efficiency with which the shooting proceeded, even in numerous outdoor settings, once again gave evidence of the reliability and professionalism of Studio Babelsberg as a provider of production services for its European partners and U.S. studios.

The four Oscars, five British Academy Film Awards and one Golden Globe that were won in 2015 for the co-production *The Grand Budapest Hotel* (directed by Wes Anderson) attest to the level on which films are produced at Babelsberg.

In late August 2015 an unexpected fire broke out in the ceiling structure of a stage during shooting with special effects. For safety reasons the Potsdam fire brigade was summoned to extinguish the fire. The shooting promptly resumed once the damage had been assessed by an appraiser. The related claims were settled through the insurers.

In 2015 two limited liability Babelsberg Film companies were formed (Fünfunddreißigste Babelsberg Film GmbH and Sechsenddreißigste Babelsberg Film GmbH) for future productions.

3. Market position

Studio Babelsberg is the only film studio in Germany that concentrates on producing cinema films. The company offers an attractive “one-stop” shop in the middle of Europe. With 20 stages collectively measuring 25,000 square metres in total area, Babelsberg offers the largest supply of studio space for film productions in Germany.

Studio Babelsberg’s sales and earnings performance is heavily dependent on the realisation of individual film projects. Of paramount importance is utilisation of its studio operating capacity and service companies, preferably by large-budget film productions. Nowadays major international films can be shot and completed at many locations around the world. This puts Studio Babelsberg in competition with countries all over the world that offer similar studio capacity and services. Foremost among them in Europe are England, the Czech Republic, and Hungary. Internationally, they are first and foremost the U.S.A., Canada, Australia, and New Zealand.

Studio Babelsberg scores points against the international competition with its efficient production structures and processes, the international know-how of its employees, and the quality of its sets and set dressings. To these can be added the general location advantages of the Berlin-Brandenburg region, such as low accommodation and living costs, the large choice of settings, and the attractiveness and appeal of the city of Berlin. In addition, Studio Babelsberg has so much available studio space that it can accommodate multiple concurrent productions, and it has the logistical capabilities to deliver its services for elaborate film productions efficiently and within schedule.

Film producers nowadays also tend to select as their production locations those that offer the best possible financial support. In this regard Germany boasts a support system—with the German Federal Film Fund (DFFF) at the federal level and the regional subsidies at the level of the states—that is internationally recognised in the film industry. The DFFF has greatly improved the German film industry’s price competitiveness. For international productions, support from the DFFF can bring down the production cost level by 20% when production takes place in Germany.

In 2014 the DFFF was reduced from EUR 60 million to EUR 50 million (in 2013 it still had a budget of EUR 70 million). As a result, the annually allocated funds available for 2015 had already been exhausted by early June. This resulted in the loss to Studio Babelsberg of two major international productions in the second half of the year.

The DFFF will be giving out EUR 50 million in total for 2016 as well. In addition, the German Federal Ministry of Economics provides EUR 10 million in support for internationally co-produced feature films and television series through the new “German Motion Picture Fund” (GMPF) funding program.

Within Germany, Studio Babelsberg is in competition primarily with the studio locations Cologne, Munich, Hamburg and Berlin-Adlershof. Acquisition efforts among the locations are focused primarily on German and European film productions and television formats. However, Studio Babelsberg enjoys a competitive advantage by virtue of its studio capacity, as the other locations are often occupied by entertainment formats such as talk shows.

4. Investments

After years of planning and negotiation, the Board of Management decided to invest in further expansion and modernisation of the “new studio lot” on Wetzlarer Strasse in Potsdam. One key investment, with construction costs amounting to roughly EUR 8 million, is the construction of the “Neue Berliner Strasse” backlot on a site with an area of approximately 12,000 square metres in the immediate vicinity of the studio grounds. The Studio Babelsberg Group acquired the property in fiscal year 2014 and commenced construction in late 2015. Scheduled to be built there by the spring of 2016 are four backlot street sets, which will be available for future cinematic, television, and advertising film productions. This investment is intended to secure our strategic position as an attractive production location and provider of production services for German and international film projects.

Within the Group as a whole, investments amounting in total to EUR 6,351,000 were made in tangible and intangible fixed assets. These include, in particular, the land acquired from Maximum Industrie- und Gewerbeholding GmbH along with the two sound stages standing on it (“New Sound Stages”).

5. Employees

As of 31 December 2015, Babelsberg AG and its subsidiaries employed the following employees:

	31 December 2015
Studio Babelsberg AG	37
of which Studio Rental	6
of which Prop Department	11
of which Administration	20
Studio Babelsberg Motion Pictures GmbH	5
Art Department Studio Babelsberg GmbH	37
plus film project-related temporary employees	27
plus trainees	7
Central Scope Production GmbH	4
plus film project-related temporary employees	351
Babelsberg Film GmbH	3
fx.center Facility Management GmbH	2
Team Services Babelsberg GmbH	2
Studio Babelsberg Group	90
plus film project-related temporary employees	378
plus trainees	7

B. Presentation of net assets, financial position and results of operations

1. Balance sheet

Fully consolidated financial statement as of 31 December 2015 were drawn up at the Studio Babelsberg AG level with a balance sheet total of EUR 58.8 million (previous year EUR 39.4 million).

The tangible fixed assets of Studio Babelsberg AG and of the entire Group consist mainly, at 93.7% (previous year 94.7%), of land and buildings (EUR 24.1 million; previous year EUR 19.3 million).

The increase in work in progress (EUR 6,842 thousand) is due mainly to the fact that accounts have yet to be settled for the *Berlin Station* production and reflected in net income.

The decline in other assets (EUR 572 thousand) is the result mainly of two opposite developments: while the advances for the Babelsberg Film production companies were counted back (EUR 976 thousand), receivables from the federal tax office in reimbursement of input VAT in December increased by EUR 531 thousand. Furthermore, a loan to the Europäische Filmzentrum (EUR 758 thousand), which bears interest at 3% above the base interest rate and which is being credited to the leasehold reversion compensation (probably in 2020) for the fx.Center, has been recognised in the Group's other assets.

As of the end of 2015, Studio Babelsberg AG had at its disposal, with its subsidiaries, EUR 21.3 million in liquid funds, which included EUR 9.4 million held by Babelsberg Film subsidiaries for as yet unbilled film productions.

The increase in other provisions is due mainly to deferrals for fee payments by Group subsidiary CSP GmbH (EUR 550 thousand), bonus payments (EUR 260 thousand), obligations to the employers' liability insurance association (EUR 210 thousand), and a provision for fire damage (EUR 237 thousand).

The purchase price of EUR 5.0 million for the "New Sound Stages" in the Gewerbe im Park complex, which had been leased since 2005 and were acquired in 2014 from Maximum Industrie- und Gewerbeholding GmbH, was recognised in other liabilities. The purchase price is decreasing in annual instalments of EUR 570,000 including interest of 3%.

Studio Babelsberg was able to meet its payment obligations at all times in 2015.

2. Profit and Loss Statement

The Studio Babelsberg Group earned a profit of EUR 4.5 million in financial year 2015 (previous year: a loss of EUR 2.4 million), (single-entity financial statements for Studio Babelsberg AG: a profit of EUR 2.8 million; previous year: a loss of EUR 2.6 million). The comprehensive income reflects in particular the favourable rate at which studio capacity was utilised in financial year 2015. Leasing revenues reported by Studio Babelsberg AG increased to EUR 4,234,000 from the EUR 1,076,000 reported for the previous year. Art Department Studio Babelsberg GmbH also reported an increase of EUR 1.8 million in its result. The Group's gross revenue for the period increased from EUR 54.9 million to EUR 124.6 million. Total sales reported by the Studio Babelsberg Group increased from EUR 62.5 million in 2014 to EUR 117.7 million. Of that, EUR 12.4 million was attributable (before consolidation) to ADSB's set construction and EUR 112.2 million to the Babelsberg Film subsidiaries. Correspondingly, the film production costs shown for the purchased services increased from EUR 35.3 million to EUR 78.7 million and personnel expenses from EUR 15.3 million to EUR 34.2 million.

The Group's amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets in the amount of EUR 873,000 were as scheduled. There were in addition unscheduled write-downs of the interest charged to Dark Castle by Babelsberg Motion Pictures International GmbH (EUR 432,000) and of an interest in a film project (EUR 200,000) along with a screenplay shown in the intangible fixed assets of Babelsberg Film GmbH (EUR 150,000).

Overall, the Board of Management found business performance in financial year 2015 to be satisfactory.

The 2014 status report's forecast of an at least break-even result in financial year 2015 was considerably surpassed owing to the fact that capacity utilisation was greater than planned.

C. Significant opportunities and risks of future development

With its studio and backlot areas and the extensive array of services it has to offer for medium- to large-scale film and television productions, Studio Babelsberg AG occupies a position that is largely unique in Germany. Studio Babelsberg also occupies an enviable position in the international film business, where it has an impressive track record of outstanding films produced in Babelsberg in recent years. Because the company's acquisition efforts are focused on large-budget film productions, its capacity utilisation rate and income outlook continue to be critically dependent on the production activities of major studios in the U.S. and their production location decisions. In addition, internationally operating video-on-demand providers such as Netflix, Amazon and Sky are becoming more active as producers of their own movies and television series. Future plans call for increased efforts to recruit them as production partners. Apart from cinema film productions, television series formats in particular are of increasing interest to Studio Babelsberg in terms of corporate strategy. On the heels of *Homeland*, the U.S. series *Berlin Station* is currently in production. Shooting of *Babylon Berlin*, a production of X-Filme and Sky Deutschland, begins on the new backlot set in the summer of 2016.

The investment decision for construction of the new "Neue Berliner Strasse" backlot set is expected to bring about a lasting improvement in Studio Babelsberg's market position. That there is a need for backlot sets of this sort has been proven worldwide, and virtually every major studio is able to offer them to film-makers.

Apart from suitable settings (original locations, studios), location production costs play a dominant role. As compared to Eastern Europe, for example, the Babelsberg location and the studios in other Western European countries continue to have cost disadvantages, especially where payroll costs are concerned. In the past, German film subsidies were often able to make up for these costs disadvantages.

But the support available in Germany from the German Federal Film Fund (DFFF) is increasingly coming up against competition from film funding systems in other European countries, some of which provide subsidies specifically for television formats. Studio Babelsberg therefore sees a greater need for action to optimise the DFFF. The DFFF is subject to a twofold limit: First, the annual funding budget is inadequate and may therefore be exhausted as early as by the middle of the calendar year. Second, there are caps on the amount of funding that can be provided for any one project. This makes Germany less attractive as a production location for films with production budgets of more than EUR 50 million. Project funding of more than EUR 4 million requires a special decision by the DFFF advisory board. When it comes to larger projects, Studio Babelsberg is at a disadvantage

relative to its European competitors for the aforementioned reasons. In other countries the subsidy ratio is in some cases considerably higher. This makes it more difficult to plan projects (in terms of budgeting and cost calculations), especially for international productions that compare locations and their funding models with one another worldwide.

The "German Motion Picture Fund" (GMPF), the new funding program initiated by the German Federal Ministry of Economics in 2015 to provide support in the total amount of EUR 10 million for production of internationally co-produced cinema films and television series is a positive signal and a step in the right direction.

But comparable funding instruments were introduced almost simultaneously in other countries, France and Italy among them. We must continue to watch this competition among locations as it develops and make efforts to influence Germany policy.

Co-productions of cinematic and television formats remain cost-intensive and continue to carry a commensurate risk. The production costs for an average German film range between EUR 2.5 million and EUR 5.0 million; the production costs for international films are several times higher. Also present are the risks of budget overruns and delayed completion. For international products in particular, the budget overrun and completion risks are covered by completion guarantees. In the past, Studio Babelsberg has realised major international projects as executive production company only with full interim financing and the appropriate completion guarantees.

For future financing of its corporate strategy, the management had the 2007 report on the market value of Studio Babelsberg updated. As of the valuation date of 3 December 2015, a total market value of EUR 80 million was calculated (2007 comparison: EUR 55 million). The market value report was ordered as a precautionary measure to, among other things, obtain an objective estimate of the value of the company's land and real estate that might help it meet additional financing requirements.

There are at present no discernible risks to the company as a going concern.

D. Events occurring after the end of the financial year

No events of special significance occurred after the balance sheet date.

E. Forecast

Studio Babelsberg is currently responsible for production of the Paramount television series *Berlin Station*, shooting of which will be taking place until the middle of April 2016. No major project other than that has been in production since 2016 began. The management is in negotiations for other projects for 2016, but so far there have been no firm order commitments.

Our subsidiary Art Department Studio Babelsberg is responsible for construction of the "Neue Berliner Strasse" backlot set, which began in mid-December 2015. The shooting for the television series *Babylon Berlin* is scheduled to begin there in early June 2016.

As of this date it is still too early for Studio Babelsberg to make a detailed forecast of the current financial year; it is, however, foreseeable that utilisation of the studio's capacity in 2016, and the associated revenue and earnings trend, will be considerably worse than in the previous year.


F. Concluding statement pursuant to § 312(3) AktG [*Aktiengesetz*, German Stock Corporation Act]

Our company, Studio Babelsberg AG, received appropriate consideration for every legal transaction mentioned in the Report that was made through relationships with affiliated companies. Reportable measures were neither taken nor omitted. This assessment is based on the facts as known to us at the time of the legal transaction.

Potsdam, 31 March 2016
Studio Babelsberg AG


Dr. Carl L. Wobcken


Christoph Fisser


Marius Schwarz

Board of Management and Board of Supervisors



Dr. Carl L. Wuebcken
Chairman of the Board of Management



Dr. Roland Folz
Chairman of the Board of Supervisors



Christoph Fisser
Deputy Chairman of the Board of
Management



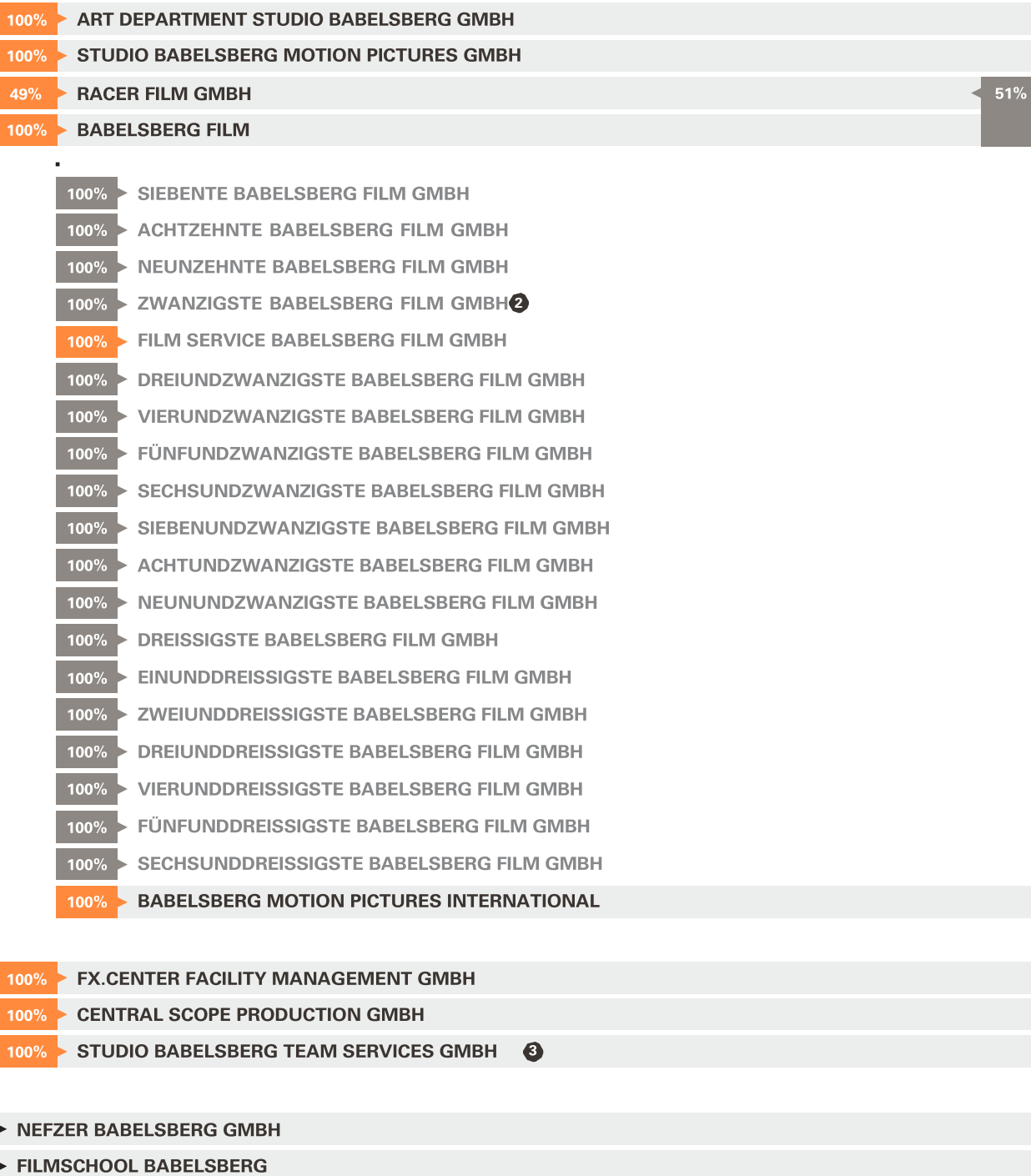
Matthias Platzeck
Deputy Chairman of the
Board of Supervisors



Marius Schwarz
Chief Financial Officer



Dr. Bertrand Malmendier
Member of the Board of Supervisors



¹ Equity interests held by STUDIO BABELSBERG AG in third parties

² Formerly ANTARES BABELSBERG GMBH

³ Formerly CENTRAL SCOPE PRODUCTION NRW GMBH

Effective 19 June 2010, Zweite / Dritte / Vierte BABELSBERG FILM GMBH are merged with the parent company BABELSBERG FILM GMBH,

Effective 1 January 2014, Fünfte / Sechste / Achte / Neunte / Zehnte / Elfte / Zwölfte / Vierzehnte / Fünfzehnte / Sechzehnte / Siebzehnte BABELSBERG FILM GMBH have merged with the parent company BABELSBERG FILM GMBH.



Consolidated financial statement

Studio Babelsberg AG, Potsdam
Consolidated Balance Sheet as of 31 December 2015

ASSETS	EUR '000	EUR '000	31/12/2014 EUR '000
A. FIXED ASSETS			
I. Intangible fixed assets			
Purchased industrial and similar rights and assets, and licences in such rights and assets		240	390
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land	24,147		19,251
2. Technical equipment and machinery	403		643
3. Other operating and office equipment	301		245
4. Assets under construction	930		181
		25,781	20,320
III. Long-term financial assets			
1. Investments in associates	37		63
2. Miscellaneous other long-term equity investments	10		0
		47	63
		26,068	20,773
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials, consumables and supplies	74		64
2. Work in progress, unfinished goods	7,334		492
3. Prepayments	120		0
		7,528	556
II. Receivables and other assets			
1. Trade receivables	814		602
2. Receivables from other long-term investees and investors	0		2
3. Other assets	3,024		3,596
		3,838	4,200
III. Cash-in-hand and bank balances			
		21,260	13,793
		32,626	18,549
C. DEFERRED INCOME			
		23	26
D. DEFERRED TAX ASSETS			
		54	0
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITY			
		13	9
		58,784	39,357

**Studio Babelsberg AG, Potsdam Consolidated
Balance Sheet as of 31 December 2015**

LIABILITIES	EUR '000	EUR '000	31/12/2014 EUR '000
A. EQUITY			
I. Subscribed capital	16,500		16,500
Treasury shares	-819		-819
		15,681	15,681
II. Capital reserves		5,189	5,189
III. Revenue reserves			
Other revenue reserves	2,683		2,683
		2,683	2,683
IV. Consolidated net retained profits		5,677	1,167
		29,230	24,720
B. DIFFERENTIAL AMOUNT FROM CAPITAL CONSOLIDATION			
		107	107
C. PROVISIONS			
1. Provisions for taxes	545		100
2. Other provisions	2,266		719
		2,811	819
D. LIABILITIES			
1. Payments received on account of orders	14,637		5,996
2. Liabilities to banks	1,345		1,596
4. Trade payables	2,122		1,777
3. Other liabilities	7,517		4,309
of which for taxes EUR 608 thousand (previous year EUR 362 thousand)			
of which social security obligations EUR 177 thousand (previous year EUR 75 thousand)			
		25,621	13,678
E. DEFERRED INCOME		1,015	33
		58,784	39,357

Studio Babelsberg AG, Potsdam
Consolidated Profit and Loss Statement for 2015

	EUR '000	EUR '000	2014 EUR '000
1. Sales		117,687	62,509
2. Increase in work in progress, unfinished goods		6,842	-7,674
3. Other own work capitalised		49	39
4. Other operating income		1,680	667
		<u>126,258</u>	<u>55,541</u>
5. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	2,196		1,620
b) Cost of purchased services	78,748		35,260
		80,944	36,880
6. Personnel expenses			
a) Wages and salaries	29,931		13,184
b) Social security	4,257		2,069
		34,188	15,253
7. Depreciation, amortisation and write-downs of intangible and tangible fixed assets		1,023	892
8. Other operating expenses		4,694	4,406
		<u>120,849</u>	<u>57,431</u>
9. Results from associated companies	27		18
10. Other interest and similar income	530		417
11. Write-downs of long-term financial assets	632		650
12. Interest and similar expenses	171		48
		<u>-246</u>	<u>-263</u>
13. Result from ordinary activities		5,163	-2,153
14. Taxes on income of which deferred taxes: EUR 54 thousand (previous year EUR 0 thousand)	520		83
15. Other taxes	133		130
		<u>653</u>	<u>213</u>
16. Consolidated net income for the financial year (previous year net loss)		4,510	-2,366
17. Retained profits carried forward		1,167	905
18. Withdrawal from capital reserves		0	949
19. Withdrawal from legal reserve		0	1,679
20. Consolidated net retained profits		<u>5,677</u>	<u>1,167</u>

Studio Babelsberg AG, Potsdam
Statement of Changes in Fixed Assets of the Group in 2015

	Acquisition and production costs				Cumulative depreciation, amortisation and write-downs Carrying amounts					
	01/01/2015 EUR '000	Additions EUR	Disposals EUR	31/12/2015 EUR '000	01/01/2015 EUR '000	Additions EUR	Disposals EUR	31/12/2015 EUR '000	31/12/2015 EUR '000	31/12/2014 EUR '000
I. Intangible fixed assets										
1. Purchased industrial and similar rights and assets, and licences in such rights and assets	7,387	10	3	7,394	6,997	160	3	7,154	240	390
2. Goodwill	1,696	0	0	1,696	1,696	0	0	1,696	0	0
	9,083	10	3	9,090	8,693	160	3	8,850	240	390
II. Tangible fixed assets										
1. Land, land rights and buildings, including buildings on third-party land	59,338	5,365	0	64,703	40,087	469	0	40,556	24,147	19,251
2. Technical equipment and machinery	9,581	80	38	9,623	8,938	304	22	9,220	403	643
3. Other operating and office equipment	1,769	147	49	1,867	1,524	90	48	1,566	301	245
4. Assets under construction	181	749	0	930	0	0	0	0	930	181
	70,869	6,341	87	77,123	50,549	863	70	51,342	25,781	20,320
III. Long-term financial assets										
1. Investments in associates	63	40	65	37	0	0	0	0	37	63
2. Other miscellaneous long-term equity investments	1,012	210	0	1,222	1,012	200	0	1,212	10	0
3. Loans	6,024	432	0	6,456	6,024	432	0	6,456	0	0
4. Long-term securities	387	0	0	387	387	0	0	387	0	0
	7,486	682	65	8,102	7,423	632	0	8,055	47	63
	87,438	7,033	155	94,315	66,665	1,655	73	68,247	26,068	20,773

Studio Babelsberg AG, Potsdam
Statement of Changes in Group Equity for 2015

	Subscribed capital	Treasury shares not intended for inclusion	Issued capital	Capital reserves	Consolidated retained earnings	Equity according to consolidated financial statement	Group equity
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
31/12/2013	16,500	-819	15,681	6,138	5,267	27,086	27,086
Net loss of Group for the financial year					-2,366	-2,366	-2,366
other comprehensive income				-949	949	0	0
Comprehensive income				-949	-1,417	-2,366	-2,366
31/12/2014	16,500	-819	15,681	5,189	3,850	24,720	24,720
Consolidated net income for the financial year					4,510	4,510	4,510
Comprehensive income					4,510	4,510	4,510
31/12/2015	16,500	-819	15,681	5,189	8,360	29,230	29,230

Studio Babelsberg AG, Potsdam
Consolidated Cash Flow Statement for 2015

	2015 EUR '000	2014 EUR '000
1. Cash flows from operating activities		
Net income/loss for the period	4,510	-2,366
Depreciation, amortisation and write-downs of fixed assets	1,655	1,542
Changes in provisions	1,486	-340
Loss from asset disposals	20	0
Other non-cash income and expenses Increase (previous year decrease) in inventories, trade receivables and other assets	-120	-76
Increase in trade payables and other liabilities	-6,665	6,125
Interest expense/income	8,695	1,440
Income tax expense/income	-359	-369
Other investment income	574	83
Income tax payments	-40	-40
	-68	0
Cash flows from operating activities	9,688	5,999
2. Cash flows from investment activities		
Purchase of tangible fixed assets	-1,860	-1,666
Purchase of intangible fixed assets	-10	-15
Proceeds from disposal of long-term financial assets	13	767
Interest received	7	159
Dividends received	40	40
Cash flows from investment activities	-1,810	-715
3. Cash flows from financing activities		
Repayment of bank loans	-251	0
Bank borrowings	0	297
Interest paid	-160	-48
Cash flows from financing activities	-411	249
4. Cash funds at the end of period		
Net change in cash funds (subtotals 1 - 3)	7,467	5,533
Cash funds at the beginning of period	13,793	8,260
Cash funds at the end of period	21,260	13,793
5. Composition of cash funds		
Liquid funds	21,260	13,793
Cash funds at the end of period	21,260	13,793

Studio Babelsberg AG, Potsdam Notes to the Consolidated Financial Statement for 2015

General information

The present consolidated financial statement has been prepared in accordance with §§ 290 et seq. HGB. The consolidated profit and loss statement has been prepared according to the total cost method.

I. General disclosures concerning consolidation and accounting policies

1. Basis of consolidation and consolidation principles

Full consolidation

Included in the consolidated financial statement are, in addition to Studio Babelsberg AG, the following companies, in which Studio Babelsberg AG directly or indirectly holds a majority of the voting rights:

Company, domicile	Share	through
01. Art Department Studio Babelsberg GmbH, Potsdam	100%	
02. Studio Babelsberg Motion Pictures GmbH, Potsdam	100%	
03. Babelsberg Film GmbH, Potsdam	100%	
04. Siebte Babelsberg Film GmbH, Potsdam	100%	3.
05. Achtzehnte Babelsberg Film GmbH, Potsdam	100%	3.
06. Neunzehnte Babelsberg Film GmbH, Potsdam	100%	3.
07. Zwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
08. Film Service Babelsberg GmbH, Potsdam	100%	3.
09. Dreiundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
10. Vierundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
11. Fünfundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
12. Sechszwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
13. Siebenundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
14. Achtundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
15. Neunundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.
16. Dreiigste Babelsberg Film GmbH, Potsdam	100%	3.
17. Einunddreiigste Babelsberg Film GmbH, Potsdam	100%	3.
18. Zweiunddreiigste Babelsberg Film GmbH, Potsdam	100%	3.
19. Dreiunddreiigste Babelsberg Film GmbH, Potsdam	100%	3.
20. Vierunddreiigste Babelsberg Film GmbH, Potsdam	100%	3.
21. Ffunddreiigste Babelsberg Film GmbH, Potsdam	100%	3.
22. Sechszdreiigste Babelsberg Film GmbH, Potsdam	100%	3.
23. fx.center Facility Management GmbH, Potsdam	100%	
24. Central Scope Production GmbH, Potsdam	100%	
25. Studio Babelsberg Team Services GmbH, Potsdam	100%	
24. Babelsberg Motion Pictures International GmbH, Potsdam	100%	3.
25. Racer Film GmbH, Potsdam	49%	51% 3.

Newly included as of 31 December 2015 were Fünfunddreißigste Babelsberg Film GmbH and Sechsenddreißigste Babelsberg Film GmbH, Potsdam. On 29 April 2015 Central Scope Production - NRW GmbH was renamed Studio Babelsberg Team Services GmbH.

The capital consolidation for companies that were first consolidated before 1 January 2010 was undertaken in such a way, applying the book value method (§ 301(1) 2nd sentence No. 1 HGB), that, for the additions, the acquisition value of the equity interests was offset against the equity capital attributable to them on the date on which they were first consolidated. A resulting asset-side difference was allocated to assets to the extent that their fair value was greater than their carrying amount. A remaining asset-side difference is recognised as goodwill and amortised in accordance with § 309(1) HGB.

Receivables and liabilities, sales, expenses and income, and interim results within the consolidated group were eliminated.

Intra-group results of trade with associated companies were not eliminated because of their low importance.

Equity valuation

Equity interests in associated companies have been valued according to the book value method. These companies are the following:

Company, domicile	Share
Nefzer Babelsberg GmbH, Potsdam	50%
Film School Babelsberg GmbH, Potsdam	20%
The Manipulators GmbH, Potsdam	37.4%

2. Accounting policies

As before, the consolidated financial statement has been drawn up according to the following accounting policies:

The annual financial statements of the companies included in the consolidated financial statement of the parent company have been drawn up according to uniform accounting policies.

The realisation rule and the principle of unequal treatment of losses and income (impairity principle) have been observed; we have valued assets at acquisition or production costs at the most.

Intangible fixed assets, including goodwill from the initial consolidation of shares along with tangible fixed assets and long-term financial assets are valued at acquisition or production costs taking depreciation and amortisation into account. Scheduled amortisations are made on a straight-line basis. Low-value assets whose acquisition costs amount to between EUR 150 and EUR 1,000 are combined into a pooled item and amortised over five years at 20% per year. Goodwill is amortised over a period of four years.

The additions to equity interests in associated companies include pro rata net income in addition to acquired shares. Recorded among the disposals are pro rata net losses

along with dividend payments and sold shares. Other equity interests and long-term securities are recognised at their acquisition costs or lower fair values and the loans at their nominal value.

We valued inventories at average acquisition or production costs observing the lowest value principle. The production costs comprise direct costs plus appropriate indirect costs.

Receivables and other assets have been recognised at nominal value less value reductions for specific risks and for general credit risk.

Differences on the liabilities side resulting from the initial consolidation of shares we have allocated to equity. A reversal of the difference comes with the expected unfavourable development of future results of operations, or the incurring of expected expenses, or in so far as it is established on the balance sheet date that it is equivalent to a realised profit.

Since 1 January 2010 the acquisition costs of treasury shares are deducted from the subscribed capital in the amount of their notional interest in the share capital; the remaining amount is offset against other revenue reserves.

The provisions were calculated with all discernible risks taken into account. They have been recognised in the settlement amount necessary according to reasonable business judgement (i.e. taking into account future increases in costs and prices). Provisions with a remaining term of more than one year (if any) are discounted at the average market interest rate applicable to their remaining term. The applied interest rates are based on the discount rates of the Deutsche Bundesbank in accordance with § 253(2) HGB.

The liabilities have been recognised in their settlement amounts.

Assets and liabilities denominated in foreign currency, if any, have been converted at the mean spot exchange rate as of the balance sheet date. For those with a remaining term of more than one year, the realisation principle (§ 298(1) in conjunction with § 252(1) No. 4 2nd half sentence HGB) and the historical cost principle (§ 298(1) in conjunction with § 253(1) 1st sentence HGB) have been observed.

To calculate deferred taxes on the basis of temporary or quasi-permanent differences between values of assets, debts, prepaid expenses and deferred income according to commercial law and their tax base, or on the basis of tax losses carried forward, the amounts of the resulting tax burden or tax relief are valued at the company-specific tax rates at the time at which the differences reverse and are not discounted. Differences based on consolidation measures according to §§ 300 to 307 HGB have been taken into account as well, but not differences resulting from the initial recognition of goodwill or a negative difference resulting from capital consolidation. Where tax loss carryforwards that are expected to be offsetable within the next five years are acquired along with the acquisition of subsidiaries, the option is taken, by way of purchase price allocation, to recognise deferred tax assets directly in equity until the end of the adjustment period for purposes of § 301(2) 2nd sentence HGB. Deferred tax assets and liabilities are stated net. Deferred tax assets resulting from differences in the annual financial statements of the consolidated companies remain unrecognised in exercise of the available option not to recognise them.

II. Notes to the Consolidated Balance Sheet

Fixed assets

Changes in specific fixed asset items are shown, together with the depreciation and amortisation for the financial year, in the statement of changes in fixed assets. The differences on the asset side resulting from the capital consolidation is recognised as goodwill and amortised over four years. As of the balance sheet date, the goodwill had been fully amortised.

The increase in tangible fixed assets (EUR 5,461 thousand) is explained by two opposite developments: on the one hand, the depreciations (EUR 864 thousand) have resulted in a scheduled reduction; on the other hand, an increase is to be recorded as a result of the purchase of the New Sound Stages in the Gewerbe im Park (EUR 5,000 thousand) and construction of the "Neue Berliner Strasse" (EUR 765 thousand).

Exhibit 5 - Disclosure of share ownership

Company, domicile	Share	through	Equity 31/12/15 EUR '000	Annual result 2015 EUR '000
1. Art Department Studio Babelsberg GmbH, Potsdam	100%		664 ²⁾	0 ^{2,4)}
2. Studio Babelsberg Motion Pictures GmbH, Potsdam	100%		-1,500 ^{1,2)}	1,474 ²⁾
3. Babelsberg Film GmbH, Potsdam	100%		-3,380 ^{1,2)}	0 ^{2,4)}
4. Central Scope Production GmbH, Potsdam	100%		26 ²⁾	0 ^{2,4)}
5. Studio Babelsberg Team Services GmbH, Potsdam (formerly: Central Scope Production - NRW GmbH)	100%		157 ²⁾	145 ²⁾
06. Siebte Babelsberg Film GmbH, Potsdam	100%	3.	0 ²⁾	-37 ²⁾
07. Achtzehnte Babelsberg Film GmbH, Potsdam	100%	3.	40 ²⁾	-1 ²⁾
08. Neunzehnte Babelsberg Film GmbH, Potsdam	100%	3.	30 ²⁾	-4 ²⁾
09. Zwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	37 ²⁾	1 ²⁾
10. Film Service Babelsberg GmbH, Potsdam	100%	3.	44 ²⁾	-8 ²⁾
11. Dreiundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	28 ²⁾	-2 ²⁾
12. Vierundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	83 ²⁾	54 ²⁾
13. Fünfundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	24 ²⁾	-5 ²⁾
14. Sechszwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	43 ²⁾	-6 ²⁾
15. Siebenundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	20 ²⁾	-4 ²⁾
16. Achtundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	19 ²⁾	-1 ²⁾
17. Neunundzwanzigste Babelsberg Film GmbH, Potsdam	100%	3.	39 ²⁾	4 ²⁾
18. Dreiigste Babelsberg Film GmbH, Potsdam	100%	3.	52 ²⁾	29 ²⁾
19. Einunddreißigste Babelsberg Film GmbH, Potsdam	100%	3.	45 ²⁾	22 ²⁾
20. Ffunddreißigste Babelsberg Film GmbH, Potsdam	100%	3.	23 ²⁾	-2 ²⁾
21. Dreiunddreißigste Babelsberg Film GmbH, Potsdam	100%	3.	42 ²⁾	19 ²⁾
22. Sechsunddreißigste Babelsberg Film GmbH, Potsdam	100%	3.	26 ²⁾	1 ²⁾
23. fx.center Facility Management GmbH, Potsdam	100%		137 ²⁾	64 ²⁾
24. Babelsberg Motion Pictures International GmbH, Potsdam	100%	3.	202 ²⁾	0 ^{2,4)}
25. Racer Film GmbH, Potsdam	49% 51%	3.	-180 ^{1,2)}	-2 ²⁾
26. Nefzer Babelsberg GmbH, Potsdam	50%		142 ⁵⁾	80 ⁵⁾
27. The Manipulators GmbH, Berlin	37.4%		16 ²⁾	-1 ²⁾
28. Film School Babelsberg GmbH, Potsdam	20%		-193 ³⁾	-33 ³⁾

¹⁾ The negative equity is financed through loans from Studio Babelsberg AG.

²⁾ Unaudited annual financial statements as of 31 December 2015

³⁾ Audited annual financial statements as of 31 December 2011

⁴⁾ pursuant to profit transfer agreement

⁵⁾ Audited annual financial statements as of 31 December 2014

Receivables and other assets

The other assets comprise mainly receivables from the federal tax office for value-added taxes (EUR 1,143 thousand) and advances from the Babelsberg Film production companies in the amount of EUR 682 thousand, in this instance particularly Sechsdreißigste Babelsberg Film GmbH for the Berlin Station project (EUR 318 thousand). They include also a loan to Europäisches Filmzentrum Babelsberg (EUR 758 thousand), which bears interest at 3% above the base interest rate and which is credited to the leasehold reversion compensation (probably in 2020) for the fx.center. As in the previous year, the receivables and other assets have a remaining term of less than one year.

Deferred taxes

The corporation tax losses brought forward for the included companies amounted as of 31 December 2014, according to the notices in our possession, to EUR 26.3 million in total; the trade tax losses brought forward amounted to EUR 33.5 million. There are in addition surpluses in deferred tax assets from the valuation of land and buildings (EUR 1.0 million) and from receivables from tenants (EUR 2.2 million). As a result of consolidation measures, deferred tax assets of EUR 54 thousand (previous year EUR 0 thousand) as of 31 December 2015 were recognised.

Equity

The share capital of Studio Babelsberg AG is divided into EUR 16,499,990.00 in registered no-par-value shares each in the pro rata amount of EUR 1.00 of the share capital. The Board of Management was authorised under the Articles of Association to increase, with the Board of Supervisors' approval, the share capital during the period ending 31 January 2010 by up to EUR 7,500,000.00 in total (authorised capital) by issuing, all at once or in instalments, new no-par-value shares in exchange for cash or non-cash contributions. By resolution of the Board of Management and with the Board of Supervisors' approval of 13 October 2005, the capital was increased, with partial utilisation of the authorised capital, by EUR 1,499,990.00 to EUR 16,499,990.00.

The treasury shares in the amount of EUR 1.6 million reported within the securities item as of 31 December 2009 were, in application of the new provisions of the German Accounting Law Reform Act (BilMoG), openly deducted as of 1 January 2010 in the amount of the par value of the shares from the subscribed capital (EUR 0.8 million), and the remaining difference between the par value and the acquisition costs of the treasury shares (EUR 0.8 million) was offset against the other revenue reserves. By resolution of the shareholders' meeting of 16 June 2008, the Board of Management of Studio Babelsberg AG was authorised to acquire treasury shares at up to a pro rata share of the share capital of EUR 1,649,999.00. No further shares were acquired in the financial year. The notional value of treasury shares as a share of the share capital amounts in total to EUR 819 thousand, as in the previous year. As of the balance sheet date, the treasury shares show a market value, based on the exchange price, of EUR 565 thousand. The treasury shares were acquired for planned acquisitions with a share swaps.

Following the 15 December 2012 closure of the First Quotation Board as a sub-segment of the over-the-counter market at the Frankfurt Stock exchange, the shares initially remained on the over-the-counter market of the Börse München. By application of 20 October 2014 Studio Babelsberg AG revoked inclusion of the registered shares in over-the-counter market. The suspension takes effect at the end of 30 June 2016.

The difference on the liabilities side in the amount of EUR 107 thousand resulted from the capital consolidation of the shares in fx.center Facility Management GmbH, Potsdam (formerly ZFF Facility Management GmbH).

The “accumulated retained earnings” shown in the statement of changes in equity comprises the consolidated annual result for the financial years shown along with the revenue reserves.

Provisions for taxes

The provisions for taxes relate mainly to corporation and trade tax payments by Studio Babelsberg AG (EUR 250 thousand), by the Babelsberg film production companies (EUR 119 thousand) and by other group subsidiaries (EUR 125 thousand) for the 2015 annual result along with expected payments to the federal tax office (EUR 50 thousand) based on the findings of the company audit for the years 2008 to 2010.

Other provisions

The other provisions have been recognised mainly for outstanding invoices (EUR 418 thousand), the costs of preparing annual financial statements and of tax advice (EUR 100 thousand), back payment of bonuses and salaries (EUR 280 thousand) and for overtime, unclaimed leave and employers’ liability insurance (EUR 1,348 thousand).

For the Group subsidiary Art Department Studio Babelsberg GmbH, provisions from working time accounts (EUR 2 thousand; previous year EUR 5 thousand) have been netted with working time account reinsurance obligations (EUR 2 thousand; previous year EUR 14 thousand). There resulted a surplus on the asset side of EUR 13 thousand (previous year EUR 9 thousand). The discounting of this long-term provision resulted in interest income in the amount of EUR 4 thousand (previous year EUR 2 thousand).

Liabilities

With the exception of liabilities to banks with a remaining term of from one to five years in the amount of EUR 479 thousand (previous year EUR 0 thousand) and with a remaining term of more than five years in the amount of EUR 755 thousand (previous year EUR 1,333 thousand) and of other liabilities with a remaining term of from one to five years in the amount of EUR 1,905 (previous year EUR 0 thousand) and with a remaining term of more than five years in the amount of EUR 2,134 thousand (previous year EUR 0 thousand), all liabilities have, as in the previous year, a remaining term of less than one year.

For the land in the Gewerbe im Park (New Sound Stages) there is a land charge in the amount of EUR 5,056 thousand entered in the land register, which has been assigned to the Kreissparkasse Köln. For the Neue Berliner Strasse land there is a land charge in the amount of EUR 1,400 for the benefit of the Mittelbrandenburgische Sparkasse Potsdam.

Other financial obligations

	31/12/2015 EUR '000
Rent and leasing agreements	
in the following year	139
in the 2nd to 5th years	356
from the 6th year annually (until 2025)	82
	905

III. Notes to the Consolidated Profit and Loss Statement

Sales

All sales were generated domestically. Sales are divided into the following categories:

	2015 EUR '000	2014 EUR '000
Production services	112,006	57,499
Set and costumes / props	3,043	2,437
Studio operations	414	204
Other sales	2,224	2,369
	117,687	62,509

The increase in sale revenues (experienced in particular by the Babelsberg Film subsidiaries and CSP GmbH) by EUR 55.2 million resulted mainly from a substantial increase in order volume. The sales revenues generated by the Studio Babelsberg Group were realised mainly through the provision of production services to outside entities, the performance of services relating to sets, costumes and props, and the leasing of studio space along with the necessary technical equipment.

Depreciation, amortisation and write-downs

The amortisations of intangible fixed assets and depreciations of tangible fixed assets in the amount of EUR 1,023 thousand resulted from scheduled amortisations (EUR 873 thousand) and unscheduled amortisations (EUR 150 thousand) of intangible fixed assets.

The write-downs of long-term financial assets in the amount of EUR 632 thousand include the devaluation of the calculated interest in connection with Dark Castle (EUR 432 thousand) and the devaluation of the equity interest held by Studio Babelsberg AG in the film *Das kalte Herz* (EUR 200 thousand).

Interest income and expense

Interest expense includes loan interest incurred to acquire the New Sound Stages and the "Neue Berliner Strasse" site (EUR 132 thousand). Interest income in the amount of EUR 432 thousand (previous year EUR 354 thousand) resulted mainly from a loan to Silver State LLC, Delaware, U.S.A.

Other operating expenses and income

Interest income in the amount of EUR 432 thousand (previous year EUR 354 thousand) resulted mainly from a loan to Silver State LLC, Delaware, U.S.A. Other operating expenses and income include prior-period expenses in the amount of EUR 251 thousand and prior-period income in the amount of EUR 372 thousand, which resulted mainly from crediting of rent payments from September to December 2014 to the purchase price for the New Sound Stages (EUR 116 thousand) and from settlement of operating costs for prior years (EUR 120 thousand). Prior-period income also includes reversal of provisions in the amount of EUR 6 thousand. As in the previous year, there were no expenses or income from currency translation.

Taxes on income

The income taxes shown accrued on the result from ordinary activities. Recognition of deferred tax assets resulted in income in the amount of EUR 54 thousand (previous year EUR 0 thousand).

	2015 EUR '000	2014 EUR '000
Result before income taxes	5,030	-2,283
Expected income tax expense (Group) tax rate 30% (previous year: 30%)	-1,509	685
Adjustment:		
tax portion for:		
- non-deductible expenses	-6	-86
- temporary differences and losses for which no deferred taxes were recorded	995	-632
Actual prior-period taxes	0	-50
Other tax effects	-	-
Reported income tax expense	-520	-83

IV. Further disclosures concerning the Consolidated Cash Flow Statement

The cash funds comprise freely available cash-in-hand and bank balances as shown under balance sheet item B. III.

V. Other disclosures

Board of Management

Dr. Carl L. Woebcken

Chairman of the Board of Management

Christoph Fisser

Deputy Chairman of the Board of Management

Marius Schwarz

Chief Financial Officer

Board of Supervisors

Dr. Roland Folz,

Managing Director, Deutsche Bank AG, Frankfurt am Main

Chairman of the Board of Supervisors

Matthias Platzeck,

Prime Minister of the State of Brandenburg, retired

Deputy Chairman of the Board of Supervisors

Dr. Bertrand Malmendier,

Lawyer, Malmendier Rechtsanwälte, Berlin

Total remuneration of the Board of Management

Total remuneration of the Board of Management in financial year 2015 EUR 806 thousand.

Total remuneration of the Board of Supervisors

The remuneration of the Board of Supervisors came to EUR 53 thousand.

Auditor's fee

The Group auditor's fee, recorded as an expense in the financial year, amounts to EUR 86 thousand for financial audits.

Employees

The average number of employees employed during the financial year:

Wage-earning and salaried employees	90
Film project-related temporary employees	378
	<hr/>
	468
Trainees	7
	<hr/>
	475
	<hr/>

Potsdam, 31 March 2016
Studio Babelsberg AG



Dr. Carl L. Wuebcken



Christoph Fisser



Marius Schwarz

Auditor's report (Group)

We have audited the annual financial statements drawn up by Studio Babelsberg AG, Potsdam—comprising the balance sheet, the profit and loss statement, the cash flow statements, the statement of changes in equity, and the notes to the financial statements—and the consolidated status report, which was consolidated with the company's status report, for the financial year from 1 January to 31 December 2015. Preparation of consolidated financial statement and status report in accordance with the provisions of German commercial law are the responsibility of the Company's legal representative. Our task is to evaluate the consolidated financial statement and the consolidated status report on the basis of the audit conducted by us.

We have conducted our audit of the consolidated financial statement in accordance with § 317 HGB and with due regard to the German generally accepted auditing principles established by the Institut der Wirtschaftsprüfer (IDW). These principles require us to plan and conduct our audits in a manner that ensures that inaccuracies or irregularities materially affecting the picture of the company's net assets, financial position and results of operations as conveyed by the consolidated financial statement in accordance with generally accepted accounting principles and by the consolidated status report are detected with reasonable certainty. Auditing procedures are guided by knowledge of the group's business operations and its economic and legal environment along with expectations as to potential errors. During the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in consolidated financial statement and consolidated status report are evaluated largely on the basis of random samples. The audit includes an evaluation of the annual financial statements of the companies included in the consolidated financial statement, the definition of the reporting entity structure, the accounting and consolidation principles applied, and the fundamental assessments made by the company's legal representatives along with an appraisal of the overall presentation of the consolidated financial statement and consolidated status report. We are of the opinion that our audit provides a sufficiently reliable basis for our assessment.

Our audit has produced no objectionable findings.

In our opinion, based on the findings of our audit, the consolidated financial statement is in compliance with the provisions of law and convey, in observance of generally accepted accounting principles, a factually accurate picture of the group's net assets, financial position and results of operations. The consolidated status report is consistent with the consolidated financial statement, conveys overall an accurate picture of the group's position and accurately describes the opportunities presented by and risks inherent in future development.

Berlin, 22 April 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Seidel
Auditor

Gerlach
Auditor



**Single-entity financial statements
of Studio Babelsberg AG**

**Studio Babelsberg AG, Potsdam Balance sheet
as of 31 December 2015**

ASSETS	EUR	EUR	31/12/2014 EUR '000
A. FIXED ASSETS			
I. Intangible fixed assets			
Purchased software and film rights		10,666.00	7
II. Tangible fixed assets			
1. Land and buildings	24,082,980.06		19,183
2. Technical equipment and machinery	372,521.00		623
3. Other operating and office equipment	264,577.00		221
4. Assets under construction	164,931.66		6
		24,885,009.72	20,033
III. Long-term financial assets			
1. Shares in affiliated companies	308,963.00		309
2. Long-term equity investments	22,132.30		22
		331,095.30	331
		25,226,771.02	20,371
B. CURRENT ASSETS			
I. Receivables and other assets			
1. Trade receivables	592,212.10		201
2. Receivables from affiliated companies	3,103,398.90		2,900
3. Receivables from other long-term investees and investors	0.00		2
4. Other assets	2,185,566.56		1,328
		5,881,177.56	4,431
II. Cash-in-hand and bank balances			
		6,244,892.89	2,791
		12,126,070.45	7,222
C. DEFERRED INCOME			
		17,462.77	22
		37,370,304.24	27,615

Studio Babelsberg AG, Potsdam
Balance sheet as of 31 December 2015

LIABILITIES	EUR	EUR	31/12/2014 EUR '000
A. EQUITY			
I. Subscribed capital	16,499,990.00		16,500
Treasury shares	-819,020.00		-819
		15,680,970.00	15,681
II. Capital reserves		5,189,073.48	5,189
III. Revenue reserves			
Other revenue reserves	2,683,290.57		2,683
		2,683,290.57	2,683
IV. Net retained profits		2,775,866.39	0
		26,329,200.44	23,553
B. PROVISIONS			
1. Provisions for taxes	299,500.00		50
2. Other provisions	586,751.75		240
		886,251.75	290
C. LIABILITIES			
1. Payments received	104,471.70		0
2. Liabilities to banks	1,345,482.82		1,333
3. Trade payables	590,724.57		274
4. Liabilities to affiliated companies	2,234,985.07		2,055
5. Other liabilities of which taxes EUR 25,804.38,14 (previous year EUR 29 thousand)	4,867,416.87		83
		9,143,081.03	3,745
D. DEFERRED INCOME			
		1,011,771.02	27
		37,370,304.24	27,615

Studio Babelsberg AG, Potsdam
Profit and Loss Statement for 2015

	EUR	EUR	2014 EUR '000
1. Sales		7,461,915.72	4,112
2. Other operating income		982,260.86	438
		<u>8,444,176.58</u>	<u>4,550</u>
3. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased	191,597.38		221
b) Cost of purchased services	860,739.76		670
		<u>1,052,337.14</u>	<u>791</u>
4. Personnel expenses			
a) Wages and salaries	1,577,908.45		1,465
b) Social security	263,774.24		252
		<u>1,841,682.69</u>	<u>1,717</u>
5. Depreciation, amortisation and write-downs of intangible and tangible fixed assets		842,683.60	846
6. Other operating expenses		3,225,448.08	3,330
		<u>6,962,151.51</u>	<u>6,684</u>
7. Income from profit transfer agreements	1,987,566.45		175
8. Other interest and similar income of which from affiliated companies EUR 50,493.35 EUR (previous year EUR 50 thousand)	107,914.81		111
9. Income from long-term equity investments	40,000.00		40
10. Write-downs of long-term financial assets	200,000.00		0
11. Expenses for loss absorption	130,390.41		642
12. Interest and similar expenses of which to affiliated companies EUR 1,716.05 EUR (previous year EUR 0	142,102.30		25
		<u>1,662,988.55</u>	<u>-341</u>
13. Result from ordinary activities		3,145,013.62	-2,475
14. Taxes on income	259,959.00		46
15. Other taxes	109,188.23		107
		<u>369,147.23</u>	<u>153</u>
16. Net income for the financial year (previous year net loss)		2,775,866.39	-2,628
17. Retained profits/accumulated losses brought forward		0.00	0
18. Withdrawal from capital reserves		0.00	949
19. Withdrawal from legal reserve		0.00	1,679
20. Net retained profits		<u>2,775,866.39</u>	<u>0</u>

**Studio Babelsberg AG, Potsdam Statement
of Changes in Fixed Assets in 2015**

	Acquisition and production costs					Cumulative depreciation, amortisation and write-downs				Carrying amounts	
	01/01/2014 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	31/12/2015 EUR	01/01/2015 EUR	Additions EUR	Disposals EUR	31/12/2015 EUR	31/12/2015 EUR	31/12/2014 EUR '000
I. Intangible fixed assets											
Purchased software and film rights	361,375.90	9,680.82	0.00	2,554.57	368,502.15	354,412.90	5,977.82	2,554.57	357,836.15	10,666.00	7
II. Tangible fixed assets											
1. Land and buildings	59,258,656.87	5,364,876.78	0.00	0.00	64,623,533.65	40,075,460.59	465,093.00	0.00	40,540,553.59	24,082,980.06	19,183
2. Technical equipment and machinery	9,051,561.52	59,549.86	0.00	37,936.03	9,073,175.35	8,428,506.52	293,751.38	21,603.55	8,700,654.35	372,521.00	623
3. Other operating and office equipment	1,594,348.03	121,201.20	454.20	41,589.12	1,674,414.31	1,373,565.03	77,861.40	41,589.12	1,409,837.31	264,577.00	221
4. Assets under construction	6,305.62	159,080.24	-454.20	0.00	164,931.66	0.00	0.00	0.00	0.00	164,931.66	6
	69,910,872.04	5,704,708.08	0.00	79,525.15	75,536,054.97	49,877,532.14	836,705.78	63,192.67	50,651,045.25	24,885,009.72	20,033
III. Long-term financial assets											
1. Shares in affiliated companies	928,166.91	0.00	0.00	0.00	928,166.91	619,203.91	0.00	0.00	619,203.91	308,963.00	309
2. Loans to affiliated companies	409,120.74	0.00	0.00	0.00	409,120.74	409,120.74	0.00	0.00	409,120.74	0.00	0
3. Long-term equity investments	297,094.12	200,000.00	0.00	0.00	497,094.12	274,961.82	200,000.00	0.00	474,961.82	22,132.30	22
4. Long-term securities	387,296.67	0.00	0.00	0.00	387,296.67	387,296.67	0.00	0.00	387,296.67	0.00	0
	2,021,678.44	200,000.00	0.00	0.00	2,221,678.44	1,690,583.14	200,000.00	0.00	1,890,583.14	331,095.30	331
	72,293,926.38	5,914,388.90	0.00	82,079.72	78	51,922,528.18	1,042,683.60	65,747.24	52,6	25,226,771.02	20,371

Studio Babelsberg AG, Potsdam

Notes for 2015

General information

The present annual financial statements have been drawn up in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB) and the applicable provisions of the German Stock Corporation Act (AktG). The company meets the size criteria of a small public limited company. The financial year is the calendar year. The profit and loss statement has been prepared according to the total cost method.

Accounting policies

As before, the annual financial statements have been drawn up according to the following accounting policies:

Acquired intangible fixed assets are recognised at cost and amortised over their expected useful lives. The amortization has been calculated on a straight-line basis and pro rata temporis based on an ordinary useful life of three years.

Tangible fixed assets are recognised at acquisition or production costs and reduced by scheduled depreciations where subject to wear. The depreciations have been calculated on a straight-line basis and pro rata temporis based on an ordinary useful life. Where necessary, value adjustments have been made to record the assets at the lower fair value. Low-value assets with a value of up to EUR 150.00 are fully depreciated in the year of their addition or recorded as expense; their immediate disposal is assumed. For assets with a value of more than EUR 150.00 to EUR 1,000.00, a pooled item was recorded and collectively depreciated by 20% per annum in the year of addition and the four subsequent years. Additions to tangible fixed assets are otherwise depreciated pro rata temporis.

As for long-term financial assets, shares in affiliated companies and long-term equity investments are recognised at their acquisition costs or lower fair values. Long-term securities are recognised at their acquisition costs or lower fair values, the loans at their nominal value.

Receivables and other assets are recognised at their nominal value. Specific value adjustments have been made as appropriate for all high-risk items; global discounts of approximately 2% have been applied to cover general credit.

Cash-in-hand and bank balances are recognised at their nominal value.

Since 1 January 2010 the acquisition costs of treasury shares are deducted from the subscribed capital in the amount of their notional interest in the share capital; the remaining amount is offset against other revenue reserves.

The other provisions allow for all uncertain obligations. They have been recognised in the settlement amount necessary according to reasonable business judgement (i.e. taking into account future increases in costs and prices). Provisions with a remaining term of more than one year (if any) are discounted at the average market interest rate applicable to their remaining term. The applied interest rates are based on the discount rates of the Deutsche Bundesbank in accordance with § 253(2) HGB.

Liabilities have been recognised at their settlement amount.

Assets and liabilities denominated in foreign currency have been converted at the mean spot exchange rate as of the balance sheet date. For those due after more than one year, the realisation principle (§ 252(1) No. 4 2nd half sentence HGB) and the historical cost principle (§ 253(1) 1st sentence HGB) were observed.

To calculate deferred taxes on the basis of temporary or quasi-permanent differences between values of assets, debts, prepaid expenses and deferred income according to commercial law and their tax base, or on the basis of tax losses carried forward, the amounts of the resulting tax burden or tax relief are valued at the company-specific tax rates at the time at which the differences reverse and are not discounted. Deferred tax assets and liabilities are stated net. Deferred tax assets remain unrecognised in exercise of the available option not to recognise them. With exercise of the option provided in § 288 Abs. 1 HGB, deferred taxes are not disclosed in the Notes.

Notes to the balance sheet

Fixed assets

Changes in specific fixed asset items are shown, together with the depreciation and amortisation for the financial year, in the statement of changes in fixed assets.

The increase in tangible fixed assets (EUR 4,852 thousand) is explained by two opposite developments: on the one hand, the depreciations (EUR 837 thousand) have resulted in a scheduled reduction; on the other hand, an increase is to be recorded as a result of the purchase of the New Sound Stages in the Gewerbe im Park (EUR 5,000 thousand).

Disclosure of share ownership

In January 2015, Babelsberg Film GmbH formed Fünfunddreißigste Babelsberg Film GmbH and Sechsenddreißigste Babelsberg Film GmbH.

By a share purchase agreement dated 20 January 2015, Babelsberg Film GmbH sold its shares in Senator Film GmbH in the amount of EUR 12,500 to Senator Film Produktion GmbH.

	Ownership interest %	Acquisition Costs EUR '000	Carrying value 31/12/2015 EUR '000	Equity 31/12/2015 EUR '000	Result 2015 EUR '000
company b GmbH, Potsdam	-	2,399 ¹⁾	0	- ²⁾	- ²⁾
Art Department Studio Babelsberg GmbH, Potsdam	100	100	100	664 ³⁾	0 ⁴⁾
Studio Babelsberg Motion Pictures GmbH, Potsdam	100	500	1	-1,550 ⁵⁾	1,474 ⁶⁾
Babelsberg Film GmbH, Potsdam	100	72	72	-3,380 ³⁾	0 ⁶⁾
Siebente Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	0 ⁶⁾	-37 ⁶⁾
Achtzehnte Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	40 ⁶⁾	-1 ⁶⁾
Neunzehnte Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	30 ⁶⁾	-4 ⁶⁾
Zwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	37 ⁶⁾	1 ⁶⁾
Film Service Babelsberg GmbH, Potsdam	100 ⁶⁾	25	25	44 ⁶⁾	-8 ⁶⁾
Dreiundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	28 ⁶⁾	-2 ⁶⁾
Vierundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	83 ⁶⁾	54 ⁶⁾
Fünfundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	24 ⁶⁾	-5 ⁶⁾
Sechsendzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	43 ⁶⁾	-6 ⁶⁾
Siebenundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	20 ⁶⁾	-4 ⁶⁾
Achtundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	19 ⁶⁾	-1 ⁶⁾
Neunundzwanzigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	39 ⁶⁾	4 ⁶⁾
Dreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	52 ⁶⁾	29 ⁶⁾
Einunddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	45 ⁶⁾	22 ⁶⁾
Zweiunddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	23 ⁶⁾	-2 ⁶⁾
Dreiunddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	42 ⁶⁾	19 ⁶⁾
Vierunddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	158 ⁶⁾	135 ⁶⁾
Fünfunddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	24 ⁶⁾	-1 ⁶⁾
Sechsenddreißigste Babelsberg Film GmbH, Potsdam	100 ⁶⁾	25	25	26 ⁶⁾	1 ⁶⁾
Central Scope Production GmbH, Potsdam	100	25	25	26	0 ⁶⁾
Studio Babelsberg Team Services GmbH (formerly: Central Scope Production - NRW GmbH),	100	25	25	157 ⁶⁾	145 ⁶⁾
fx.center Facility Management GmbH, Potsdam	100	75	75	137 ⁶⁾	64 ⁶⁾
Nefzer Babelsberg GmbH, Potsdam	50	13	13	142 ⁶⁾	80 ⁶⁾
Racer Film GmbH, Potsdam	49; 51 ⁶⁾	12	12	-180 ³⁾	-2 ⁶⁾
The Manipulators GmbH, Potsdam	37.4	9	9	16 ⁶⁾	-1 ⁶⁾
Film School Babelsberg GmbH, Potsdam	20	25	0	-193 ⁷⁾	-33 ⁷⁾
Babelsberg Motion Pictures International GmbH, Potsdam	100 ⁶⁾	200	200	202 ⁶⁾	0 ⁶⁾

¹⁾ An equity investment (EUR 245 thousand) and a silent partnership (EUR 2,154 thousand).

²⁾ The company is in insolvency proceedings; results are not known at this time.

³⁾ The negative equity is financed through loans from Studio Babelsberg AG.

⁴⁾ Audited annual financial statements as of 31 December 2014

⁵⁾ Unaudited annual financial statements as of 31 December 2015

⁶⁾ pursuant to profit transfer agreement

⁷⁾ Audited annual financial statements as of 31 December 2011

⁸⁾ through Babelsberg Film GmbH

Receivables and other assets

As in the previous year, receivables and other assets have a remaining term of less than one year.

Included in the receivables from affiliated companies are trade receivables in the amount of EUR 426 thousand, loan receivables in the amount of EUR 690 thousand, and receivables from profit transfer agreements in the amount of EUR 1,987 thousand.

The other assets include mainly receivables from the federal tax office for value-added tax in the amount of EUR 1,143 thousand and a loan receivable (EUR 758 thousand) to Europäisches Filmzentrum Babelsberg from deferment of rent, which bears interest at 3% above the base interest rate and is credited towards the leasehold reversion compensation (probably in 2020) for the fx.Center.

Equity

The share capital of Studio Babelsberg AG is divided into 16,499,990 registered no-par-value shares each in the pro rata amount of EUR 1.00 of the share capital. The Board of Management was authorised under the Articles of Association to increase, with the Board of Supervisors' approval, the share capital during the period ending 31 January 2010 by up to EUR 7,500,000.00 in total (authorised capital) by issuing, all at once or in instalments, new no-par-value shares in exchange for cash or non-cash contributions. By resolution of the Board of Management and with the Board of Supervisors' approval of 13 October 2005, the capital was increased, with partial utilisation of the authorised capital, by EUR 1,499,990.00 to EUR 16,499,990.00.

The treasury shares amounting to EUR 1.6 million were, in application of the new provisions of the German Accounting Law Reform Act (BilMoG), openly deducted in the amount of the par value of the shares from the subscribed capital (EUR 0.8 million), and the remaining difference between the par value and the acquisition costs of the treasury shares (EUR 0.8 million) was offset against the other revenue reserves. By resolution of the shareholders' meeting of 16 June 2008, the Board of Management of Studio Babelsberg AG was authorised to acquire treasury shares at up to a pro rata share of the share capital of EUR 1,649,999.00. No other shares were acquired in financial year 2015, so that, as in the previous year, the value of the treasury shares corresponds to a notional interest in the share capital of EUR 819 thousand in total. As of the balance sheet date, the treasury shares acquired in the previous years show a market value of EUR 565 thousand based on the market price. The treasury shares were acquired for planned acquisitions with a share swaps.

Following the 15 December 2012 closure of the First Quotation Board as a sub-segment of the over-the-counter market at the Frankfurt Stock exchange, the shares initially remained on the over-the-counter market of the Börse München. By application of 20 October 2014 Studio Babelsberg AG revoked inclusion of the registered shares in over-the-counter market. The suspension takes effect at the end of 30 June 2016.

Provisions for taxes and other provisions

Of the provisions for taxes, EUR 50 thousand relate to the findings of the company audit for the years 2008 to 2010, EUR 250 thousand to financial year 2015.

The other provisions were made for outstanding invoices (EUR 391 thousand), unclaimed leave time and payments to employees (EUR 123 thousand), and the costs of preparing annual financial statements (EUR 73 thousand).

As in the previous year, no expenses were incurred or income earned from the discounting of provisions.

Liabilities

With the exception of liabilities to banks with a remaining term of from one to five years in the amount of EUR 479 thousand (previous year EUR 0 thousand) and with a remaining term of more than five years in the amount of EUR 755 thousand (previous year EUR 1,333 thousand) and of other liabilities with a remaining term of from one to five years in the amount of EUR 1,905 (previous year EUR 0 thousand) and with a remaining term of more than five years in the amount of EUR 2,134 thousand (previous year EUR 0 thousand), all liabilities have, as in the previous year, a remaining term of less than one year.

The liabilities to affiliated companies are liabilities from profit transfer agreements (EUR 130 thousand), those from the consolidated tax group for value-added tax (EUR 1,932 thousand) and trade payables in the amount of EUR 8 thousand. The amount owed as of the balance sheet date on the loan granted by Babelsberg Motion Pictures International GmbH in 2014 was EUR 165 thousand.

The other liabilities consist mainly of a payment obligation to Maximum Industrie- und Gewerbeholding GmbH arising from the purchase of the New Sound Stages in the Gewerbe im Park (EUR 4,481 thousand) and an obligation to the federal tax office for wage and church taxes (EUR 26 thousand).

For the land in the Gewerbe im Park (New Sound Stages) there is a land charge in the amount of EUR 5,056 thousand entered in the land register, which has been assigned to the Kreissparkasse Köln. For the Neue Berliner Strasse land there is a land charge in the amount of EUR 1,400 for the benefit of the Mittelbrandenburgische Sparkasse Potsdam.

Deferred income

The deferred income in the amount of EUR 1,012 thousand consist mainly of atelier rent deferred until May 2016.

Other financial obligations

	31/12/2015 EUR '000
Rent and leasing agreements (with third parties)	
in the following year	129
in the 2nd to 5th years	356
from the 6th year annually (until 2025)	82
	<hr/> 895

Notes to the profit and loss statement

Sales

All sales were generated domestically. Sales are divided into the following categories:

	2015 EUR '000	2014 EUR '000	+/- EUR '000
Studio operations	4,234	1,076	3,158
Props	678	526	152
Other sales	2,550	2,510	40
	<u>7,462</u>	<u>4,112</u>	<u>3,350</u>

The increase of EUR 3,158 thousand in leasing revenues is attributable to a marked increase in utilisation of atelier capacity by Babelsberg Film subsidiaries.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs amounting to EUR 843 thousand reflect scheduled amortisation of intangible fixed assets and depreciation of tangible fixed assets.

Interest income and expense

Interest expense includes interest on loans taken out to acquire the New Sound Stages and the Neue Berliner Strasse site (EUR 132 thousand).

Interest income relates to affiliated companies in the amount of EUR 50 thousand and EUR 57 thousand in interest to Europäisches Filmzentrum Babelsberg on deferred rent.

Other operating expenses and income

Included in other operating expenses and income is prior-period income in the amount of EUR 263 thousand. There resulted mainly from crediting of rent for the New Sound Stages from September to December 2014 to the purchase price (EUR 116 thousand) and charging of energy costs in 2014 to four tenants (EUR 109 thousand).

The other operating expenses included prior-period expenses in the amount of EUR 223 thousand, EUR 89 thousand of which relate to operating costs in prior years.

As in the previous year, there were no currency translation gains or losses.

Other disclosures

Board of Management

Dr. Carl L. Woebcken

Chairman of the Board of Management

Christoph Fisser

Deputy Chairman of the Board of Management

Marius Schwarz

Chief Financial Officer

Board of Supervisors

Dr. Roland Folz,

Managing Director, Deutsche Bank AG, Frankfurt am Main

Chairman of the Board of Supervisors

Matthias Platzeck,

Prime Minister of the State of Brandenburg, retired

Deputy Chairman of the Board of Supervisors

Dr. Bertrand Malmendier,

Lawyer, Malmendier Rechtsanwälte, Berlin

Total remuneration of the Board of Management

Total remuneration of the Board of Management in financial year 2015 EUR 806 thousand.

Total remuneration of the Board of Supervisors

The remuneration of the Board of Supervisors came to EUR 53 thousand.

Employees

The average number of employees employed during the financial year:

Wage earners	17
Salaried employees	20
	<u>37</u>

Group relationships

Studio Babelsberg AG, Potsdam, prepares a consolidated financial statement pursuant to § 290 HGB.

Potsdam, 31 March 2016
Studio Babelsberg AG



Dr. Carl L. Wobcken



Christoph Fisser



Marius Schwarz

Auditor's report

To Studio Babelsberg AG

We have audited the annual financial statements—comprising the balance sheet, the profit and loss statement, and notes to the financial statements—together with the accounting practices and the status report (which was incorporated into the Group status report) of Studio Babelsberg AG, Potsdam, for the financial year from 1 January to 31 December 2015. Accounting and preparation of annual reports and status report in accordance with the provisions of German commercial law are the responsibility of the Company's legal representative. Our task is to evaluate the annual financial statements, including the accounting, and the status report on the basis of the audit conducted by us.

We have conducted our audit of the annual financial statements in accordance with § 317 HGB and with due regard to the German generally accepted auditing principles established by the Institut der Wirtschaftsprüfer (IDW). These principles require us to plan and conduct our audits in a manner that ensures that inaccuracies or irregularities materially affecting the picture of the company's net assets, financial position and results of operations as conveyed by the annual financial statements in accordance with generally accepted accounting principles and by the status report are detected with reasonable certainty. Auditing procedures are guided by knowledge of the company's business operations and its economic and legal environment along with expectations as to potential errors. During the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, annual financial statements and status report are evaluated largely on the basis of random samples. The audit includes an evaluation of the accounting principles applied and of the fundamental assessments made by the company's legal representatives along with an appraisal of the overall presentation of the annual financial statements and status report. We are of the opinion that our audit provides a sufficiently reliable basis for our assessment.

Our audit has produced no objectionable findings.

In our opinion, based on the findings of our audit, the annual financial statements are in compliance with the provisions of law and convey, in observance of the generally accepted accounting principles, a factually accurate picture of the company's net assets, financial position and results of operations. The status report is consistent with the annual financial statements, conveys overall an accurate picture of the company's position and accurately describes the opportunities presented by and risks inherent in future development.

Berlin, 22 April 2016

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Wirtschaftsprüfungsgesellschaft

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The Annual Report of Studio Babelsberg AG is available for download at www.studiobabelsberg.com.

Disclaimer in regard to predictive statements

The information published in our 2015 Annual Report relating to the future development of the Studio Babelsberg Group and its companies is based on forecasts and estimates and therefore cannot be interpreted as established historical fact. Although we believe these predictive statements to be realistic, we cannot guarantee that actual results will not differ substantially from expectations owing to the risks and uncertainties inherent in our assumptions. Reasons for such unexpected results might include, inter alia, market fluctuations or fundamental changes in the economic environment. Studio Babelsberg neither intends nor assumes any separate obligation to update statements relating to the future to bring them into accord with events or developments that occur after the date of this Report. Accordingly, no liability or warranty, whether express or implied, is assumed for the current applicability, accuracy, or completeness of the data or information contained herein.