



INTERTAINMENT

Aktiengesellschaft

Profit and Loss figures

	Jan. 01–Sep. 30, 1999	Jan. 01–Sep. 30, 2000	CHANGE
Figures in DM million			
Sales revenues	33.4	145.3	335%
EBITDA	26.5	114.7	334%
EBIT	8.8	63.4	621%
Results of ordinary business activities	10.4	51.4	392%
Net Profit	4.3	24.3	465%

Key figures of the stock

SECURITIES IDENTIFICATION NUMBER	622 360
NUMBER OF SHARES AT ISSUE Feb. 08, 1999	9,696,400
ISSUE PRICE	€ 36.00
	After split (1:2) € 18.00
PRICE AT YEAR END Dec. 31, 1999	€ 128.00
NUMBER OF SHARES AFTER CAPITAL INCREASE July 18, 2000	11,793,013
SHAREHOLDER STRUCTURE	
	Rüdiger Baeres 58.03%
	Family, Management, AR 2.93%
	Free Float 39.04%
HIGHEST PRICE 3 RD QUARTER 2000	€ 74.97
LOWEST PRICE 3 RD QUARTER 2000	€ 54.01
FINAL PRICE Sep. 30, 2000	€ 58.00

Dear Shareholders



Intertainment is looking back on one and a half years as a listed corporation. The strategy of the total exploitation and internationalization which we have consistently pursued from the very start is paying off. The success of our business model is reflected in the figures for the first nine months of the year 2000. Turnover has risen 335 percent in the reporting period compared with the figure of the previous year, while results of ordinary business activities now stand at DM 51.4 million, 392 percent above the comparable figure.

The strategy: Our current position in the worldwide film industry clearly demonstrates that we have headed in the right direction since going public in February 1999. Valuable film deals with outstanding producers, co-operation with experienced distribution partners and a strategic participation in the Internet sector – the film distribution market of the future – have enabled us to make the transition from a local to a global player.

The films: The action film *Art of War*, with Wesley Snipes, is yet another film to arrive in European cinemas as a result of the production agreement concluded with Franchise Pictures last year (in Germany the film starts November 16, 2000). The first project with Franchise, *The Whole Nine Yards*, enjoyed a successful cinema release in April 2000 and has been available to hire on video since the end of October 2000. Shooting on the film *Champs* finished only recently in the USA, with Intertainment for the first time putting an international cast in front of the camera – Hollywood star Sylvester Stallone, the lead actor, will be appearing alongside the German talents Til Schweiger and Verona Feldbusch. The exploitation of these films and the fact that we hold the exploitation rights to many new the potential contained in our contracts.

The share: Despite the difficult market conditions, Intertainment has successfully implemented a capital increase with a 1.5-fold over-subscription in the reporting period, placing two million shares (including Greenshoe). Some of the funds generated will be used to finance the film productions which Intertainment will carry out with Arnold Kopelson, and for further acquisitions of worldwide and pan-European film rights. In spite of the continuing positive development of business, Intertainment's share was unable to escape the general downturn on the stock market in the third quarter, particularly among media securities. We are optimistic, though, that the success of our business model will be reflected in the future not only in the sales and earnings figures but also in the even stronger growth of our share price.

Thank you for your confidence in our company.

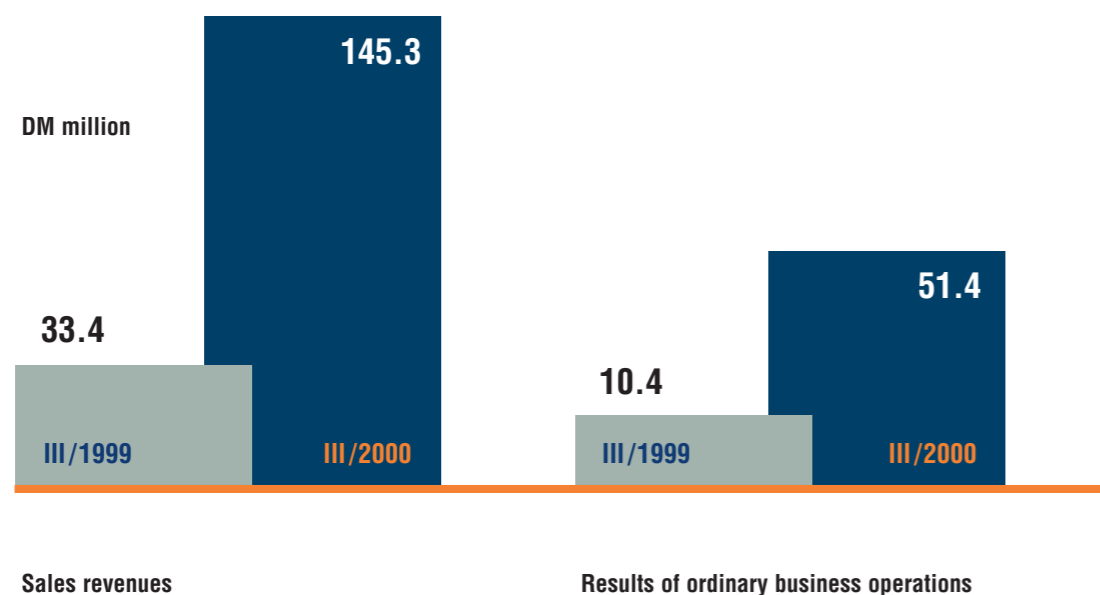
Yours sincerely,

Rüdiger Baeres, Chairman of the Board

Profit and Loss Statement
for the period from January 01 to September 30, 2000 in accordance with IAS

INTERENTAINMENT GROUP

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	TDM	TEUR	TDM	TEUR
1. Sales	145,298	74,289	33,431	17,093
2. Other operating income	22,235	11,369	8,119	4,151
	167,533	85,658	41,550	21,244
3. Costs of materials	78,670	40,223	17,767	9,084
4. Personnel expenses	3,914	2,001	2,982	1,525
5. Depreciation on intangible and tangible assets	277	142	62	32
6. Other operating expenses	21,315	10,898	11,906	6,087
7. Net interest income (incl. discounted receivables)	-12,007	-6,139	1,609	823
8. Profit from ordinary business operations	51,350	26,255	10,443	5,339
9. Taxes on income	27,025	13,818	6,138	3,138
10. Other taxes	2	1	2	1
11. Net profit	24,323	12,436	4,302	2,200



In the course of the 1999 financial year, Intertainment changed its balance sheet reporting policy to conform to IAS (cf. 1999 Annual Report, pages 55 and 56). In order to ensure comparability between the quarterly statements issued on that basis with those of the previous period, Intertainment adjusted the 3rd quarter 1999 completely according to this method.

Cash Flow Statement
as of September 30, 2000 in accordance with IAS

INTERENTAINMENT GROUP

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	TDM	TEUR	TDM	TEUR
Net profit	24,323	12,436	4,302	2,199
+ depreciation on fixed assets	277	142	62	32
Cash flow DVFA/SG	24,600	12,578	4,364	2,231
+ increase of accrued interest liabilities	9,481	4,848	6,218	3,180
- profit from the sale of fixed assets	-21	-11	-1	-1
- increase of inventories, trade accounts receivable and other assets	-224,957	-115,019	-13,945	-7,130
+ increase of trade accounts payable and other liabilities	43,416	22,198	-5,826	-2,979
Outflow of funds from operations	-147,481	-75,406	-9,190	-4,699
+ proceeds from the sale of assets	12	6	1	1
- payments for investments in assets	-957	-489	-210	-107
Money outflow used in investment activities	-945	-483	-209	-106
+ money inflow of capital increases	203,112	103,849	85,337	43,631
- costs from capital increase	-5,041	-2,577	-3,491	-1,785
- payments to investors (dividends)	0	0	-3,382	-1,729
+ payments from the granting of loans and credit	0	0	16,781	8,580
Inflows from financing activities	198,071	101,272	95,245	48,697
Change in cash and cash equivalents	49,645	25,383	85,846	43,892
- exchange rate effective and other value changes of cash equivalents	-197	-100		
+ liquid assets at the beginning of the period	105,535	53,959	46,508	23,780
Liquid assets end of the period	154,983	79,242	132,354	67,672

To ensure comparability in the treatment of the contributions of Intertainment Licensing GmbH to Intertainment AG to reflect the legal reorganization and the IPO costs, the figures for the previous year were adjusted in accordance with IAS.

Notes to III / 2000

Turnover

Entertainment saw turnover climb sharply over the corresponding period in the previous year. It now stands at DM 145.3m (Euro 74.3m), a rise of 335 percent. In the corresponding reporting period in 1999, sales reached DM 33.4m (Euro 17.1m). The turnover of DM 145.3m essentially consists of the revenues of the following partial rights: Free-TV (DM 79m / Euro 40.4m), cinema (DM 20.2m / Euro 10.3m), Pay-TV (DM 18.6m / Euro 9.5m) and video and video-on-demand (DM 8m / Euro 4.1m). In addition, licenses including all exploitation stages worth DM 19.1m were sold. These rights will be exploited by the respective license-holders, but Entertainment will share in the proceeds given the success of marketing.

Cost of materials

The cost of materials of DM 78.7m (Euro 40.2m) includes the depreciation on acquired film licenses, the costs of production and other expenses directly related to the film rights.

Net interest income

In accordance with regulations of the IAS (International Accounting Standards), expenses from interest on long-term accounts totaling DM 12.3m were shown under net interest income. This amounts to DM -12m in total (Euro -6.1m).

Profit situation

Like the pleasing rise in sales revenues, the income situation has also developed positively. Comparing with cost of materials, personnel and other operating expenses, the turnover of Entertainment has grown disproportionately. Results from ordinary business activities have improved sharply on the first nine months of 1999. The following numbers are reflecting this: results have increased 392 percent, from DM 10.4m (Euro 5.3m) to DM 51.4m (Euro 26.3m).

Employees

On September 30, 2000 Entertainment had a workforce totaling 23 employees. In spite of the expansion of business activities, Entertainment has thus continued to remain a very lean company, due in part to collaboration with high-carat distribution partners – 20th Century Fox and Warner Bros. – who enable Entertainment to release films throughout Europe without the huge personnel expenses and high fixed costs of maintaining its own cinema distribution operation.



Champs

Champs (the US title is *Driven*), the film on which shooting finished in October, promises to enjoy a successful run in the cinemas. Action star Sylvester Stallone plays the former race driver Joe Santos, who is given the opportunity to come back to the racing circuit. Joe Santos is to take talented young driver Jimmy Blye under his wing to help him get his life back on track and become world champion.



In Germany the film about racing drivers has already caught the headlines because two German stars also appear in front of the camera alongside the experienced Hollywood actor Stallone. Til Schweiger has one of the leading male roles, that of German racing driver Beau Brandenburg, while Verona Feldbusch joins the proceedings as a journalist. Of course, interest from the German press was huge when Entertainment invited them to visit the set in Montreal last September.

The European rights for this film are held by Entertainment. The film is to be released in European cinemas in the third quarter of 2001 simultaneously with the Europe premiere of the Champ Car series that is so popular in the USA. September 15, 2001 will see a race of the international Champ Car series started for the first time in Europe, at the Brandenburg track, with the command "Gentlemen, start your engines!". Average speeds of more than 380 km/h, constant overtaking maneuvers, entertainment on and off the track and the close proximity of the stars to their fans are characteristic features of these races.

Successful capital increase

In July Entertainment AG successfully implemented a capital increase. Despite the difficult market conditions, the offer was 1.5 times over-subscribed. In order to strengthen the strategy of globalization of the company here too, the shares were offered in a global offering at 57 Euro per share. Entertainment embarked on a 3-week roadshow to present itself to potential institutional investors, investment companies and banks, stopping off not only at European financial centers such as Frankfurt, London, Paris, Zurich and Amsterdam, but also in New York, Boston, San Diego and San Francisco. The capital increase was accompanied by J.P. Morgan as Lead Manager together with DG Bank and Société Générale as Co Lead Managers. Existing shareholders and early subscribers received a discount of 3 Euro on the issue price. Some of the total DM 200 million of funds generated by the capital increase will be used to finance the film contract with Arnold Kopelson and for further acquisitions of film rights.

III/2000

QUARTERLY REPORT



INTERTAINMENT
Aktiengesellschaft

CORPORATE CALENDAR:

END OF MARCH 2001 PUBLICATION OF ANNUAL REPORT 2000

APRIL 2001 FINANCIAL STATEMENT PRESS CONFERENCE / ANALYST CONFERENCE

MAY 2001 PUBLICATION OF FIRST QUARTER REPORT 2001

JUNE 8, 2001 THIRD GENERAL MEETING OF INTERTAINMENT AG

AUGUST 2001 PUBLICATION OF SECOND QUARTER REPORT 2001 NOVEMBER 2001 PUBLICATION OF THIRD QUARTER REPORT

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