



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at March 31, 2012

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1. DEAG on the capital market

During the first quarter of fiscal 2012 the DEAG share recorded a significant increase in value. The price climbed by 25.6% to EUR 2.82 per share. This meant that the DEAG share had a better performance than the German share index, DAX, which rose by 17.8% during the first quarter. The second line stock index SDAX improved by 24.9% during the reporting period.

At the end of fiscal 2011 the DEAG share was quoted at EUR 2.25. At the beginning of January 2012 the quarterly low of EUR 2.18 was reached in the electronic trading system Xetra (in each case on a closing price basis). The DEAG share price rose mainly during January and February to a quarterly high of EUR 2.92 on March 5, 2012. In late March the share was then quoted at EUR 2.82. During the first quarter 2012 the average daily trading at all German stock exchanges amounted to 11,716 shares. 64% were accounted for by trading on the electronic trading platform Xetra. The designated sponsor for the DEAG share continues to be VEM Aktienbank. It quotes binding offer/bid prices with a narrow price spread.

The DEAG share is reviewed by three firms of analysts: DZ Bank, Hauck & Aufhäuser and Silvia Quandt Research. The most recent studies originate from DZ Bank and Hauck & Aufhäuser and both have issued a "buy" recommendation for the share. In its study of April 17, 2012 DZ Bank increased the upside target to EUR 4.40 (previously EUR 4.16) per share. And Hauck & Aufhäuser increased in its research of April 27, 2012 the upside target to EUR 4.50 (previously EUR 4.20) per share based on the positive development of the company. During the first quarter of 2012 DEAG informed again analysts, investors and financial media in one-on-one talks about the current business development and the future perspectives.

Prof. Peter L.H. Schwenkow, CEO of DEAG, purchased a total of 75,000 DEAG shares during the first quarter 2012 (Directors' Dealings). After the end of the first quarter Prof. Schwenkow acquired further DEAG shares through the stock exchange.

The DEAG share is listed in the quality segment of Deutsche Börse AG, the Prime Standard. DEAG informs in detail about important events, if necessary by ad-hoc disclosures or press releases. For investors, the investor relations page on the website www.deag.de/ir provides a comprehensive overview of the current corporate developments. Furthermore, interested shareholders can turn to additional contacts on the phone (+49 69 9055055-2) or electronically (deag@edicto.de).

2. Business Development

Earnings position:

During the first quarter DEAG Deutsche Entertainment AG was able to increase its sales revenues by 13.6% to EUR 27.2 million (prior year: EUR 24.0 million). The relative rise in sales revenues concerns the two segments almost equally. Whereas in the Live Touring segment the growth in turnover was, more particularly, attributable to international Classical music and German schlager and middle-of-the-road music, the local companies in Germany as well as our activities in Switzerland were the drivers in the Entertainment Services segment. Quarterly sales revenues include earnings in the amount of EUR 2.0 million from the sub-group GOLD Entertainment, which are recorded for the first time compared to the previous year period, due to full consolidation from April 1, 2011 onwards.

EBIT declined despite a gross margin increase by two percentage points to 26% (prior year: 24%) by EUR 0.4 million to EUR 1.2 million (prior year: EUR 1.6 million). This was essentially driven by the relatively higher expenditure for distribution and marketing and the discontinuation of other operating income recorded during the previous year. The significant rise in distribution and marketing expenses concerns above all costs for tours and shows which will be staged or organized during the following quarters until the end of the fiscal year.

The financial result is 45.1% better than during the comparative period in 2011 and now amounts to EUR -0.1 million. This development is not only attributable to the foreign currency result but more particularly to the significantly lower interest expenses of EUR 0.1 million (prior year: EUR 0.2 million).

With tax expenses of EUR -0.2 million (prior year: EUR -0.4 million) earnings from continuing operations of EUR 0.9 million continue to be at the very good level of the previous year. The consolidated result amounts, after deduction of the profit shares accounted for by other shareholders, to EUR 0.4 million (prior year: EUR 0.4 million). Compared to the prior year period, this corresponds to unchanged earnings per share of EUR 0.04.

In the Live Touring segment, German schlager and middle-of-the-road music are the Musikantenstadl series of events and the tour with Hansi Hinterseer have been the highlights. The Classical music business unit began the fiscal year 2012 in the same successful way as the previous year and was again able to record a successful start of year; the concerts with Lang Lang as well as Anna Netrebko and Erwin Schrott in Switzerland and in Germany contributed to this success. The cross-over format Rock meets Classic likewise fully met the high expectations.

In the Entertainment Services segment the Swiss Good News Group with shows by the artists Bryan Adams, James Morrison or Paul McCartney contributed to the rise in sales revenues and EBIT within the segment. The performance of the local business in Germany was just as positive; it was able to continue the positive development of the past reporting periods. In addition, there were very good contributions to sales revenues and results by the arena marketing activities of *Jahrhunderthalle* in Frankfurt.

Apart from the classical production and organization of tours and shows, the additional sources of earnings, on which we focus within the framework of the 360 degree model, such as ticketing, sponsoring, hospitality, merchandise and other possible utilizations, continue to have an increase in share in the development of sales revenues and earnings.

Assets and financial position

Equity after minorities amounted at the end of the last quarter to EUR 31.0 million (EUR 30.0 million on December 31, 2011). The equity ratio rose to 31% (30% on December 31, 2011).

The liquid assets on Group level increased, compared to December 31, 2011, by EUR 1.9 million to EUR 37.6 million. This is attributable to the significantly higher advance payment balance (EUR +4.3 million), the increase in other current assets (EUR +1.7 million) as well as significantly reduced income tax liabilities (EUR -1.1 million).

The current liabilities to banks increased due to the cut-off date. In the same way the accounts payable (EUR -2.5 million) were reduced.

The significant change in non-current financial liabilities (EUR +2.9 million) during the first quarter was attributable to the premature repayment of a mezzanine financing originally due in 2012 through a long-term loan of a principal bank. The resulting improved financing conditions have had a particularly positive impact during the reporting period.

Risk report

Concerning the risk report we refer to the summary of the management report and Group management report 2011 included in the annual report (Pages 17-23). It can be reviewed or downloaded from the investor relations section of the company web site (www.deag.de/ir).

3. Development by segment

DEAG reports in the two segments Live Touring and Entertainment Service. It reflects the strategic orientation of the Group in an appropriate and transparent manner:

- In the segment Live Touring the touring business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- und Künstleragentur (Munich), Manfred Hertlein Veranstaltungen GmbH (Würzburg, as of April 1, 2011 first time inclusion in the group accounts as an affiliate), Grünland Family Entertainment (Berlin, as of October 5, 2011), Raymond Gubbay Ltd. (London, UK) and The Classical Company (Zurich, Switzerland).
- The Entertainment Services segment reports on the regional as well as on the entire services business and includes activities by Good News Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt/Main), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), Grandezza Entertainment (Berlin), River Concerts and Elbklassik (both Hamburg) as well as label/music publisher DEAG Music (Berlin).

We comment on the segment development as follows:

Live Touring:

With an increase in sales revenues by 17.7% to EUR 17.3 million, EBIT in the amount of EUR 0.9 million were achieved. The EBIT margin dropped from 8.8% to 5.2%. This was due to the higher supra-regional and not deferrable distribution and marketing expenses versus prior year for tours and shows which will be staged or organized during the following quarters until the end of the year. The highlights will be Peter Maffay's rock fairytale "Tabaluga - Signs of the times" and the continuation of the "Rock Anthems" tour with David Garrett currently totaling more than 450,000 sold tickets.

The tours during the first quarter included in the Classical music area the concerts and tours of our Swiss subsidiary The Classical Company with, amongst others, Lang Lang as well as Anna Netrebko and Erwin Schrott. DEAG Classics has also staged successful events in Germany with these artists. Furthermore, the national tours with Hansi Hinterseer, the Musikantenstadl series of events and the cross-over format Rock meets Classic were successful with high sales numbers.

Entertainment Services:

With an increase in sales revenues by 15.5% to EUR 11.2 million, the EBIT was increased versus prior year by 9.1% to EUR 1.1 million. The sub-proportional increase in result is attributable, like in the Live Touring segment, to higher distribution and marketing expenses for future events. A special role is played by the Good News Group with shows including Coldplay, Red Hot Chili Peppers, Madonna and Metallica.

During this first quarter the main sales revenue drivers were again our activities in Switzerland. The local business in Germany (Berlin, Munich, Hamburg) made very good contributions to the result and the *Jahrhunderthalle* arena in Frankfurt was again ahead of planning.

in EUR million	I/2012	I/2011	Variation
	01.01.2012 -31.03.2012	01.01.2011 -31.03.2011	absolute
Segment Live Touring			
Sales revenues	17.3	14.7	2.6
EBIT	0.9	1.3	-0.4
Segment Entertainment Services			
Sales revenues	11.2	9.7	1.5
EBIT	1.1	1.0	0.1

4. Outlook

During the further course of fiscal 2012 we anticipate a continuation of the positive business development. The corresponding drivers are the excellent product pipeline and above-average good capacity utilization already at the beginning of the year.

5. Explanations in accordance with IAS 34

The following interim financial statements, consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement as well as additional explanations are in conformity with the Guidelines on structured quarterly reports of Deutsche Börse AG.

The consolidated interim financial statements do not include all the data and information as presented in full annual financial statements. It is recommended to read the interim report together with the consolidated financial statements 2011.

The accounting and valuation principles applied in the consolidated financial statements as at December 31, 2011 remained unchanged.

Changes in respect of the underlying parameters refer to the exchange rates. The parameters necessary for the determination of pension commitments were kept unchanged for reasons of materiality.

The scope of consolidation as at March 31, 2012 has remained unchanged compared to the consolidated financial statements effective December 31, 2011.

During the reporting period, relationships existed with related parties. The transactions with these companies and persons were carried out at prevailing market rates; from the Group's point of view they are of subordinate significance. As far as the type and scope of the companies and persons are concerned, reference is made to the corresponding statements in the consolidated financial statements as at December 31, 2011.

Prof. Peter L.H. Schwenkow, CEO of DEAG, purchased a total of 75,000 DEAG shares during the first quarter 2012 (Directors' Dealings). After the end of the first quarter Prof. L. H. Schwenkow acquired further DEAG shares through the stock exchange.

This report is not audited.

Berlin, May 31, 2012

DEAG Deutsche Entertainment AG

The Executive Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

6. CONSOLIDATED BALANCE SHEET (IFRS)

Assets	Interim Report	Annual Report	Interim Report
	2012	2011	2011
	as at 31.03.2012	as at 31.12.2011	as at 31.03.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	37.570	35.715	33.072
Short-term investments/marketable securities	-	-	82
Trade receivables	6.253	6.988	6.773
Down Payments	12.974	12.682	9.458
Inventories	109	91	111
Other current assets	5.802	4.127	3.410
Current assets	62.708	59.603	52.906
Goodwill	19.038	19.033	18.668
Other intangible assets	5.763	5.959	5.178
Tangible fixed assets	962	992	853
Investment properties	8.200	8.200	8.200
Participations	749	749	748
Shares in affiliated companies	105	138	24
Down Payments	2.280	2.280	-
Other long-term assets	1.658	1.697	199
Long-term assets	38.755	39.048	33.870
Total assets	101.463	98.651	86.776
Liabilities and equity	Interim Report	Annual Report	Interim Report
	2012	2011	2011
	as at 31.03.2012	as at 31.12.2011	as at 31.03.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	4.249	2.290	2.742
Trade accounts payable	7.016	9.546	4.910
Accruals	5.635	6.473	5.411
Sales accruals and deferrals	41.064	36.458	32.082
Income tax liabilities	1.605	2.659	2.027
Other current liabilities	3.897	7.060	4.529
Current liabilities	63.466	64.486	51.701
Accruals	487	490	616 *
Other long-term liabilities	4.581	1.682	5.261
Deferred taxes	1.948	1.983	1.880 *
Long-term liabilities	7.016	4.155	7.757
Share capital	12.388	12.388	12.388
Capital reserve	27.337	27.337	27.337
Accumulated deficit	-14.972	-15.426	-17.182
Accumulated other income / loss	196	159	-234 *
Equity before minority interests	24.949	24.458	22.309
Minority interests	6.032	5.552	5.009 *
Equity	30.981	30.010	27.318
Total liabilities and equity	101.463	98.651	86.776

* Adjustments previous year according to IAS 8.42

7. CONSOLIDATED STATEMENT OF INCOME

	Interim Report I/2012	Interim Report I/2011
	01.01.2012 -31.03.2012	01.01.2011 -31.03.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>
Revenues	27.223	23.960
Cost of sales	-20.275	-18.154
Gross profit	6.948	5.806
Distribution costs	-3.024	-2.224
Administration costs	-2.923	-2.617
Other operating income / expenses	240	611
Operating result (EBIT)	1.241	1.576
Interest income and expenses	-105	-186
Earnings from affiliated companies	-33	-4
Foreign currency exchange gains / losses	10	-43
Financial result	-128	-233
Result before taxes	1.113	1.343
Income taxes	-209	-418
Group result after taxes	904	925
thereof attributable to other shareholders	450	484
thereof attributable to DEAG shareholders		
(Group result)	454	441
Earnings per Share in EUR (undiluted)	0,04	0,04
Earnings per Share in EUR (diluted)	0,04	0,04
Average no. of shares outstanding (undiluted)	12.388.368	12.388.368
Average no. of shares outstanding (diluted)	12.388.368	12.388.368

Statement of Comprehensive Income

	I/2012	I/2011
	- in kEUR -	- in kEUR -
Group result after taxes	904	925
Other result		
(+/-) Differences from exchange rates (independent foreign units)	68	-347
(+/-) Income tax on other result total	-	-
Other result after tax	68	-347
Total result	972	578
Thereof attributable to		
Minority interests	481	348
Investors in the parent company	491	230

8. SHORTENED CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2012 -31.03.2012	01.01.2011 -31.03.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	904	925
Depreciation and amortisation	185	203
Change in accruals	-841	-505
Changes not affecting payments	39	25
Deferred taxes (net)	-35	-83
Result from valuation of affiliated companies	33	4
Cash Flow before changes in net working capital	285	569
Net interest income	105	186
Change in working capital	609	893
Net cash from operating activities (total)	999	1.648
Cash outflow from investment activities (total)	72	17
Net cash from financing activities (total)	717	-61
Change in liquidity	1.788	1.604
Effects of exchange rates	67	-376
Cash and cash equivalents at beginning of Period	35.715	31.844
Cash and cash equivalents at end of period	37.570	33.072

9. Changes in equity

	Balance as at	Changes	Balance as at
	31.12.2010	01.01.2011 -31.03.2011	31.03.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 17.623	441	- 17.182
Accumulated other income / loss	113	- 347	- 234
Attributable to DEAG shareholders	22.215	94	22.309
Minority interests	4.661	348	5.009
Equity	<u>26.876</u>	<u>442</u>	<u>27.318</u>

Changes in equity	Balance as at	Changes	Balance as at
	31.12.2011	01.01.2012 -31.03.2012	31.03.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 15.426	454	- 14.972
Accumulated other income / loss	159	37	196
Attributable to DEAG shareholders	24.458	491	24.949
Minority interests	5.552	480	6.032
Equity	<u>30.010</u>	<u>971</u>	<u>30.981</u>

IMPRINT

Editing and Coordination

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The Interim Report and current information on DEAG are posted on the internet at <http://www.deag.de/ir>

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