



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at September 30, 2013



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Imprint

1. DEAG on the capital market

Against the backdrop of a positive economic development in Germany and the loose monetary policy of the European Central Bank, the German stock market was able to further rise. The DEAG share developed in an above-average positive manner during the third quarter of 2013 and was quoted with a closing price of EUR 3.90 per share in the electronic trading system Xetra on September 30, 2013. After a share price of EUR 3.05 at the end of 2012, the DEAG share hence recorded a plus of 27.9% and outperformed the SDAX, which rose by 10.3% during the first nine months. Furthermore, the DEAG share developed better than the leading German index DAX, which merely recorded a 7.9% plus during the same period. The positive development of the DEAG share continued after the end of the quarter.

The DEAG share reached its quarterly low on May 14, 2013 with EUR 3.05 (Xetra closing price) and its peak was reached on September 27, 2013 with EUR 3.94 (Xetra closing price). The average daily trading volume at all German stock exchanges amounted to a total of 13,552 shares and was significantly above the prior year level of 11,716 shares. With 27.9% the largest part of the shares traded per day was again accounted for by Xetra. VEM Aktienbank AG continues to act as designated sponsor and offers binding purchasing and selling prices.

The share capital of DEAG rose as a result of the capital increase of June 28, 2013 to the exclusion of the subscription rights of existing shareholders from EUR 12,388,983.00 to EUR 13,627,881.00. 1,238,898 new shares were issued at a price of EUR 3.25. The capital increase was designed as a combined capital increase through cash and contributions in kind and resulted in gross issuing proceeds in the amount of EUR 2.34 million, which are used to strengthen the capital basis and free liquidity. The placement was made exclusively amongst existing shareholders. Against the issuing of the remaining new shares for the lowest issuing price of EUR 1.00 per share, 55.9% of the shares in Wizard Promotions Konzertagentur GmbH, Frankfurt am Main, were contributed to DEAG.

During the first nine months Professor Peter Schwenkow, CEO of DEAG, acquired a total of 1,954 DEAG shares.

This year's ordinary general meeting of DEAG took place in Berlin on June 24, 2013. With more than 99.9% of the votes, all agenda items were adopted. More particularly, the dividend per DEAG share was doubled to EUR 0.08.

During the reporting period the DEAG share was regularly observed by two renowned analysts, DZ Bank AG as well as Hauck & Aufhäuser. In a topical study dated November 3, 2013 DZ Bank refers to a fair value of EUR 4.96 per share (previously EUR 4.92) and continues to recommend buying the share. In the same way Hauck & Aufhäuser Research AG confirms once more the target share price of EUR 5.30 per share and continues to recommend buying the DEAG share.

DEAG is listed in the Prime Standard of the German stock exchange, Deutsche Börse and is also positioned in an excellent manner vis a vis international investors as a result of an open and transparent capital market communication. Within the framework of roadshows and one-on-one talks, investors, press representatives and major financial market players are informed about important corporate events. Ad-hoc disclosures as well as press releases also serve to inform in a detailed manner about corporate developments. Annual reports as well as interim and quarterly reports can be inspected in the investor relations section of the DEAG Homepage under www.deag.de/ir. Contacts are available at any time to shareholders on phone number 069-905505-52 or the email address deag@edicto.de.

2. Business development

Earnings position

DEAG Deutsche Entertainment AG has been able to continue its growth course in terms of sales revenues and result even after three quarters. During the reporting period sales revenues rose by 29.7% to EUR 125.2 million (prior year: EUR 96.5 million). Sales revenues in an amount of EUR 29.6 million were accounted for by the third quarter of 2013.

Whereas the EBITDA increased during the first nine months by 30.1% to EUR 6.6 million, the EBIT rose by 19.3% to EUR 5.0 million. The EBIT is burdened by amortizations of around EUR 0.6 million in respect of intangible assets identified within the framework of the first consolidation of new shareholdings.

The financial result of EUR -0.5 million has been reduced by EUR 0.3 million versus prior year (prior year: EUR -0.8 million). The consolidated result after taxes and minorities from continuing operations of EUR 2.2 million was 22.1% above the value for the prior period.

The third quarter 2013 closed for both sales revenues and the result above the expectations of the company.

In the field of Live Touring sold-out events such as Swan Lake or Carmen at the Royal Albert Hall contributed to a particularly good result on the British market. Open Airs with Depeche Mode or Bruce Springsteen as well as successful concerts by David Garrett, Peter Maffay or Eric Clapton provided the basis for the good results in the Rock/Pop unit. In partnership with FlicFlac Circus a decisive step was taken this year in Family Entertainment.

In the field of Entertainment Services the local business as well as the contribution to the results from the venue marketing of Jahrhunderthalle in Frankfurt had an absolutely positive development.

The expenditures in re "Qivive" (cp. ad-hoc disclosure of May 24, 2013 and semi-annual report) are taken into account in the discontinued unit with their full extent as discontinued operations. After the successfully claimed recourse against the auditor further damage claims have been asserted. DEAG is confident that it will be able to further reduce the expenditure currently shown in an amount of EUR 2.7 million.

Assets position

The balance sheet total dropped versus December 31, 2012 by EUR 13.4 million to EUR 85.6 million.

The decline results on the assets side essentially from the reduction of the liquid funds to EUR 19.9 million, whereas the goodwill and other intangible assets show a higher amount of EUR 4.6 million due to the first-time consolidations carried out during the reporting period.

On the liabilities side the ongoing reduction of liabilities totaling EUR 15.8 million has an impact on the reduction of the balance sheet total.

The decrease in liquid funds results on the one hand from the significant reduction of current liabilities (EUR -16.4 million) and on the other hand from the increase of the other current assets (EUR +1.5 million).

The equity capital after minorities amounts at the end of the reporting period to EUR 34.3 million (12.31.2012: EUR 31.8 million). Both the reduction of liabilities and the positive consolidated result contributed to the significant rise in the equity ratio to now 40% (12.31.2012: 32.1%).

Financial position

The cash flow before the changes in net current assets of the reporting period amounts to EUR 2.8 million. After changes in the working capital of EUR -11.3 million (prior year: EUR -16.7 million) there has been an outflow of funds from current operations in the amount of EUR 8.2 million (prior year: outflow of funds of EUR 12.6 million). The change in working capital results primarily from the reduction of liabilities and higher other current assets. The outflow of funds from investment activities in the amount of EUR 4.9 million is attributable like the inflow of funds from financing activities in the amount of EUR 4.5 million essentially to the acquisitions made during the reporting period. Overall these material changes have resulted in a decline in liquid funds by EUR 11.7 million to EUR 19.9 million.

3. Development of the segments

DEAG continues to report in an unchanged segment structure. The latter reflects the strategic orientation of the group in an accurate and transparent manner.

In the segment Live Touring ("travelling business") the tour business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Wizard Promotions Konzertagentur (Frankfurt am Main), FF Tournee GmbH, Berlin; Raymond Gubbay Ltd. (London, United Kingdom) as well as The Classical Company (Zurich, Switzerland).

In the Segment Entertainment Services ("stationary business") the regional business as well as the entire service business are reported. This includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt am Main), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), Grandezza Entertainment (Berlin), River Concerts and Elbklassik (both Hamburg), handwerker promotion e. gmbh (Unna) as well as DEAG Music (Berlin) as music publishing house/label.

We would like to explain the development of the segment as follows:

Live Touring:

With sales revenues of EUR 50.3 million the EBIT was almost doubled and now amounts to 2.1 million.

The outstanding tours during the reporting period include the show and concerts with KISS, Iron Maiden or Neil Young. Furthermore, the Open Airs with David Garrett and Peter Maffay contributed to the very good segment result.

Entertainment Services:

With sales revenues of EUR 81.3 million, the EBIT of the segment amounts to EUR 5.2 million.

The main revenue and result drivers were our activities in Switzerland including shows with Depeche Mode, Bon Jovi, P!NK and Rihanna as well as the Moon & Stars series of events. The rise in EBIT reflects, however, also the very good positioning of the Jahrhunderthalle Arena in Frankfurt as well as the domestic local business in Germany (Berlin, Munich, Hamburg, Nordrhein Westfalen).

in EUR million	01.01.2013 -09.30.2013	01.01.2012 -09.30.2012	Variation in absolute terms
Live Touring			
Sales revenues	50,3	35,4	14,9
EBIT	2,1	1,1	1,0
Entertainment Services			
Sales revenues	81,3	63,7	17,6
EBIT	5,2	4,7	0,5

4. Outlook

Based on the positive development DEAG looks optimistically at the overall year 2013 against the backdrop of a noticeably strong fourth quarter. Sold-out tours including Andreas Gabalier, Black Sabbath, Jamie Cullum and Musikantenstadl contribute during the strong fourth quarter towards the success of DEAG. As far as results are concerned, revenues from ticket sales account for an increasing share in conformity with the strategy of DEAG.

CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2013	2012	2012
	as at	as at	as at
Assets	30.09.2013	31.12.2012	30.09.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Current assets			
Liquid funds	19.912	31.597	21.430
Trade receivables	6.349	9.968	6.617
Down Payments	9.024	13.483	13.722
Inventories	89	100	93
Other current assets	7.480	6.030	6.511
Current assets	42.854	61.178	48.373
Goodwill	22.227	19.125	19.947
Other intangible assets	7.063	5.563	5.794
Tangible fixed assets	1.943	1.265	1.005
Investment properties	9.450	9.450	8.200
Investments	759	752	749
Investments in associates	48	50	109
Loans to associated companies	231	227	-
Down payments	243	243	750
Other long-term assets	553	654	790
Deferred tax assets	200	489	-
Long-term assets	42.717	37.818	37.344
Total assets	85.571	98.996	85.717

	Interim Report	Annual Report	Interim Report
	2013	2012	2012
	as at	as at	as at
Liabilities and equity	30.09.2013	31.12.2012	30.09.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	6.276	3.610	4.469
Trade accounts payable	5.458	11.326	4.656
Accruals	6.793	8.293	7.521
Sales accruals and deferrals	18.708	31.037	28.237
Income tax liabilities	1.391	1.017	763
Other current liabilities	5.085	4.874	3.394
Current liabilities	43.711	60.157	49.040
Accruals	935	939	495
Bank loans payable	4.448	3.500	-
Other long-term liabilities	-	629	3.923
Deferred taxes	2.213	1.959	1.868
Long-term liabilities	7.596	7.027	6.286
Share capital	13.627	12.388	12.388
Capital reserve	29.826	27.337	27.337
Accumulated deficit	-14.554	-13.285	-14.127
Accumulated other income / loss	-198	-63	-34
Equity attributable to DEAG shareholders	28.701	26.377	25.564
Equity attributable to non-controlling interest	5.563	5.435	4.827
Equity	34.264	31.812	30.391
Total liabilities and equity	85.571	98.996	85.717

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Interim Report	Interim Report	9 Month Report	9 Month Report
	III/2013	III/2012		
	01.07.2013	01.07.2012	01.01.2013	01.01.2012
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Sales revenue	29.624	30.722	125.247	96.546
Cost of sales	-22.799	-24.002	-99.695	-74.436
Gross profit	6.825	6.720	25.552	22.110
Distribution costs	-4.695	-4.138	-12.722	-10.617
Administration costs	-3.016	-3.542	-9.498	-9.048
Other operating income / expenses	696	1.001	1.703	1.772
Operating result (EBIT)	-190	41	5.035	4.217
Interest income and expenses	-137	-71	-279	-277
Earnings from affiliated companies	-191	-75	-251	-530
Financial result	-328	-146	-530	-807
Result before taxes	-518	-105	4.505	3.410
Income taxes	-164	17	-1.244	-575
Result after taxes from continued operations	-682	-88	3.261	2.835
Result after taxes from discontinued operations	-4	-	-2.469	-
Group result after taxes	-686	-88	792	2.835
thereof attributable to non-controlling interest	-189	-39	1.070	1.040
thereof attributable to DEAG shareholders (Group result)	-497	-49	-278	1.795
Earnings per share in EUR (undiluted)				
from continued operations	-0,04	0,00	0,17	0,14
from continued and discontinued operations	-0,04	0,00	-0,02	0,14
Average no. of shares outstanding (undiluted)	13.627.368	12.388.368	12.801.368	12.388.368

Consolidated Statement of Comprehensive Income	III/2013	III/2012	01.01.-30.09.13	01.01.-30.09.12
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Group result after taxes	-686	-88	792	2.835
Other result				
(+/-) Differences from exchange rates (independent foreign units)	190	-42	-174	-63
(+/-) Income tax on other result total	-	-	-	-
Other result after tax	190	-42	-174	-63
Total result	-496	-130	618	2.772
Thereof attributable to				
Non-controlling interest	-61	-60	892	1.012
DEAG shareholders	-435	-70	-402	1.760

SHORTENED CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2013 -30.09.2013	01.01.2012 -30.09.2012
	<u>TEUR</u>	<u>TEUR</u>
Result from continued operations	3.261	2.835
Depreciation and amortisation	1.524	824
Change in accruals	-2.401	1.053
Changes not affecting payments	158	-1.331
Deferred taxes (net)	11	-115
Result from valuation of affiliated companies	251	530
Cash flow	2.804	3.796
Net interest income	279	257 *
Change in working capital	-11.308	-16.673
Net cash from operating activities (total)	-8.225	-12.620
Net cash from investment activities from continued operations	-4.923	-400
Net cash from financial activities (total)	4.455	-1.012
equivalents	-8.693	-14.032
Effects of exchange rates	-258	-273
Cash and cash equivalents at beginning of Period	28.863	32.994 *
Cash and cash equivalents at end of period	19.912	18.689

* Adjustment of previous year by cash and cash equivalents with restrictions on disposal (note 42 Annual Report 2012)

Consolidated Statement of Changes in Equity

	Balance as at	Changes	Balance as at
	31.12.2011	01.01.2012- 30.09.2012	30.09.2012
	<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	1.299	- 14.127
Accumulated other income / loss	159	- 193	- 34
Equity attributable to DEAG shareholders	24.458	1.106	25.564
Equity attributable to non-Controlling interest	5.552	- 725	4.827
Equity	<u>30.010</u>	<u>381</u>	<u>30.391</u>

Consolidated Statement of Changes in Equity

	Balance as at	Changes	Balance as at
	31.12.2012	01.01.2013- 30.09.2013	30.09.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	12.388	1.239	13.627
Capital reserve	27.337	2.489	29.826
Accumulated deficit	- 13.285	- 1.269	- 14.554
Accumulated other income / loss	- 63	- 135	- 198
Equity attributable to DEAG shareholders	26.377	2.324	28.701
Equity attributable to non-Controlling interest	5.435	128	5.563
Equity	<u>31.812</u>	<u>2.452</u>	<u>34.264</u>

9. Further 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 condensed statement of cash flow as well as additional explanatory information correspond to the conditions imposed on structured quarterly reports of Deutsche Börse AG.

The interim consolidated financial statements do not contain all data and information as presented in the complete annual financial statements. It is recommended to read the interim financial statements together with the consolidated financial statements as at December 31, 2012.

The generally accepted accounting principles, consolidation, currency exchange and accounting and evaluation applied in the consolidated financial statements as at December 31, 2012 were maintained without any changes. We refer to the consolidated notes in the annual report 2012 (pages 26-33).

Changes in the underlying parameters refer to exchange rates. The parameters which are necessary for the determination of the pension obligations were maintained without changes for reasons of materiality.

Equity

On June 17, 2013 the Executive Board decided, with the consent of the Supervisory Board of June 18, 2013, based on a partial utilization of the authorized capital created on June 28, 2011 to increase the share capital of DEAG from EUR 12,388,983.00 by EUR 1,238,898.00 to EUR 13,627,881.00 by issuing 1,238,898 no par value bearer shares with a proportionate amount of EUR 1.00 per share. The capital increase was carried out to the exclusion of subscription rights at a price of EUR 3.25.

The capital increase was designed as a combined capital increase through cash and contributions in kind and resulted in gross issuing proceeds of EUR 2.34 million. Against the issuing of the remaining new shares at the lowest issuing amount of EUR 1.00 per share, 55.9% of the shares in Wizard Promotions Konzertagentur GmbH, Frankfurt am Main, were contributed to DEAG.

The capital increase was entered into the commercial register on June 28, 2013. The capital share then amounted to EUR 13,627,881.00.

Changes in respect of the scope of consolidation

DEAG as the parent company includes those companies into the interim consolidated financial statements which meet the control concept. Companies which were set up, acquired or sold during the first half year were included from the date of foundation, acquisition or until the date of sale.

During the reporting period the following changes occurred in respect of the scope of consolidation.

During the first quarter of fiscal 2013 DEAG acquired a direct stake of 51% in handwerker promotion e. gmbh, Unna, as well as an indirect stake of 51% in pro Media GmbH.

During the second quarter of fiscal 2013 DEAG acquired a stake of 75.1% in Wizard Promotions Konzertagentur GmbH, Frankfurt am Main.

On September 30, 2013 the purchase price allocations have not yet been completed, since there are still pending reviews in respect of the final balance sheets and the acquired intangible assets. For that reason, the mergers cannot yet be finally represented.

Other information

The annual meeting adopted the following resolutions on June 24, 2013:

The balance sheet profit of DEAG Deutsche Entertainment Aktiengesellschaft in the amount of EUR 5,592,756.17 is used for the payment of a dividend of EUR 0.08 per no par value dividend-bearing share (12,388,368) in the amount of EUR 991,069.44 and the amount of EUR 4,601,686.73 is carried forward on to new account.

The members of the Executive Board and of the Supervisory Board are granted discharge for fiscal 2012.

BDO AG, Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor and group auditor for fiscal 2013.

During the reporting periods there have been business relations to related parties. The transactions with these parties were carried out at arm's length; from the Group's point of view they are of immaterial significance.

Professor Peter L.H. Schwenkow, CEO of DEAG, has acquired 1,954 DEAG shares during the reporting period (Directors' Dealings).

Other possibly required explanatory notes in accordance with IAS 34.15ff are not relevant, of secondary importance and/or there have not been subject to any material changes since December 31, 2012.

The report has not been audited.

Berlin, November 29, 2013

DEAG Deutsche Entertainment AG

The Executive Board



Professor Peter L. H. Schwenkow



Christian Diekmann

IMPRINT

Editing and Coordination

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