



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at March 31, 2013



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Imprint

1. DEAG on the capital market

During the first quarter the DEAG share had a clear upward trend. The share price rose by 22.6% and closed the period on March 28, 2013 with a Xetra closing price of EUR 3.74 per share. The second line stock index SDAX achieved an 8.5% plus during this period, whereas the German share index DAX rose by only 2.4%. This means that the DEAG share outperformed the corresponding benchmarks during the reporting period.

At the end of the year 2012 the DEAG share price amounted to EUR 3.05. On a closing price basis a low of EUR 2.93 was recorded by the electronic trading system Xetra on January 4, 2013. A high was achieved with EUR 3.78 per share on March 28, 2013. The average daily transaction volume at all German stock exchanges was 12,199 shares and was hence significantly above the prior year level of 10,189 shares. With 77.5% a large part of the daily transactions was again carried out on Xetra. VEM Aktienbank AG continued to act as Designated Sponsor for the DEAG share and quotes binding offer/bid prices, to ensure the liquidity of the share.

The DEAG share is tracked by two renowned analysts, Hauck & Aufhäuser and DZ Bank AG. All research experts recommend buying the share. Hauck & Aufhäuser mentions a target price of EUR 5.10 (previously EUR 5.00) in a study dated January 30, 2013. On April 2, 2013 the analysts reconfirmed the previously mentioned target share price of EUR 5.10. DZ Bank AG established the fair value of the share at EUR 5.30 (previously EUR 4.80) on February 6, 2013 and continues to recommend buying the share. Consequently, the analysts are of the opinion that the DEAG share has a significant price potential.

During the first quarter DEAG had again close contacts to institutional investors, analysts and private investors as well as financial and business media in order to inform about the current business development and the further perspectives of the company. The feedback has been throughout positive. Renowned finance and business media such as "Wirtschaftswoche", "Börse Online" and the "Nebenwerte Journal" published detailed and positive reports about DEAG. The company will continue its active and transparent communication. Furthermore, DEAG will participate in several investor conferences during the year, as mentioned in the financial calendar of the company.

The DEAG share is listed in the Prime Standard, the quality segment of Deutsche Börse AG. DEAG informs in detail about important events, if necessary by ad-hoc disclosures or corporate press releases. For investors, the investor relations page of the website www.deag.de/ir, provides a comprehensive overview of the current corporate development. Moreover, contacts are available to interested investors on telephone number +49 69-905505-52 or under the email address (deag@edicto.de).

2. Business Development

Earnings position

During the first quarter DEAG Deutsche Entertainment AG was able to increase its sales revenues by 4.8% to EUR 28.5 million (prior year: EUR 27.2 million). This increase was primarily due to the higher sales revenues of the AIO Group as well as the activities of handwerker promotion e. gmbh (51% since January 1, 2013) consolidated for the first time in 2013. The gross profit on sales amounted to EUR 7.1 million (prior year: EUR 6.9 million); this corresponds to a gross margin of 25% (prior year: 26%).

The EBIT went up by 7% to EUR 1.3 million due to the disproportionately low increase in expenditure for distribution and marketing, compared to revenues.

The financial result has improved by 18.1% versus the comparative period and now amounts to EUR -0.1 million. This development was again due to lower interest expenses.

With tax expenses of EUR -0.3 million (prior year: EUR -0.2 million) income from ordinary activities amounts to EUR 0.9 million and remains on the very good prior year level. The consolidated result amounts to EUR 0.7 million (prior year EUR 0.5 million) after deduction of the profit shares accounted

for by other shareholders. Compared to the prior year period, this corresponds to a disproportionately high increase in earnings per share (EPS) by 25% to EUR 0.05.

In the Live Touring segment the activities of our British subsidiary Raymond Gubbay Ltd. with shows and series of events such as Carmen but also Classical Spectacular are amongst the highlights. In the same way the cross-over format Rock meets Classic fully meets the very high expectations.

In the Entertainment Services segment the Swiss AIO group with arena concerts, amongst others, with Justin Bieber, Unheilig or shows of the renowned Cirque du Soleil contributed, more particularly, to the increase in sales revenues and EBIT of the segment. A similarly positive trend was recorded for the performance of the local business in Germany, which after the acquisition of a stake of 51% in handwerker promotion e. gmbh is now also represented in the federal state with the highest population, North Rhine-Westphalia. In addition, there have been very good contributions to sales revenues and results by the venue marketing of the Jahrhunderthalle arena in Frankfurt.

Together with the revenues from CD and DVD sales, sponsorship, hospitality, merchandise, live recording and other earnings models, the 360 degree strategy was confirmed once more.

Assets and financial position

Equity after minorities amounted at the end of the last quarter to EUR 32.9 million (EUR 31.8 million on December 31, 2012). The equity ratio amounts to 28%.

The liquid assets of the Group rose versus December 31, 2012 by EUR 9.8 million to EUR 41.4 million. This was attributable on the one hand to strongly reduced accounts receivable (EUR -2.4 million) and a significantly higher advance payment balance (EUR + 10.2 million) and on the other hand to the first-time inclusion of handwerker promotion e. gmbh with a corresponding consolidation effect.

The latter resulted in an increase in goodwill as well as other intangible assets.

Current liabilities to banks increased as at the reporting date. On the other hand, accounts payable (EUR -2.5 million) and provisions (EUR -1.7 million) decreased.

The non-current financial liabilities involve amortization loans which have been used for acquisitions.

Risk Report

The Berlin Court of Appeal (*Kammergericht*) set aside the appeal of DEAG Deutsche Entertainment AG against the first-instance judgment of the Berlin Regional Court (*Landgericht*), which had been pending since 2006, on May 24, 2013. According to the judgment, DEAG would have to release the amount of EUR 2.7 million deposited as security since 2011 and pay interest to Qivive GmbH i.L. The administrator of Qivive GmbH i.L. had originally filed a suit for an amount of EUR 4.4 million plus interest. Despite the capping of the amount to EUR 2.7 million plus interest, which has now been reached, the company would have the possibility to lodge an appeal but intends to possibly secure this result by way of compromise.

Within the framework of a contribution in kind DEAG contributed in 2001 the software Ticketplus with a value of EUR 5.0 million to the holding company Qivive GmbH. The valuation of the software was based on an expert report concerning the contribution in kind prepared by the firm of auditors Deloitte & Touche in December 2000. The expert appointed by the Berlin Regional Court determined in the course of the proceedings an amount of EUR 2.3 million as proper value of the software contributed at that time. According to the judgment now pronounced, DEAG has to pay the difference of EUR 2.7 million plus interest to the administrator of Qivive GmbH i.L.

Deloitte & Touche, which had audited the contribution in kind at the time, was already served a third party notice in 2006. DEAG can now assert its recourse claim against Deloitte & Touche.

As for the rest, we refer to our statements in the Risk Report in the Management Report and Consolidated Management Report 2012 included in the Annual Report (pages 15-20). The latter can be read and/or downloaded on or from the Investor Relations page of the corporate website (www.deag.de/ir).

3. Development of the segments

DEAG reports within an unchanged segment structure. It reflects the strategic orientation of the Group in an accurate and transparent manner:

In the Live Touring segment ("travelling business") the tour business is reported. This includes the activities of the companies DEAG Classics AG (Berlin), DEAG Concerts GmbH (Berlin), KBK Konzert u. Künstleragentur GmbH (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Raymond Gubbay Ltd. (London, UK) and The Classical Company AG (Zurich, Switzerland).

In the Entertainment Services segment ("stationary business") the regional business as well as the entire service business is reported. This includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts GmbH (Munich), Kultur- und Kongresszentrum Jahrhunderthalle GmbH (Frankfurt), Concert Concept Veranstaltungs-GmbH (Berlin), Friedrichsbau Varieté Betriebs- und Verwaltungs GmbH (Stuttgart), Grandezza Entertainment GmbH (Berlin), FF Tournee GmbH (Essen), River Concerts GmbH, Elbklassik Konzerte GmbH (both Hamburg) and handwerker promotion e. gmbh (Unna, since January 1, 2013 first-time inclusion into the consolidated financial statements as a subsidiary) as well as DEAG Music GmbH (Berlin) as a music publisher/label.

Comments on the development of the segments:

Live Touring:

With sales revenues in the amount of EUR 12.2 million, an EBIT of EUR 0.5 million was achieved. The EBIT margin now amounts to 4%. The EBIT is burdened by non-deferrable distribution and marketing expenses for tours and shows which are carried out and/or staged during the following quarters until the end of the fiscal year. These concern in the Classical Music business, amongst others, open airs by David Garrett in Germany, Lang Lang in Switzerland, concerts by Jonas Kaufmann and Rolando Villazón in London and the two-week, already completely sold-out guest performance of our Swan Lake production at the Royal Albert Hall, also in London. The Rock/Pop business is, for instance, marked by open airs with Peter Maffay and tours by, amongst others, Fleetwood Mac. Echo award winner Andreas Gabalier and Hansi Hinterseer will fascinate audiences in the middle-of-the-road/German hit song area.

The highlights of the first quarter included the activities of our British subsidiary Raymond Gubbay Ltd. with shows and event series such as Carmen and Classical Spectacular. In Germany the cross-over format Rock meets Classic fully met the very high expectations.

Entertainment Services:

With an increase in sales revenues by 56% to EUR 17.5 million, the EBIT rose versus prior year by 45% to EUR 1.6 million.

The main revenue drivers during the first quarter were again our activities in Switzerland. The local business in Germany is for the first time now also represented in North Rhine-Westphalia, in addition to Berlin, Munich and Hamburg, after the acquisition of a majority stake in handwerker promotion e. gmbh, and made very good contributions to the result. The Jahrhunderthalle arena in Frankfurt was again ahead of plan.

The highlights during the coming months will include open airs and arena concerts, amongst others, with Bruce Springsteen, Roger Waters, Bon Jovi or Depeche Mode.

In the Family Entertainment unit the sensation show Exxtrem, which DEAG presents in the FlicFlac Circus, will make a major contribution to growth.

4. Outlook

The current second quarter is already marked by a bulging event pipeline – for the first time more than 1.1 million tickets were sold for the forthcoming three month period. For the second half-year and, more particularly, for the fourth quarter a strong positive trend in results is already showing.

For that reason we expect a continuation of the positive business development recorded during the reporting period for the further course of fiscal 2013.

5. Further explanations in accordance with IAS 34

The following interim financial statements including the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated capital flow statement as well as additional notes correspond to the conditions imposed by Deutsche Börse AG on structured quarterly reports.

The consolidated interim financial statements do not include all data and information as the full annual financial statement. It is recommended to read the interim report together with the consolidated financial statements 2012.

The accounting and valuation methods applied in the consolidated financial statements as at December 31, 2012 continue to be applied without any changes.

Changes concerning 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.

During the reporting period DEAG has acquired control of handwerker promotion e. gmbh, Unna, through the acquisition of 51% of its shares. For that reason the company will be fully included into the consolidated financial statements in 2013. As for the rest, reference is made to the events after the balance sheet date in the consolidated financial statements as at December 31, 2012.

During the reporting period 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. Concerning the type and scope of the corresponding companies and persons, reference is made to the information in the consolidated financial statements as at December 31, 2012.

This Report has not been audited

Berlin, May 31, 2013

DEAG Deutsche Entertainment AG

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

6. CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2013	2012	2012
	as at	as at	as at
Total Assets	31.03.2013	31.12.2012	31.03.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	41.351	31.597	37.570
Trade receivables	7.607	9.968	6.253
Down Payments	20.910	13.483	12.974
Inventories	97	100	109
Other current assets	7.556	6.030	5.802
Current assets	77.521	61.178	62.708
Goodwill	20.433	19.125	19.038
Other intangible assets	6.145	5.563	5.763
Tangible fixed assets	1.535	1.265	962
Investment properties	9.450	9.450	8.200
Investments	752	752	749
Investment in associates	36	50	105
Loans to associated companies	215	227	-
Down payments	243	243	2.280
Other long-term assets	620	654	1.658
Deferred tax assets	489	489	-
Long-term assets	39.918	37.818	38.755
Total assets	117.439	98.996	101.463

	Interim Report	Annual Report	Interim Report
	2013	2012	2012
	as at	per	as at
Liabilities and equity	31.03.2013	31.12.2012	31.03.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	5.295	3.610	4.249
Trade accounts payable	8.870	11.326	7.016
Accruals	6.555	8.293	5.635
Sales accruals and deferrals	48.644	31.037	41.064
Income tax liabilities	1.470	1.017	1.605
Other current liabilities	6.457	4.874	3.897
Current liabilities	77.291	60.157	63.466
Accruals	933	939	487
Bank loans payable	4.325	3.500	-
Other long-term liabilities	-	629	4.581
Deferred taxes	1.952	1.959	1.948
Long-term liabilities	7.210	7.027	7.016
Share capital	12.388	12.388	12.388
Capital reserve	27.337	27.337	27.337
Accumulated deficit	-12.606	-13.285	-14.972
Accumulated other loss / income	-185	-63	196
Equity attributable to DEAG shareholders	26.934	26.377	24.949
Equity attributable to non-controlling interest	6.004	5.435	6.032
Equity	32.938	31.812	30.981
Total liabilities and equity	117.439	98.996	101.463

7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Interim Report	Interim Report
	I/2013	I/2012
	01.01.2013 -31.03.2013	01.01.2012 -31.03.2012
	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	28.538	27.223
Cost of sales	-21.414	-20.275
Gross profit	7.124	6.948
Distribution costs	-3.132	-3.024
Administration costs	-2.886	-2.923
Other operating income / expenses	233	250 *
Operating result (EBIT)	1.339	1.251
Interest income and expenses	-72	-105
Earnings from associated companies	-41	-33
Foreign currency exchange gains / losses	-	- *
Financial result	-113	-138
Result before taxes	1.226	1.113
Income taxes	-349	-209
Group result after taxes	877	904
thereof attributable to non-controlling interest	198	450
thereof attributable to DEAG shareholders (Group result)	679	454
Earnings per share in EUR (undiluted/diluted) from continued operations	0,05	0,04
Average no. of shares in circulation (undiluted/diluted)	12.388.368	12.388.368

Consolidated Statement of Comprehensive Income	I/2013	I/2012
	- in TEUR -	- in TEUR -
Group result after taxes	877	904
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-239	68
(+/-) Income tax on other result total	-	-
Other result after tax	-239	68
Total result	638	972
Thereof attributable to		
Non-controlling interest	82	481
DEAG shareholders	557	491

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Depreciation and amortisation	314	185
Change in other accruals	-1.744	-841
Changes not affecting payments	34	39
Deferred taxes (net)	-7	-35
Result from valuation of affiliated companies	14	33
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Net interest income	72	98 *
Change in working capital	4.478	609
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Changes in cash and cash equivalents contingent on the scope of consolidation	3.288	-
Effects of exchange rates	-173	67
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* Adjustment of previous year by cash and cash equivalents with restrictions on disposal (note 42 Annual Report 2012)

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Share capital	12.388	0	12.388
Capital reserve	27.337	0	27.337
Accumulated deficit	-15.426	454	-14.972
Accumulated other income / loss	159	37	196
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Equity attributable to non-Controlling interest	5.552	480	6.032
6# 9		*)	*

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	!	!	!
Share capital	12.388	0	12.388
Capital reserve	27.337	0	27.337
Accumulated deficit	-13.285	679	-12.606
Accumulated other income / loss	-63	-122	-185
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Equity attributable to non-Controlling interest	5.435	569	6.004
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IMPRINT

Editing and Coordination

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

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