DEAG entertainment GROUP

ANNUAL REPORT

2013

AN INTEGRATED ENTERTAINMENT CONTENT COMPANY

DEAG Deutsche Entertainment Aktiengesellschaft
Annual Report 2013

At a glance

	2013	2012	change
	[in EUR million]	[in EUR million]	[in %]
revenues	165.5	155.7	6.3%
EBITDA	10.2	8.6	18.6%
EBIT	7.3	7.2	1.4%
depreciation from the purchase price allocation	1.4	0.3	366.7%
normalized EBIT before the purchase price allocation*	8.7	7.5	16.0%
EBT*	6.5	5.9	10.2%
group result after minority interests*)	3.6	2.7	33.3%
normalized group result after minority interests*) **)	4.5	2.8	60.9%
	[in EUR]	[in EUR]	
Earnings per Share*	0.27	0.22	24.7%
	[number]	[number]	
number of employees	284	206	

* from continued operations

** before effects initial consolidation

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Foreword by the Chief Executive Officer

Dear Madam, Dear Sir,

In fiscal 2013, the 15th year at the Frankfurt Stock Exchange, we have continued to write the success story of DEAG. Despite the partly tense market conditions in Europe, the segments Live Touring and Entertainment Services had a good development. Continued growth of the consolidated sales revenues and a further clearly disproportionate increase in result have contributed towards a further consolidation of our market position.

THE BASIS OF OUR GROWTH

The constant and profitable growth of our company is supported by several pillars. A robust business model, which takes up the needs of our customers and artists and is implemented in a concentrated manner by our employees. During the past years we have been able to develop and establish a corporate culture which creates a highly productive atmosphere and supports co-operation within our network in the best possible manner. This creates added value for every business unit and results in an ongoing high motivation of our partners and employees. The most important foundation is, however, our strategy. It has already been the orientation for our decisions for several years and has already proven for some time that it is the cornerstone for our good development. It is also part of our culture to identify new sales markets and pursue opportunities in a consistent manner.

IMPORTANT GROWTH STEPS WERE IMPLEMENTED IN 2013

In fiscal 2013 we were able to take several significant steps. DEAG implemented two acquisitions in Germany, which are already fully integrated today and contributed already to profitability during the past year. They strengthen our positioning in the field of Rock/Pop and complete our presence as a local promoter in Northrhine-Westphalia as the most densely populated German state. We set-up a subsidiary on the Austrian market and hence increased our margin there. And as a result of the acquisition of the remaining shares in our Swiss business, we were of course also able to strongly expand our market position. An important co-operation for our high-margin distribution area was established with the launch of BILDtickets. Together with Ticketmaster and the German tabloid BILD we have been operating a BILD internet sales platform since October 2013, through which we address our entire offering successfully to the daily 14 million BILD customers. On an exclusive basis, more than half of all tickets for the Rolling Stones concerts in 2014 were, for instance, sold through this channel.

EBIT AND NET RESULT GROW AGAIN CLEARLY DISPROPORTIONATELY

The past fiscal year was, therefore, very successful. Group sales revenues before consolidation amounted to EUR 178.4 million; after consolidation Group sales revenues rose by 6.3% to EUR 165.5 million and the Group result after minorities from continuing operations was with EUR 3.6 million 33% above prior year (EUR 2.7 million) despite the amortizations from purchase price allocations required in accordance with IFRS. This corresponds to earnings per share of 27 eurocents. We managed the business on a very stable basis, which allowed us to make investments in our domestic and foreign markets. Our shareholders are to participate in the good development of our company. Not only through regular dividend payments but also through a permanent development of the share price.

SHARE PRICE ALMOST DOUBLED

The share price of DEAG improved in 2013 by 40.6% and hence very significantly and clearly better than the German benchmark index DAX (25.5%). The upwards trend was continued beyond the end-of-year price of EUR 4.29 and reached another record value with about EUR 5.80 by the end of March 2014. Since the beginning of the past fiscal year the corporate value has almost doubled. I am pleased about this stable development of the corporate value which has already been going on for several years, in particular because it is the confirmation of our success and above all of your trust in our company.

FURTHER INCREASE IN SALES REVENUES AND RESULT EXPECTED FOR 2014

After the positive fiscal year 2013 and a good start into the new year, we also anticipate a good business development for fiscal 2014. The very well filled pipeline and the high number of tickets already sold support these expectations. In co-operation with Ticketmaster and BILD, two extraordinary Open Air concerts of the Rolling Stones were sold out within minutes. A new long-term co-operation with Circus Roncalli and an associated high six-digit ticket volume will contribute to further growth in the field of Family Entertainment. Concerts with Lady Gaga, Beyoncé, Open Air concerts with Andreas Gabalier, David Garrett, or Opera productions like Puccini´s La Bohème at the London Royal Albert Hall are some examples illustrating how diversified and demand-oriented the portfolio is structured.

It remains our goal, as already communicated during the past year, to increase sales revenues during the coming years to more than EUR 250 million p.a. and at the same time contribute towards a disproportionate growth of the Group’s profit.

Dear Shareholders,

Against the backdrop of the positive business development and the good perspectives, the DEAG Executive Board will propose to the General Meeting for fiscal 2013 a dividend payment in the amount of EUR 0.12 per share; this corresponds to a 50% increase. In this way you benefit already for the third time in a row directly from the earnings strength of our company and we are very confident that we will be able to continue this growing dividend policy also in future.

Our success is primarily based on the readiness to perform and the cohesion amongst our team of employees. With their daily passion and their persevering dedication they shape the spirit of our company. They are fully committed to the quality of our products and the satisfaction of our customers and our great artists.

Best regards

Professor Peter L.H. Schwenkow

Report of the Supervisory Board

Dear Madam, Dear Sir,

During fiscal 2013 the Supervisory Board has dealt on a regular basis in detail with the situation and the development of the company. In accordance with the provisions and recommendations of the German Corporate Governance Code, we have supported the Executive Board in its management of the company and advised it on questions of corporate leadership. The Supervisory Board was involved in all decisions with fundamental significance for the company. Furthermore, the operational and strategic development of the Group was discussed with the Executive Board.

The Executive Board informed the Supervisory Board on a regular, timely and comprehensive basis in writing and orally about the business development, the planning and the situation of the company, including the risk situation and risk management. Documents with relevance for the adoption of resolutions were distributed in due time prior to the Supervisory Board meetings. Deviations of the business development from plans and defined objectives were explained in detail and the underlying causes were analyzed.

In fiscal 2013 a total of nine Supervisory Board meetings took place, of which four were physical meetings and five conference calls. All members of the Supervisory Board attended more than half of the meetings. Urgent matters were decided on the basis of resolutions adopted by correspondence.

Between the Supervisory Board meetings the Chairman of the Supervisory Board had regular talks to the CEO and had a close exchange of information with the latter. He informed the other two members of the Supervisory Board about the current development of the business situation and the material business transactions.

Focus of the deliberations of the Supervisory Board

At the meeting of the Supervisory Board on March 21, 2013 the financial statements and the consolidated financial statements for fiscal 2012 as well as the combined management report and consolidated management report were discussed in detail with representatives of the independent auditor. Furthermore, it was decided to amend § 3 para 1 of the By-laws of the company to the effect that announcements by the company are published in the *Bundesanzeiger* (German Law Gazette).

At the meeting of the Supervisory Board on March 28, 2013 the Supervisory Board approved the financial statements 2012 of the company as well as the consolidated financial statements 2012 of the DEAG Group audited by BDO AG Wirtschaftsprüfungsgesellschaft and provided with an unqualified audit certificate. The proposal submitted by the Executive Board on the use of the balance sheet profit and the payment of a dividend to the shareholders was approved.

The meeting of the Supervisory Board on May 28, 2013 focused essentially on the report by the Executive Board on the quarterly financial statements 2013/1 as well as the report by the Executive Board on the current business development.

At the meeting of the Supervisory Board on June 18, 2013 the acquisition of 75.1% of the shares in Wizard Promotions Konzertagentur GmbH against the issuing of new shares from a mixed capital increase through contributions in kind and in cash and partly against cash purchasing price was approved. At the same time a capital increase by 10% of the share capital of the company was decided by contribution in kind and contribution in cash to the exclusion of the subscription right. As a result thereof, § 4 of the By-laws of the company was amended accordingly.

Within the framework of the Supervisory Board meeting on June 24, 2013, which took place after the General Meeting of the company, the General Meeting was discussed and the current business development was presented by the Executive Board.

At the meeting of the Supervisory Board on August 26, 2013 the Executive Board reported on the half-year financial statements as at June 30, 2013 and on the current business development. Christian Angermayer was appointed as Deputy Chairman of the Supervisory Board to replace the resigning member Christine Novakovic.

The meeting of the Supervisory Board on October 16, 2013 focused, more particularly, on the report by the Executive Board on the current business development.

At the meeting of the Supervisory Board on November 26, 2013 the report by the Executive Board on the quarterly financial statements as at September 30, 2013 was followed by the adoption of the new business distribution plan for the Executive Board with effect from January 1, 2014 as well as the financial calendar for fiscal 2014.

The focus of the meeting of the Supervisory Board on December 12, 2013 was on the reports by the Executive Board on the business development and the forecast for fiscal 2013, as well as the approval of the budget for fiscal 2014. Based on a questionnaire, the efficiency of the activities of the Supervisory Board was audited and discussed.

Within the framework of written resolutions by correspondence, the acquisition of 51% of the shares in handwerker promotion e gmbh, Unna was approved and Mr Detlef Kornett was appointed as a new member of the Executive Board of the company with effect from January 1, 2014. Mr Detlef Kornett is to head the marketing of the company as Chief Marketing Officer, push digitization and take over responsibility for the foreign business of DEAG. At the fixing of the compensation, the requirements of § 87 AktG (German Stock Corporation Act) on the principles for appropriate compensation for members of the Executive Board were complied with.

The resolutions were adopted in each case on the basis of detailed drafts and prior telephone co-ordination with the Executive Board.

Corporate Governance and Declaration of Conformity

The implementation of the new version of the German Corporate Governance Code of May 13, 2013 was discussed at the Supervisory Board meeting on December 12, 2013. On that day the Executive Board and the Supervisory Board made the declaration in accordance with § 161 AktG (German Stock Corporation Act) on the recommendations of the Code. The joint Declaration of Conformity of the Executive Board and the Supervisory Board is permanently available on the website of DEAG on www.deag.de/ir. In the Corporate Governance Report and in the Notes to the Consolidated Financial Statements you will find further information on the implementation of the recommendations and suggestions of the German Corporate Governance Code.

Composition of the Supervisory Board and Executive Board

The composition of the Executive Board remained unchanged during the reporting period. The new appointment of Mr Detlef Kornett as member of the Executive Board will only become effective on January 1, 2014. The composition of the Supervisory Board changed on August 15, 2013 as a result of the resignation of Mrs Christine Novakovic from the Supervisory Board. By decision of August 21, 2013 Mrs Martina Bruder was appointed as a member of the Supervisory Board of the company instead of Mrs Christine Novakovic following a motion submitted by the company. The Supervisory Board will propose to the General Meeting to elect Mrs Martina Bruder to the Supervisory Board. Mr Christian Angermayer was elected as Deputy Chairman of the Supervisory Board. Mr Wolf-D. Gramatke continues to be the Chairman of the Supervisory Board. No committees of the Supervisory Board were set up, since the Supervisory Board includes only three members and all decisions were taken by the body. Conflicts of interest on the Supervisory Board did not occur during the reporting period.

Financial Statements and Consolidated Financial Statements

The Annual Meeting of DEAG elected on June 24, 2013 BDO AG Wirtschaftsprüfungsgesellschaft, Berlin as independent auditor for fiscal 2013. The auditor audited the financial statements 2013 of DEAG Deutsche Entertainment Aktiengesellschaft, the consolidated financial statements 2013 of the DEAG Group and the combined management report and consolidated management report and issued an unqualified audit certificate.

The financial statements, the consolidated financial statements, the summarized management report and the consolidated management report as well as the audit report by the auditor were submitted to all members of the Supervisory Board for review and the adoption of a resolution. The financial documentation was discussed together with the Executive Board and the independent auditor.

After its final review the Supervisory Board adopts the financial statements of DEAG Deutsche Entertainment Aktiengesellschaft prepared by the Executive Board for fiscal 2013 which is hence established in accordance with §172 AktG. Furthermore, the Supervisory Board adopts the consolidated financial statements and the summarized management report and consolidated management report of the DEAG Group prepared by the Executive Board for fiscal 2013 and has no objections. The proposal of the Executive Board on the appropriation of the balance sheet profit and the payment of a dividend was reviewed and approved by the Supervisory Board taking into account the interests of the company and the shareholders.

We thank the Executive Board, the managing directors all associates of the DEAG Group for the highly committed and good work performed in 2013.

Hamburg, March 31, 2014

Wolf-D. Gramatke
Chairman of the Supervisory Board

DEAG on the Capital market

As a result of the ongoing loosening of the monetary policy of the European Central Bank and the positive general economic development in Germany 2013 was – like 2012 – a good year for German stocks. In this environment the shares of DEAG Deutsche Entertainment AG improved very significantly in the course of 2013 by 40.6% and hence clearly outperformed – as already during the previous year – the German benchmark index DAX, which rose by 25.5% during the reporting period. The DEAG share recorded in 2013 also a significantly better value development than the second line stock index SDAX, which reported a 29.3% rise during the year.

At the end of 2012 the DEAG share was quoted in Xetra trade with EUR 3.05. After initially higher prices at the beginning of the year, the share dropped back to the price of EUR 3.05 on May 14, 2013, which represented at the same time its annual low. The DEAG share then increased significantly, more particularly, during the second half-year 2013 and reached its annual high of EUR 4.50 on November 20, 2013. At the end of 2013 the share closed at EUR 4.29. In 2014 the uptrend of the DEAG share continued. In early March the quotations amounted to EUR 5.80.

Throughout 2013 the average daily trading volume of the DEAG share rose significantly from 9,181 shares in 2012 to 15,378 shares. With 75.3% (prior year: 66.3%) the majority of the trading was again accounted for by the electronic trading system Xetra. VEM Aktienbank continues to act as the designated sponsor. It quotes binding offer/bid prices with a narrow price spread and hence ensures the necessary liquidity of the share.

As a result of a capital increase to the exclusion of the right of subscription of existing shareholders of June 28, 2013, the share capital of DEAG increased from EUR 12,388,983 to EUR 13,627,881. 1,238,898 new shares were issued. 523,077 shares were issued within the framework of a capital increase against a contribution in kind; another 715,821 shares through a capital increase against cash contribution and a share price of EUR 3.25. With the capital increase the acquisition of the shares in Wizard Promotions Konzertagentur GmbH, Frankfurt a.M. was financed. The additional inflow of cash from the purchase price served to strengthen the capital basis and the free liquidity of DEAG.

During fiscal 2013 Professor Peter L.H. Schwenkow, CEO of DEAG, continued his purchases of DEAG shares and acquired 1,954 shares.

The Ordinary General Meeting of DEAG Deutsche Entertainment AG took place in Berlin on June 24, 2013. All agenda items were approved by the shareholders with a majority of more than 99.8%. The meeting also decided to double the dividend per DEAG share to EUR 0.08. Together with the dividend the DEAG share recorded a plus of 43.2% in 2013.

The DEAG share is regularly observed by two renowned analysts: DZ Bank as well as Hauck & Aufhäuser. In a study dated December 2, 2013 DZ Bank analyst Harald Heider increased his “Fair Value” from previously EUR 4.96 to EUR 5.10 and advises to buy the share. Hauck & Aufhäuser, too, recommended the DEAG share repeatedly for buying in 2013. In February 2014 analyst Christian Schwenkenbecher rose his target price from EUR 5.50 to EUR 10.50 and classified the DEAG share as “Strong Buy”.

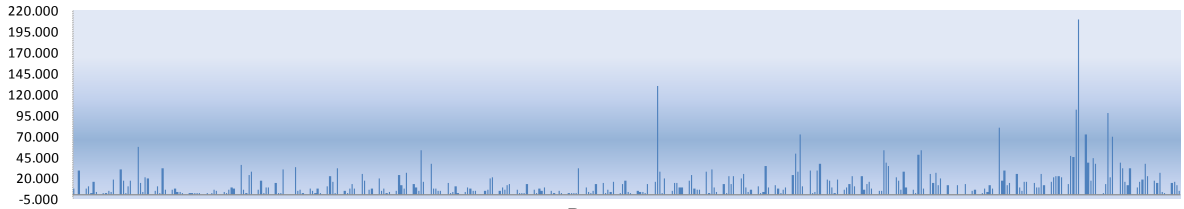
DEAG Deutsche Entertainment AG, listed in the Prime Standard of the German Stock Exchange Deutsche Börse in Frankfurt, continues to communicate regularly and transparently with the capital market as well as financial and business media. In 2013 DEAG presented itself at various capital market conferences in Germany and abroad and in one-on-one talks with investors, analysts and journalists about the developments and perspectives of DEAG. This resulted at the end of the day in comprehensive coverage by the media and buying recommendations for the DEAG share by investor magazines.

DEAG is in a permanent dialogue with institutional and private investors, analysts and media representatives. Major corporate events are covered, in addition, by ad-hoc disclosures or press releases through the known stock exchange portals in Germany and abroad, and communicated in addition through the mailing list of DEAG in a direct and timely manner.

In addition, DEAG informs investors and interested parties by means of its Annual Report as well as the half-year and quarterly reports. For investors, the Investor Relations section on the DEAG website - www.deag.de/ir - provides an extensive overview of the current corporate developments. Moreover, contact partners are available for interested shareholders on the phone (069-90 550 55-2) or by email (deag@edicto.de).

DEAG- Share

DEAG share 2013-01-01 bis 2014-03-27



Revenue

type of share	no-par-value
WKN/Securities ID	A0Z23G
ISIN	DE000A0Z23G6
ticker symbol	ERMK
initial listing	14 September 1998
Trade segment	Prime Standard
Indexes	CDAX, PRIME ALL, CLASSIC ALL SHARE

	2013	2012
Earnings per Share	0.27	0.22
High (Xetra)	4.5	3.05
Low (Xetra)	3.05	2.18
market capitalization (Basis: closing price 31/12, in EUR	58.5	37.8
Number of shares issued 2013/12/31	13,627,881	12,388,983

Combined Management Report and Group Management Report

Background of the Company and the Group

The DEAG Group is an integrated Entertainment Content Group, which focuses on the development of high-margin business units. Approximately 80% of its sales revenues are generated with the production and staging of tours and concerts on the three core markets Germany, Switzerland and the United Kingdom. Since the middle of 2013 the DEAG Group has been established with Blue Moon Entertainment GmbH as an own legal entity in Vienna after individual tour and show projects had been carried out in Austria during the previous years. The business portfolio includes several different genres – rock/pop national and international, classical music, middle-of-the-road music and German hit songs as well as shows and family entertainment productions.

The early orientation towards the 360 degree model has resulted in a consistent increase in income sources within the Group. Additional value chains were established with the integration of the record label, the publishing business, sponsoring, product refinement and the merchandise business. In this connection, the high-margin distribution business is particularly important; it is further optimized and developed with Ticketmaster Deutschland Holding GmbH, in which DEAG Deutsche Entertainment AG (DEAG) holds a stake of 10% of the shares.

The Combined Management Report and Group Management Report is in conformity with the German accounting standard DRS 20.

1. Business development

1.1. The Live Entertainment market

Despite the overall positive general economic development in Germany, Europe and the world, the event market has partly worsened in respect of several parameters versus 2011 according to a joint study by bdv and GfK from 2012. It would, however, not be appropriate to refer to the market data submitted prematurely as evidence for an ongoing downtrend, given the enormous potential identified in 2011 and the expected recovery of the industry in 2013.

At closer sight, the reasons for the disillusioning situation in 2012 are of diverse origin. Apart from the higher competition offering in the sports and leisure segment (e.g. the UEFA Euro took place in 2012) a reluctance of consumption caused by a selectively perceived increase in ticket prices might be a reason underlying this development. The latter does not, however, reflect the actual average price development for tickets.

Against the backdrop of the current development, the enormous significance of a differentiated product offering at suitable market prices, a targeted communication with end customers and an optimum distribution route turn out to be substantial success factors.

Regardless of the general market development, DEAG was able to record a sound development. In fiscal 2013 DEAG continued its profitable growth and extended its good market position – disconnected from the general economic framework conditions and developments on the Live Entertainment market.

The product portfolio has a broad basis. With a focus on four countries, events and concerts are produced for almost all genres for audiences of almost every age group. The resulting risk diversification prevents specific negative effects.

All business units have contributed to the business success in 2013. The activities in the field of middle-of-the-road music/German hit songs and Family Entertainment, had an extraordinary good development and were able to push organic growth through tours and shows, including Andreas Gabalier, Night of the Jumps or the FlicFlac Show EXXTREM.

The product portfolio has undergone an additional differentiation through the acquisition of Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., which was successfully completed during the fiscal year and which extends the Rock/Pop unit by adding Metallica, Iron Maiden, Lady Gaga and some young talents, amongst others. The investment in handwerker promotion e. gmbh with registered office in Unna/ North Rhine-Westphalia, as well as the setting up of Blue Moon Entertainment GmbH in Vienna/Austria resulted in a further geographic extension and consolidation of the Group activities both on the national and on the European market.

The economies of scale generated by organic and external growth have had a positive impact on the purchasing, for instance, of advertising and other services. In addition they lead to the considerable increase of contributions from the distribution business.

The dwindling sales revenues in recent years in the record area and the related growing desire for additional earnings sources in the areas Live, Merchandise and other areas support the position of the DEAG Group which is benefitting from a promising positioning in these fields. The good co-operation with all major labels of the record industry, more particularly with Sony Music Entertainment Germany GmbH in the classical music and in the middle-of-the-road music/German hit songs business of the DEAG Group, confirms this view.

The adopted strategy, including the strengthening of the high-margin areas, the optimal implementation of the 360 degree model, increasing co-operation with national artists and the balanced serving of the international star business in the Rock/Pop area have again confirmed themselves. In parallel, measures which increase the profitability of the business and sound the market with a view to areas with high opportunities have taken effect. This included the significant expansion of Family Entertainment. This orientation which involves – from the Executive Board’s point of view – a high demand and customer-oriented approach ensures growing independence from the general economic effects and market developments.

1.2. The DEAG Group: Increase in sales revenues and result with a clear orientation

All business units of DEAG were able to contribute increases in sales revenues and result in 2013. The continuation of the positive business development forecast in 2012 was implemented.

In the field of Rock/Pop, tours including Kiss, Neil Young, Iron Maiden or Black Sabbath, which were carried out by Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., are some examples which have contributed to the positive result in this unit.

Very good contributions to the result were also generated by tours and Open Airs with David Garrett, which strengthened the classical music area together with the shows produced and organized by Raymond Gubbay Ltd., London, Great Britain, including the dance show Anton & Erin and the Siberian Ballet Tour.

A highlight in Family Entertainment and an extraordinary success was the show EXXTREM with the Circus Flic Flac; the shows resulted in storms of enthusiasm by the audiences and the media. The positive business development was flanked in this area by the show series Night of the Jumps.

Middle-of-the-road music/German hit songs contributed tours by Andreas Gabalier, Reinhard Fendrich and the Musikantenstadl, amongst others.

Apart from the positive development of all concert units, DEAG also benefits increasingly from the digitization of ticket sales in co-operation with Ticketmaster Germany. These positive effects are currently continuing.

The local Rock/Pop business in Switzerland closed fiscal 2013 positively with arena concerts and Open Airs by many world stars such as Depeche Mode, Bruce Springsteen, P!NK and others. The activities of Starclick Entertainment were successfully integrated.

The business at the Jahrhunderthalle Arena was again well ahead of plan because not only rent income from concert events developed positively but also the letting business with annual meetings and works meetings as well as product launches was again particularly positive in 2013.

The local event business was again able to out-perform the previous year in Germany in terms of sales revenues and result development. This was also already attributable to the activities of handwerker promotion e. gmbh, Unna. The higher number of concerts resulted in new business relations and positive rises in profitability, so that the result was likewise higher than during the previous year.

These developments have contributed, amongst other things, to the DEAG Group having been able to increase in 2013, with sales revenue growth of 6% to EUR 165.5 million, the normalized EBIT before depreciations and amortizations of around EUR 1.4 million in connection with purchase price allocations for companies acquired in 2013 by 21% to EUR 8.7 million. The Group result after minority interests from continuing operations rose by 33% to EUR 3.6 million. This corresponds to earnings per share of EUR 0.27 after EUR 0.22 in fiscal 2012.

The Executive Board will propose to the General Meeting a 50% higher dividend payment for the past fiscal year in the amount of EUR 0.12 per share (prior year: EUR 0.08 per share).

2. Income, Assets and Financial Position

2.1. Income Position

During the past fiscal year the DEAG Group generated sales revenues in the amount of EUR 165.5 million versus EUR 155.7 million during the previous year.

The increase is primarily attributable to the first time consolidation of the activities of the two acquisitions, handwerker promotion e. gmbh, Unna, effective January 1, 2013 and Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., effective June 1, 2013 during the reporting year. In addition, higher sales revenues were recorded in the units middle-of-the-road music/German hit songs and Family Entertainment. The gross profit on sales amounted to EUR 36.9 million (prior year: EUR 37.5 million); this corresponds to a gross margin of 22%. The gross result is burdened by around EUR 1.4 million by effects attributable to consolidation with a non-cash effect in connection with purchase price allocations. The adjusted gross margin amounts to 23% (prior year: 24%).

Selling expenses amounted to EUR 19.4 million and have been slightly declining versus prior year despite higher sales revenues (prior year: EUR 20.1 million). The increase due to acquisitions is contrasting with lower costs in the sub-group AIO.

Administrative expenses amounted to EUR 14.9 million versus EUR 13.4 million in fiscal 2012. This was due to the increase in overhead costs following acquisitions and the simultaneous discontinuation of expenditure in connection with the integration of Starclick Entertainment AG in fiscal 2012.

The other operating income increased to EUR 6.1 million (prior year: EUR 3.9 million). It concerns primarily the result from changes in respect of the scope of consolidation, income from consulting and services, earnings from lettings and leasing, earnings from the reversal of accruals and other earnings.

The result from changes in respect of the scope of consolidation (EUR 2.3 million) is attributable to the disposal of the business unit Moon & Stars following the sale of the shares in Moon & Stars Festivals SA, Locarno, Switzerland. At the same time the shares in AIO Group AG, Glattpark, Switzerland were increased to 100%. The AIO Group transaction was carried out through an exchange of shares, payment of a settlement of fractions as well as the abandonment of trademarks not yet activated. Within the framework of this exchange DEAG also acquired media services and orders on hand.

The other operating expenses of EUR 1.4 million (prior year: EUR 0.7 million) include, amongst other things, services, value adjustments / risk management as well as other taxes.

The depreciations and amortizations of tangible and intangible assets of EUR 2.9 million include scheduled amortizations of other intangible assets as well as amortizations of orders on hand which were disclosed in connection with the first consolidations (EUR 1.4 million). They concern costs of sales of EUR 2.5 million and administrative expenses of EUR 0.4 million.

The EBIT amounts to EUR 7.3 million (prior year: EUR 7.2 million). After adjustment for depreciations and amortizations, which relate in an amount of EUR 1.4 million to purchase price allocations, the EBIT increased by 21% to EUR 8.7 million compared to the corresponding prior year value.

The financial income of EUR -0.8 million (prior year: EUR -1.4 million) is marked by a result from associated companies which improved by EUR 0.6 million.

The tax expenses amount to EUR 1.7 million (prior year: EUR 1.1 million). This includes, apart from the taxation of the current profit, one-off amounts for risk management (EUR 0.8 million). After tax deduction, the result after taxes from ongoing operations amounts to EUR 4.7 million (prior year: EUR 4.8 million).

The result after taxes from discontinued operations includes essentially the result from the “Qivive” case.

On May 24, 2013 the Berlin Court of Appeal set aside in legal proceedings which had been pending since 2006 the appeal by DEAG Deutsche Entertainment AG against the first instance judgment of the regional court Berlin, contrary to the expectations of the Executive Board.

Within the framework of a contribution in kind DEAG contributed in 2001 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 which had been prepared in December 2000 by the auditor for the contribution in kind at that time. The expert appointed by the local court Berlin determined in the course of the proceedings an amount of EUR 2.3 million as the appropriate value for the contributed software at that time.

According to the judgment pronounced during the reporting period, DEAG has to pay the difference of EUR 4.5 million (including interest and proportionate costs in connection with the proceedings) to the receiver of Qivive GmbH i.L. The original claim of the opponent amounted to around EUR 8.1 million including interest.

In the meantime a composition settlement reached with the opponent and claims to recourse asserted against the auditor of the contribution in kind at that time already transferred to DEAG have reduced the amount to be paid to EUR 2.5 million. It is reported as result after tax from discontinued operations.

Additional damage claims have been asserted against third parties and DEAG is confident that it will continue to reduce the amount to be paid on balance to a noteworthy extent. Nonetheless, these claims to recourse are not taken into account in the financial statements on December 31, 2013, in conformity with IAS 37.53.

The Group result after shares of other shareholders from continuing operations increased by 33% to EUR 3.6 million. This corresponds to earnings per share of EUR 0.27 after EUR 0.22 during the previous year. After taking into account the discontinued operations, the Group net income for the year amounts to EUR 1.0 million.

2.2. Assets position

The balance sheet total decreased versus prior year by EUR 8.2 million to EUR 90.8 million (prior year: EUR 99.0 million).

Current assets decreased by EUR 11.0 million to EUR 50.1 million; this includes the drop in liquid funds to EUR 22.9 million (prior year: EUR 31.6 million).

Non-current assets rose by EUR 2.8 million to EUR 40.6 million. The increase was attributable to higher goodwills (EUR + 0.8 million) and other intangible assets (EUR 1.5 million). Whereas the latter concern essentially artist relationships in connection with a purchase price allocation capitalized after scheduled amortization, the variation in goodwill of EUR 2.8 million reflects the addition of first-time consolidations as well as a disposal of EUR 2.0 million in connection with the AIO Group transaction.

The real estate held as investment property continues to relate to plots of land around the Jahrhunderthalle Arena in Frankfurt a.M. The valuation has remained unchanged versus prior year.

Liabilities to banks concern operating credit lines (EUR + 3.4 million) as well as acquisition financing (EUR + 1.3 million). The latter is related to the purchase price financing for acquisitions of stakes in companies.

Current liabilities decreased in line with the assets by EUR 8.9 million to EUR 51.3 million. This is attributable to lower accounts payable (EUR - 5.7 million) as well as provisions and deferred sales reduced by EUR 2.2 million and EUR 3.9 million, respectively.

Equity amounts to EUR 30.1 million (prior year: EUR 31.8 million); this corresponds to an equity ratio of 33% (prior year: 30%). The variations in respect of equity are attributable, in addition to the current Group result, to the capital increase carried out during the reporting year, the AIO Group transaction as well as dividend payments to shareholders of DEAG and other shareholders.

2.3. Business Development by Segment

DEAG reports in an unchanged segment structure. The latter reflects the strategic orientation the Group in an appropriate and transparent manner:

In the segment Live Touring ("traveling business") the touring business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungs (Würzburg), Wizard Promotions Konzertagentur (Frankfurt a.M.), Raymond Gubbay Ltd. (London, United Kingdom) as well as The Classical Company (Zurich, Switzerland).

The segment Entertainment Services ("stationary business") covers the regional as well as the entire service business and includes activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt a.M.), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), Grandezza Entertainment (Berlin), FF Tournee (Essen), River Concerts and Elbklassik (both Hamburg), handwerker promotion e. (Unna), Blue Moon Entertainment (Vienna, Austria) as well as DEAG Music (Berlin) as music publisher / label.

Explanation on the business development of the segments:

Business development of the segments:

Sales revenues in EUR million	2013	2012	Variation vs. prior year
Live Touring	71.7	71.5	0.2
Entertainment Services	102.6	91.7	10.9

Segment performance:

Operating result (EBIT) in EUR million	2013	2012	Variation vs. prior year
Live Touring	2.7	5.2	-2.5
Entertainment Services	8.3	6.0	2.3

Live Touring

Sales revenues: The sales revenues in the Live Touring segment of EUR 71.7 million were only slightly above the prior year level. Whilst the areas of middle-of-the-road music/German hit songs and Rock/Pop recorded growth rates, the latter as a result of the stake in Wizard Promotions Konzertagentur, Frankfurt a.M., revenues in the classical music business dropped versus the very good prior year level. The sales revenues of the previous fiscal year also included income from the successful implementation of the Tabaluga Show, which was organized for the last time.

Segment performance: The segment benefitted from the altogether profitable business whilst the contributions to the result from the field of classical music, which decreased compared to the extraordinarily positive previous year, were not fully compensated. This was attributable essentially to postponements of planned tour and show projects as well as ticket sales behind expectations in the field of Open Air events due to the weather and flooding situation in early summer. Another EUR 0.7 million are included as a result of non-cash expenditure in connection with consolidation following the balance sheet reporting of the purchase price allocations.

Entertainment Services

Sales revenues: The increase in sales revenues results, more particularly, from the show EXXTREM with the Circus Flic Flac as well as the first-time inclusion of handwerker promotion e. gmbh, Unna. Sales revenues of the AIO Group had a decreasing development which did not, however, result in a reduction of the contribution to the result compared to the previous year.

Segment performance: The operation of our arena, Jahrhunderthalle in Frankfurt a. M. as well as the local event business in Germany have contributed towards the improved segment performance. In addition, the AIO Group transaction had a positive impact. The result is reduced by EUR 0.7 million following non-cash effects of consolidation in connection with the balance sheet reporting of the purchase price allocations.

2.4. Financial Position

in EUR million	**2013**	**2012**
Net cash outflow/inflow from operating activities (total)	-8.1	-2.5
Net cash outflow from investing activities (total)	1.1	-0.6
Net cash outflow from financing activities (total)	1.3	-1.7
Changes in cash and cash equivalents	**-5.7**	**-4.8**
Changes in cash and cash equivalents contongent on the scope of consolidation	0.0	0.5
Effect of exchange rate changes	-0.3	0.2
Cash and cash equivalents as at 01.01.	**28.9**	**33.0**
Cash and cash equivalents as at 31.12.	**22.9**	**28.9**

The outflows from current business activities (total) amounts to EUR -2.5 million versus EUR -8.1 million during the previous year. The changed financial position results essentially from the lower net working capital versus prior year due to the reporting date. The current assets which have only been increased to a minor extent, contrast with significantly reduced current liabilities. The inflow from investments (total) results on the one hand from payments under the acquisitions of the reporting year and on the other hand from disbursements for investments. The inflow from financing activities concerns apart from payments under capital increases the balance from the raising and redemption of financial debt as well as dividend payments to shareholders of DEAG and other shareholders. Overall, cash and cash equivalents dropped during the reporting period to EUR 6.0 million.

Payments in connection with the “Qivive” case did not result in a burdening of cash and cash equivalents in 2013 because DEAG had already deposited proactively in prior years an amount of EUR 2.7 million by way of collateral in an escrow account.

2.5. Income and Assets Position of DEAG

The following statements on DEAG are in conformity with the provisions of the German Commercial Code (HGB).

Income Position

During the past fiscal year DEAG generated a net deficit for the year in the amount of EUR 0.8 million (prior year: net income for the year: EUR 2.3 million). This was essentially caused by the reduced result from the “Qivive” case; after adjustment for this effect, the net income for the year amounts to EUR 1.7 million.

The earnings resulted essentially from service income, commission and licensing fees as well as earnings from the disposal of assets. Expenses were arising in particular from material costs. The interest result continues to amount to EUR 0.2 million. Earnings from investments and profit and loss transfer agreements amounted to EUR 3.5 million after EUR 3.1 million during the previous year.

Assets Position

The balance sheet total increased by EUR 32.2 million to EUR 35.9 million. The equity of DEAG amounted to EUR 21.6 million (prior year: EUR 19.2 million); this corresponds to an unchanged equity ratio of 60%. The variation in respect of equity concerns the annual result, dividend payments as well as the mixed contribution in cash and in kind.

Financial assets increased by EUR 2.8 million due to the acquisition of 75.1% of the shares in Wizard Promotions Konzertveranstaltung. Receivables from affiliated companies rose due to the takeover of results under existing profit and loss transfer agreements by EUR 3.5 million. Other assets and liquid funds decreased by EUR 1.0 million and EUR 1.6 million, respectively.

The liabilities to banks increased by EUR 3.0 million and concern operating credit lines as well as acquisition financing. The latter is in connection with the purchase price financing for the acquisition of shares in companies.

The liabilities to affiliated companies decreased by EUR 2.4 million on the reporting date.

2.6. Personnel Development

The Group headcount amounted on an annual average to 284 versus 206 in the previous year. DEAG employed 25 people (prior year: 26) on an annual average.

2.7. General assessment

The Executive Board of DEAG considers the economic situation of DEAG and the Group at the time of the preparation of the Combined Management Report and Group Management Report as very good. Both the forecasts made in the Outlook Report of the previous year and the forecast published in the course of fiscal 2013 concerning sales revenues and result developments as well as dividend payments were fulfilled or overfulfilled.

Contrary to the assessment of the Executive Board, DEAG had not been able to win the court case in re “Qivive”. DEAG is confident that it will be able to further reduce the decrease in the reported result.

2.8. Compensation Report in accordance with § 289 para 2 No. 5 HBG and § 315 para 2 No. 4 HGB (German Commercial Code)

The Supervisory Board fixes the compensation of the Executive Board. The members of the Executive Board receive variable compensation in addition to fixed compensation.

The bonus payments for the Executive Board are paid for every fiscal year on the basis of targets defined by the Supervisory Board of DEAG, together with the Executive Board. They include both quantitative and individual qualitative elements.

Compensation in kind is paid for instance through the provision of a company car and contributions to sickness / care insurance. The overall emoluments of the Executive Board totaled EUR 1.7 million in 2013 (prior year: EUR 1.2 million). These include compensations for activities on the board of subsidiaries included in the consolidated financial statements (kEUR 92; 2012: kEUR 32); during the reporting year kEUR 76 (2012: kEUR 16) were accounted for by the CEO.

The compensation of the Supervisory Board is governed by the provisions of the by-laws. The corresponding provisions were revised by the General Meeting on June 14, 2007 by an amendment to the by-laws. The compensation of the Supervisory Board includes a fixed (EUR 9,500) and a variable amount. The variable amount depends on the consolidated EBIT; it amounts to EUR 1,000 per full amount of EUR 1 million of the consolidated EBIT exceeding 15% of the nominal capital, capped at EUR 9,500 per year. The chairman of the Supervisory Board is paid the triple amount of the compensation and his deputies the double amount. Furthermore, all expenses of the members of the Supervisory Board are refunded, and they are reimbursed any VAT which may be payable on their compensation and expenses.

2.9. Explanatory Report of the Executive Board in accordance with § 289 para 4 HGB and § 315 para 4 HGB (German Commercial Code)

The subscribed capital amounted to EUR 13,627,266.00 as at December 31, 2013. It consists exclusively of no-par value bearer shares with an arithmetical share in the share capital of EUR 1.00 per share. There are no different share categories or shares with special rights that grant control rights. Nor are there any restrictions under the by-laws which would affect the voting rights or the transfer of shares. The Executive Board is not aware of any agreements to that effect between shareholders.

The service contracts for the members of the Executive Board include each a possibility for the benefit of the members of the Executive Board to give notice in the event of a change in owner.

The CEO, Prof. Peter L. H. Schwenkow, Berlin, controls directly more than 9% of the shares and hence of the voting rights of the company. Bernd Förtsch controls indirectly and directly more than 15%, Plutus Holdings 2 Limited controls directly more than 10% of the shares of the company. Any employees who have a shareholding in the capital exercise their voting rights directly.

The Executive Board is appointed by the Supervisory Board in accordance with § 84 AktG (German Stock Corporation Act). The number of Executive Board members is determined by the Supervisory Board which also determines the term of the Executive Board mandates. The Supervisory Board is entitled to decide on amendments to the by-laws which only relate to their version. As for the rest, the Executive Board is entitled to issue, with the consent of the Supervisory Board, new shares once or several times from the authorized capital decided by the General Meeting and the conditional capital decided by the General Meeting and hence to increase the share capital of the company.

The ordinary General Meeting of June 28, 2011 created new authorized capital and rescinded the previously unused authorized capital. The Executive Board was empowered to increase the share capital, with the approval of the Supervisory Board, by a total of EUR 6,194,491.00 until June 27, 2016 (Authorized Capital 2011/I).

The resolution about the Authorized Capital (2011/I) was entered in the commercial register on July 22, 2011.

On June 17, 2013 the Executive Board decided with the approval of the Supervisory Board of June 18, 2013 through 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 the subscription right.

The capital increase was designed as a combined contribution in cash and in kind and resulted in a gross issuing income 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, Frankfurt a.M., were contributed to DEAG.

The capital increase was entered into the commercial register on June 28, 2013.

The authorized capital (2011/I) still amounts to EUR 4,955,593.00 after partial use.

The share capital of the company was conditionally increased by resolution of the General Meeting on July 8, 2009 by an amount of EUR 3,000,000.00 (Conditional Capital 2009/I).

A contingent capital increase may only be carried out to the extent that the holders of option and conversion rights which are added by virtue of the empowerment of the Executive Board of July 8, 2009 to the convertible bonds and / or bonds with warrants issued by the company until July 7, 2014, exercise their conversion or option right or holders that are obliged to convert the convertible bonds to be issued by the company by virtue of the resolution of empowerment of the General meeting of July 8, 2009 until July 7, 2014 meet their obligation to convert. The new shares participate in the profit from the beginning of the fiscal year during which they originate from the exercise of conversion and option rights or from the fulfillment of the obligation to convert.

The resolution about the Conditional Capital (2009/I) was entered in the commercial register on July 15, 2009.

By resolution of the General Meeting of July 7, 2010 the company is, moreover, empowered in accordance with § 71 para 1 No. 8 AktG (German Stock Corporation Act) to acquire treasury shares, with the consent of the Supervisory Board, in an amount of up to 10% of the share capital at the time of the adoption of the resolution until July 6, 2015. The corresponding decision has to be taken by the Executive Board. An acquisition of this kind may only be carried out through the stock exchange or by means of a public offering addressed to all shareholders. This empowerment has not been exercised so far.

Compensation agreements of the company with members of the Executive Board or employees in the event of a takeover bid exist in one case. We refer to the information in the Notes to the Consolidated Financial Statements in that respect.

2.10. Declaration on Corporate Governance in accordance with § 289 a para 2 HGB (German Commercial Code)

2.10.1. Executive Management by the Executive Board

The Executive Board of DEAG manages the company under its own responsibility and represents DEAG in transactions with third parties. The Executive Board is strictly separated from the Supervisory Board in terms of its members. No member of the Executive Board may at the same time serve as a member of the Supervisory Board. The Executive Board defines the corporate goals and the strategic orientation of the DEAG Group. It steers and supervises the business units of the DEAG Group by planning and defining of the corporate budgets, the allocation of financial resources and management capacities, the support and decision in respect of essential individual measures and the control of operating management. Its actions and decisions are governed by the company's interest. It is committed to the goal of a sustainable increase in the enterprise value.

The Executive Board takes its decisions on the basis of the applicable laws, the by-laws of DEAG and the rules of procedure of the Executive Board, basically with a simple majority. In the event of a tie, the CEO has the casting vote. The CEO does not have a right to veto resolutions by the Executive Board. As for the rest, every member of the Executive Board is authorized individually to take decisions in respect of the functions attributed to him.

The Executive Board regularly reports to the Supervisory Board in a prompt and comprehensive manner about all the relevant questions concerning the company in terms of planning, business development, risk position and risk management, and co-ordinates the strategic orientation of the company with the Supervisory Board. For certain transactions defined in the by-laws and the rules of procedure of DEAG, the Executive Board must obtain the approval of the Supervisory Board before they are conducted.

2.10.2. Report of the Supervisory Board

The report of the Supervisory Board is published together with this Management Report.

2.10.3. Declaration of Conformity in accordance with § 161 AktG (German Stock Corporation Act)

The Executive Board and the Supervisory Board of DEAG have made the declaration of conformity in respect of the recommendations of the Government Commission German Corporate Governance Code on December 12, 2013 and have made the declaration permanently available to shareholders. The full text of the declaration is published on the company's website (www.deag.de/ir).

3. Supplementary Report

The Supervisory Board appointed Detlef Kornett as a further member of the Executive Board of DEAG with effect from January 1, 2014. As CMO (Chief Marketing Officer) he will head the entire marketing of the company on the Executive Board, push digitization strategically and moreover be responsible for the foreign business of DEAG, in particular in the United Kingdom, Switzerland and Austria.

In January 2014 DEAG and one of its principal banks entered into an agreement on a project framework line in the amount of EUR 6.0 million in addition to the existing business relations.

From the Executive Board's point of view, no material events took place between January 1, 2014 and the date of publication of this Management Report.

4. Report on Opportunities and Risks

In accordance with § 91.2 AktG, the Executive Board is obliged to take appropriate measures and introduce a monitoring system in order to discover at an early stage any developments that may jeopardize the continued existence of the company and the Group. Risks are an inherent part of entrepreneurial actions. This requires recognizing, evaluating and reporting strategic and operative risks.

At the same time DEAG and the DEAG Group are permanently exposed to a number of common market and business risks as well as further specific risks connected to the sector, since it is a very volatile business.

DEAG and the DEAG Group have set up a monitoring system for an early detection of any developments that could jeopardize the continued existence of the company and the Group. The monitoring of business activities with a view to the early detection of any potential jeopardizing risks is mainly done by the Executive Board and Corporate Controlling at the HQ. The risk management system focuses on liquidity planning, project calculations and supervision of the advance booking numbers of all operational subsidiaries as well as the ongoing forecast of the income position of the individual companies and the Group. The Group is controlled via the ratios EBIT and earnings per share. The identified risks are checked during the year on a regular basis with the business unit heads with the objective of remedying existing risks or minimizing them. Within the framework of this process, the opportunities and risks are identified, quantified together with the Executive Board and the executive management bodies of the subsidiaries, and control measures are defined which are regularly reviewed and adjusted, if necessary.

For the individual business units, forecasts and plan/actual comparisons are conducted on a regular basis. On a business unit level, pre and post-calculations are prepared for projects. The break-even capacity utilization is the most important controlling factor whose achievement is monitored through a regular scan of the advance booking numbers. Liquidity planning is regularly prepared for all material business units of the Group. Following the transfer of accounting to the holding company and / or through a standardized exchange of information with subsidiaries, the Executive Board is regularly informed about the income, assets and financial position.

The Group risk management is the responsibility of the Central Finance function of DEAG. It makes available the tools and processes as well as the know-how which are necessary for risk management purposes.

The preparation of the separate financial statements – including those of the holding company – based on the respective national law, is the responsibility of the executive management bodies. The accountants of the individual companies – including those of the holding company – are supervised and supported in technical terms by the Head of Finance and Accounting and the CFO at the HQ. Third-party experts are called in on special issues. Their expert reports are checked by the HQ and the results are then applied on the level of the accounting departments of the individual companies concerned.

The preparation of the consolidated financial statements in accordance with IFRS is carried out by the Accounting Department of the parent company, which also defines the essential processes and deadlines. For co-ordination within the Group and other closing activities, binding instructions have been issued.

For the purpose of representing the accounting transactions in the separate financial statements and in the preparation of the consolidated financial statements, standard software is used with the respective access authorizations for the persons involved being clearly regulated.

A segregation of duties and the four-eye principle are consistently applied to all processes in accounting. Wherever there could be control gaps because of the small size of a unit, these functions are exercised by skilled staff from other units.

As a result of the internal control system in financial reporting, these principles are continuously supervised. The material risks of the DEAG Group in terms of a reliable control environment and proper financial reporting are centrally recorded in a risk catalog. The latter is reviewed and updated on an annual basis by the Head of Finance and Accounting and the CFO.

In accordance with the provisions of the German Commercial Code, we are obliged to point out the risks and opportunities involved in the future development. This combined Management Report and Group Management Report as well as further information on the fiscal year include forward looking statements and estimates which involve risks which might entail variations of the actual results from our expectations.

4.1. Market / Competition

The DEAG Group operates in a market characterized by stiff competition. We endeavor to identify changes on the market at an early stage and to respond to them. Nonetheless, the market environment can change in a surprising manner which could involve risks for the business operations of the Group. This applies, for instance, to changes in the leisure and

consumption behavior which could have an adverse influence on ticket sales in Live Entertainment. The business operations of the DEAG Group currently depend to a large extent on ticket sales. Although there are currently no indications suggesting that the present deterioration of the economic situation impacts ticket sales, the further development remains to be seen.

Moreover, the framework conditions for the availability of artists who correspond to the taste of the audiences might change and new, strong suppliers could enter the market and hence compete with the DEAG Group.
Furthermore, business success, more particularly, in the Rock/Pop business line, depends on the extent to which the subsidiaries of DEAG succeed in countering the increasing fee demands of artists. As a result of the decline in the sales revenues from recorded music, the significance of promoters grows, so that their negotiation position is improved.

The business operations of the DEAG Group are also determined by the availability of corresponding venues. With Jahrhunderthalle in Frankfurt a.M., which is owned by Concert Concept, DEAG can use a venue without restrictions. The other venues are rented for the respective event. If it is no longer possible to use the different venues, this can have an adverse impact on the Group's business.

In addition, there is a dependency on artists, agents, producers and other industry players regarding existing business relations and also the establishment of new business relations. The termination of co-operation between AIO Group AG and ABC Productions AG on December 31, 2013 could, therefore, result in significant declines in sales revenues and result, if it is not possible to generate new business relations on the basis of the existing network. The availability of distribution channels, more particularly advance booking systems, is another factor which has a major impact on business success. With the shareholding in Ticketmaster Deutschland Holding GmbH, the close co-operation with the world market leader Ticketmaster NVH Inc., USA, as well as the cooperation agreed in 2011, DEAG has taken an important strategic step forward in this respect.

Furthermore, the development of the Group’s business is influenced by the extent to which it can recruit and keep qualified staff and industry insiders within the company or to compensate the know-how if they leave. This applies, more particularly, to the entertainment industry which is heavily dependent on the relations and contacts of individual persons. In this connection the Executive Board members of the holding company and the managing directors of the subsidiaries and investees play a particularly important role. Business success in the Rock / Pop business line depends on the ongoing successful integration of the investees acquired in Germany as well as possibly other acquisitions. In the Classical Music business line, the further business success depends on the extent to which established top stars can be retained in the medium and long term and new promising talents can supplement them. The Group meets this risk with a broadly based portfolio of artists.

The DEAG Group has taken out various insurances. Such insurances are to cover risks in connection with the business activities, more particularly related to the organization and cancellation of concerts and other events. The risk of having to cancel concerts and other events at short notice, because the respective artist does not or cannot perform, has to be pointed out. If a subsidiary included in the consolidated financial statements does not hold or holds insufficient insurance coverage in such a case or in connection with other damaging events, liabilities arising from such a damaging event can have a material impact on the income, assets and financial position of this company.

4.2. Evaluation of Goodwill and other Intangible Assets

Given the above-mentioned imponderables of the DEAG Group's operating business, further write-downs of goodwill and / or financial investments as well as of the other intangible assets of the Group reported within the framework of purchase price allocations cannot be excluded, if the actual results of the subsidiaries deviate from expectations. This applies to both existing and possibly newly added goodwill from further company acquisitions. For the goodwill of each cash generating unit of the Group, impairment tests are carried out.

Within the Group, part of the delta between the purchasing price and the paid-off equity of the shares of companies acquired is allocated to order book as well as to artists and agents relations. This part is regularly written down.

4.3. Real Estate held as Financial Investment Property

Under "Real estate held as financial investment property" the company shows in its balance sheet parts of plots of land around the Frankfurt Jahrhunderthalle to be sold and / or to be built on. An independent expert reaches an unchanged value indication of EUR 9.45 million for the plots of land around the Jahrhunderthalle arena in Frankfurt a.M., including the deduction of safety margins for non-secured developability. For two partial plots of land notarized purchase and sale agreements have already been entered into. The building permit has not yet been issued. If developability is not permitted as planned or if the estimated prices per square meter will be reduced for other reasons, there is a risk of a material impairment which has negative effects for the assets, financial and income position of the company.

4.4. Financial Obligations

The financing of the operating business depends on the ability of the companies of the DEAG Group to generate enough cash flow in a volatile business and / or to tap external financing sources (third-party capital or equity).

DEAG has, therefore, agreed with four principal banks comprehensive framework lines without further limitation of terms, which can be maintained for purposes of acquisition financing (EUR 6.0 million) pre-financing of tour and concert events (EUR 3.0 million) as well as the current business (EUR 6.5 million). The framework lines were used on the balance sheet date in the amount of EUR 4.0 million, EUR 0.5 million and EUR 4.1 million, respectively.

Furthermore, there is an amortizing loan (with value date December 31, 2013 in the amount of EUR 3.2 million) in connection with the debt re-scheduling of a mezzanine financing.

The ongoing interest payment of the different drawings and utilizations is based on the one hand on the general EURIBOR development and on the other hand on agreed relations concerning the statement of financial position and earnings (financial covenants) which can lead to an increase or reduction in interest payments. The financial and non-financial covenants to banks are permanently monitored.

The respective financing terms and conditions reflect the favorable market level as well as the very good rating of DEAG. The framework lines may be terminated on the basis of the standard terms and conditions if the assets, finance and income position of the DEAG Group worsens sustainably compared to the time of the respective granting.

4.5. Financial Instruments

In terms of its assets, liabilities and within the operating business, the DEAG Group is subject to interests, exchange rates, credit worthiness and liquidity risks.

Part of the interest payments for the loans raised by the Group are paid directly on a EURIBOR basis. Hence, some of the capital costs are partially subject to an interest rate change risk. The Executive Board estimates that, given the current interest development, the risk for DEAG and the Group is low, so that during the reporting year, no interest hedging was made.

Payments to artists, orchestras, show productions etc. are partly made on a USD basis and are hence subject to an exchange rate risk vis a vis the euro and / or CHF or GBP. The same applies to dividend payments of foreign subsidiaries which are made in CHF and GBP. The company proceeds on a regular basis to sensitivity analyses in order to anticipate the impact of currency fluctuations and to assess whether exchange rate hedging transactions are advantageous. During the reporting period no exchange rate hedging was carried out.

As far as receivables from business partners are concerned, DEAG and the DEAG Group are dependent on their continued existence as well as their credit worthiness and hence solvency.

In view of risk reduction active receivables management is carried out. In addition, payments on account are agreed upon. During the reporting period precautionary measures were taken through valuation allowances in respect of individual receivables.

Possible liquidity risks are covered by short and medium-term planning. Financial management has to secure the servicing of all liabilities in due time. Furthermore, compliance with financial and non-financial covenants vis a vis banks is supervised on an ongoing basis. The company has both non-current and current credit relationships.

The stock of original financial instruments is reported in the balance sheet; the amount of financial assets corresponds to the maximum default risk. Any default risks identifiable for the financial assets are covered by valuation allowances.

4.6. Tax Risks

For the holding and its main subsidiaries DEAG has established a risk management system. It includes measures for the recording, evaluation and reduction of potential tax risks. In the event of special topics, experts are called in. The expert reports are reviewed by the headquarter and the results are then taken into account accordingly.

For sufficiently concrete, assessable tax risks whose probability of occurrence is essentially likely, existing tax credits were reduced or corresponding provisions were recognized as liabilities.

Moreover, further payment obligations might result from future tax audits whose amount cannot be estimated with a sufficient reliability.

4.7. Legal Proceedings

The DEAG Group is involved in several active and passive legal proceedings. Insofar as risks can be identified in respect of these proceedings, these risks are covered in the financial statements on the one hand by value adjustments in respect of assets and on the other hand, by provisions.

4.8. Holding Structure

The company itself has almost no operating business but acts as a holding of the DEAG Group. At present the assets of the company primarily consist of the shares in its operating subsidiaries. The company is associated with the latter partly through control and profit and loss transfer agreements. The company itself is, therefore, dependent in terms of its own income on the operating companies of the DEAG Group generating profits and transferring them to it. On the other hand, the company has obligations vis a vis the investees linked to it through control and profit and loss transfer agreements to offset any losses possibly incurred by these companies. This may lead to significant adverse effects on the assets, financial and income position of the company.

In order to avoid and / or minimize these risks, the company operates a risk management system on a Group level which includes all subsidiaries (see 4. Opportunities and Risk Report). As a result of this risk management system, the opportunities and risks are recorded, evaluated on a Group level, control measures are defined and monitored and a uniform Group accounting process is ensured.

4.9. Opportunities

The DEAG Group continues to anticipate a successful course of business in 2014 and during the coming years. With its broadly based portfolio, the Group is able to respond flexibly to changes in trend. Moreover, the company sees opportunities for an extremely good business development in the following areas.

- After its expansion to Great Britain and Switzerland, DEAG Classics AG has become, under the leadership of Professor Peter L.H. Schwenkow, who extended his service contract as a member of the Executive Board ahead of time until the end of 2016, the market leader for classical music events in Europe. The business volume will initially be enlarged through the mutual transfer of artists and products between the companies. Furthermore, the entry into other European markets is to be implemented. Concrete preparations have already been decided. Following a strong European presence, the attractiveness of DEAG for artists from the classical music area increases.

- As a result of the alliance with Sony Music Entertainment Germany GmbH there are further possibilities for the acquisition of artists both in the Classical Music and in the Rock / Pop areas.

- As a result of the full takeover of AIO Group AG and the setting up of Blue Moon Entertainment GmbH, the DEAG Group is increasingly in a position to act as a contracting partner for artists and agents as well as promoters of tours and show projects for the so-called G/S/A countries, i.e. Germany, Switzerland and Austria. The resulting synergies and economies of scale are to make the business, more particularly in Switzerland, more profitable and provide additional opportunities.

- With the open airs by von Andreas Gabalier in 2014 and tours with Peter Maffay in 2015 and others, the DEAG Group is heading the attractive German language segment. This area offers further growth opportunities in the years to come.

- In the field of Family Entertainment the indicators for 2014 are very good after the overriding success of the 2013 tour with the cult show Flic Flac EXXTREM. DEAG has already started into the new fiscal year with very good sales numbers for the Irish dance show “Riverdance”. A further extension of the strategically important Family Entertainment segment is the co-operation with Bernhard Paul, the Founder, Director and General Manager of Circus Roncalli within the framework of a two-year special tour of Circus Roncalli with the new show “Salto vitale”. Advance sales have already started in a promising manner.

- With a global player for ticketing systems, Ticketmaster NVH Inc., USA, DEAG has had a joint venture in Germany since 2006. Comprehensive co-operation with Ticketmaster Deutschland Holding GmbH in ticketing distribution was newly structured in 2011 and has been intensified since then. Evidence for the good co-operation is the marketing co-operation agreed upon in fiscal 2013 between DEAG/Ticketmaster and BILD.de in the field of online ticketing. The co-operation between DEAG/Ticketmaster and BILD.de includes exclusive advance sales of tickets and quotas for certain concerts.

- The share of ancillary income from sponsoring, VIP packages, marketing of ancillary rights (TV, DVD) and merchandising, offers high growth potential in future, too.

5. Data Relevant for Takeover

The nominal capital of the company amounts to EUR 13,627,881.00, subdivided into 13,627,881 ordinary bearer shares in the form of no-par value shares with an arithmetical share in the nominal capital of EUR 1.00 per share.

6. Outlook

After the positive fiscal year 2013, as forecast during the previous year and a good start into the new year, the Executive Board anticipates that the sales revenues and results of the Group will again significantly increase in 2014. The very well filled pipeline and the high number of tickets already sold support these expectations. The growth in sales revenues focuses during fiscal 2014 on the Live Touring segment, whilst higher results are anticipated in both segments. In co-operation with Ticketmaster and BILD.de, the two extraordinary Open Air concerts of the Rolling Stones were sold out within minutes. The same applied to the approximately 200,000 tickets for the reunion concerts of the band Böhse Onkelz. Concerts with Lady Gaga, Beyoncé, Open Air concerts with Andreas Gabalier, David Garrett or Opera productions like Puccini's La Bohème at the London Royal Albert Hall are some examples illustrating how diversified and demand-oriented the portfolio is structured.

The adopted strategy based on a balanced mix of risk and opportunities, is, therefore, to continue to contribute to an increase in results during the coming year. The focus will be on the ongoing extension of the high-margin business, with an emphasis on European expansion and the further integration of the 360 model. Already today there are first indications of a likewise good business development for 2015, which allows for a forecast of very good developments in sales revenues and results beyond 2014. During the coming years DEAG intends to increase its sales revenues to more than EUR 250 million p.a. and grow the Group profit at the same time in an above average manner.

Further growth in sales revenues and earnings together with an increase in dividend payments are to be generated from organic growth and possible acquisitions.

Forward-looking Statements

In addition to past results within the framework of the financial statements, this report also includes forward-looking statements. These statements may deviate from the actual developments.

Berlin, March 31, 2014

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow   Christian Diekmann   Detlef Kornett

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

Consolidated Balance Sheet

Total Assets	Notes	31.12.2013 in EUR'000	31.12.2012 in EUR'000
Liquid funds	7	22,943	31,597
Trade receivables	8	8,801	9,968
Down Payments	9	11,838	13,483
Inventories	10	105	100
Other current assets	11	6,452	6,030
Current assets		**50,139**	**61,178**
Goodwill	13, 14	19,974	19,125
Other intangible assets	13, 15	7,054	5,563
Tangible fixed assets	16	2,094	1,265
Investment properties	17, 28	9,450	9,450
Investments	18	757	752
Investment in associates	18	36	50
Loans to associated companies	18	39	227
Down Payments	10	243	243
Other long-term assets	19	635	654
Deferred tax assets	20, 39	355	489
Long-term assets		**40,637**	**37,818**
TOTAL ASSETS		**90,776**	**98,996**

Liabilities and equity	Notes	31.12.2013 in EUR'000	31.12.2012 in EUR'000
Bank loans payable	21, 28	6,203	3,610
Trade accounts payable	22	5,608	11,326
Accruals	23, 43	6,092	8,293
Sales accruals and deferrals	24	27,174	31,037
Income tax liabilities	25	1,977	1,017
Other current liabilities	26, 28	4,252	4,874
Current liabilities		**51,306**	**60,157**
Accruals	23, 43	848	939
Bank loans payable	21, 28	5,567	3,500
Other long-term liabilities	27, 28	564	629
Deferred taxes	20, 39	2,387	1,959
Long-term liabilities		**9,366**	**7,027**
Share capital		13,627	12,388
Capital reserve		29,826	27,337
Accumulated deficit		-17,048	-13,285
Accumulated other income		-274	-63
Equity attributable to DEAG shareholders		**26,131**	**26,377**
Equity attributable to non-controlling interest		3,973	5,435
Equity	29	**30,104**	**31,812**
TOTAL LIABILITIES AND EQUITY		**90,776**	**98,996**

Consolidated Income Statement

	Notes	01.01. to 31.12.2013 In EUR´000	01.01. to 31.12.2012 In EUR´000
Sales	31	165,478	155,725
Cost of sales	32	-128,586	-118,195
Gross profit		**36,892**	**37,530**
Distribution costs	33	-19,380	-20,109
Administrative expenses	34	-14,901	-13,399
Other operating income	35	6,106	3,944
Other operating expenses	36	-1,409	-728
Operating income (EBIT)		**7,308**	**7,238**
Interest income and expenses	37	-396	-290
Income from investments	38	-3	-
Earnings from associated companies	18	-444	-1,065
Write-ups of financial assets and working capital securities		-	1
Foreign currency exchange gain and loss			
Financial result		**-843**	**-1,354**
Result before taxes		**6,465**	**5,884**
Income taxes	39	-1,721	-1,096
Group result from continued operations after taxes		**4,744**	**4,788**
Group result from discontinued operations after taxes	49	**-2,586**	**-**
Group result after taxes		**2,158**	**4,788**
thereof attributable to non-controlling interest		1,183	2,105
thereof attributable to DEAG Shareholders (Group Result)		**975**	**2,683**
Earnings per share in EUR (undiluted/diluted)			
from continued operations	29	0.27	0.22
from continued and discontinued operations	29	0.07	0.22
Average number of shares in circulation (undiluted/diluted)	29	13,007,817	12,388,368

Consolidated Statement of Comprehensive Income

from 01.01.2013 to 31.12.2013	2013 - In EUR'000 -	2012 - In EUR'000 -
Group Result after taxes	2,158	4,788
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-428	-160
(+/-) Actuarial profit/loss recorded in equity	246	-425
(+/-) Deferred taxes on the other total result	-49	85
amounts, not reclassified in income statement	**197**	**-340**
Other result after tax	-231	-500
Total result	1,927	4,288
Thereof attributable to		
Non-controlling interest	1,163	1,827
DEAG Shareholders	764	2,461

Consolidated Cash Flow Statement (Note 42)

In EUR´000	2013	2012
Group result from continued operations after taxes	4,744	4,788
Depreciation and amortisation/ write-ups	2,925	1,339
Expenditure from retirement of fixed assets	-52	21
Changes not affecting payments	75	-119
Income from valuation of investment properties	-	-1,250
Change in other accruals	-3,006	335
result of change in scope of consolidation	-2,274	-
Deferred taxes (net)	-227	-454
Result from valuation of associated companies	444	1,065
Net interest income	396	290
Changes to receivables, inventories and other assets	9,340	-2,599
Changes to other loan capital without financial debts	-20,453	-5,878
Net cash outflow from continued operations	**-8,088**	**-2,462**
Net cash outflow/inflow from discontinued operations	-	-
Net cash outflow/inflow from operating activities (total)	-8,088	-2,462
Outflows for investments in... ...Intangible assets	-482	-228
...Tangible assets and financial investments	-1,504	-596
Payments from the acquisition of consolidated companies	2,979	-
Spending on the acquisition of consolidated companies	-125	-
Assets disposals	140	37
Interest Income	137	148
Net cash inflow/outflow from investing acitvities (total)	**1,145**	**-639**
capital increase DEAG Deutsche Entertainment AG	1,897	-
Proceeds from new borrowing	6,325	5,586
Repayment of financial debts	-2,392	-4,929
Interest expenditure	-491	-472
Dividend payment to DEAG shareholders	-991	-495
Dividend portions of other shareholders	-2,037	-1,325
Payments to/from other shareholders	-969	-107
Net cash inflow/outflow from financing activities (total)	**1,342**	**-1,742**
Changes in cash and cash equivalents	**-5,601**	**-4,843**
Changes in cash and cash equivalents contingent on the scope of consolidation	-	549
Effect of exchange rate changes	-319	163
Cash and cash equivalents as at 01.01.	28,863	32,994
Cash and cash equivalents as at 31.12.	**22,943**	**28,863**

Consolidated Statement of Changes in Equity

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

(Note 29)

	Number of shares issued	Authorized DEAG shares in EUR´000	DEAG capital reserve in EUR´000	Accumulated deficit in EUR´000	Accumulated other income in EUR´000	Attributable to DEAG shareholders in EUR´000	Attributable to non-controlling interest EUR´000	Equity in EUR´000
As at 31.12.2011	**12,388,368**	**12,388**	**27,337**	**-15,426**	**159**	**24,458**	**5,552**	**30,010**
Total result	-	-	-	2,683	-222	2,461	1,827	**4,288**
Dividend	-	-	-	-495	-	-495	-1,325	**-1,820**
Acquisition of shares of other shareholders	-	-	-	-47	-	-47	-153	**-200**
Other changes	-	-	-	-	-	-	-466	**-466**
As at 31.12.2012	**12,388,368**	**12,388**	**27,337**	**-13,285**	**-63**	**26,377**	**5,435**	**31,812**
Total result	-	-	-	975	-211	764	1,163	**1,927**
capital increase	1,238,837	1,239	2,489	-	-	3,728	-	**3,728**
Dividend	-	-	-	-991	-	-991 [3]	-2,037	**-3,028**
Acquisition of shares of other shareholders	-			-4,403	-	-4,403	-1,357	**-5,760**
Other changes	-			656	-	656 [2]	769 [1]	**1,425**
As at 31.12.2013	**13,627,205**	**13,627**	**29,826**	**-17,048**	**-274**	**26,131**	**3,973**	**30,104**

[1] change in consolidation

[2] non exercise of potentiell acquisition of other shareholders

[3] dividend (0.08€/share)

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

1. Accounting Principles

DEAG Deutsche Entertainment AG (DEAG) is an *Aktiengesellschaft* (stock corporation under German law) set up in Germany with registered office in Germany, 10785 Berlin, Potsdamer Straße 58.

DEAG is one of the leading providers of live entertainment in Europe. Apart from the organization of tours in Germany, Austria, Great Britain and Switzerland, the focus of its core business is on the local/regional staging of concert events in these regions. DEAG's event portfolio is comprised of national and international rock/pop, German hit songs/popular music, classical events, Family Entertainment and the Friedrichsbau Varieté in Stuttgart. DEAG operates the Jahrhunderthalle Arena in Frankfurt a. M., which is owned by it. Furthermore, the label and publishing house business, DEAG Music, is part of the portfolio.

These Consolidated Financial Statements of DEAG Deutsche Entertainment AG (DEAG) were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as applicable on the closing date and, in addition, in conformity with the provisions under German commercial law to be applied in accordance with § 315a para 1 of the German Commercial Code (HGB). The designation IFRS also comprises the still valid International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly Standing Interpretations Committee (SIC).

The consolidated financial statements are based – with one exception - on the financial statements of the companies included in the consolidation. These were prepared by application of the German Commercial Code (HGB), including the accounting standards adopted by the German Standardization Council (DRSC) as at the closing date in accordance with § 342 German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The financial statements of foreign companies were prepared in accordance with their national regulations, in conformity with continuously and uniformly applied accounting and valuation principles. For a company included in the full consolidation with a different fiscal year from July 1 to June 30, interim financial statements had to be prepared.

The single-entity financial statements as well as the interim financial statements of the consolidated companies were prepared effective on the closing date of the consolidated financial statements. Carrying values for tax purposes are not included in the consolidated financial statements. The reconciliation of the valuations in accordance with the IFRS standards was carried out on the level of the Group outside the single-entity financial statements prepared under German commercial law, in a so-called *Handelsbilanz II.*

The items combined in the balance sheet and the statement of income of the Group are explained in the Notes.

For the preparation of the consolidated financial statements, discretion, estimates and assumptions have to be made to a limited extent that affect the level and reporting of assets and liabilities, income and expenses as well as contingent receivables and liabilities. For DEAG this includes, more particularly, the estimates at the determination of the utility values of non-financial assets (goodwill and other intangible assets), the determination of the fair values of real property held as financial investment, the determination of the useful life of the depreciable fixed assets, the assigned value and the valuation adjustment of accounts receivable as well as the measurement and assessment of the probability of occurrence in respect of accruals and contingent liabilities, the assessment whether control is exercised within the meaning of IAS 27 as well as the determination of fair values for exchange transactions.

Actual figures may subsequently differ from these estimates.

2. Amendments to Accounting Standards

During the fiscal year DEAG applied all new and amended standards and interpretations which were published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB and taken over by the European Commission insofar as they had to be applied for the fiscal years starting on January 1, 2013:

- IFRS 1: First-time adoption of the IFRS: Amendment “Government Loan”
- IFRS 1: First-time adoption of the IFRS: Amendment: “Severe hyperinflation and removal of fixed dates for first-time adopters”
- IFRS 7: Financial instruments: disclosures – balancing of financial assets and liabilities
- IFRS 13: Fair value measurement
- IAS 1: Presentation of financial statements – presentation of items of other comprehensive income
- IAS 12: Deferred tax: recovery of underlying assets
- IAS 19: Employee benefits
- IFRIC 20: Stripping costs in the production phase of a surface mine

Furthermore, the “improvements” to IFRS 2009 – 2011” were to be applied for the first time from January 1, 2013 onwards. The amendments to standards and improvements to be applied for the first time in a binding manner in 2013 did not have any material impact on these consolidated financial statements.

The Group has not applied the following new standards, interpretations and revisions which have been adopted under EU law but do not yet have to be applied in a binding manner.

- IFRS 10: Consolidated financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interests in other entities
- IAS 27: Consolidated and separate financial statements
- IAS 28: Investments in associates and joint ventures
- IAS 32: Financial instruments: presentation disclosure – balancing of financial assets and liabilities
- IAS 39: Financial instruments: recognition and measurement: novation of derivatives and continuation of hedge accounting

The application of these standards has no material impact on the financial statements of the DEAG Group. The first-time application of IFRS 10 has, more particularly, no impact on the scope of consolidation. The DEAG Group has prematurely applied the amendment of IAS 36 Impairment of assets and has, therefore, not reported a recoverable amount for cash generating units.

Other standards as well as interpretations and amendments in respect of existing standards, which are likewise published by IASB, do not yet have to be applied in a binding manner in the consolidated financial statements as at December 31, 2013. The application of these IFRS presupposes that the EU recognizes these standards which are partly still pending. Most of these changes are to be applied in fiscal years which commence on or after July 1, 2014.

- IFRS 7: Financial instruments: disclosures: additional disclosures on hedge accounting resulting from the introduction of the hedge accounting chapter in IFRS 9
- IFRS 9: Financial instruments: disclosure and measurement
- IAS 19: Employee benefits - amendment
- IFRIC 21 Levies

Overall, the impact of these standards on the assets, financial and earnings position of the DEAG Group will be of subordinate importance.

3. Consolidation Principles

Scope of Consolidation

We, DEAG Deutsche Entertainment Aktiengesellschaft, as the parent company, include in the consolidated financial statement those subsidiaries fulfilling the control concept. Companies acquired or disposed of during the financial year are included from the date of acquisition or up until the date of sale.

On the balance sheet date, the consolidated entity comprised 33 (prior year: 30) fully consolidated German and foreign companies, in addition to DEAG. Four joint venture are consolidated as joint ventures and/or associated companies according to the equity method. Four associated companies and four shareholdings are reported at cost of acquisition in view of their marginal significance.

Consolidation Methods

Capital consolidation involves offsetting the acquisition costs of participating interests against equity at the time of starting up or acquiring the respective subsidiary. Depreciation of value-adjusted subsidiaries was revered for the purpose of consolidation. Interim gains and losses from intra-group sales of equity holdings were reversed. The differential amounts included in the values reported for holdings in joint ventures and associated companies are established by the same principles.

The asset-side variations arising from capital consolidation were recorded as goodwill in the consolidated balance sheet, after exposure of hidden reserves or charges at the acquired company (revaluation).

Receivables, liabilities and accruals, as well as expenses and income between consolidated companies were consolidated. Any intermediate results of intra-group deliveries and services were eliminated. Any depreciation or value adjustments of intra-group receivables in the individual financial statements were reversed in favor of the group result.

Tax accruals have been made on consolidation based results, as far as they have a future tax impact.

Shareholdings in associated companies valued by the equity method were reported at the pro-rata equity.

On the balance sheet date, along with the parent company DEAG the following companies were fully consolidated:

Segments	Company	Shareholding
Live Touring	DEAG Concerts GmbH, Berlin	100 %
	coco tours Veranstaltungs GmbH, Berlin	100 %
	ULAB Verwaltungs GmbH & Co. KG, Berlin	100 %
	Grünland Family Entertainment GmbH, Berlin	100 %
	Wizard Promotions Konzertagentur GmbH, Frankfurt a.M.	75.1 %
	DEAG Classics AG, Berlin	51 %
	Raymond Gubbay Ltd., London (United Kingdom)	51 %
	KBK Konzert- und Künstleragentur GmbH, Berlin	51 %
	GOLD Entertainment GmbH, Berlin	50 %
	Manfred Hertlein Veranstaltungs GmbH, Würzburg	33.3 %
	The Classical Company AG, Zürich (Switzerland)	25.5 %
Entertainment Services	Concert Concept Veranstaltungs-GmbH, Berlin	100 %
	Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M.	100 %
	Global Concerts GmbH, München	100 %
	Elbklassik Konzerte GmbH, Hamburg	100 %
	Friedrichsbau Varieté Stuttgart Betriebs- und Verwaltungs GmbH, Stuttgart	100 %
	Broadway Varieté Management GmbH, Berlin	100 %
	DEAG Arts & Exhibitions GmbH, Berlin	100 %
	River Concerts GmbH, Berlin	100 %

DEAG Music GmbH, Berlin	100 %
AIO Group AG, Glattpark (Switzerland)	100 %
Good News Productions AG, Glattpark (Switzerland)	100 %
Derinho AG, Glattpark (Switzerland)	100 %
Starclick Entertainment AG, Glattpark (Switzerland)	100 %
Smart Agency AG, Glattpark (Switzerland)	100 %
EM Event Marketing AG, Wangen bei Olten (Switzerland)	100 %
Fortissimo AG, Glattpark (Switzerland)	100 %
Venue Consulting AG, Glattpark (Switzerland)	100 %
Blue Moon Entertainment GmbH, Wien (Austria)	85 %
handwerker promotion e. gmbh, Unna	51 %
Pro Media GmbH, Unna	51 %
Grandezza Entertainment GmbH, Berlin	51 %
FF Tournee GmbH, Essen	25.5 %

At DEAG Classics AG, Berlin, DEAG is basically entitled to 51% of the voting and capital rights. By deviation from the foregoing, the Supervisory Board has a parity-based composition to represent the two shareholders. DEAG Classics AG, Berlin, is nonetheless reported within the DEAG Group as a fully consolidated subsidiary – also taking into account the limits defined for the Executive Board by the rules of procedure – as DEAG has the right of ultimate decision on the Executive Board, and the approval of the Supervisory Board is only necessary for extraordinary transactions. Any amendment to the rules of procedure for the Executive Board requires a unanimous decision.

For The Classical Company AG, Zurich, Switzerland, the control concept in accordance with IAS 27.13 (c) is fulfilled, since DEAG Classics AG has the right to appoint the executive management and approve the annual budget. Consequently, 25.5% are allocated to the Group.

DEAG has a right of ultimate decision to appoint and remove the managing directors and approve the annual budget of GOLD Entertainment GmbH. Consequently, the control concept in accordance with IAS 27.13 (c) is met. GOLD Entertainment GmbH holds in turn 66.6% of the capital and voting rights in Manfred Hertlein Veranstaltungs GmbH. Consequently, 33.3% are allocated to the Group.

In FF Tournee GmbH, Essen, Grandezza Entertainment GmbH, Berlin, holds 50% of the capital and voting rights. The control concept in accordance with IAS 27.13 (c) is met since Grandezza Entertainment GmbH has from the time of exercise of a sustainable business activity by means of a call option, which can be exercised at any time and without limitation in time, the possibility to appoint the executive management and approve the annual budget. Consequently, 25.5% were allocated to the Group.

Since January 1, 2013 DEAG has controlled the business and financial policy of handwerker promotion e. gmbh and its subsidiary, Pro Media GmbH (both Unna). DEAG is entitled to 51% of the capital and voting rights.

Since June 1, 2013 DEAG has controlled the business and financial policy of Wizard Promotions Konzertagentur GmbH, Frankfurt a.M. DEAG is entitled to 75.1% of the capital and voting rights.

On October 9, 2013 Blue Moon Entertainment GmbH, Vienna, Austria was set up. DEAG is entitled to 85% of the capital and voting rights.

On December 21, 2013 DEAG acquired the remaining 48% in AIO Group AG, Glattpark, Switzerland in exchange for all capital and voting rights in MSF Moon & Stars Festivals SA, Locarno, Switzerland, payment of a fraction compensation as well as disposal of the so-far not activated trademark rights. Within the framework of this exchange, DEAG also acquired media services and orders at hand (AIO Group transaction).

Within the framework of this transaction hidden reserves were disclosed which were attributable to the corresponding business unit. Taking into account the outflowing net assets (including goodwill) from the cash generating unit AIO, the disposal result amounted to kEUR 2,274, which is reported in other operating income. The increase in shareholdings in AIO Group AG, Glattpark, Switzerland, not recorded in the income statement, resulted in a reduction in equity by kEUR 5,760 (including shares of other shareholders: kEUR 1,357). The fair value of the disposed business unit was measured on the basis of the expected cash flow.

The cash flow expectations were forecast on the basis of previous results and were discounted with the CGU-specific pre-tax rate. Taking into account different scenarios concerning the extension of the festival contract with the city of Locarno, a fair value of the disposed business unit of approximately EUR 4.4 million was determined. The application of EBIT multipliers of 6.4 – 8.5 as are usual in the industry resulted in at least 10% higher values.

Within the framework of the exchange, a conditional purchase price claim in the amount of kEUR 1,059 was agreed upon, which becomes due in the event of an extension of the festival of Moon & Stars in Locarno.

As a result of the disposal, MSF Moon & Stars Festivals SA, Locarno, Switzerland, has left the scope of consolidation. The company had been allocated to the Entertainment Services segment (CGU AIO).

The following company is run as a joint venture and reported in accordance with the provisions of the equity method and hence the pro-rata equity.

Segment	Company	Shareholding
Live Touring	A.C.T. Artist Agency GmbH, Berlin	50 %

A.C.T. Artist Agency GmbH, Berlin, is included in the consolidated accounts “at equity”.

The following companies are carried in the balance sheet as associated companies:

Segment	Company	Shareholding
	EIB Entertainment Insurance Brokers GmbH, Hamburg	49 %
	Verescon AG, Berlin	44 %
Live Touring	Seefestspiele Berlin GmbH, Berlin	20.4 %

DEAG Classics AG holds an interest of 40% in Seefestspiele Berlin GmbH.

The following were not consolidated for lack of materiality: EBC Entertainment Bau Concept Gesellschaft für kulturelles Bauen GmbH, Berlin, Palast Management und Veranstaltungs-GmbH i.L., Berlin as well as Manchester Chamber Orchestra Limited, Manchester (Great Britain) and Raymond Gubbay Productions Limited, London (Great Britain).

The information in accordance with §§ 315a HGB (German Commercial Code) in conjunction with § 313 (2) HGB is as follows:

Company Name	Company Domicile	Share in Capital	Equity (in EUR ‘000)	Result Fiscal Year (in EUR ‘000)
EBC Entertainment Bau Concept Gesellschaft für kulturelles Bauen GmbH	Berlin	100%	1	1
Manchester Chamber Orchestra Limited	Manchester, Great Britain	51% 1)	2 2)	- 2)
Palast Management und Veranstaltungs-GmbH	Berlin	100%	-109	1
Raymond Gubbay Productions Limited	London, Great Britain	51% 1)	2 2)	- 2)

1) The shares in the companies Manchester Chamber Orchestra Limited as well as Raymond Gubbay Productions Limited are held directly by Raymond Gubbay Limited at 100% each.
2) Figures relate to fiscal 2012/2013. Amounts are stated in pound sterling.

The scope of consolidation of the DEAG Group has changed as follows:

Segment	Comapany	Acquisition
Entertainment Services	Blue Moon Entertainment GmbH, Vienna, Austria	09.10.2013
Entertainment Services	handwerker promotion e. gmbh, Unna	01.01.2013
Entertainment Services	Pro Media GmbH, Unna	01.01.2013
Live Touring	Wizard Promotions Konzertagentur GmbH, Frankfurt a.M.	01.06.2013

Segment	Company	Disposal
Entertainment Services	MSF Moon & Stars Festivals SA, Locarno, Schweiz	31.12.2013

4. Foreign Currency Translation Principles

The consolidated financial statements are drawn up in Euro, the functional currency of the parent company and the reporting currency of the group. The functional currency of the foreign subsidiaries in Switzerland is the Swiss Franc (CHF) and in Great Britain the Pound Sterling (GBP). The functional currency of the domestic subsidiaries of the group is the Euro (EUR).

The positions included in the financial statements of the respective companies are being valued appplying the functional currency. Foreign currency transactions are being exchanged initially at the cash price valid on the day of business transaction into the functional currency. Monetary assets and liabilities in a foreign currency are being exchanged into the functional currency on each call date using the call date rate. All currency differences are recognized income statement-related. Non-monetary items, who were valued at historic purchase or manufacturing prices in a foreign currency, were exchanged using the rate of the day of the business transaction. Non-monetary items, who were valued at their present value in a foreign currency, were exchanged using the rate valid at the date of the determination of the present value.

The assets and liabilities of the foreign units were exchanged into Euros at the call date rate. The translation of income and expenditure is made at the average rate of the fiscal year. The resulting currency differences are being recognized as a separate component of the equity capital. The cumulative amount recognized in the equity capital of a foreign unit is being dissolved income statement-related in case of a sale of the foreign unit.

The exchange rates of currencies of significance to us changed as follows:

	Closing rate in EUR		Average rate in EUR	
	2013	2012	2013	2012
1 Pound Sterling	1.1995	1.2253	1.1777	1.2332
1 Swiss Franc	0.8146	0.8284	0.8124	0.8297

5. Balance Sheet Accounting and Valuation Principles

Notes on the Balance Sheet

Intangible assets purchased are capitalized at cost of acquisition and depreciated in a straight line or via their expected earnings over an anticipated useful life of three to fifteen years. Goodwill obtained in connection with acquisitions is capitalized in accordance with IFRS 3 (Business Combinations). Such option to apply the Full Goodwill method is not being used.

Such goodwill on the basis of cash generating units are subject to annual impairment tests and, if necessary, unscheduled depreciation. In accordance with IAS 36.124 an impairment loss recognized for goodwill may not be reserved in subsequent periods.

Fixed assets are valued at cost of acquisition or production plus incidental acquisition costs minus acquisition cost reductions and, in the case of items subject to wear and tear, less use-related depreciation. Financing costs are capitalized in accordance with IAS 23 (2013: kEUR -, 2012:r kEUR -). Depreciation is in a straight line over the expected useful life.

Scheduled depreciation of fixed assets is based essentially on the following periods of useful life:

Buildings, fixtures and fittings:	4 to 50 years
Plant and machinery:	3 to 10 years
Tools and equipment:	3 to 10 years

If reductions in the value of intangible assets or tangible fixed assets are ascertained, unscheduled depreciation is applied. The value attributable to the intangible assets or tangible fixed assets is ascertained on the basis of future surplus revenue or net sales proceeds (impairment test). Reviews are undertaken annually unless there is reason earlier to assume that values have decreased.

Scheduled depreciations are being accounted for pro-rata in cost of sales and administrative expenses respectively, write-ups in other operating income and unscheduled depreciations in other operating expenses.

Land held as financial investment is being evaluated at fair value according to IAS 40.30/40.33.

Shares in non-consolidated companies are reported in the balance sheet at market or acquisition cost in accordance with IAS 39. Shares in associated companies are reported at equity. Differential amounts resulting from initial consolidation are allocated following the same principles as for full consolidation.

Inventories are valued at acquisition cost. If net sales proceeds on the balance sheet date are less than the cost of acquisition, appropriate value adjustments are made.

Liquid assets include cash and cash equivalents, cash accounts and short-term cash investments with banks and are measured at amortized cost.

Receivables and other assets are recognized at nominal value minus necessary specific valuation allowances.

Deferred expenses and deferred income are built in accordance with the accrual accounting concept outlined in IAS 18. Prepaid amounts are their basis. Deferred expenses are essentially prepaid costs and other accruals. Deferred income that relates to income from sales of prepaid tickets for events after the balance sheet date is reported as deferred revenue from pre-paid ticket sales.

Reserves are valued at the amount sound business judgment deems necessary on the balance sheet date to cover future payment obligations, discernible risks and uncertain commitments. Long-term reserves are being discounted in accordance with IAS 37. If the discounting effect is material, reserves are being recorded to the cash value of the expected future cash flow.

In accordance with IAS 12 deferred taxation is calculated on the basis of the different assigned values for assets and liabilities in the commercial balance sheet and the tax balance sheet in respect of circumstances within the scope of the commercial balance sheet II, consolidation processes and realizable losses carried forward. Deferred tax assets in respect of losses carried forward are only recognized to the extent that offsettable deferred tax liabilities exist. Deferred tax assets and deferred tax liabilities are shown as balances in the balance sheet to the extent that there is offsettability with the same tax authorities.

The defined benefit obligations are calculated in accordance with IAS 19 based on the Projected Unit Credit method. This is based on the number of service years on the respective calculation date and takes into account future developments by including discounting, wage development and probability of resignation until the commencement of the payment of the benefits as well as pension indexing for the years after the first-time payment of recurring benefits. Actuarial profits and losses are immediately recognized in the other income with no effect on the result.

Interest-bearing liabilities are reported at the net inflow amount using the effective rate of interest method.

In accordance with IAS 1, the balance sheet is subdivided into non-current and current assets and liabilities. Assets and liabilities which become due within one year are defined as current. In accordance with IAS 12 deferred taxes are reported as non-current assets and / or liabilities.

Notes on the Statement of Income

Sales revenues and other revenues include all income for services already provided. Services for a concert, a show or a tour are basically considered as provided at the end of the concert or show. Expenses are reported when they are incurred with recognition in the statement of income, Interest and other expenses in respect of borrowings are carried as current expenditure.

6. Segment Reporting

In accordance with the provisions of IFRS 8, individual financial statement data is segmented by areas of work and regions, with presentation being oriented to our internal reporting. Accounting by segment is intended to render transparent the profitability and prospects of success of the Group's individual business activities.

Notes on the Segments

The DEAG Group sub-divides its continued operations into two segments, which are described in the Combined Management Report and Group Management Report.

Segment data

	Live Touring		Entertainment Services		Total Segments	
In EUR'000	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenues	71,663	71,480	102,591	91,746	174,254	163,226
Other income	657	705	4,270	2,549	4,927	3,254
- thereof internal income	12,665	8,759	468	524	.13,133	9,283
Total earnings	**72,320**	**72,185**	**106,861**	**94,295**	**179,181**	**166,480**
Cost of sales*	62,013	60,606	74,868	65,235	136,881	125,841
Operative expenses	7,203	6,031	22,377	22,871	29,580	28,902
Depreciations and amortisation						
(for information only)	-					
-scheduled	1,771	864	1,118	438	2,889	1,302
Segment result (EBIT)	2,652	5,184	8,321	5,954	10,973	11,138
Book value of segment assets	40,379	41,328	46,067	51,147	86,446	92,475
Investments	523	299	1,196	549	1.719	848
External funding of segments	27,726	28,093	45,186	49,376	72.912	77,469
Full-time employees as at 31.12.	45	38	115	85	160	123
Return on sales	3.7%	7.3%	8.1%	6.5%	6,3%	6.8%
Net return on assets	21.0%	39.2%	944.5%	336.2%	81,1%	74.2%

* Data include proportional, scheduled depreciation

Internal income relates to services rendered between Group companies in different segments and DEAG as the parent company. Intra-segment services are eliminated within the segment.

The exchange of output between segments and between the segments and the holding company is adjusted in the consolidation column within following reconciliation overview. The consolidation column also includes the services of the DEAG Holding company. Services are charged at standard market rates and correspond in principle to externally sourced prices.

The return on sales is derived from the segment result (EBIT) divided by the segment sales. The return on net assets is derived from the segment result (EBIT) divided by the net assets.

No sales revenues are generated with external customers which amount to at least 10% of the total sales revenues.

Reconcilation from Segment to Group Data

In EUR'000	Total of segments 2013	Total of segments 2012	Consolidation (incl. Holding) 2013	Consolidation (incl. Holding) 2012	Group 2013	Group 2012
Revenues	174,254	163,226	-8,776	-7,501	165,478	155,725
Other Income	4,927	3,254	1,179	731	6,106	3,985
- thereof internal income	13,133	9,283	-13,133	-9,283	-	-
Total earnings	**179,181**	**166,480**	**-7,597**	**-6,770**	**171,584**	**159,710**
Cost of sales	136,881	125,841	-8,295	-7,646	128,586	118,195
Operative expenses	29,580	28,902	4,701	4,606	34,281	33,508
Segment result (EBIT)					10,973	11,138
Unallocated expenditure and income (incl. DEAG and consolidation effects)					-3,665	-3,900
Operating result (EBIT)					**7,308**	**7,238**
Earnings from associated companies					-444	-1,065
Other financial result					-399	-289
Result before taxes					**6,465**	**5,884**
Taxes on income and earnings					-1,721	-1,096
result from continuing operations after taxes					**4,744**	**4,788**
result from discontinuing operations after taxes					-2,586	-
Group result after taxes					**2,158**	**4,788**
thereof attributable to other shareholders					1,183	2,105
thereof attributable to DEAG shareholders (Group Result)					**975**	**2,683**

The result of associated companies relates to DEAG with an amount of kEUR 5 (2012: kEUR 1).

Other information

In EUR'000	Group 2013	Group 2012
Book value of segment assets	86,446	92,475
Real estate held as financial investment property	9,450	9,450
Shares in affiliated companies	36	50
Unallocated assets incl. consolidation transactions (1)	-5,156	-2,979
Consolidated assets	**90,776**	**98,996**
External funding of assets	72,912	77,469
Unallocated external funding of segments incl. consolidation transactions (1) , (2)	-12,240	-10,285
Consolidated external funds	**60,672**	**67,184**
Net assets (incl. shares of other shareholders)	**30,104**	**31,812**
Full-time employees at 31.12.	185	148
Return on Sales	4.4%	4.6%
Net return on sales	24.3%	22.8%

(1) concerns DEAG at kEUR 36,041 (previous year: kEUR 32,208) and consolidation transactions (mainly debt consolidation at kEUR -27,845 (previous year: kEUR -26,655) between segments and segments and between segments and DEAG respectively

(2) concerns DEAG at kEUR 14,464 (previous year: kEUR 12,988) and consolidation transactions (mainly debt consolidation) between segments and segments and DEAG as well as accrual of deferred taxes kEUR 2,387 (previous year: kEUR 1,959)

The return on sales is derived from the operating result (EBIT) divided by the income from sales.

The Group's return on net assets is derived from the operating result (EBIT) divided by consolidated net assets (including minority interests).

The breakdown of segment data by regional subdivision is shown below. The Group companies concerned are the AIO Group and The Classical Company AG in Switzerland and Raymond Gubbay Ltd. in Great Britain.

In EUR'000	Group 2013	Group 2012
Live Touring Segment Sales	71,663	71,480
thereof: Raymond Gubbay Ltd. (UK)	20,355	20,799
thereof: The Classical Company AG (Switzerland)	1,429	2,818
Entertainment Services Segment Sales	102,591	91,746
thereof: AIO-Group (Switzerland)	55,487	64,673
Book value of Live Touring Segment Assets	40,379	41,328
thereof: Raymond Gubbay Ltd. (UK)	11,720	13,545
thereof: The Classical Company AG (Switzerland)	482	712
Investments of Live Touring Segment	523	299
thereof: Raymond Gubbay Ltd. (UK)	82	23
thereof: The Classical Company AG (Switzerland)	-	-
Book value of Entertainment Services Segment Assets	46,067	51,147
thereof: AIO-Group (Switzerland)	12,954	25,613
Investments of Entertainment Services Segment	1,196	549
thereof: AIO-Group (Switzerland)	103	97

7. Liquid Funds

Cash in hand and credit balances at banks are shown as liquid funds.

8. Trade Receivables

Trade receivables are comprised of the following:

In EUR'000	31.12.2013	31.12.2012
Accounts receivable	8,872	10,044
Value adjustment on accounts receivable	-71	-76
Accounts Receivable	**8,801**	**9,968**

Provisions changed through inward flow (kEUR -26) and consumption (kEUR 31).

The following non value debased trade receivables were overdue at balance sheet date:

Amount in EUR'000	less than 3 months	3 to 6 months	> 6 months
31.12.2013	111	33	62
31.12.2012	122	7	56

The gross receivables portfolio (receivables after deduction of valuation allowances) breaks down as follows:

In EUR'000	Non overdue and non value-adjusted receivables	Overdue and non value-adjusted receivables	Value-adjusted receivables	Gross value of receivables
from Goods and Services				
2013	8,595	206	71	8,872
2012	9,781	187	76	10,044

9. Down payments

Down payments concern essentially down payments of fees and individually attributable event costs concerning events after the balance sheet date. kEUR 243 (prior year: kEUR 243) are allocated to the non-current assets.

10. Inventories

The inventories concern finished products and goods.

11. Other Current Assets

The Other current assets consist essentially of the following:

In EUR'000	31.12.2013	31.12.2012
Tax authorities claims (1)	1,950	1,347
Down payments	925	1,550
Receivables from cooperation contracts	191	254
Claim on purchase price from disposals of investment	100	1,403
Loans	517	347
Insurance settlements/Compensation	401	488
receivables from cost refunds	401	-
Receivables from other shareholders	232	-
deposits	178	156
Value adjustments	-103	-300
Others	1,660	785
Other current assets	**6,452**	**6,030**

(1) thereof ceded artists withholding tax kEUR - (previous year: kEUR 73)

The following non value debased Other Current Assets were overdue at balance sheet date:

In EUR'000	less than 3 months	3 to 6 months	>6 months
31.12.2013	-	-	107
31.12.2012	2	4	149

The itemized valuation allowances have not changed as a result of consumption (kEUR -275) and addition (kEUR 78).

The gross portfolio of receivables (receivables prior to the deduction of valuation allowances) break down as follows:

In EUR'000	Non overdue and non value-adjusted receivables	Overdue and non value-adjusted receivables	Value-adjusted receivables	Gross value of receivables
Other				
2013	6,341	111	0	6,555
2012	5,875	155	300	6,330

12. Acquisitions

Acquisitions are being recorded in terms of IFRS 3 (Business Combinations) according to the purchase method.

subgroup Handwerker Promotion

Percentage of shares and vote	
handwerker promotion e. gmbh, Unna	51.0 %
Pro Media GmbH, Unna	51.0 %
Date of first consolidation	01.01.2013
Purchase price (kEUR)	1,709

The purchase price, which was settled on the balance sheet date in the amount of kEUR 1,530, has to be paid in cash.

In EUR'000	Fair value at acquisition date	Adjustment amount	Reconcilable current value at acquisition date
Assets			
Goodwill	-	1,405	1,405
order backlog	-	735	735
Fixed assets	29	-	29
Liquid funds	3,288	-	3,288
Short-term assets	4,791	-	4,791
deferred tax assets	192	-	192
	8,300	2,140	10,440

In EUR'000	Fair value at acquisition date	Adjustment amount	Reconcilable current value at acquisition date
Liabilities			
Current liabilities	8,220	-	8,220
Long-term liabilities	-	-	-
Deferred Taxes on the liabilities side	-	221	221
	-	221	8,441
Net Assets	8,220	1,919	1,999
Equity attributable to non-controlling interest			290

During the reporting year DEAG has taken over control of handwerker promotion e. gmbh and its subsidiary Pro Media GmbH (both Unna) through the acquisition of 51% of the shares.

Since January 1, 2013 (at the first-time consolidation) the subgroup Handwerker Promotion contributed kEUR 14,015 to sales revenues, kEUR 410 to the EBIT and kEUR 140 to the Group result after interests of other shareholders.

In the capital flow statement the acquisition of the sub group Handwerker Promotion is reflected as a contribution from the acquisition of consolidated companies and business units within the framework of the inflows from investment activities in the amount of kEUR 1,758.

Wizard Promotions Konzertagentur GmbH, Frankfurt a.M.

Percentage of shares and votes	
Wizard Promotions Konzertagentur GmbH, Frankfurt a.M.	75.1%
Date of first consolidation	01.06.2013
Purchase price (kEUR)	3,021

The purchase price was paid in the amount of kEUR 1,831 in shares of DEAG within the framework of the mixed capital increase by contribution in cash and in kind. The shares were valued at the stock exchange price on the transaction date. kEUR 855 of the purchase price had to be paid in cash and kEUR 335 represent conditional purchase price components depending on the achievement of certain threshold values for the 2013/2014 EBIT (kEUR 285) as well as on the number of tickets sold (kEUR 50). At the time of acquisition it had to be assumed with a high probability that the payment for the conditional purchase price components must be made. For that reason the liability was expensed in the full amount. On the balance sheet date this assessment has not changed. The condition relating to the number of tickets sold had already been fulfilled at the time of the preparation of the financial statements and an unconditional obligation to pay has arisen.

In EUR'000	Fair value at acquisition date	Adjustment amount	Reconcilable current value at acquisition date
Assets			
Goodwill	-	1,592	1,592
artists and agents relations	-	1,950	1,950
order backlog	-	630	630
intangible assets	6	-	6
Fixed assets	8	-	8
Finanzanlagen	3	-	3
Liquid funds	2,076	-	2,076
Short-term assets	3,504	-	3,504
deferred tax assets	142	-	142
	5,739	4,172	9,911

In EUR'000	Fair value at acquisition date	Adjustment amount	Reconcilable current value at acquisition date
Liabilities			
Current liabilities	5,643	-	5,643
Long-term liabilities	-	-	-
Deferred Taxes on the liabilities side	-	774	774
	5,643	774	6,417
Net Assets	95	3,398	3,494
Equity attributable to non-controlling interest			473

During the reporting year DEAG has acquired the control of Wizard Promotions Konzertagentur GmbH, Frankfurt a.M. through the acquisition of 75.1% of the shares.

Since June 1, 2013 (the first-time consolidation) Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., has contributed kEUR 11,047 to sales revenues, kEUR 435 to the EBIT and kEUR 226 to the Group result after interests of other shareholders.

If the first-time consolidation had been at the beginning of the reporting period, the contribution would have amounted to kEUR 12,158 to the consolidated sales revenues, kEUR 196 to the EBIT as well as kEUR 86 to the Group result after interests of other shareholders.

In the capital flow statement the acquisition of Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., is reflected as a contribution from the acquisition of consolidated companies and business units within the framework of the inflow from investment activities in the amount of kEUR 1,221.

13. Goodwill and Other Intangible Assets

The values developed in fiscal 2012 and 2013 as follows:

Acquisition or production costs In EUR'000	Goodwill	Artist and agency relationships	other rights	Soft-ware	other intangible assets
January 1, 2012	**19,033**	**8,389**	**765**	**343**	**9,497**
Reclassification	-	-	7	7	-
Additions	-	-	238	90	328
Change in scope of consolidation	12	272	-	-	272
Disposals	-	271	-	-	271
Currency adjustments	80	129	-	-	129
December 31, 2012	**19,125**	**9,061**	**996**	**440**	**10,497**
Depreciation in EUR'000					
January 1, 2012	**-**	**2,479**	**734**	**325**	**3,538**
Reclassification	-	-	5	5	-
Additions	-	1,036	28	24	1,088
Disposals	-	271	-	-	271
Currency adjustments	-	37	-	-	37
December 31, 2012	**-**	**3,823**	**757**	**354**	**4,934**
Balance sheet values 31.12.13	**19,125**	**5,238**	**239**	**86**	**5,563**

Acquisition or production costs In EUR'000	Goodwill	Artist and agency relationships	other rights	Soft-ware	other intangible assets
January 1, 2013	**19,125**	**9,061**	**996**	**440**	**10,497**
Reclassification	-	-	-	-	-
Additions	-	60	325	97	482
Change in scope of consolidation	2,997	3,566	-	-	3,566
Disposals	-1,955	-330	-	-25	-355
Currency adjustments	-193	-119	-	-1	-120
December 31, 2013	**19,974**	**12,238**	**1,321**	**511**	**14,070**
Depreciation in EUR'000					
January 1, 2013	**-**	**3,823**	**757**	**354**	**4,934**
Reclassification	-	-	-	-	-
Additions	-	2,120	301	57	2,478
Disposals	-	-330	-	-25	-355
Currency adjustments	-	-41	-	-	-41
December 31, 2013	**-**	**5,572**	**1,058**	**386**	**7,016**
Balance sheet values 31.12.13	**19,974**	**6,666**	**263**	**125**	**7,054**

14. Goodwill

The reported goodwill is attributable as at December 12, 2013 in the amount of kEUR 8,324 to the Live Touring segment and in the amount of kEUR 11,650 to the Entertainment Services segment.

The goodwill in the Live Touring segment concerns in an amount of kEUR 5,263 DEAG Classics AG together with Raymond Gubbay Ltd., which due to a joint shareholder structure, close co-operation and the existing synergy effects constitute a CGU within the segment, in an amount of kEUR 853 KBK Konzert- und Künstleragentur GmbH, in an amount of kEUR 615 the sub group GOLD Entertainment and in an amount of kEUR 1,592 Wizard Promotions Konzertagentur GmbH.

In the Entertainment Services segment kEUR 741 are accounted for by the domestic companies of this segment, kEUR 1,405 by the sub group Handwerker Promotion as well as kEUR 9,504 to the AIO Group.

The changes in respect of goodwills concern on the one hand with an amount of kEUR 1,592 and kEUR 1,405 additions in conjunction with the first time consolidation of the activities of Wizard Promotions Konzertagentur GmbH or the subgroup Handwerker Promotion. On the other hand, the variation includes with an amount of kEUR 1,955 in respect of the disposal of the business unit Moon & Stars (IAS 36.86).

The added goodwills reflect the synergy expectations of the DEAG Group in view of the extension of the network associated with the acquisitions, the access to venues as a result of the regional expansion and the rise in ticket volume. Furthermore, it is assumed that there will be a strengthening of the Entertainment Services sector through the offering of shows and tours.

The aforementioned subdivision also applies to the determination of the CGU.

For the goodwills of each CGU scheduled impairment tests were carried out. In addition a non-scheduled test was carried out in connection with the increase in the number of shares in the AIO Group AG with a simultaneous deconsolidation of the business unit Moon & Stars in view of the goodwill of the CGU which is attributable to the AIO Group (IAS 36.12). An impairment loss was not identified.

In each case, the basis for the impairment test was the utility value of the CGUs, whose calculation was derived from forecast earnings – depending on the CGUs – in a one or two year plan. When determining the utility value a discounted cash flow procedure was applied. The discounted cash flow procedure was based on corporate planning of the relevant CGU's approved by the management as well as assumed growth rates and EBIT margins which were oriented towards the events and experience taken into account in planning. For the standard year (perpetual annuity) the planning numbers of the last planning year were used. Pre-tax interest rates for the CGUs AIO Group and the subgroup DEAG Classics of 8.8% (2012: 9.2%) and 10.75% (2012: 10.0%), respectively, were used as discount rates. During the standard year a growth deduction of 1% was applied. Even after a reduction of the discount interest rate by one percentage point, the goodwill would not show any sign of impairment.

15. Other Intangible Assets

The other intangible assets reported in the balance sheet have a limited useful life.

The capitalization of the orders at hand as well as the artist and agent relations is based on business combinations. The additions from first-time consolidation concern the companies Wizard Promotions Konzertagentur GmbH and handwerker promotion e. gmbh, which were added to the scope of consolidation during the reporting year. The artist and agent relations are amortized on a straight-line basis over a period of 10 years. The orders at hand are amortized after the conclusion of the corresponding concert event.

The remaining amortization period for artist and agent relations amounts to between 3 and 10 years.

16. Tangible Assets

The development of tangible fixed assets during fiscal 2012 and 2013 turns out as follows:

Acquisition or production costs in EUR'000	**Land and Buildings**	**Technical plant and machinery**	**and fittings, equipment**	**Total tangible assets**
January 1, 2012	**349**	**470**	**3,611**	**4,430**
Reclassification	63	-	-63	-
Additions	137	27	416	580
Disposals	-	-82	-96	-178
Currency adjustments	-	4	7	11
Dezember 31, 2012	**549**	**419**	**3,875**	**4,843**
Depreciation in EUR'000				
January 1, 2012	**138**	**254**	**3,046**	**3,438**
Additions	22	68	161	251
Disposals	-	-78	-42	-120
Currency adjustments	4	4	4	12
Currency adjustments	-	3	6	9
December 31, 2012	**160**	**247**	**3,171**	**3,578**
Balance sheet values 31.12.12	**389**	**172**	**704**	**1,265**

Acquisition or production costs in EUR'000	**Land and Buildings**	**Technical plant and machinery**	**and fittings, equipment**	**Total tangible assets**
January 1, 2013	**549**	**419**	**3,875**	**4,843**
Reclassification	7	16	-23	-
Additions from initial consolidation	-	25	14	39
Additions	20	566	744	1,330
Disposals	-972	-61	-1,139	-2,172
Change in scope of consolidation	-	-	-8	-8
Currency adjustments	-	-4	-13	-17
Dezember 31, 2013	**-396**	**961**	**3,450**	**4,015**
Depreciation in EUR'000				
January 1, 2013	**160**	**247**	**3,171**	**3,578**
Additions	23	71	353	447
Disposals	-972	-60	-1,052	-2,084
Change in scope of consolidation	-	-	-5	-5
Currency adjustments	-	-4	-11	-15
December 31, 2013	**-789**	**254**	**2,456**	**1,921**
Balance sheet values 31.12.13	**393**	**707**	**994**	**2,094**

17. Real Property Held as Financial Investment

Already in 2001 DEAG valued the plots of land held as financial investment and not used within the DEAG Group in accordance with the fair value model on the basis of sufficiently objectifiable market prices, and a corresponding write-up was made.

An independent expert report has reached an unchanged value indication of EUR 9.45 million for the plots of land around Jahrhunderthalle in Frankfurt a.M. including safety margins deducted on grounds of non-secured development capacity. In the consolidated financial statements the value of the expert report was adopted within the framework of the fair value evaluation. The expert report was based on the available land values. They amount to between EUR 20 and 500 per square meter.

Significant increases (decreases) of the estimated price per square meter would alone already result in a significantly higher (lower) fair value.

Whereas large parts of the plots of land represent potential development land a subplot can be classified as developable land. The deduction in respect of the potential development land versus comparable developable land was established at 50%. If the developability were not approved as planned, there is a risk of substantial impairment which has a negative impact on the assets, financial and income situation of the company.

During fiscal 2013 operating expenses which could be directly allocated to the real property in the amount of kEUR 25 (kEUR 18 after deferred taxes) were incurred; no income was generated.

The real property held as financial investment was pledged as collateral for liabilities to banks (see Note 28).

18. Financial Assets

The investments include essentially the minority interest in Ticketmaster Deutschland Holding GmbH of kEUR 605, interests in EBC Entertainment Bau Concept Gesellschaft für kulturelles Bauen mbH of kEUR 75, minority shareholdings in Switzerland with kEUR 65 as well as further minority shareholdings with a carrying value of kEUR 12.

EIB Entertainment Insurance Brokers GmbH, Seefestspiele Berlin GmbH as well as Verescon AG are included as associated companies. Furthermore, the shares in the joint venture A.C.T. Artist Agency GmbH are reported under this item.

The updated book value of the investment in EIB Entertainment Insurance Brokers GmbH amounts to kEUR 22 (2012: kEUR 21), Seefestspiele Berlin GmbH - kEUR (2012: - kEUR), A.C.T. Artist Agency GmbH - kEUR (2012: kEUR 19) and Verescon AG kEUR 14 (2012: kEUR 10).

The loans to associated companies concern a long-term loan. The loan was amortized during the reporting year in an amount of kEUR 356 (2012: kEUR 378).

The aggregate ratios of the associated companies and the joint venture included in the consolidated financial statements according to the equity method are represented below. The values correspond to the shares attributable to the DEAG Group.

In EUR'000	Associated Companies 2013	Associated Companies 2012	Joint Ventures 2013	Joint Ventures 2012	Total 2013	Total 2012
Current Assets	**76**	**92**	**154**	**49**	**230**	**141**
Long-term Assets	100	93	-	-	100	93
Total Assets	**176**	**185**	**154**	**49**	**330**	**234**
Current Liabilities	**106**	**78**	**314**	**159**	**420**	**237**
Long-Term Liabilities	589	251	-	-	589	251
Total Liabilities	**695**	**329**	**314**	**159**	**1.009**	**488**
Profit and Loss Statement						
Sales	106	3,220	158	157	264	3,377
Expenses	329	3,933	208	215	537	4,148
Annual Result	**- 223**	-713	**-50**	**-58**	**-273**	**-771**

19. Other Non-Current Receivables

The other non-current receivables have a maturity of more than one year.

The receivables include essentially receivables in the amount of kEUR 293 from co-operation agreements (2012: kEUR 347), kEUR 276 of commission claims (2012: kEUR 298).

20. Deferred Taxes

The deferred tax assets concern in the amount of EUR 2.4 million (2012: EUR 2.5 million) mainly deferred taxes on losses carried forward offset again against deferred tax liabilities of EUR 2.0 million (same tax authority).

21. Liabilities to Banks

Liabilities to banks include investment loans as well as the availment of working capital lines.

22. Trade Accounts Payable

The liabilities are all due within one year. There is no collateralization.

23. Accruals

This item has developed as shown below:

In EUR'000	As at 01.01.13	Changes in scope of consolidation (1)	Use	Dis-posal	Addition	Currency dif-ference	As at 31.13.13
Outstanding invoices	6,272	318	6,273	124	3,835	-82	3,946
Personnel obligations	1,721	87	875	6	1,131	-13	2,045
Consulting and audit costs	351	14	345	19	316	-2	315
Other accruals	888	620	1,215	135	486	-10	634
TOTAL	**9,232**	**1,039**	**8,708**	**284**	**5,768**	**-107**	**6,940**

(1) reports the additions of the sub-group Handwerker Promotion (as of 01.01.2013), Wizard Promotions (as of 01.06.2013) and the disposal of Moon & Stars (as of 31.12.2013)

In EUR'000	As at 01.01.12	Changes in scope of consolidation (1)	Use	Dis-posal	Addition	Currency dif-ference	As at 31.12.12
Outstanding invoices	4,111	85	4,040	172	6,236	52	6,272
Personnel obligations	1,318	6	1,060	15	1,470	2	1,721
Consulting and audit costs	406	-	391	6	341	1	351
Other accruals	1,128	-	718	184	657	5	888
TOTAL	**6,963**	**91**	**6,209**	**377**	**8,704**	**60**	**9,232**

(1) reports the additions of the sub-group Derinho (as of 01.07.2012).

The liabilities – except for kEUR 848 (2012: kEUR 939) for personnel liabilities – are, as a matter of principle, due within one year.

24. Accrued and Deferred Revenues

This item includes customers' takings for concert and theatre tickets as well as guarantee payments for events after the balance sheet date. Payments received enter revenues on the date of each event.

25. Current Income Tax Liabilities

Tax provisions are recorded under Current Income Tax Liabilities. During 2013 and 2012, respectively this item has developed as follows:

In EUR'000	As at 01.01.13	Use	Disposal	Addition	Currency difference	As at 31.13.13
Taxes reporting period	-	-	-	1,619	-	1,551
Taxes previous years	1,017	827	48	119	-13	426
Total	**1,017**	**827**	**48**	**1,738**	**-13**	**1,977**

(1) reports the additions of the sub-group Handwerker Promotion (as of 01.01.2013), Wizard Promotions (as of 01.06.2013) and the disposal of Moon&Stars (as of 31.12.2013)

In EUR'000	As at 01.01.12	Use	Disposal	Addition	Currency difference	As at 31.12.12
Taxes reporting period	-	-	-	937	-	937
Taxes previous years	2,659	2,350	233	-	4	80
Total	**2,659**	**2,350**	**233**	**937**	**4**	**1,017**

26. Other Current Liabilities

Other current liabilities break down as follows:

In EUR'000	31.12.2013	31.12.2012
Tax liabilities	2,624	2,174
Finance Liabilities	229	1,108
Social security liabilities	170	214
Accruals and deferrals	140	56
Other	1,089	1,322
Other short-term liabilities	**4,252**	**4,874**

27. Other Non-Current Liabilities

Other non-current liabilities are broken down as follows:

in EUR'000	31.12.2013	31.12.2012
Other financial liabilities	564	628
Accruals and deferrals	-	1
Other long-term liabilities	**564**	**629**

28. Collateralization

For the collateralization of a working capital line, a registered land charge in respect of the Jahrhunderthalle areana in Frankfurt a.M. of Concert Concept Veranstaltungs-GmbH has been registered in the amount of kEUR 4,500. Furthermore, the affiliated companies are jointly and severally liable. On the balance sheet date the credit liability had a value of kEUR 2,034.

For the collateralization of an investment loan (December 31, 2013: kEUR 3,200) a not yet due partial purchasing price payment of kEUR 4,000 concerning a property sale and purchase agreement in respect of a commercial plot adjoining Jahrhunderthalle Frankfurt was assigned and land charges over kEUR 8,000 were registered.

For the collateralization of liabilities to banks (December 31, 2013: kEUR 3,958) in connection with acquisition financing rights *in rem* as well as claims under an allocation contract were pledged.

During the reporting year the claims under guarantees as well as insurance claims on December 31, 2013 were assigned to the financing bank for the collateralization of liabilities to banks (kEUR 493) in connection with tour pre-financing. Furthermore, land charges in the amount of kEUR 2,000 are registered.

29. Equity

The Company's capital stock amounts to EUR 13,627,881.00 (December 31, 2012: EUR 12,388,983) , divided into 13,627,881 ordinary registered shares in the form of no-par-value individual share certificates each with a book share of EUR 1.00 in capital stock.

The share capital of the company is paid in full.

The capital reserve contains the additional funds raised from DEAG's share issue less the capital increase from company funds to adjust subscribed capital following the change-over to the Euro.

The balance sheet loss includes past results of companies included in the consolidated financial statements and consolidated net earnings for the current financial year.

Earnings per share are calculated by dividing group profit by the weighted number of shares outstanding.

Diluted and undiluted earnings per share are calculated according to IAS 33 on the basis of 13,627,266 shares (13,627,881 shares issued less 615 treasury shares). The weighted average of shares for 2013 amounted to 13,007,817. The Group Result used as a basis amounts to EUR 974,660.10.

Contingent Capital

The nominal capital of the company was contingently increased in accordance with a resolution adopted by the General Meeting on July 8, 2009 by an amount of EUR 3,000,000.00 (Contingent Capital 2009/I).

A contingent capital increase can only be carried out to the extent that the holders of option and conversion rights, which are added by virtue of the empowerment of the Executive Board of July 8, 2009 to the convertible bonds and/or bonds with warrants issued by the company until July 7, 2014, exercise their conversion or option right or holders which are obliged to convert the convertible bonds to be issued by the company by virtue of the resolution of empowerment of the General Meeting of July 8, 2009 until July 7, 2014, meet their obligation to convert. The new shares participate in the profit from the beginning of the fiscal year during which they originate from the exercise of conversion and option rights or from the fulfillment of the obligation to convert.

No use was made of this empowerment after the reporting date.

The resolution about the contingent capital (2009/I) was entered in the Commercial Register on July 15, 2009.

Authorized Capital 2011/I

The Ordinary General Meeting has created new authorized capital on June 28, 2011 and cancelled the previously unused authorized capital. The Executive Board has been empowered to increase, with the approval of the Supervisory Board, the subscribed capital by June 27, 2016 by a total of EUR 6,194,491.00 (Authorized Capital 2011/I).

The resolution concerning the Authorized Capital (2011/I) was entered in the commercial register on July 22, 2011.

On June 17, 2013 the Executive Board decided with the approval of the Supervisory Board of June 18, 2013 by partially using 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 made to the exclusion of the right of subscription.

The capital increase was structured as a combined capital increase by contribution in cash and in kind and resulted in a gross issuing income 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 a.M., were contributed to DEAG.

The capital increase was entered in the commercial register on June 28, 2013.

The authorized capital (2011/I) still amounts to EUR 4,955,593.00 after partial use.

Purchase of Treasury Shares (§ 71 para 1 no. 8 AktG – German Stock Corporation Act)

As resolved by the General Meeting of Shareholders on July 7, 2010, DEAG is in accordance with § 71 para 1 no. 8 AktG authorized until July 6, 2015 to purchase upon approval by the Supervisory Board up to 10 % of the share capital existing on the date of resolution. The decision is taken by the Executive Board. Such purchase may only be made via the stock exchange or by a public purchase offer addressed to shareholders. As of December 31, 2013 the company held 615 treasury shares.

Cumulated Other Result

The cumulated other result developed as follows in 2013 and 2012, respectively:

	As at 01.01.2013 in EUR'000	Variance in Reporting Year in EUR'000	As at 31.12.2013 in EUR'000
Balancing item IAS 19.93A	-132	101	-31
Balancing item for foreign currency translation	69	-312	-243
Accumulated other income	-63	-211	-274

	As at 01.01.2012 in EUR'000	Variance in Reporting Year in EUR'000	As at 31.12.2012 in EUR'000
Balancing item IAS 19.93A	45	-177	-132
Balancing item for foreign currency translation	114	-45	69
Accumulated other income	159	-222	-63

Shares of other shareholders

Shares in the paid up and generated equity which are held neither directly nor indirectly by DEAG, are reported as minority interests. They are disclosed within equity in accordance with IAS 27.27.

Dividend Payment

The Executive Board of DEAG will propose the payment of a dividend in the amount of EUR 1,635,345.72 for fiscal 2013. This corresponds to a payment of EUR 0.12 per share. This dividend includes capital income tax plus solidarity surcharge in the amount of 26.375%.

30. Information on Relationships with Related Parties

According to IAS 24, the Executive Board of DEAG Deutsche Entertainment AG, its shareholders and the Supervisory Board as well as relatives and companies controlled by them come into consideration as related parties (related persons and companies).

All business relations with persons and companies presented below were based on standard market terms.

During the reporting year legal relationships existed with Prof. Peter L. H. Schwenkow within the framework of his employment contract (reimbursement of travel and entertainment expenses and other out of pocket expenses) as well as loans granted. During fiscal 2013 he was granted, with the approval of the Supervisory Board, two short-term loans totaling kEUR 150 as payment on account in respect of his bonus at 4%. The loans were paid back on the balance sheet date.

Other related parties within the meaning of IAS 24.18 (g) included during the reporting period:

- Two family members of Prof. Peter L. H. Schwenkow, who work as employees for companies of the DEAG Group;
- A family member of Prof. Peter L. H. Schwenkow, who acts as Managing Director of one of the consolidated subsidiaries;
- A company controlled by Prof. Peter L. H. Schwenkow, which provided services to DEAG during the reporting year;
- A company controlled by Christian Angermayer, which provided services during the reporting year.

Remunerations and fees of a total amount of kEUR 380 (2012: kEUR 188) were paid to these persons and companies in the reporting year. The underlying agreements comply with those usually agreed upon for appropriate tasks within the Group. This applies to the level of the respective compensation and the provision.

Annual emoluments received in 2013 by the members of the Executive Board totaled kEUR 1,685 (2012: kEUR 1,176) and break down as follows:

Board Member	Fixed compensation	Variable compesnion	Other benefits	Total emoluments
Prof. Peter L.H. Schwenkow	400	636	160	1,196
Christian Diekmann	250	172	67	489
Total	**650**	**808**	**227**	**1,685**

(all figures in kEUR)

The other benefits include compensations for activities on the level of subsidiaries included in the consolidated financial statements (2013: kEUR 92, 2012: kEUR 32); kEUR 76 (2012: kEUR 12) are accounted for by the CEO during the reporting year.

The variable compensation is included in other accruals; the other compensations were paid out during the reporting year.

The members of the Executive Board are subject to a comprehensive post-contractual prohibition of competition for 24 months after the end of the underlying employment relationship. DEAG pays compensation in this respect which is related to the remuneration.

In the event of disease and/or temporary occupational disability of the CEO the company undertakes to pay the fixed compensations for no longer than until the end of the employment contract.

In the event of disease and/or temporary occupational disability of the CFO the company undertakes to pay the fixed compensations for a period of six months as well as 50% of the fixed compensations for another six months, but no longer than until the end of the employment contract.

In the event of death in active service, the surviving dependents of the CEO will be paid for six months and the surviving dependents of the CFO will be paid for three months 100% of the fixed compensation and part of the variable remuneration earned up to that point in time.

Both in the event of a premature termination of contract by mutual consent and/or resignation of the Executive Board mandate at the request of DEAG and in case of a change of control event, DEAG pays severance pay to the members of the Executive Board. The corresponding agreements are in compliance with the recommendation of the German Corporate Governance Code (DCGK) as amended on May 13, 2013.

Members of the Supervisory Board

Members of the Supervisory Board are remunerated in line with the articles of incorporation. In the year under review, remuneration totaled kEUR 92 (2012: kEUR 93). The Company also reimbursed travel costs of kEUR 6 incurred in connection with Supervisory Board meetings (2012: kEUR 2).

31. Sales Revenues

The segment account shows the breakdown of revenues by lines of business and geographical markets.

32. Cost of Sales

The cost of materials, purchased services, especially fees, personnel expenses, event-related hire and rental charges and other material costs (including pro-rata scheduled depreciation and amortization) incurred to achieve sales revenue are booked as cost of sales.

33. Selling expenses

Selling expenses include personnel expenses, advertising and travel costs, cost of premises and other distribution-related material costs.

34. Administrative Expenses

Administrative expenses include personnel expenses, legal and consulting costs, cost of premises and other administration-related material costs (including pro-rata scheduled depreciation and amortization).

35. Other Operating Income

The other operating income is the result of the disposal of shares, income from advisory and service contracts, income from letting and leasing, income from the reversal of accruals and other income.

The items break down as follows:

in EUR'000	2013	2012
income from changes in scope of consolidation and the sale from minority investments to consolidated companies	2,274	149
income from service contracts	362	140
commission income	773	573
Rental income	738	464
Income from written-off receivables	299	16
Income from release of provisions	284	377
income from currency exchange	77	209
income from change in fair value of real estate objects held as financial investments	-	1,250
Other	1,299	766
TOTAL	**6,106**	**3,944**

36. Other Operating Expenses

The other operating expenses include, amongst other things, valuation allowances, risk provisioning as well as other taxes and accessory services.

The items break down as follows:

in EUR'000	2013	2012
Specific provision/ Provision for risks	410	41
other taxes and additional service	178	164
expenses from change real estate objects held as financial investments	28	48
Losses from fixed asset disposals	19	21
Damages	7	10
Other	767	444
Total	**1,409**	**728**

37. Interest Income/expense

This item breaks down as follows:

In EUR'000	2013	2012
Other interest and similar income	163	222
Interest and similar expenditure	-559	-512
Interest income and expense	**-396**	**-290**

Interest expenses include non-cash-based interest expenses in the amount of kEUR 70 (2012: kEUR 40).

38. Income from Investments

The income from investments concerns in an amount of kEUR -3 a valuation allowance in respect of an investment.

39. Income Taxes

Actual tax liabilities for the current financial year and previous years are calculated on the basis of the amounts expected to be payable to the tax authorities. Deferred tax claims and tax liabilities are calculated on the basis of the rates that were valid on the balance sheet date.

In EUR'000	2013	2012
Tax expenditure:		
Reporting period	-1,478	-1,853
Previous years	-818	-43
Tax refund previous years	349	344
Deferred tax revenue/expenditure		
Deferrered taxes	200	469
Accrual of temporary differences	23	-81
Changing tax rate	3	68
Tax expenditure:	**-1,721**	**-1,096**

Income tax includes all income tax paid or payable in the respective countries and all deferred taxes. Income tax includes corporate income tax, trade tax on earnings, solidarity surcharge and the corresponding foreign taxes.

Deferred taxes are formed in order to record all substantial temporary variances between the individual financial statement and the tax balance sheet and temporary variances due to consolidation adjustments. Deferred tax claims are applied as far as they can be settled against deferred taxes on the liabilities side.

Deferred taxes are calculated on the basis of the respectively applicable national income tax rates. For domestic companies a corporation tax rate of 15.0 % as well as an effective local trade tax rate of 15.0 % were applied as at December 3, 2013. Taking into account the solidarity surcharge and the trade income tax, the calculation of the deferred taxes for the domestic companies is based on a tax rate of 30.0 %. Income tax rate in Switzerland is approximately 20.0 % and approximately 23.0 % in Great Britain.

Tax expenses resulting from application of the DEAG tax rate can be translated into actual tax expenses as follows:

In EUR'000	2013	2012
Result before taxes on income and shares of other shareholder	3,879	5,884
Tax expenditure (-)/ income (+) at the DEAG Holding's tax rate	-1,164	-1,765
Tax expenditure as per profit and loss statement	-1,721	-1,096
Carryover figure	**557**	**-669**

In EUR'000	2013	2012
Changing tax rate	-3	-68
Taxes previous years	691	-301
Tax-free earnings and non-deductible expenses	-462	263
Different tax rates	-231	-196
Write-up (+) / Release (-) of value adjustment of tax accruals	613	-371
Others	-51	4
	557	**-669**

Deferred tax assets are made up as follows:

In EUR'000	2013	2012	Variances with effect on results
Tax accruals on losses carried forward	2,277	2,418	-284
Other temporary variances	126	118	58
Deferred tax assets	**2,403**	**2,536**	**-226**
Deferred tax assets that can be set off against deferred tax liabilities	**-2,048**	**-2,047**	
Deferred tax assets (net)	**355**	**489**	

The deferred tax assets in respect of losses carried forward were recognized in the amount of kEUR 2,277. The tax claims were shown as a balance in the amount provided that there is an offsetting possibility with the same tax authority.

The tax losses carried forward of DEAG amounted on December 31, 2013 to EUR 43.7 million (prior year: EUR 43.7 million) in terms of corporation tax and EUR 30.5 million (prior year: EUR 28.7 million) in terms of local trade tax.

Due to the usage of previously unrecognized fiscal losses the current tax expenditure was lowered by kEUR 165 (prior year; kEUR 290).

Deferred tax liabilities are made up as follows:

In EUR'000	2013	2012	Variances with effect on results
Deferred income from the value write-up on the Jahrhunderthalle Frankfurt am Main	2,633	2,642	9
Deferred income on intangible assets	1,742	1,359	643
Other temporary variances	60	5	-199
Deferred taxes on the liabilities side	**4,435**	**4,006**	**453**
To be settled against deferred tax assets	-2,048	-2,047	
Balance Shown	**2,387**	**1,959**	

40. Personnel Expenses

In EUR'000	2013	2012
Salaries and wages	15,978	12,942
Social security contribution	2,432	1,758
Total personnel expenses	**18,410**	**14,700**

41. Lease expenditure

Lease expenditure from renting offices and venues as part of operating leases amounted to kEUR 3,408 during fiscal 2013 (2012: kEUR 3,538).

42. Cash flow statement

The financial resources fund exclusively concerns liquid assets. Within the framework of changes to the scope of consolidation the following changes resulted in respect to the financial resources fund and the other assets and liabilities.

- In EUR'000 -	Additions
Cash inflow	5,239
Additions of fixed assets	4,403
Additions of other assets	8,085
Additions of other liabilities	14,929

The following investment and financing transactions took place:

The acquisition of shares in Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., was financed in an amount of kEUR 1,831 by a mixed capital increase by contribution in cash and in kind.

The exchange of shares Moon & Stars (100%) against AIO Group AG (48%) with cash compensation is reflected by the capital flow statement essentially as a payment from the disposal of consolidated companies (kEUR – 125) within the framework of investment activities and payment to other shareholders in an amount of kEUR 1,695 within the framework of financing activities.

The payments resulting within the framework of investment activities from the acquisition of the subgroup Handwerker Promotion and Wizard Promotions Konzertagentur GmbH, Frankfurt a.M., in the amount of kEUR 2,979 concern with an amount of kEUR 5,364 liquid funds (in respect of which control was acquired) and in the amount of kEUR 2,385 the compensation paid.

Financial assets in the amount of kEUR 0 (2012: kEUR 2,734) are not available for free disposal. Financial assets which are not available for free disposal from fiscal 2012 concerned deposits for the Qivive case and were subtracted from the cash and cash equivalents. For that reason payments in connection with the Qivive case in the discontinued operations in 2013 did not result in a burdening of cash and cash equivalents.

Income tax was paid in the amount of kEUR 1,299 (2012: kEUR 3,292), which was classified as cashflow from ordinary business activities.

43. Information on Obligations under Retirement Benefit Plans (IAS 19)

Under defined contribution plans in Germany, the Group contributes by virtue of statutory provisions to state pension insurance schemes. During the fiscal year the employer contribution to the pension insurance amounted to 9.45%. The ongoing payments of contributions are disclosed as social contributions in personnel expenses and amount to kEUR 639 (2012: kEUR 393).

For the employees of Raymond Gubbay Ltd. retirement benefits are granted under the statutory defined contribution plan. Moreover, the Directors of the company are insured through individual defined contribution pension insurance policies. During the reporting period the company has paid pension insurance contributions in the amount of kEUR 107 (2012: kEUR 143).

The companies of the DEAG Group which are resident in Switzerland have joined a collective foundation for compliance with their retirement benefit obligations under the Swiss Federal Act on Professional Retirement, Surviving Dependents and Disabled Provision Schemes (BVG). Apart from the payment of ongoing contributions to this pension scheme, they are also obliged to compensate any under-coverage of this pension scheme if necessary (see Article 65d BVG). For this reason this retirement benefit scheme has to be classified as a defined multi-employer benefit plan within the meaning of IAS 19.29.

An independent expert has calculated the obligations in terms of retirement benefits effective December 31, 2013. The corresponding values were taken over into the consolidated financial statements.

The disclosure in accordance with IAS 19.120a can be taken from the table below:

		In EUR'000	
		31.12.2013	**31.12.2012**
(a)	Accounting policy for recognising gains and losses	Recognised in the OCI	
(b)	General description of the type of plan	Savings/Risk Insurance	
(c)	**Changes in the defined benefit obligation**		
	Benefit obligation beginning of year	**3,533**	**1,677**
	Current service costs	360	124
	Interest expenditure	58	52
	Contributions by plan participants	118	100
	Actuarial (gains)/losses demographic assumptions	193	0
	Actuarial (gains)/losses econimic assumptions	-119	294
	Actuarial (gains)/losses experience adjustment	-654	82
	Foreign currency exchange rate changes	-61	8
	Benefits paid	-488	1,196
	Benefit obligation end of year	**2,940**	**3,533**
(d)	**Changes in assets**		
	Fair value of the assets beginning of the year	2,851	1,406
	Expected return on plan assets	45	43
	Actuarial (gains)/losses	-334	-50
	Foreign currency exchange rate changes	-50	7
	Contributions by the employer	176	149
	Contributions by plan participants	118	100
	Benefits paid	-488	1,196
	Fair value of the assets end of the year	**2,318**	**2,851**
(e)	**Amounts recognised in the balance sheet**		
	Present value of the obligation that is funded	2,940	3,533
	Fair value if the assets	2,318	2,851
	Surplus/deficit	622	681
	Net obligation (credit)	**622**	**681**
	Reconciliation balance sheet		
	Net liabilities (net assets) at the beginning of the year	**681**	**271**
	Recognised net losses (net gains)	372	133
	Pension costs included in the OCI	-245	426
	Contributions by the employer	-176	-149
	Foreign currency exchange rate changes	-10	0
	Net liabilities (net assets) at the end of the year	**622**	**681**

(f)	**Total expense recognised in P&L**		
	Current service cost	360	124
	net Interest exepenses / income	12	9
	Pension costs recognised in P&L	372	133
(g)	**Amounts recognised in the other comprehensive income (OCI)**		
	Actuarial (gains)/losses changed assumptions	74	294
	Actuarial (gains)/losses experience adjustment	-654	82
	expense plan assets (minus interest income)	334	50
(h)	Cumulative gains and lossed recognised in the OCI	55	300
(i)	**Actual return on plan assets**		
	investment category		
	equity assets	0%	0%
	bonds	0%	0%
	real estate	0%	0%
	other	100%	100%
	total	100%	100%
(j)	**Actuarial assumptions**		
	Discount rates	2.00%	1.75%
	Expected rates of salary increases	1.00%	1.00%
	Expected pension development	0.00%	0.00%
	Fluctuation rate	BVG 2010	BVG 2010
	technicual basis	BVG 2010	BVG 2010
(k)	expected employer contributions	191	233
(l)	**sensitivities of changing assumptions**		
	current assumptions 31.12.2013	2,940	
	Discount rates +0.5%	2,699	-8.2%
	Discount rates -0.5%	3,216	9.4%
	salary increases	2,969	1.0%
	salary increases	2,914	-0.9%

44. Average Number of Employees during the Year

Head count	2013	2012
Live Touring	47	49
Entertainment Services	212	131
DEAG Holding	25	26
Total for continued operations	**284**	**206**

On December 31, 2013 the Group employed 248 (2012: 214) employees.

45. Off-Balance Sheet Contingencies

On the balance sheet date the following contingencies relating to other securities and guarantees provided for third parties exist in the amount of kEUR 384 (2012: kEUR 1,462).

This includes an amount of kEUR 314 in respect of which DEAG has taken over liability in connection with the letter of comfort vis a vis a joint venture.

Future tax audits could result in further payment obligations, whose amount can currently not be estimated.

The AIO Group transaction results on the balance sheet date in a conditional purchase price receivable for the benefit of DEAG in the amount of kEUR 1,059 (net).

46. Other Financial Commitments

In addition to the accruals and liabilities in the balance sheet and the contingencies, the following financial commitments exist:

In EUR'000	Artist Guarantees	Rent and Leasing	Other	Total
2014	11,378	1,873	431	13,682
2015-2018	5,458	1,476	28	6,962
Total	**16,836**	**3,349**	**459**	**20,644**

Other financial commitments mainly concern contractual service and maintenance agreements in the amount of kEUR 413 for fiscal 2014.

47. Audit fees

The auditor’s fees, which are reported as expenses, are made up as follows in fiscal 2013:

In EUR'000	2013
Audit costs	188
Other audit services rendered	50
Other services rendered	35
	273

kEUR 61 of the audit fees, kEUR 9 of other audit services and kEUR 24 of other services rendered are charged to DEAG.

48. Declaration of Conformity in accordance with § 161 AktG

Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft have issued a statement of conformity with the recommendations of the Government Commission for a German Corporate Governance Code in accordance with § 285 no. 16 HGB in conjunction with § 161 AktG on December 12, 2013 and made it permanently accessible to shareholders on the Internet.

The full declaration is posted on the company website (www.deag.de/ir).

49. Legal Disputes

Various DEAG Group companies are involved in legal or out-of-court disputes. Provisions were made to cover risks.

50. Capital Control

In addition to the provisions under the German Stock Corporation Act, DEAG is not subject to any more extensive obligations for the purpose of capital conservation under byelaws or contracts. The financial ratios which are used for internal controlling of the company, are performance-based and are to serve for the appreciation of the shareholder assets while preserving at the same time balanced liquidity.

In the project business the gross margin and the break-even ticket number are used as the most important control parameters. For the overall corporate control EBIT, net income for the year and the corresponding profit to sales ratios constitute the decisive parameters. In the event of acquisitions of companies the duration of amortization of the purchase price is an important decision criterion in addition to the corporate parameters. The Group manages its capital with the objective of ensuring that all affiliated companies can operate their business as a going concern and that at the same time the earnings of the shareholders are maximized though an optimization of the ratio of equity to debt capital. The overall strategy has remained unchanged versus 2012. Compliance with the covenant criteria in connection with financings used is monitored on an ongoing basis.

51. Additional information on Financial Instruments and Risk Management

The DEAG Group is due to its international business as well as the investment and financing activities regarding its assets, liabilities as well as the operative business subject to interest, currency, credit rating and cash flow risks.

- Interest risks

On the assets and liabilities side the Group is subject to interest rate fluctuations. Whilst on the assets side in particular income from short-term investments is exposed to an interest rate risk, the liabilities side is affected essentially by interest expenses concerning current and non-current financial liabilities. A risk reduction results from the fact that both the investments and part of the interest payments are subject to financing with a variable interest rate raised by the Group. The latter is based on EURIBOR.

In addition, some financings are based on an interest spread grid with a scaling of 0.25 percentage points. The interest spread over EURIBOR depends on the net indebtedness and the interest coverage rate to be determined on an annual basis.

The sensitivity analysis required by IFRS 7 refers to interest rate risks from floating rate monetary liabilities.

In the event of a hypothetical increase of the EURIBOR by 1%, interest would increase by kEUR 56 as far as the floating rate interest financing is concerned. A reduction by 1% is currently not possible because of the low interest level.

In the event of a hypothetical increase (decrease) of the interest spread by 0.25%, interest would increase (decrease) by kEUR 14 as far as the floating rate interest financing is concerned.

- Currency risks

Payments of fees for artists, orchestras, show productions etc. are partly made on a USD basis and are hence subject to a USD/EUR currency risk. The same applies to dividend payments of foreign subsidiaries which are made in CHF and GBP. The company makes sensitivity analyses on a regular basis in order to anticipate the impact of currency fluctuations and assess whether rate-hedging transactions are advantageous. During the reporting period no currency hedging was carried out.

- Solvency risks

The DEAG Group is exposed in the operating business and in respect of other transactions – for instance, stake sales – to a default risk, if the contracting partners fail to meet their payment obligations. The existing deposits have been made with principal banks with good credit standing. The maximum default risk is reflected by the accounting values. The deposits are made with different banks so that a diversification of the default risk is guaranteed.

In the operating business, too, credit standing is strictly observed at the selection of the business partners. Accounts receivable are monitored on an ongoing basis. Possible default risks are taken into account by specific valuation allowances. On the balance sheet date there were no indications of risks beyond the posted valuation allowances for accounts receivable or other assets.

- Liquidity risks

The financing of the operating business depends on the ability of the companies within the DEAG Group to generate sufficient cash flow in a volatile business or have access to external financing sources (third-party capital or own funds).

DEAG, therefore, has agreed on extensive framework lines without further restrictions of term with four principal banks.

The ongoing interest in respect of the different drawings and uses is based on the one hand on the general EURIBOR development and on the other hand on balance sheet and income relations (financial covenants) agreed upon, which can lead to an increase and / or reduction of interest payments. The financial and non-financial covenants to banks are monitored on an ongoing basis.

The respective financing terms and conditions reflect the favorable market level and the very good rating of DEAG. The framework lines can be terminated on the basis of the standard terms and conditions if the assets, financial and earnings position of the DEAG Group has considerably worsened compared to the time when they were granted.

The following tables show the contractually fixed payments under financial liabilities. The values reflect the undiscounted liabilities. In the event of floating interest payments, reference is made to the interest rate level on the balance sheet date.

2013

Non-derivative financial liabilities	less than 1 year	1 to 5 years	>5 years	total
Bank loans payable and other financial liabilities				
- repayment	6,203	5,567	-	11,770
- interest (2.92%)	181	163	-	344
Trade account payable	5.608	-	-	5,608
other financial liabilities	-	279	-	279
other non-derivate financial liabilities	229	285	-	514
Derivate financial liabilities liabilities	-	-	-	-

2012

Non-derivative financial liabilities	less than 1 year	1 to 5 years	> 5 years	Total
Bank loans payable and other financial liabilities				
- repayment	3,610	3,500	-	7,110
- interest (3,50 %)	126	123	-	249
Trade accounts payable	11,326	-	-	11,326
Other financial liabilties	1,105	-	-	1,105
Other non-derivative financial liabilities	-	628	-	628
Derivative financial liabilities	-	-	-	-

As far as a more detailed risk description is concerned, we refer to Section 4 of the Management Report. The task of risk management is to manage these risks through close market monitoring, risk assessments, the reduction of net exposure and selective hedging measures, e.g. through financial derivatives. When selecting business partners, their credit standing is strictly taken into account.

52. Reporting on Financial Instruments and Fair Values

The carrying values and the fair values of the individual financial assets and liabilities are represented below in accordance with the categories of IAS 39 in accordance with the levels of fair value hierarchy (IFRS 13) and reconciled with the corresponding balance sheet positions.

Liquid assets, accounts receivable as well as other receivables have above all short residual terms. For that reason their carrying values on the balance sheet date correspond more or less to the fair value. The fair values of lendings and other non-current receivables correspond to the present value of the payments associated with the assets taking into account current interest parameters.

The portfolio of original financial instruments is being reported in the balance sheet, the amount of the financial assets corresponds to the maximum default risk. As far as default risks become evident within the financial assets these risks are being recognized through value adjustments.

Current financial liabilities, accounts payable as well as other liabilities have regularly short residual terms; the reported values reflect more or less the fair values. The non-current financial liabilities are identified as present values of the payments related to the debts on the basis of the current interest parameters.

Regarding provisions recognized at fair value, we refer to the Notes in respect of the respective balance sheet items.

Financial Instruments 2013

In EUR´000		**Valuation according to IAS 39**		
Assets	**Book value 31.12.2013**	**Continued book value**	**Affecting fair value**	**No valuation criteria as per IAS 39**
Liquid funds *(loans and receivables)*	22,943	22,943	-	-
Trade receivables *(loans and receivables)*	8,801	8,801	-	-
Other current assets *(loans and receivables)*	6,452	6,452	-	-
Investmentes *(available for sale)*	757	757	-	-
Other long-term assets *(loans and receivables)*	635	635	-	-

Liabilities	Book value 31.12.2013	Valuation according to IAS 39: Continued book value	Fair value affecting	No valuation criteria as per IAS 39
Bank loans payable, short-term				
(Financial liabilties)	6,203	6,203	-	-
Bank loans payable, long-term				
(Financial liabilties)	5,567	5,567	-	-
Trade accounts payable				
(Financial liabilties)	5,608	5,608	-	-
Accruals				
(Financial liabilties)	3,947	3,947	-	-
Other short-term liabilities				
(Financial liabilties)	4,252	4,202	-	50
Other long-term liabilities				
(Financial liabilties)	564	279	-	285

Aggregate as valuation categories IAS 39	Book value 31.12.2013	Valuation according to IAS 39: Continued book value	Fair Value affecting	No valuation criteria as per IAS 39
Financial assets				
loans and receivables	38,831	38,831	-	-
fair value through profit or loss	-	-	-	-
available for sale	757	757	-	-
Financial liabilities	26,141	25,806	-	335

Financial Instruments 2012

In EUR´000

Assets	Book value 31.12.2012	Valuation according to IAS 39: Continued book value	Affecting fair value	No valuation criteria as per IAS 39
Liquid funds *(loans and receivables)*	31,597	31,597	-	-
Trade receivables				
(loans and receivables)	9,968	9,968	-	-
Other current assets				
(loans and receivables)	6,030	6,030	-	-
Investmentes				
(available for sale)	752	752	-	-
Other long-term assets				
(loans and receivables)	654	654	-	-

Liabilities	Book value 31.12.2012	Valuation according to IAS 39 Continued book value	Fair value affecting	No valuation criteria as per IAS 39
Bank loans payable, short-term *(Financial liabilties)*	3,610	3,610	-	-
Bank loans payable, long-term *(Financial liabilties)*	3,500	3,500	-	-
Trade accounts payable *(Financial liabilties)*	11,326	11,326	-	-
Accruals *(Financial liabilties)*	6272	6,272	-	-
Other short-term liabilities *(Financial liabilties)*	4,874	4,874	-	-
Other long-term liabilities (Financial liabilties)	629	1	-	628

Aggregate as valuation categories IAS 39	Book value 31.12.2012	Valuation according to IAS 39 Continued book value	Fair Value affecting	No valuation criteria as per IAS 39
Financial assets				
loans and receivables	48,249	48,249	-	-
fair value through profit or loss	-	-	-	-
available for sale	752	752	-	-
Financial liabilities	30,211	29,583	-	628

Expenses, income, losses and profits from financial instruments can be allocated to the following categories:

in EUR'000	2013	2012
Financial assets		
loans and receivables	-264	169
affecting Fair Value	-	1
Financial liabilities		
evaluated at amortised cost	-497	-519
evaluated at Fair Value	-	-
total	**-761**	**-349**

The levels of the fair value hierarchy (IFRS 13) are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs which concern the quoted prices included within Level 1 but are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for assets and liabilities which are based on unobservable market data.

TEUR

assets at fair value	2013 total	level 1	market value level 2	level 3
Real estate held as financial investment (Pos. 17)	9.450	-	-	9.450

liabilities measured	2013 total	level 1	market value level 2	level 3
contingent consideration liability (Pos. 12)	335	-	-	335

During the reporting period there were no regrouping from class 1 and class 2 of the valuation hierarchy.

assets at fair value	2013 total	level 1	market value level 2	level 3
Real estate held as financial investment (Pos. 17)	9.450	-	-	9.450

liabilities measured	2013 total	level 1	market value level 2	level 3
contingent consideration liability (Pos. 12)	335	-	-	335

During the reporting period there were no regrouping from class 1 and class 2 of the valuation hierarchy.

53. Exemption from Disclosure in accordance with § 264 para 3 HGB

The following companies avail themselves of the possibility of exemption from disclosure of their financial statements and management reports in accordance with § 264 para 3 HGB (German Commercial Code):

- DEAG Concerts GmbH, Berlin
- Concert Concept Veranstaltungs-GmbH, Berlin
- Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M.
- DEAG Music GmbH, Berlin
- Grünland Family Entertainment GmbH, Berlin

54. Notification in accordance with §§ 21, 26 WpHG

In 2013 and until the preparation of the financial statements, the following notifications were made:

HSB Verwaltung GmbH, Berlin, notified the company in accordance with § 21 para 1 WpHG (German Securities Trading Act) that its voting rights in DEAG Deutsche Entertainment AG exceeded the threshold of 5% on December 16, 2003 and amounted to 22.54%. The voting rights are attributable to HSB Verwaltung GmbH in accordance with § 22 para 1 No. 1 WpHG.

HSB Vermögensverwaltung GmbH & Co. KG, Berlin, notified the company in accordance with § 21 para 1 WpHG that its voting rights in DEAG Deutsche Entertainment AG fell short of the threshold of 10% on October 5, 2004 and amounted to 9.616%. 1.744% are attributable to HSB Vermögensverwaltung GmbH & Co. KG in accordance with § 22 para 2 WpHG.

Mrs Heidrun Schwenkow, Berlin, notified the company in accordance with § 21 para 1 WpHG that her voting rights in DEAG Deutsche Entertainment AG exceeded the threshold of 5% on October 5, 2004 and amounted to 9.616%. 7.872% are attributable to her in accordance with § 22 para 2WpHG.

HSB Verwaltung GmbH, Berlin, notified the company in accordance with § 21 para 1 WpHG that its voting rights in DEAG Deutsche Entertainment AG fell short of the threshold of 10% on December 5, 2004 and amounted to 9.616%. 7.872% are attributable to it in accordance with § 22 para 1 No. 1 WpHG and 1.744% in accordance with § 22 para 2 WpHG.

Mr David Bongartz, New York, USA, notified the company in accordance with § 21 para 1 WpHG (German Securities Trading Act) that his voting rights in DEAG Deutsche Entertainment AG, exceeded the threshold of 3% of voting rights on July 29, 2010 and amounted to 3.00% (corresponding to 371,670 voting rights) on that day.

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on April 18, 2011 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 3% of the voting rights on April 11, 2011 and amounted to 4.04% on that day (this corresponds to 500,315 voting rights).

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on April 18, 2011 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 5% of the voting rights on April 14, 2011 and amounted to 6.98% on that day (this corresponds to 865,291 voting rights).

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on December 12, 2011 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 10% of the voting rights on December 8, 2011 and amounted to 10.30% on that day (this corresponds to 1,285,256 voting rights).

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on December 13, 2011 by correction of the notification of December 12, 2011, that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 10% of the voting rights on December 8, 2011 and amounted to 10.37% on that day (this corresponds to 1,285,256 voting rights).

Mr Bernd Förtsch, Germany, informed us on March 5, 2013 in accordance with § 21 para 1 WpHG that his share in the voting rights of our company exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% on February 28, 2013 and has amounted on this day to 29.18 % of the voting rights (3,615,410 voting rights).

29.18% of the voting rights (3,615,410 voting rights) are attributable in accordance with § 22 para 1 sentence 1 no. 1 WpHG to Bernd Förtsch, Germany.

The attribution is based on the following companies controlled by Bernd Förtsch, whose share in the voting rights of our company amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany through
- LION CAPITAL AG, Kulmbach, Germany through
- BF Holding GmbH, Kulmbach, Germany.

BF Holding GmbH, Am Eulenhof 14, 95326 Kulmbach, Germany, informed us on Mach 5, 2013 in accordance with § 21 para 1 WpHG that its share in the voting rights of our company exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% on February 28, 2013 and has amounted on this day to 29.18 % of the voting rights (3,615,410 voting rights).

29.18% of the voting rights (3,615,410 voting rights) are attributable in accordance with § 22 para 1 sentence 1 no. 1 WpHG to BF Holding GmbH, Germany.

The attribution is based on the following companies controlled by BF Holding GmbH, whose share in the voting rights of our company amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany through
- LION CAPITAL AG, Kulmbach, Germany.

LION CAPITAL AG, Am Eulenhof 14, 95326 Kulmbach, Germany, informed us on March 5, 2013 in accordance with § 21 para 1 WpHG that its share in the voting rights of our company exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% on February 28, 2013 and has amounted on this day to 29.18 % of the voting rights (3,615,410 voting rights).

29.18% of the voting rights (3,615,410 voting rights) are attributable in accordance with § 22 para 1 sentence 1 no. 1 WpHG to LION CAPITAL AG, Germany.

The attribution is based on the following companies controlled by LION CAPITAL AG, whose share in the voting rights of our company amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany.

Angermayer Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main, Germany informed us on March 14, 2013 in accordance with § 21.1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany remained on February 28, 2013 below the threshold of 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and amounts on this day to 0.00% (this corresponds to zero voting rights).

For and on behalf of

1.
Computershare Limited, Australia, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG (German Securities Trading Act).

The voting rights of Computershare Limited, Australia (Address: Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia) in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, exceeded the threshold of 3% and 5% on June 28, 2013 and amounted to 5.25% of the voting rights (715,821 voting rights) on that date.

Of these, 5.25% of the voting rights (715,821 voting rights) are attributable to Computershare Limited, Australia, in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The voting rights attributable to Computershare Limited, Australia, are held through the following companies controlled by Computershare Limited, Australia:

- ACN 081 035 752 Pty. Limited, Australia
- Computershare Verwaltungs GmbH, Munich
- Computershare Deutschland GmbH & Co. KG, Munich
- VEM Aktienbank AG, Munich

2.
ACN 081 035 752 Pty. Limited, Australia, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of ACN 081 035 752 Pty. Limited, Australia (Address: Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, exceeded the threshold of 3% and 5% on June 28, 2013 and amounted to 5.25% of the voting rights (715,821 voting rights) on that date.

Of these, 5.25% of the voting rights (715,821 voting rights) are attributable to ACN 081 035 752 Pty. Limited, Australia, in accordance with § 22 para 1 sentence 1 No. 1 WpHG. Voting rights which are attributable to ACN 081 035 752 Pty. Limited, Australia, are held through the following companies controlled by ACN 081 035 752 Pty. Limited, Australia:

- Computershare Verwaltungs GmbH, Munich
- Computershare Deutschland GmbH & Co. KG, Munich
- VEM Aktienbank AG, Munich

3.
Computershare Verwaltungs GmbH, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of Computershare Verwaltungs GmbH, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, exceeded the threshold of 3% and 5% on June 28, 2013 and amounted to 5.25% of the voting rights (715,821 voting rights) on that date.

Of these, 5.25% of the voting rights (715,821 voting rights) are attributable in accordance with § 22 para 1 sentence 1 No. 1 WpHG to Computershare Verwaltungs GmbH, Germany. The voting rights attributable to Computershare Verwaltungs GmbH, Germany are held through the following companies controlled by Computershare Verwaltungs GmbH, Germany:
- Computershare Deutschland GmbH & Co. KG, Munich
- VEM Aktienbank AG, Munich

4.
Computershare Deutschland GmbH & Co. KG, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of Computershare Deutschland GmbH & Co. KG, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, exceeded the threshold of 3% and 5% on June 28, 2013 and amounted to 5.25% of the voting rights (715,821 voting rights) on that date.

Of these, 5.25% of the voting rights (715,821 voting rights) are attributable in accordance with § 22 para 1 sentence 1 No. 1 WpHG to Computershare Deutschland GmbH & Co. KG, Germany. Voting rights which are attributable to Computershare Deutschland GmbH & Co. KG, Germany are held through the following companies controlled by Computershare Deutschland GmbH & Co. KG, Germany:

- VEM Aktienbank AG, Munich

5.
VEM Aktienbank AG, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with § 21 para 1 WpHG.

The voting rights of VEM Aktienbank AG, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, exceeded the threshold of 3% and 5% on June 28, 2013 and amounted to 5.25% of the voting rights (715,821 voting rights) on that date.

For and on behalf of:

1.
Computershare Limited, Australia, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of Computershare Limited, Australia (Address: Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany remained below the threshold of 5% and 3% on July 5, 2013 and amounted to 0.00% of the voting rights (0 voting rights) on that date.

2.
ACN 081 035 752 Pty. Limited, Australia, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of ACN 081 035 752 Pty. Limited, Australia (Address: Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany remained below the threshold of 5% and 3% on July 5, 2013 and amounted to 0.00% of the voting rights (0 voting rights) on that date.

3.
Computershare Verwaltungs GmbH, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of Computershare Verwaltungs GmbH, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, remained below the threshold of 5% and 3% on July 5, 2013 and amounted to 0.00% of the voting rights (0 voting rights) on that date.

4.
Computershare Deutschland GmbH & Co. KG, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG.

The voting rights of Computershare Deutschland GmbH & Co. KG, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, remained below the threshold of 5% and 3% on July 5, 2013 and amounted to 0.00% of the voting rights (0 voting rights) on that date.

5.
VEM Aktienbank AG, Prannerstraße 8, 80333 Munich, Germany, we were notified of the following in accordance with § 21 para 1 WpHG.

The voting rights of VEM Aktienbank AG, Germany (Address: Prannerstr. 8, 80333 Munich, Germany), in DEAG Deutsche Entertainment AG, Potsdamer Straße 58, 10785 Berlin, Germany, remained below the threshold of 5% and 3% on July 5, 2013 and amounted to 0.00% of the voting rights (0 voting rights) on that date.

DAP Management GmbH, Heidelberg, Germany, informed us on August 1, 2013 in accordance with § 21 para 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 3% of the voting rights on July 11, 2013 and amounted to 3.61% (this corresponds to 492,308 voting rights) on that date.

IFM Independent Fund Management AG, Vaduz, Liechtenstein, informed us on September 20, 2013 in accordance with § 21 para 1 WpHG that the voting rights of the management company named IFM Independent Fund Management AG as trustee for the fund Scherrer Small Caps Europe in DEAG Deutsche Entertainment AG, Berlin, Germany, exceeded on September 17, 2013 the threshold of 3% of the voting rights and amounted to 3.01% (this corresponds to 409,996 voting rights) on that date.

Allianz Global Investors Luxembourg S.A., Senningerberg, Luxembourg, informed us on February 13, 2014 in accordance with § 21 para 1 sentence 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – exceeded on February 13, 2014 the threshold of 3% of the voting rights and amounted to 3.03% (this corresponds to 412,611 of a total of 13,627,881 voting rights) on that date. 2.94% of the total amount of voting rights (this corresponds to 400,000 of a total of 13,627,881 voting rights) are attributable to Allianz Global Investors Luxembourg S.A. in accordance with § 22 para 1 sentence 1 No. 6 WpHG.

Altira Aktiengesellschaft, Frankfurt am Main, Germany, informed us on February 14, 2014 for and on behalf of

1. Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany
2. Altira Heliad Management GmbH, Frankfurt am Main, Germany

3. Altira Aktiengesellschaft, Frankfurt am Main, Germany

in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG that

1. the voting rights of Heliad Equity Partners GmbH & Co. KGaA in DEAG Deutsche Entertainment AG, Berlin, Germany – ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 25% on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date.

2. the voting rights of Altira Heliad Management GmbH in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 25% on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date. These voting rights are attributable to Altira Heliad Management GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG as personally liable partner (general partner) of Heliad Equity Partners GmbH & Co. KGaA in an amount of 24.08% (this corresponds to 3,281,550 voting rights).

3. the voting rights of Altira Aktiengesellschaft in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 25% on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date. 24.08% (this corresponds to 3,281,550 voting rights) of these are attributable to Altira Aktiengesellschaft through the subsidiary controlled by it, Altira Heliad Management GmbH, as personally liable partner of Heliad Equity Partners GmbH & Co. KGaA.

Allianz Institutional Investors Series SICAV, Senningerberg, Luxembourg, informed us in accordance with § 21 para 1 sentence 1 WpHG on February 17, 32014 that its voting rights in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – exceeded the threshold of 3% of the voting rights on February 17, 2014 and amounted to 3.67% (this corresponds to 500,000 of a total of 13,527,881 voting rights) on that date.

Allianz Global Investors Luxembourg S.A., Senningerberg, Luxembourg, informed us in accordance with § 21 para 1 sentence 1 WpHG on February 17, 2014 that its voting rights in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – exceeded the threshold of 5% of the voting rights on February 17, 2014 and amounted to 5.01% (this corresponds to 683,000 of a total of 13,627,881 voting rights) on that date.

3.67% of the total amount of voting rights (this corresponds to 500,000 of a total of 13,627,881 voting rights) are attributable to Allianz Global Investors Luxembourg S.A. in accordance with § 22 para 1 sentence 1 No. 6 WpHG.

The name of the third party whose shares serve as the basis for the notifiable voting rights of Allianz Global Investors Luxembourg S.A. and whose voting rights amount to more than 3% is: Allianz Institutional Investors Series SICAV.

1. Mr Bernd Förtsch, Germany, informed us on February 18, 2014 in accordance with § 21 para 1 WpHG that his voting rights in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – remained below the threshold of 25% of the voting rights on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date.

24.08% of the voting rights (this corresponds to 3,281,550 voting rights) are attributable to Mr Förtsch in accordance with § 22 para 1 sentence 1 No. 1 WpHG. Attributable voting rights are held through the following companies controlled by Bernd Förtsch whose share of voting rights in DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany, through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany, through
- LION CAPITAL AG, Kulmbach, Germany, through
- BF Holding GmbH, Kulmbach, Germany.

2. BF Holding GmbH, Kulmbach, Germany, informed us on February 18, 2014 in accordance with § 21 para 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment AG remained below the threshold of 25% of the voting rights on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date.

24.08% of the voting rights (this corresponds to 3,281,550 voting rights) are attributable to BF Holding GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The attribution is based on the following companies controlled by BF Holding GmbH whose share in the voting rights of DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany through
- LION CAPITAL AG, Kulmbach, Germany.

3. LION CAPITAL AG, Kulmbach, Germany, informed us on February 18, 2014 in accordance with § 21 para 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment AG remained below the threshold of 25% on February 13, 2014 and amounted to 24.08% (this corresponds to 3,281,550 voting rights) on that date.

24.08% of the voting rights (this corresponds to 3,281,550 voting rights) are attributable to LION CAPITAL AG in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The attribution is based on the following companies controlled by LION CAPITAL AG whose share in the voting rights of DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany.

Mr David Bongartz, United States of America, informed us in accordance with § 21 para 1 WpHG on February 19, 2014 that his share in the voting rights of DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany remained below the threshold of 3% of the voting rights on February 13, 2014 and amounted to 0% (this corresponds to 0 voting rights) on that date.

IFM Independent Fund Management AG, Vaduz, Liechtenstein, informed us in accordance with § 21 para 1 WpHG on February 24, 2014 that the share in the voting rights of the management company named IFM Independent Fund Management AG for the fund Scherrer Small Caps Europe in DEAG Deutsche Entertainment AG, Berlin, Germany, remained below the threshold of 3% on February 20, 2014 and amounted to 2.47% (this corresponds to 336,485 voting rights) on that date.

Altira Aktiengesellschaft, Frankfurt am Main, Germany, informed us on March 14, 2014 for and on behalf of

1. Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany
2. Altira Heliad Management GmbH, Frankfurt am Main, Germany
3. Altira Aktiengesellschaft, Frankfurt am Main, Germany

in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG that

1. the voting rights of Heliad Equity Partners GmbH & Co. KGaA in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6 – in accordance with § 21 para 1 WpHG remained below the threshold of 20% on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date.

2. the voting rights of Altira Heliad Management GmbH in DEAG Deutsche Entertainment AG, Berlin, Germany – ISIN DE000A0Z23G6 – in accordance with § 21 para 1 WpHG remained below the threshold of 20% on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date. These voting rights are attributable to Altira Heliad Management GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG as personally liable partner (general partner) of Heliad Equity Partners GmbH & Co. KGaA in the amount of 16.74% (this corresponds to 2,281,550 voting rights).

3. the voting rights of Altira Aktiengesellschaft in DEAG Deutsche Entertainment AG, Berlin, Germany – ISIN DE000A0Z23G6 – in accordance with § 21 para 1 WpHG remained below the threshold of 20% on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date. 16.74% (this corresponds to 2,281,550 voting rights) are attributable to Altira Aktiengesellschaft through the subsidiary controlled by it, Altira Heliad Management GmbH as personally liable partner of Heliad Equity Partners GmbH & Co. KGaA in accordance with § 22 para 1 sentence 1 No. 1 WpHG.

1. Mr Bernd Förtsch, Germany, informed us on March 17, 2014 in accordance with § 21 para 1 WpHG that his share in the voting rights of DEAG Deutsche Entertainment AG, Berlin, Germany – ISIN DE000A0Z23G6 – remained below the threshold of 20% on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date.
   16.74% of the voting rights (this corresponds to 2,281,550 voting rights) are attributable to Mr Förtsch in accordance with § 22 para 1 sentence 1 No. 1 WpHG. Attributable voting rights are held through the following companies controlled by Bernd Förtsch whose share in the voting rights of DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

   - Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
   - Altira Heliad Management GmbH, Frankfurt am Main, Germany through
   - Altira Aktiengesellschaft, Frankfurt am Main, Germany through
   - LION CAPITAL AG, Kulmbach, Germany through
   - BF Holding GmbH, Kulmbach, Germany.

2. BF Holding GmbH, Kulmbach, Germany, informed us on March 17, 2014 in accordance with § 21 para 1 WpHG that its voting rights in DEAG Deutsche Entertainment AG remained below the threshold of 20% of the voting rights on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date.

   16.74% of the voting frights (this corresponds to 2,281,550 voting rights) are attributable to BF Holding GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The allocation is based on the following companies controlled by BF Holding GmbH whose share in the voting rights of DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

   - Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
   - Altira Heliad Management GmbH, Frankfurt am Main, Germany through
   - Altira Aktiengesellschaft, Frankfurt am Main, Germany through
   - LION CAPITAL AG, Kulmbach, Germany.

3. LION CAPITAL AG, Kulmbach, Germany, informed us on March 17, 2014 in accordance with § 21 para 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment AG remained below the threshold of 20% of the voting rights on March 13, 2014 and amounted to 16.74% (this corresponds to 2,281,550 voting rights) on that date.

   16.74% of the voting rights (this corresponds to 2,281,550 voting rights) are attributable to LION CAPITAL AG in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The allocation is based on the following companies controlled by LION CAPITAL AG whose share in the voting rights of DEAG Deutsche Entertainment AG amounts to 3% or more in each case:

   - Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
   - Altira Heliad Management GmbH, Frankfurt am Main, Germany through
   - Altira Aktiengesellschaft, Frankfurt am Main, Germany.

Kabouter Management, LLC, Chicago, Illinois, USA, informed us in accordance with § 21 para 1 WpHG on March 18, 2014 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany - ISIN DE000A0Z23G6 – exceeded the threshold of 3% of the voting rights on March 17, 2014 and amounted to 4.53% (this corresponds to 616,857 voting rights) on that date. 4.53% of the voting rights (this corresponds to 616,857 voting rights) are attributable to the company in accordance with § 22 para 1, sentence 1, No. 6 WpHG.

Mr Peter Zaldivar, USA, informed us in accordance with § 21 para 1 WpHG on March 18, 2014 that his voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany - ISIN DE000A0Z23G6 – exceeded the threshold of 3% of the voting rights on March 17, 2014 and amounted to 4.53% (this corresponds to 616,857 voting rights) on that date. 4.53% of the voting rights (this corresponds to 616,857 voting rights) are attributable to Mr Zaldivar in accordance with § 22 para 1, sentence 1, No. 6 in conjunction with § 22 para 1, sentence 2 WpHG.

The following persons submitted a notification to us in accordance with § 21 para 1 WpHG in 2013 and until the preparation of the financial statements:

Company or Person	Voting Rights Reached	Date of Notification	Notification Threshold
Bernd Förtsch	29.18%	March 5, 2013	3%, 5%, 10%,15%, 20%, 25%
Angermayer Brumm & Lange Unternehmensgruppe GmbH	0.00%	March 14, 2013	25%, 20%, 15%, 10%, 5%, 3%
VEM Aktienbank AG	5.25%	June 28, 2013	3%, 5%
VEM Aktienbank AG	0.00%	July 5, 2013	3%, 5%
DAP Management GmbH	3.61%	August 1, 2013	3%
IFM Independent Fund Management AG	3.01%	September 20, 2013	3%
Allianz Global Investors Luxembourg S.A.	3.03%	February 13, 2014	3%
Heliad Equity Partners GmbH & Co. KGaA	24.08%	February 14, 2014	25%
Allianz Institutional Investors Series SICAV	3.67%	February 17, 2014	3%
Allianz Global Investors Luxembourg S.A.	5.01%	February 17, 2014	5%
Bernd Förtsch	24.08%	February 18, 2014	25%
David Bongartz	0.00%	February 19, 2014	3%
IFM Independent Fund Management AG	2.47%	February 20, 2014	3%
Heliad Equity Partners GmbH & Co. KGaA	16.74%	March 13, 2014	20%
Bernd Förtsch	16.74%	March 17, 2014	20%
Kabouter Management, LLC	4.53%	March 18, 2014	3%
Peter Zaldivar	4.53%	March 18, 2014	3%

55. Events after the Balance Sheet Date

The Supervisory Board appointed Detlef Kornett as a further member of the Executive Board of DEAG with effect from January 1, 2014. He will head on the Executive Board as CMO (Chief Marketing Officer) the entire marketing of the company, push digitization strategically and moreover be in charge of the foreign business of DEAG in particular in Great Britain, Switzerland and Austria.

From the viewpoint of the Executive Board there have not been any other material events during the period from January 1, 2014 until the publication of this report.

56. Personal data

Executive Board

Prof. Peter L. H. Schwenkow	
Place of residence	Berlin
Profession	Chief Executive Officer
Responsibility within the Group	Strategic Business Development and Operations, Sales, Marketing, Public Relations
Retainers on other boards	Advisory Board Member of Bank Sarasin AG, Frankfurt am Main
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Productions AG, Glattpark (Switzerland), Administrative Board Member of The Classical Company AG, Zurich (Switzerland) Administrative Board Member of Derinho AG, Glattpark (Switzerland) Administrative Board Member of Starclick Entertainment AG, Zurich (Switzerland) Board member of Raymond Gubbay Ltd., London (Great Britain)
Shares held as at 31.12.2013	1,237,915

Christian Diekmann	
Place of residence	Berlin
Profession	Dipl.-Kaufmann, Executive Board Member (Chief Financial Officer, Chief Operating Officer)
Responsibility within the Group	Operations, Marketing, Sales, Human Resources, Finance, Investor Relations
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Production AG, Glattpark (Switzerland), Administrative Board Member of Derinho AG, Glattpark (Switzerland) Administrative Board Member of Starclick Entertainment AG, Zurich (Switzerland) Board member of Raymond Gubbay Ltd., London (Great Britain) Supervisory Board Member of DEAG Classics AG, Berlin
Shares held as at 31.12.2013	2,000

Supervisory Board

Wolf-D. Gramatke	
Place of residence	Hamburg
Position on Supervisory Board	Chairman
Profession	President of Great-Minds Consultants GmbH, Hamburg
Retainers on other boards	Supervisory Board Vice-Chairman of Senator Entertainment AG, Berlin Other: Member of the media business committee of the Hamburg Chamber of Commerce
Group retainers	Chairman of the Supervisory Board of DEAG Classics AG, Berlin
Shares hold as at 31.12.2013	-

Christine Novakovic	
Place of residence	Feusisberg (Switzerland)
Position of Supervisory Board	Vice-Chairman (until the 15.08.2013)
Profession	Head Corporate & Institutional Clients UBS AG, Zurich (Switzerland)
Retainers on other boards	Administrative Board Member of UCC AG, Zurich (Switzerland) Board member of Earth Council, Geneva (Switzerland)
Group retainers	-
Shares held as at 31.12.2013	-

Christian Angermayer	
Place of residence	London
Position on Supervisory Board	Vice-Chairman (since 26.08.2013)
Profession	Founder, Apeiron Investment Group AG, Frankfurt am Main
Retainers on other boards	President of the administrative board of Film House Germany AG, Frankfurt am Main
Group retainers	-
Shares held as at 15.08.2013	-

Martina Bruder	
Place of residence	Munich
Position on Supervisory Board	Supervisory board member (until 21.08.2013)
Profession	CEO Friendscout24 GmbH, Munich
Retainers on other boards	Member of the advisory board of Interactive Media CCSP GmbH, Darmstadt
Group retainers	-
Shares held as at 31.12.2013	-

57. Date and release of the publication

The Executive Board of DEAG has approved the Consolidated Financial Statements and the Combined Management Report and Group Management Report on March 31, 2014.

Berlin, March 31, 2014

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow Christian Diekmann Detlef Kornett

Independent Auditor's Report

We have audited the consolidated financial statements, including the balance sheet, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the Notes as well as the combined management report and the Group management report for the fiscal year from January 1, 2013 to December 31, 2013 prepared by DEAG Deutsche Entertainment Aktiengesellschaft. The preparation of the consolidated financial statements and combined management report and Group management report in accordance with IFRS as applicable within the EC and, in addition, in accordance with the commercial law provisions to be applied pursuant to § 315a para 1 HGB (German Commercial Code) is the responsibility of the statutory representatives of the company. Our responsibility is to express an opinion on the basis of our audit of the consolidated financial statements and combined management report and Group management report.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the generally accepted German standards for the audit of financial statements adopted by the German Institute of Public Auditors (IDW). These require us to plan and perform the audit in such a way that we are able to judge with sufficient reliability whether the consolidated financial statements are free from misstatements that would have a material impact on the presentation of the assets, financial and income position of the company as provided by the consolidated financial statements of the company, prepared in conformity with the applicable generally accepted accounting principles and by the combined management report and the Group management report. The scope of the audit was defined taking into consideration information on the business activities as well as the economic and legal circumstances of the Group and the expectations regarding possible errors. Within the framework of the audit, evidence on the effectiveness of the internal financial controls and of the values reported and information given in the consolidated financial statements and in the combined management report and Group management report is assessed primarily on the basis of random checks. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of the entities to be consolidated, the accounting and consolidation principles applied and material estimates made by the statutory representatives as well as the evaluation of the overall presentation of the consolidated financial statements and the combined management report and Group management reports. We believe that our audit provides a sufficiently reliable basis for our opinion.

Our audit has not resulted in any qualifications.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as applicable within the EU, as well as with the additional commercial law provisions to be applied pursuant to § 315a para 1 HGB (German Commercial Code) and give a true and fair view of the Group's asset, financial and income position in accordance with such provisions. Both the combined management report and the Group management report are in conformity with the consolidated financial statements, provide an accurate view of the Group's position and accurately describe the opportunities and risks of future developments.

Berlin, March 31, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

ppa. Pfeiffer	Rehmer
Wirtschaftsprüfer	Wirtschaftsprüfer

Declaration by the statutory reprensatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and income of the Group and the combined Management Report and Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, March 31, 2014

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow	Christian Diekmann	Detlef Kornett

DEAG Deutsche Entertainment Aktiengesellschaft

Balance Sheet Summany (according to HGB)

Assets in EUR'000	31.12.2013	31.12.2012
Intangible assets and tangible fixed assets	134	78
Financial assets	11,273	8,442
Fixed assets	**11,407**	**8,520**
Receivables and accruals and deferrals	23,285	20,820
Cash, cash equivalents and securities	1,249	2,868
Total current assets	**24,534**	**23,688**
Assets	**35,941**	**32,208**

Liabilities and equity in EUR'000	31.12.2013	31.12.2012
Share capital	13,627	12,388
Capital reserve	3,460	542
Retained income	697	697
accumulated profit	3,792	5,593
Shareholders´ equity	**21,576**	**19,220**
Accruals	**901**	**704**
Liabilities to financial institutions	10,112	7,092
Other liabilities	3,352	5,192
Total liabilities	**13,464**	**12,284**
Total equity and liabilities	**35,941**	**32,208**

DEAG Deutsche Entertainment Aktiengesellschaft

Statement of Income (according to HGB)

In EUR'000	Financial statement 1.1. - 31.12.2013	Financial statement 1.1. - 31.12.2012
Distribution costs	-997	-781
General and administration costs	-4,988	-4,108
Other operating income and expenses	3,910	3,903
Interest income/ expenses and other financial result	189	189
Income from investments	3,487	3,134
Result of ordinary business activities	**1,601**	**2,337**
extraordinary result	**-2,486**	
Income tax and other taxes	75	-
Net income	**-810**	**2,337**
Accumulated profit carried forward	4,602	3,270
Alloccation to statutory reserve funds	-	-14
Accumulated profit	**3,792**	**5,593**

Corporate Governance Report

The Executive Board and the Supervisory Board dealt continuously with the further development of the Corporate Governance within the company in fiscal 2013. The amendments to the German Corporate Governance Code in the version of May 13, 2013 were taken into account by the Executive Board and the Supervisory Board. In accordance with Clause 3.10 of the German Corporate Governance Code (DCGK) the Executive Board and the Supervisory Board report about the Corporate Governance of the company as follows:

Declaration of Conformity

The Executive Board and the Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft made the annual legally required Declaration of Conformity in respect of the German Corporate Governance Code in accordance with § 161 AktG (German Stock Corporation Act) on December 12, 2013. The wording of the declaration of conformity is as follows:

“The recommendations of the German Corporate Governance Code (DCGK) were complied with in the version amended on May 13, 2013, except for the following deviations:

1. At Annual Meetings there is no possibility for votes by correspondence. The shareholders have always had the possibility to give instructions on voting to a representative for voting rights made available by the company. The exercise of the voting right is hence easily possible for all shareholders who do not participate in the Annual Meeting. Vote by correspondence could, by contrast, involve administrative extra expenses and additional costs. (2.3.3 DCGK).

2. The D&O insurance for the Supervisory Board does not provide for a deductible, since this does not appear to be appropriate or necessary in view of the moderate amount of the Supervisory Board compensation for influencing behavior. (3.8 DCGK).

3. No Committees were set up by the Supervisory Board. For a Supervisory Board, which is only composed of three members, every matter which requires a contribution of the Supervisory Board can be dealt with through the direct involvement of all Supervisory Board members. An increase in efficiency of the Supervisory Board activities is not to be expected through the setting up of Committees against this backdrop. (5.3.1 to 5.3.3 DCGK)

4. The interim reports are not made available publicly within 45 days of the end of the reporting period. The publications are made within the framework of the statutory periods in each case. An earlier publication would involve a significantly higher personnel and organizational expenditure and hence considerable extra costs in view of several non-listed subsidiaries and investees outside Germany. (7.1.2 DCGK)

Composition of the Supervisory Board

In accordance with Clause 5.4.1 DCGK the Supervisory Board should be composed in such a way that its members have, as a whole, the required knowledge, abilities and expert experience to properly complete their tasks. From the Supervisory Board’s point of view, these criteria are met by the existing Supervisory Board.

The Supervisory Board is to specify concrete goals for its composition, taking into account the specific situation of the company, the international activities, potential conflicts of interest, the number of independent members of the Supervisory Board within the meaning of Clause 5.4.2 DCGK, an age limit to be specified for the member of the Supervisory Board as well as diversity. These concrete goals are in particular to provide for a sufficient number of female members. Against the backdrop of these specifications, the Supervisory Board strives for compliance with the following criteria in terms of the composition of the body:

- At least one member of the Supervisory Board should have international experience.
- At least one member of the Supervisory Board should be a woman.
- The term of a member of the Supervisory Board should end upon completion of the 75th year of age.

All three goals have been implemented.

Ownership of shares of the company

Stock option programs and similar securities-based incentive schemes of the company do not exist. The member of the Executive Board Professor Peter L.H. Schwenkow held a total of 1,237,915 shares of the company on December 31, 2013. The member of the Executive Board Christian Diekmann held a total of 2,000 shares of the company on December 31, 2013.

Compensation system for the Executive Board and the Supervisory Board

Explanations on the compensation system and the individual compensation of the members of the Executive Board and the Supervisory Board can be found in the compensation report under Item 2.7 of the combined management report and group management report and under Item 30 of the notes to the consolidated financial statement of this annual report.

During fiscal 2013 the Supervisory Board members received compensation (in kEUR) for their activity as follows:

Board Member	Fixed Compensation	variable Compensation	Other Benefits	Total Emoluments (in kEUR)
Wolf-D. Gramatke	29	15	9	53
Christine Novakovic (until 15.08.2013)	12	6	-	18
Christian Angermayer	10	5	-	15
Martina Bruder (as of 21.08.2013)	7	3	2	12
Total	**58**	**29**	**11**	**98**

Declaration on Corporate Governance

The declaration on corporate governance in accordance with § 289a para 2 HGB (German Commercial Code) is reproduced in Item 2.10 of the Combined Management Report and Group Management Report.

Risk management

As far as risk management is concerned, we refer to the detailed explanations in the risk report under Section 4 of the Combined Management Report and Group Management Report.

Berlin, March 2014

DEAG Deutsche Entertainment Aktiengesellschaft

For the Supervisory Board

Wolf-D. Gramatke
Chairman of the Supervisory Board

For the Management Board

Prof. Peter L.H. Schwenkow
CEO

IMPRINT

Editing and Coordination

DEAG Deutsche Entertainment Aktiengesellschaft
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