

DEAG Deutsche Entertainment Aktiengesellschaft

6-MONTH REPORT
AS OF 30/06/2016

// DEAG OVERVIEW

Corporate Profile

DEAG Deutsche Entertainment AG (DEAG) is an integrated entertainment content company and a leading provider of live entertainment in Europe. DEAG produces and profitably organizes a broad range of events and concerts. Its own distribution business, mytic myticket AG, which is also share-held by two large print and TV media companies, increases the company's profitability and scales its business model. DEAG realizes around 2,000 concerts and events a year, selling about five million tickets, of which a steadily increasing part is sold via its high-turnover online distribution channel myticket.

Events cover rock/pop festivals (national and international), classical music, jazz, German Hit songs and Middle-of-the-Road music and the strongly growing family entertainment division. Particularly the festivals and family entertainment divisions are fundamental for the further development of DEAG's own content. Its network of strong partners allows DEAG to put itself in an excellent market position as an internationally active live entertainment group. DEAG shares (ISIN:DE000A0Z23G6 | WKN:A0Z23G | ERMK) are quoted in the Prime Standard segment of the Frankfurt Stock Exchange, which is the quality segment of the Deutsche Börse, the German stock market.

DEAG'S CORE MARKETS



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// LETTER TO THE SHAREHOLDERS

**DEAR LADIES AND GENTLEMEN,
DEAR SHAREHOLDERS,**

In the first half year of 2016, we have reached a few important strategic milestones, and we are on course to meet our targets for the financial year. In addition to the production of attractive, profitable live entertainment events, our second focus remains the consistent expansion of our ticketing business. It is particularly the ticketing business that benefits from our strong and diversified content. The reason is: the more we offer, the more attractive our myticket platform becomes for our customers.

In this year, we have already successfully carried out five festivals and a number of open air events. Especially the event in Lucerne, with Rammstein and Iron Maiden, exceeded our expectations. Unfortunately, the mostly difficult weather conditions this summer have had a dampening effect due to the resulting follow-up costs incurred in order to guarantee our visitors' safety. As a result, two things must be noted: we have established our festivals as brands, and our calculation has almost been confirmed. There are no additional burdens to be expected for the remainder of the year. From 2017 onwards, we intend to yield profits based on increased integration of sponsoring and merchandising, and demonstrate that expanding this market segment was the right decision. Our planning for the coming year focuses on Rockavaria, Rock in Vienna, Rock the Ring, and potentially another festival in Switzerland. In other words, festivals are becoming a solid part of the DEAG content which in turn is further driving our ticketing business.

The development in our ticketing business is according to plan. After successfully establishing ourselves in Germany, we are planning on entering another European market in autumn in order to scale this platform. We are optimistic to reach our goal of selling an average of 40% of the DEAG content via myticket in the short to medium term. Our excellently filled event pipeline provides the perfect basis for that. Our strategic considerations have thereby proven right and will continue to strengthen our earning power. In addition to DEAG's own content, myticket is already active for third-party organizers, therefore further extending our offering.

Our half-year figures reflect DEAG's typical seasonality. By 30 June 2016, sales amounted to EUR 78.9 million. In the previous year, concerts and tours, such as those of Peter Maffay and Böhse Onkelz, significantly added to sales and results and thereby led to a strong volume in the first half of 2016. As in the case of the Böhse Onkelz indoor tour in autumn, these sales are shift to the second half-year. Also due to the European Football Championships, our artists' and their managements' planning automatically concentrated more on the second half of 2016, which is another reason for a significantly lower event density in Q2. On balance, we achieved a half-year EBIT of EUR -3.8 million. This figure includes up-front costs for numerous events in the second half-year and the extension of our Austrian business. In view of a very well-filled event pipeline and an extraordinarily strong 4th quarter, we are optimistic to reach the planned EBIT of EUR 3 to 5 million for the whole financial year 2016.

We will keep pursuing our strategy of further developing our product portfolio on a high level and thereby steadily increasing our ticket volume. We will reach this goal with a balanced mix of organic and external growth. We will also keep investing in our core business to improve the result potential and strengthen our international market presence. Particularly our UK-based subsidiaries develop better than expected. Last year's reorganisation and the targeted development of the organisation of the Swiss group companies significantly improved the profitability of this division. Despite the "Brexit", the English market remains highly attractive. Therefore, we are also examining opportunistic acquisition opportunities there. Due to an already well-filled pipeline for the financial year 2017, with stars like Anna Netrebko or David Garrett and productions such as Christmas at Kew, Disney on Ice or Christmas at Blenheim or the Christmas markets, were are already optimistic about the next financial year, particularly since very large rock tours are currently in preparation for 2017.

Thank you for your trust. I am happy you are with us on this journey as shareholders.

Best regards,
Prof. Peter L.H. Schwenkow

// DEAG SHARE

DEAG IN THE CAPITAL MARKETS

In the financial year 2016, the DEAG share was characterized by volatility. The first-quarter price development was influenced by the ad-hoc news of 4 February 2016 about the expected one-time effects of the festival business of the previous year. Following that, the share reached its daily low of EUR 2.30 on 9 February 2016. Following the presentation of the 2015 business figures and the confirmation of the forecast results for 2016, the share price increased again, and on 4 May 2016, it was at EUR 4.00, i.e. the opening price's level at the beginning of the year. The share was unable to escape the general downward trend that followed the Brexit decision in June 2016 and closed at EUR 3.20 at the end of the first half of 2016. After the end of the reporting period, the volatile development of the share continued with a comparatively high trading volume. On 26 August 2016 the share was quoted at EUR 2.59. This corresponded to a market capitalization of EUR 42.4 million.



ANNUAL GENERAL MEETING

DEAG's Ordinary Annual General Meeting was held on 23 June 2016. The company's shareholders elected management consultant Michael Busch a member of the Supervisory Board. Also, the shareholders approved of the actions of the Executive Board and Supervisory Board for the previous financial year, elected the auditor for the current financial year and revised the remuneration of the Supervisory Board. All decisions were made by a large majority of consistently over 96.6 %. Detailed information on the Annual General Meeting is available at the company's website under Investor Relations.

CORPORATE ACTIONS AND INVESTOR RELATIONS

On 27 June 2016, DEAG announced the successful placement of a convertible bond. The placement allowed the company to attract additional capital in the amount of EUR 5.7 million. The funds are available for the expansion of operations and open up new scope for action to finance further growth.

The DEAG share is currently accompanied by the research experts of DZ Bank and Hauck & Aufhäuser. The average price target is EUR 4.90, which, according to analysts, provides a price potential of around 50%. The DEAG Executive Board is planning on further strengthening its investor relations activities in fiscal 2016. Against this backdrop, comētis AG has been contracted as investor relations service provider in order to optimize the company's public face on the capital market and tap new investor groups. One of the objectives is to increase visibility on the capital market in the UK in line with the positive operational development there. Therefore, DEAG is going to increasingly approach international investors at road shows. Also, participation in another four capital market conferences in Germany and Switzerland is planned during the year. To further increase the liquidity of the DEAG share, the private bank Hauck & Aufhäuser was contracted as additional Designated Sponsor.

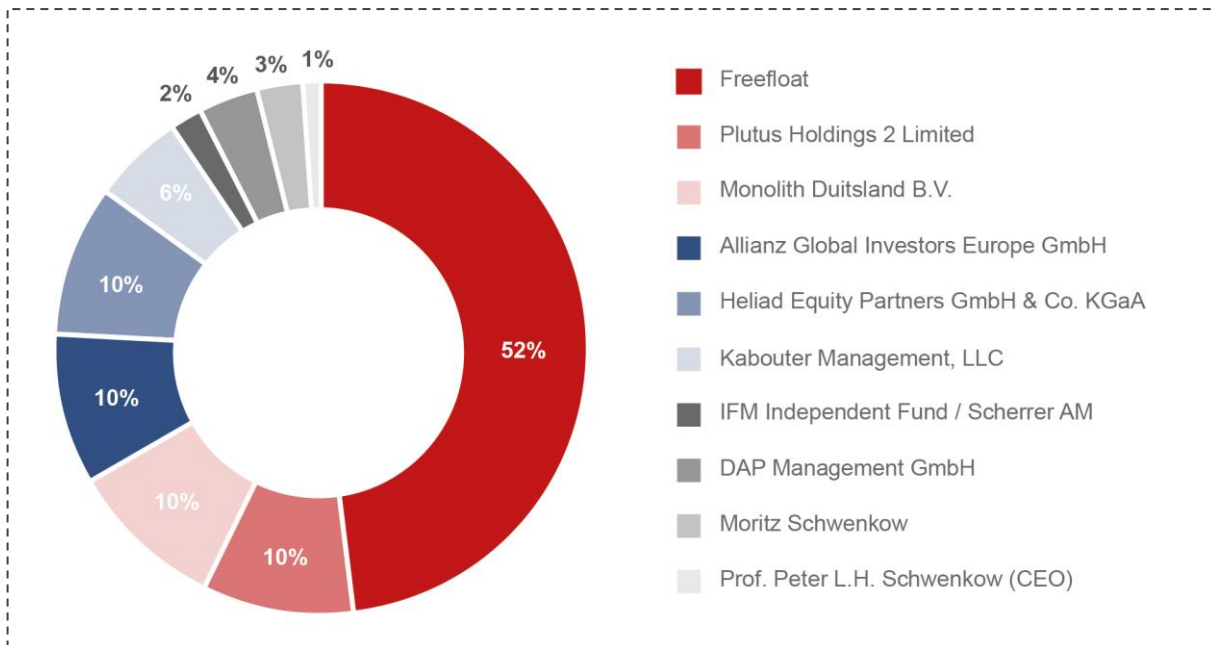
FINANCIAL CALENDAR

31/08/2016	SCC – Small Cap Conference (Frankfurt/Main)
07/09/2016	ZKK – Zürcher Kapitalmarktkonferenz (Zurich capital market conference) (Zurich, Switzerland)
22/11/2016	EKF – Deutsches Eigenkapitalforum (German Equity Forum) (Frankfurt/Main)
30/11/2016	Quarterly report (Q3 – 2016)
07/12/2016	MKK – Münchner Kapitalmarkt Konferenz (Munich capital market conference) (Munich, Germany)

BASIC DATA

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares	16,353,334
Year-end price (31/12/2015)	EUR 4.00
High (01/01 - 30/06/2016)	EUR 4.00
Low (01/01 - 30/06/2016)	EUR 2.30
Market capitalisation 26/08/2016	EUR 42.4 million
Designated sponsors	Dero Bank AG Hauck und Aufhäuser (since 19/07/2016)

SHAREHOLDER STRUCTURE



As of 31/07/2016



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// GROUP MANAGEMENT REPORT

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Overall, the market environment has developed positively for DEAG Deutsche Entertainment AG (hereinafter referred to as DEAG) in the first half year of 2016. During the reporting period, the world economy initially continued its recovery. Towards the end of the reporting period, the British population's decision for Great Britain to leave the European Union (BREXIT) led to an adjustment of the positive growth perspectives. The International Monetary Fund (IMF) reduced its forecast for the global economic growth for 2016 to 3.1% (from 3.2%) and for 2017 to 3.4% (from 3.2%) and for 2017 to 3.4% (from 3.5%)¹.

In contrast to the volatile general world economic development, steady growth is expected for the German "music events" market. The German Federal Statistical Office expects music events sales in Germany to be about EUR 1.1 billion in the current financial year and that by 2020 a sales volume of approximately EUR 1.7 billion will be reached. This corresponds to an annual sales growth of around ten percent (CAGR 2016-2020). In a global comparison, it turns out that the highest sales are generated in the U.S. (EUR 2.6 million in 2016)². The British market enjoys attractive growth perspectives as well, which DEAG was able to utilize by successfully strengthening its business in the first months of 2016.

In the first half year of 2016, DEAG organized five festivals in Germany, Austria and Switzerland: Around 200,000 visitors attended the events Rockavaria in Munich, Rock in Vienna, Rock im Revier in North Rhine-Westphalia, Germany, the Sonisphere Festival – Allmend rockt in Lucerne, and Rock am Ring in Hinwil, Germany. Top acts included: Iron Maiden, Rammstein, Mando Diao, Slayer, Nightwish, Iggy Pop, In Extremo, Sabaton or Apocalyptica. Particularly the festival in Lucerne met the high expectations in ticket sales and earnings.

Apart from the festivals, a number of successful events were carried out in the first half year. These included in particular: David Garrett, Disney on Ice, Riverdance, The Art of The Brick, Anton & Erin, Swan Lake and Circus Roncalli. For the second half year, top events featuring artists such as Andreas Gabalier, Böhse Onkelz or the Red Hot Chili Peppers are going to significantly contribute to ticket sales.

The online sales platform myticket.co.uk in the UK and myticket.de in Germany developed within expectations during the first half year of 2016. DEAG plans on further increasing the share of tickets for its own events that are sold via myticket in order to further boost the profitability on a Group level. DEAG's goal is to sell 40 % of the DEAG content via myticket.de in the short to medium term.

With DEAG GALA, DEAG established a new division of its own in the first half of 2016. The new DEAG GALA division offers full-service bookings for gala events, including all organisational services. These events include classical music, jazz, rock and pop, family live entertainment and dance shows. DEAG is thus also expanding its service offering for private and corporate events.

In connection with the Nürburgring rock festival planned last year, DEAG files claims totalling over EUR 10 million. Payments received would be recognised in nearly the full amount on the annual statement. At the time of publishing of the semi-annual report, the status of the action was still positive without any changes.

1 IMF, World Economic Outlook of July 2016.

2 German Federal Statistical Office, market report for music events.

RESULTS OF OPERATIONS

In the first half of the year, DEAG generated sales in the amount of EUR 78.9 million compared to 118,7 Mio in 2015. In the previous year, concerts and tours, such as those of Peter Maffay and Böhse Onkelz significantly added to sales and results and thereby led to a strong volume in the first half of 2016. As in the case of the Böhse Onkelz indoor tour in autumn, these sales and earnings are shifted to the second half-year.

EBIT amounts to EUR -3.8 million, resulting a) from up-front costs incurred for tours and shows in the second half of the year, and b) for the expansion of the business in Austria. EBIT in the reporting period is, after a risk provision of EUR 4.0 million for risk in connection with rock festivals in Germany, Austria and Switzerland has been considered in the consolidated financial statement, nearly unaffected by them. With respective festivals now fully settled and included in the current consolidated financial statement, follow-up costs amounting to EUR 344 thousand had to be added. Unpredictable extra costs which, due to partially difficult weather conditions, led to consequential costs to guarantee the visitors' safety and affected business negatively.

Due to increased interest expenses, the financial result decreased compared to the previous period. These are mainly connected to working capital credits and project financing.

After consideration of income taxes (EUR 0.3 million), the result from continued operations is EUR -3.8 million, compared to EUR -8.4 million in the previous year. The result per share is -22 cents.

The result from discontinued operations mainly includes earnings from the discontinued music publisher/label business segment. Prior-year amounts in the consolidated income statement have been adjusted accordingly.

PERFORMANCE AND TRENDS BY SEGMENTS

DEAG's operations are structured in two segments: **Live Touring** and **Entertainment Services**.

The **Live Touring segment** covers the tour business. This includes activities by the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Wizard Promotions Konzertagentur (Frankfurt am Main), Grünland Family Entertainment (Berlin), Raymond Gubbay (London, UK), the sub-group Kilimanjaro (London, UK) and The Classical Company (Zurich, Switzerland).

Regional business and the entire service business are reported in the **Entertainment Services segment** ("stationary business"). This segment includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts (Berlin), Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna), Blue Moon Entertainment GmbH (Vienna, Austria) and mytic myticket (Berlin).

Live Touring:

With sales revenues of EUR 50.0 million, the performance is now balanced (compared to EUR -8.5 million in the previous year) and amounts to EUR -0.1 million. First half-year highlights included tours and shows by Hansi Hinterseer, Musikantenstadl, Anton & Erin, Madam Butterfly and the Family Entertainment formats Disney on Ice, Nitro Circus and Night of the Jumps, among others.

Entertainment Services:

With EUR 35.3 million in sales, EBIT amounts to EUR -1.8 million. The profit contribution from Jahrhunderthalle operations in Frankfurt/Main is no longer included in the result of the segment. That amounted to EUR 1.6 million in the previous year.

During the reporting period, local promoters essentially participated in the Group's own tour business.

Over the remainder of the year, both segments will benefit from the expected positive development. The second half of the year will include highlights in rock/pop, classical music and German-language music open-air and arena concerts, featuring, among others, Andreas Gabalier, Böhse Onkelz and Red Hot Chili Peppers. In addition, it is becoming clear that the Family Entertainment division will play a major role, as forecast.

TICKETING DEVELOPMENT

The Ticketing division also developed as planned in the first half of the year. It is expected that in the short to medium run an average of 40 % of all DEAG tickets will be marketed via myticket and will then contribute a growing share to the consolidated result of DEAG.

NET ASSETS

Compared to the previous balance-sheet date, the balance sheet total decreased slightly by EUR 1.6 million or 1.4 % to EUR 111.1 million (31 December 2015: EUR 112.7 million).

On the assets side, current assets decreased by EUR 2.5 million to EUR 64.9 million. The decrease reflects the sale of the equity investment in JHH GmbH & Co. KG (EUR -7.0 million) and reduced liquid funds (EUR -2.7 million). In contrast, trade receivables (EUR +5.0 million) and payments (EUR +2.1 million) increased.

The changes in long-term assets mainly consist of scheduled depreciation of fixed assets.

On the liabilities and equity side, aside from a reduction in equity (EUR -6.0 million), the main change was the decrease in long-term liabilities (EUR -1.8 million). The latter include, apart from liabilities to banks, which were further paid down during the reporting period, as scheduled, also a partial amount of the convertible bond issued during the reporting period.

On 27 June 2016, DEAG announced the successful placement of a convertible bond. The private placement allowed the company to attract additional capital totalling EUR 5.7 million. The funds are available for the expansion of operations and open up new scope for action in order to also finance further growth.

The convertible bond were issued at nominal value, with shareholders' subscription rights excluded, exclusively for institutional and private investors. The term of the convertible bond begins on 30 June 2016 for two years until 30 June 2018, with an extension option for another year, until 30 June 2019 at the same conditions.

The bond holders are entitled to convert the bonds into ordinary shares during the conversion period, at a conversion price of EUR 3.50. Depending on whether the target rate of EUR 4.20 is reached, there is a conversion obligation at the end of the term, with a conversion price of EUR 3.50 as well.

If the conversion right is not exercised and conditions for a conversion obligation do not exist, the bonds must be paid back at their final maturity date, at their nominal value. An interest of 6 % is paid annually.

As at 30 June 2016, payments received for the convertible bond totalling EUR 900,000.00 were included in the balance sheet. The debt capital component (long-term financial liabilities) is a separate item named "Convertible Bond", and the equity component is included in the equity in the "Capital Reserve" item. The effective interest rate, under consideration of the option component included in the equity and of the defined external capital procurement costs, is expected to be 8.9 % p.a.

At the end of the past quarter, equity after minority interests totalled EUR 18.4 million (31 December 2015: EUR 24.4 million).

FINANCIAL POSITION

Compared to the reporting period, cash and cash equivalents decreased by EUR 2.7 million to EUR 23.1 million. While the change in cash holdings due to operating activities amounts to EUR -4.5 million, positive cash inflows totalled EUR 2.9 million for financing activities. Of the latter, EUR 0.9 million is allotted to the convertible bond on the due date.

In addition to the liquid funds reported on the balance-sheet date, unutilised credit facilities totalling EUR 9.7 million (31 December 2015: EUR 16.3 million) were also available.

EVENTS AFTER THE REPORTING PERIOD

Significant events that could have a significant effect on DEAG's results of operations, net assets and financial position, have, from the Executive Board's perspective, not occurred after the end of the reporting period on 30 June 2016.

RISKS AND OPPORTUNITIES

With its subsidiaries Kilimanjaro and Raymond Gubbay, DEAG is a well-established successful company in the UK. Britain's vote to leave the European Union ("Brexit") was a surprise to many participants in the market and led to a significant drop of the British pound (GBP) compared to the Euro. In the first half of 2016, this currency drop did not have a notable effect on DEAG's results of operations, net assets and financial position yet. However, depending on the developments in the second half of 2016, losses resulting from currency fluctuations cannot be ruled out.

Unfortunately, terror attacks are more frequent at large events such as football games or concerts. If such attacks happen more often in the future, it cannot be ruled out that this will have a negative effect on the demand for event tickets. As part of a fully established safety concept, DEAG will take all reasonable measures to minimize such risks at its own events. In addition, there is also insurance cover for such events.

We also refer to the risk report of the management report and Group management report in the Annual Report as at 31 December 2015 (p. 17 et seq.)

FORECAST

DEAG finished the first half year within expectations and, in view of a very well-filled event pipeline and an exceptionally strong fourth quarter, is optimistic to reach the forecast of financial year 2016. For the second half of the year, DEAG has been able to secure a diversity of show highlights and achieve promising pre-sale results. This includes David Garrett, Disney on Ice, Andreas Gabalier, Böhse Onkelz and the Red Hot Chili Peppers. Various Christmas events, such as Christmas at Kew or the Christmas circus, add to the above, traditionally making the final quarter the strongest of the year in terms of sales and income. In the result, expected ticket sales will increase significantly in the second half of the year compared to the first six months of 2016. This will be complemented by a successively increasing share of tickets that are sold online via DEAG's own sales platforms myticket.co.uk in the UK and myticket.de in Germany and which will strengthen the EBIT margin in the medium to long term.

Due to the positive signs, the Executive Board is holding on to its forecast of being able to moderately increase its sales in fiscal 2016 above the original volume of fiscal 2014 (EUR 172.2 million). At the same time, the aim is to generate EBIT in the range of EUR 3 to 5 million. However, this income forecast does not include any potential currency fluctuation effects resulting from the devaluation of the British pound in recent weeks. With DEAG's successful activities in the UK and the full consolidation of its subsidiaries Kilimanjaro and Raymond Gubbay, negative currency fluctuation effects as a result of the "Brexit" towards the end of the year cannot be ruled out. Also, potential positive special effects of court decisions or settlements connected with the action about the Nürburgring rock festival are not considered in the EBIT forecast.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements based on the current assumptions and forecasts of the management of DEAG. Such statements are subject to risks and uncertainties. These and other factors may lead to significant deviations between the company's results, financial position, developments or performance and the estimates provided herein. The Company accepts no obligation to continue to report or update such forward-looking statements or adjust them to future events or developments.



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// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

in EUR '000	2016 as at 30/06/2016	2015 as at 31/12/2015	2015 as at 30/06/2015
Liquid Funds	23,063	25,805	27,238
Trade receivables	18,061	13,035	11,453
Down Payments	16,436	14,364	31,888
Income tax receivables	2,072	2,411	1,660
Inventories	124	125	142
Other current financial assets	2,846	2,299	8,197
Other current non-financial assets	2,263	2,289	7,615
Assets held for sale	-	7,016	-
Current assets	64,865	67,344	88,193
Goodwill	23,625	23,625	22,957
Other intangible assets	8,587	9,559	10,267
Tangible fixed assets	733	863	933
Investment properties	7,940	7,940	7,940
Investments	132	71	164
Financial assets accounted for using the equity method	2,884	2,930	9,967
Down Payments	-	-	242
Other long-term financial assets	1,998	188	238
Deferred tax assets	367	189	76
Long-term assets	46,266	45,365	52,784
Total Assets	111,131	112,709	140,977

TOTAL LIABILITIES AND EQUITY

in EUR '000	2016 as at 30/06/2016	2015 as at 31/12/2015	2015 as at 30/06/2015
Bank loans payable	17,491	9,847	16,249
Trade receivables	10,956	11,136	16,941
Accruals	7,057	8,561	20,532
Sales accruals and deferrals	42,868	41,669	38,202
Income tax liabilities	342	917	1,361
Other current financial liabilities	6,378	6,144	4,836
Other current non-financial liabilities	3,392	3,987	2,648
Current liabilities	88,484	82,261	100,769
Accruals	270	416	359
Convertible bond	777	-	-
Bank loans payable	638	2,424	1,388
Other long-term financial liabilities	632	1,015	1,027
Deferred taxes	1,918	2,163	2,057
Long-term liabilities	4,235	6,018	4,831
Share capital	16,352	16,352	16,352
Capital reserve	39,964	39,944	39,646
Accumulated deficit	-44,049	-39,862	-27,466
Accumulated other income	1,656	2,075	972
Equity attributable to DEAG shareholders	13,923	18,509	29,504
Equity attributable to non-controlling interest	4,489	5,921	5,873
Equity	18,412	24,430	35,377
Total liabilities and equity	111,131	112,709	140,977

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED PROFIT AND LOSS STATEMENT

in EUR '000	01/04/2016- 30/06/2016	01/04/2015- 30/06/2015	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Sales	47,524	79,755	78,868	118,686
Cost of Sales	-41,967	-86,079	-66,514	-116,031
Gross profit	5,557	-6,324	12,354	2,655
Distribution costs	-6,938	-6,289	-10,881	-10,476
Administration costs	-3,512	-5,286	-6,611	-8,299
Other operating income / expenses	769	7,982	1,361	8,208
Operating result (EBIT)	-4,124	-9,917	-3,777	-7,912
Interest income and expenses	-263	-127	-362	-186
Result from investments and participations	-81	1	-200	1
Earnings from affiliated companies	383	-19	247	198
Financial result	39	-145	-315	13
Result before taxes	-4,085	-10,062	-4,092	-7,899
Income taxes	357	-39	321	-518
Group result after taxes from continued operations	-3,728	-10,101	-3,771	-8,417
Group result after taxes from discontinued operations	-327	-435	-416	-606
Group loss after taxes	-4,055	-10,536	-4,187	-9,023
thereof attributable to non-controlling interest	-526	-226	-214	252
thereof attributable to DEAG shareholders (Group loss)	-3,529	-10,310	-3,973	-9,275
Earnings per share in EUR (undiluted/diluted)				
from continued operations	-0.20	-0.60	-0.22	-0.53
from continued and discontinued operations	-0.22	-0.22	-0.24	-0.57
Average no. of shares outstanding (undiluted/diluted)	16,352,719	16,352,719	16,352,719	16,352,719

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 01/01/2016 – 30/06/2016

in EUR '000	II/2016	II/2015	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Group result after taxes	-4,055	-10,536	-4,187	-9,023
Other result				
(+/-) Differences from exchange rates (independent foreign units)	-937	178	-1,242	974
(-) Deferred taxes on the other total result	-	-	-	-
Amounts as may be reclassified in future periods in the profit and loss account	-937	178	-1,242	974
Total result	-4,992	-10,358	-5,429	-8,049
Thereof attributable to				
Non-controlling interest	-1,277	-140	-825	594
DEAG shareholders	-3,715	-10,218	-4,604	-8,643

// ABBREVIATED CONSOLIDATED STATEMENT OF CASH FLOW

in EUR '000	01/01/2016 - 30/06/2016	01/01/2015- 30/06/2015
Group result after taxes from continued operations	-3,771	-8,417
Depreciation and amortisation	734	870
Change in accruals	-1,650	15,368
Changes not affecting payments	-33	-13,097
Deferred taxes	-423	98
Earnings from affiliated companies	-247	-198
Cash flow before changes in net current assets	-5,390	-5,376
Net interest income	362	187
Change in working capital	574	-29,035
Net cash from operating activities from continued operations	-4,454	-34,224
Cash outflow from operating activities from discontinued operations	-416	-606
Net cash from operating activities (total)	-4,870	-34,830
Net cash from investment activities (total)	-81	-1,417
Net cash from financial activities (total)	2,925	8,410
Change in liquidity	-2,026	-27,837
Effects of exchange rates	-716	1,011
Cash and cash equivalents at beginning of period	25,805	54,064
Cash and cash equivalents at end of period	23,063	27,238

// CHANGES IN CONSOLIDATED EQUITY

in EUR '000	As of 30/06/2015	Change 01/01/2015- 30/06/2015	As of 31/12/2014
Share capital	16,352	-	16,352
Capital reserve	39,646	-	39,646
Revaluation reserve	-	-298	298
Accumulated deficit	-27,466	-9,023	-18,443
Accumulated other income	972	381	591
Equity attributable to DEAG shareholders	29,504	-8,940	38,444
Equity attributable to non-controlling interest	5,873	35	5,838
Equity	35,377	-8,905	44,282

in EUR '000	As of 30/06/2016	Change 01/01/2016- 30/06/2016	As of 31/12/2015
Share capital	16,352	-	16,352
Capital reserve	39,964	20	39,944
Accumulated deficit	-44,049	-4,187	-39,862
Accumulated other income	1,656	-419	2,075
Equity attributable to DEAG shareholders	13,923	-4,586	18,509
Equity attributable to non-controlling interest	4,489	-1,432	5,921
Equity	18,412	-6,018	24,430



// CONDENSED NOTES

EXPLANATORY NOTES PURSUANT TO IAS 34

This interim Consolidated Financial Statement, consisting of Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flow, Changes in Consolidated Equity, and selected explanatory details has been prepared in accordance with IAS 34 and applicable provisions of the German Securities Trading Act (WpHG).

The consolidated interim financial statement as to 30 June 2016 does not contain all the disclosures and information presented in a complete set of annual financial statements. The interim financial statement should be read in conjunction with the consolidated financial statements for the period ending on 31 December 2015.

The accounting, consolidation and currency conversion principles applied in the consolidated financial statements as to 31 Dec. 2015 and the balancing and assessment have, with the exception of below principles on reporting a convertible bond, not been changed. Please consult the 2015 consolidated notes to the Annual Report (pp. 29-43).

The components of the emitted convertible bond (cf. explanations on Net Assets and Financial Position) are logged as a composite financial instrument and, in accordance with the definitions set forth in IAS 32, logged separately as a financial liability and equity. A convertible bond only fulfilled by the exchange of a fixed amount of liquid funds or other financial assets against a fixed number of own equity instruments is an equity instrument.

At the time of issuance, the fair value of the external capital component is determined by using a market rate for equivalent non convertible instruments. This amount is carried as a financial liability on the basis of the amortised cost of purchase using the effective interest method up until the time of fulfilment, i.e. when the instrument is converted or becomes due.

The convertible bond recognised as equity is determined by subtracting the value of the external capital component from the fair value of the entire instrument. The resulting value is included in the Capital Reserve, less the income tax effects, and is then not subject to valuation. Exercising the convertible bond, or its maturity, does not result in a profit or loss.

Transaction costs connected with the convertible bond are distributed to the equity and external capital component in relation to the distribution of net proceeds. The transaction costs to be allotted to the equity component are directly included in the equity. The transaction costs to be allotted to the external capital component are included in the book value of the liability and are amortised over the convertible bond term by applying the effective interest method.

Changes in the underlying parameters relate to exchange rates. Based on materiality considerations, the parameters required for calculating pension obligations were maintained without any changes.

Other notes disclosures pursuant to IAS 34.15 et seq. are not relevant, of secondary importance, or there have been no significant changes since 31 December 2015.

OTHER DISCLOSURES

There were transactions with related parties during the period under review. The transactions with these companies and persons are conducted at standard market terms. Amongst other things, the Apeiron Investment Group Ltd., a company controlled by a Supervisory Board member, subscribed to the given convertible bond with a volume of EUR 1.0 million. Furthermore, other bodies of the company purchased shares of the company during the reporting period. Please consult the notifications pursuant to para. 19 MAR (European Market Abuse Directive) / para. 15a of the German Securities Trading Act (WpHG) published under Investor Relations on the company website.

Please also consult the relevant comments in the consolidated financial statements as at 31 December 2015 for more information on the type and scope of the related parties.

DEAG's Supervisory Board has expanded DEAG's Executive Board and restructured the departments and responsibilities. Ralph Quellmalz was appointed as Chief Financial Officer effective 1 April 2016. In addition to his role as COO (Chief Operating Officer), Christian Diekmann – who previously also served as Chief Financial Officer – in future will also hold the title of CDO (Chief Digital Officer) and will focus on further developing the Group's growing potential for creating value through digital technologies, as evidenced by the increasing importance of the ticketing platform www.myticket.de. In addition, Christian Diekmann will spend more time on developing new business.

DEAG's Ordinary Annual General Meeting was held on 23 June 2016. The company's shareholders elected management consultant Michael Busch a member of the Supervisory Board. Also, the shareholders approved of the actions of the Executive Board and Supervisory Board for the previous financial year, elected the auditor for the current financial year and revised the remuneration of the Supervisory Board. All decisions were made by a large majority of consistently over 96.6 %. Detailed information on the Annual General Meeting is available at the company's website under Investor Relations.

The report has not been audited nor has it been subjected to an audit review.

// STATEMENT OF LEGAL REPRESENTATIVES

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles for the interim report the Consolidated Interim Financial Statement conveys an accurate image commensurate with the actual condition of the assets, financial position and earnings of the Group and that the Consolidated Interim Management Report represents the Group's business trends including financial results and position of the Group in a manner such that the actual conditions and the main opportunities and risks pertaining to the foreseeable evolution of the Group in the remaining financial year are accurately described and represented.

Berlin, 30 August 2016

DEAG Deutsche Entertainment Aktiengesellschaft

Executive Board



Prof. Peter L. H. Schwenkow



Christian Diekmann



Detlef Kornett



Ralph Quellmalz

TIME AND APPROVAL OF PUBLICATION

The Executive Board of DEAG (headquarters: Potsdamer Strasse 58 in 10785 Berlin) has approved this Consolidated Interim Financial Statement and the Consolidated Interim Management Report on 30 August 2016.

// LEGAL NOTICE

// EDITING AND COORDINATION

DEAG Deutsche Entertainment AG
cometis AG

// FURTHER INFORMATION

For analysts and investors
Investor Relations: deag@cometis.de
The interim report and other current information on DEAG is also available on the Internet at www.deag.de/ir

// PICTURES

Cover: shutterstock.com – 39423697
Page 5: Klaus Zakowski (Böhse Onkelz)
Page 13: Sebastian Greuner (Berlin Philharmonic/WB)
Page 20: Isabel Schiffler (David Garrett)
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