



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at September 30, 2011

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Imprint

1. DEAG at a glance

	2011 Interim Report Million Euro	2010 Interim Report Million Euro	Variation in %
Sales	93.9	83.3	13%
Gross profit from sales	22.1	17.1	29%
Operating result before depreciation (EBITDA)	6.5	4.4	48%
Operating Income (EBIT)	5.7	3.6	61%
Group net profit before tax (EBT)	5.1	2.9	76%
Group net profit	2.0	0.9	128%
Earnings per Share in Euro	0.16	0.07	129%
Group employed *	194	157	24%

* Head count including temps

2. DEAG on the capital market

Against the backdrop of the general market development the share price of DEAG Deutsche Entertainment AG dropped during the first nine months of this year from EUR 2.65 at the end of 2010 to EUR 2.25 on September 30, 2011. The share lost 15.1% and outperformed the German stock index DAX which dropped by 21.3% during the same period. The DEAG share also developed better than the second line stock index SDAX, which closed the reporting period with a loss of 17.8%. The peak during the first nine months 2011 was reached on May 4, 2011 with EUR 3.58 and the low was EUR 2.08 on August 18, 2011 (Xetra closing price in each case).

During the third quarter of fiscal 2011 the share price of DEAG outperformed again the DAX. The share started the quarter on July 1, 2011 with a price of EUR 2.90 and closed it on September 30, 2011 with a price of EUR 2.25. This corresponds to a 22.4% minus. During the third quarter 2011 the DAX lost even 25.9% whilst the SDAX decreased by 21.1%. The peak of the DEAG share during the third quarter 2011 was at EUR 3.06 on July 11, 2011. On August 18, 2011 it recorded its low with EUR 2.08.

Between January 1, 2011 and September 30, 2011 an average daily 19,167 shares were traded on all German stock exchanges. An average daily 14,411 shares or 75.2% were accounted for by trading on the electronic stock exchange platform Xetra. Compared to the first nine months of 2010, 7.7% more shares were traded on a daily average on all German stock exchanges in 2011 (2010: average of 17,792 shares). VEM Aktienbank AG continues to act as Designated Sponsor and quotes binding offer / bid prices on a daily basis for the share of DEAG Deutsche Entertainment AG.

The share of DEAG Deutsche Entertainment AG is regularly analyzed by Hauck & Aufhäuser and DZ Bank as well as Silvia Quandt Research GmbH. The unanimous vote of the analysts is "Buy"; the target prices recently moved between EUR 4.00 and 4.30.

DEAG Deutsche Entertainment AG, listed in the prime standard of the German stock exchange, Deutsche Börse, continues to enjoy a very high visibility on the capital market. Proactive communication with investors, analysts and financial media was successfully continued in late November 2011 at the Equity Forum of Deutsche Börse in Frankfurt. Furthermore, DEAG has constant contact with the relevant capital market players through roadshows and one-on-one talks. Transparency is ensured by ad hoc disclosures and press releases as well as business and research reports, which are regularly published on the website of the company. They can be found in the Investor Relations section on www.deag.de/ir. Further contacts are available to interested investors on telephone number +49 69-905505-52 or under the email address deag@edicto.de.

3. Business Development

Earnings position:

During the reporting period DEAG Deutsche Entertainment AG was able to increase its sales revenues by 13% to EUR 93.9 million (prior year: EUR 83.3 million). EUR 29.2 million were accounted for by Q3 / 2011 (prior year: EUR 29.1 million). The double digit increase over the nine months period is, more particularly, attributable to the very good tour business. In this connection the Classical Music, German Schlager and Middle-of-the-Road Music segments as well as Rock/Pop national have to be stressed. Whilst sales revenues in the local business in Switzerland were on prior year level, the domestic companies of this segment recorded positive rises in sales revenues. The EBIT increased by 61% to EUR 5.7 million (prior year: EUR 3.6 million). A rise in gross margin to 24% (prior year: 21%) and a good operating income were supported by an only moderate increase in expenses in the fields of administration, distribution and marketing. Due to lower interest expenses versus prior year, the financial income improved slightly. It amounts to EUR –0.6 million (prior year: EUR –0.7 million). With tax expenses of EUR –1.3 million (prior year: EUR –0.8 million) earnings after taxes from continuing operations rose by 86% to EUR 3.8 million. The consolidated result amounts to EUR 2.0 million (prior year: EUR 0.9 million) after deduction of the profit shares accounted for by other shareholders and rose by 128% versus prior year. For the first three quarters this amounts to earnings per share of EUR 0.16 after EUR 0.07 during the comparable prior year period.

The changes in respect of the scope of consolidation – essentially due to the discontinuation of the activities of ACE Entertainment GmbH and the consolidation of the activities of the sub-group Gold Entertainment – have only had a minor impact on sales revenues and result developments during the comparable periods.

In the Live Touring segment the highlights in the German Middle-of-the-Road Music business were the Musikantenstadl series of events and the tour with Hansi Hinterseer. The Classical Music segment was able to record an excellent year so far. This was mainly supported in Germany by the Classical Music mega event “Summit Meeting of Stars” as well as the tours with David Garrett and in Great Britain the in-house productions Madame Butterfly, the dance show Anton & Erin and the Russian State Ballet Tour.

In the Entertainment Services segment the local business in Germany and Switzerland developed in a particularly positive manner. In addition, good contributions to earnings were made by the venue marketing of the Jahrhunderthalle Arena in Frankfurt and the DVD and record business.

Apart from the classical production and organization of tours and shows, a further increase in the share of sales revenues and earnings is attributable to additional earnings sources focused on within the framework of the 360° model such as distribution, sponsoring, hospitality, merchandise and other realization possibilities.

Assets position:

The balance sheet total decreased versus December 31, 2010 by EUR 7.1 million to EUR 78.0 million.

The decline results on the assets side essentially from the reduction in liquid assets to EUR 21.4 million, whereas the advance payments in respect of future events reported under inventories rose from EUR 6.2 million to now EUR 13.9 million.

On the liabilities side, the ongoing reduction of liabilities – despite the higher project-related third-party financing (+ EUR 2.4 million) – had a total impact of EUR 9.9 million reducing the balance sheet total.

Accounts receivable continued to decrease despite a very good operating business volume as a result of an active receivables management by EUR 4.6 million to EUR 2.9 million. The inflow of liquid assets and the available funds were essentially used for the reduction of liabilities (EUR –9.9 million) and significantly higher advance payments in respect of events (EUR + 6.2 million).

Equity after minorities amounted at the end of the reporting period to EUR 30.1 million (December 31, 2010: EUR 27.2 million). Both the decrease in liabilities and the significant increase in the Group result contributed towards a significant rise in the equity ratio to now 39% (December 31, 2010: 32%).

Financial position:

The cash flow before the changes in net current assets during the reporting period amounted to EUR 3.7 million (prior year: EUR 6.3 million). After a change in working capital by EUR –14.3 million (prior year: EUR –6.1 million) the outflow of funds from current operations amounts to EUR –10.0 million (prior year: inflow of funds of EUR 0.8 million). The change in working capital results primarily from the reduction of liabilities and a significant increase in advance payments relating to events as well as on the other hand higher incoming payments in respect of accounts receivable. The inflow of funds from financing activities of EUR 0.4 million includes EUR 1.0 million for the servicing of financial liabilities. Overall, these major changes resulted in a decrease of liquid assets by EUR 10.4 million to EUR 21.4 million.

4. Development by segment

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

- In the segment Live Touring the touring business is reported. This includes the activities of the companies DEAG Classics AG (Berlin), DEAG Concerts GmbH (Berlin), KBK Konzert- und Künstleragentur GmbH (Munich), Manfred Hertlein Veranstaltungen GmbH (Würzburg), A.C.T. Artist Agency GmbH (Berlin), Grandezza Entertainment GmbH (Berlin), Raymond Gubbay Ltd. (London, UK) and The Classical Company AG (Zurich, Switzerland).
- The Entertainment Services segment reports on the regional as well as on the entire services business and includes activities by Good News Group (Glattpark, Switzerland), Global Concerts GmbH (Munich), Kultur- und Kongreßzentrum Jahrhunderthalle GmbH (Frankfurt), Concert Concept Veranstaltungen GmbH (Berlin), Friedrichsbau Varieté-Betriebs- und Verwaltungs GmbH (Stuttgart), River Concerts GmbH and Elbklassik Konzerte Hamburg GmbH (both Hamburg) as well as label/music publisher DEAG Music GmbH (Berlin).

We comment on the segment development as follows:

Live Touring:

With an increase in sales revenues by 32.8% to EUR 39.7 million, the EBIT significantly improved versus the comparable prior year period and now amounts to EUR 4.0 million.

The tours during the first three quarters included in the Classical Music segment, amongst others, the shows and concerts of our British subsidiary Raymond Gubbay Ltd as well as at DEAG Classics the “Summit Meeting of Stars” in Berlin, Munich and Vienna as well as concerts with David Garrett. Furthermore, the national tours with Peter Maffay, Chris de Burgh, Hansi Hinterseer and the Musikantenstadl series of events were very well booked and successful.

Entertainment Services:

With an increase in sales revenues of 6.4% to EUR 59.2 million, EBIT dropped versus the comparable prior year period to EUR 3.9 million. The EBIT development was, more particularly, impacted by seasonal influences and numerous postponements of projects which will have a neutralizing effect again during the fourth quarter.

The main revenue and result drivers were, in addition to our activities in Switzerland, in particular also the domestic local business in Germany (Berlin, Munich, Hamburg). The Jahrhunderthalle Arena in Frankfurt was likewise again ahead of plan.

	II/2011	II/2010	Variation
in EUR million	01.01.2011 -30.09.2011	01.01.2010 -30.09.2010	absolute
Segment Live Touring			
Sales revenues	39.7	29.9	9.8
EBIT	4.0	0.2	3.8
Segment Entertainment Services			
Sales revenues	59.2	55.6	3.6
EBIT	3.9	5.6	-1,7

5. Outlook

The Executive Board anticipates once more a good year-end business. The strong fourth quarter will in particular be supported by the British company, Raymond Gubbay Ltd, which is now wholly owned by the DEAG Group, with numerous Christmas and popular Classical Music productions. Other segments, too, will contribute very good results.

Consequently, the Executive Board expects the positive business development of the first three quarters to continue during the fourth quarter, too.

For 2012 the pipeline of DEAG is very well filled and the sales already made for the coming year allow for a positive outlook. Already today more than 150,000 tickets for the Peter Maffay show "Tabaluga – Signs of the Times", which will be presented in Fall 2012, have already been sold. In the same way tours with David Garrett, Anna Netrebko and Erwin Schrott but also in-house productions such as the *Seefestspiele* Festival with "Carmen", produced by Oscar Winner Volker Schlöndorff in Berlin, will be amongst the highlights for 2012.

6. Explanations in accordance with IAS 34

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

The consolidated interim financial statements do not include all the data and information as presented in full annual financial statements. It is recommended to read the interim report together with the consolidated financial statements 2010.

The accounting, consolidation, foreign currency translation as well accounting and valuation principles applied in the consolidated financial statements as at December 31, 2010 remained unchanged. We refer to the notes on the 2010 consolidated financial statements printed in the annual report (page 29 – 35).

This report is not audited.

Berlin, November 30, 2011

DEAG Deutsche Entertainment AG

The Executive Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

7. CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2011	2010	2010
	as at	as at	as at
Assets	30.09.2011	31.12.2010	30.09.2010
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Current assets			
Liquid funds	21.417	31.844	19.205
Short-term investments/marketable securities	69	82	61
Trade receivables	2.910	7.533	14.653
Inventories	13.944	7.720	11.135
Other current assets and	4.262	3.675	3.923
Current assets	42.602	50.854	48.977
Goodwill	19.123	18.738	19.848
Other intangible assets	5.780	5.433	7.994
Tangible fixed assets	939	841	877
Investment properties	8.200	8.200	8.200
Participations	752	751	668
Shares in affiliated companies	39	28	33
	582	224	225
Long-term assets	35.415	34.215	37.845
Total assets	78.017	85.069	86.822
	Interim Report	Annual Report	Interim Report
	2011	2010	2010
	per	per	per
Liabilities and equity	30.09.2011	31.12.2010	30.09.2010
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	5.058	2.612	3.259
Trade accounts payable	4.811	9.420	8.033
Accruals	5.600	5.916	8.189
Sales accruals and deferrals	19.122	24.782	27.556
	2.624	2.322	1.776
Other current liabilities	7.300	5.307	3.355
Current liabilities	44.515	50.359	52.168
Accruals	212	212	261
Other long-term liabilities	1.065	5.255	5.865
Deferred taxes	2.132	2.044	2.049
Long-term liabilities	3.409	7.511	8.175
Share capital	12.388	12.388	12.388
Capital reserve	27.337	27.337	27.337
Accumulated deficit	-15.514	-17.498	-16.066
Accumulated other income / loss	-173	156	-1.770
Equity before minority interests	24.038	22.383	21.889
Minority interests	6.055	4.816	4.590
Equity	30.093	27.199	26.479
Total liabilities and equity	78.017	85.069	86.822

8. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.07. to 30.09.2011	01.07. to 30.09.2010	01.01. to 30.09.2011	01.01. to 30.09.2010
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Revenues	29.208	29.109	93.870	83.347
Cost of revenues	-23.254	-23.740	-71.755	-66.237
Gross profit	5.954	5.369	22.115	17.110
Distribution costs	-3.908	-2.978	-9.637	-7.912
Administration costs	-3.043	-2.708	-8.720	-7.901
Other operating income / expenses	1.188	1.165	1.984	2.277
Operating result (EBIT)	191	848	5.742	3.574
Interest income and expenses	-148	-212	-556	-638
Result from investments and participations	-	-	-	-
Earnings from affiliated companies	-38	4	-129	18
	-14	-	-14	-
Foreign currency exchange gains / losses	100	-87	45	-74
Financial result	-100	-295	-654	-694
Result before taxes	91	553	5.088	2.880
Income taxes	307	-516	-1.267	-824
Result after taxes from continued operations	398	37	3.821	2.056
Result after taxes from discontinued operations	-	-27	-	-25
Group result after taxes	398	10	3.821	2.031
thereof attributable to other shareholders	195	359	1.782	1.137
thereof attributable to DEAG shareholders				
(Goup result)	203	-349	2.039	894
Earnings per share in EUR (undiluted)				
from continued operations	0,02	-0,03	0,16	0,07
from continued and discontinued operations	0,02	-0,03	0,16	0,07
Earnings per share in EUR (diluted)				
from continued operations	0,02	-0,03	0,16	0,07
from continued and discontinued operations	0,02	-0,03	0,16	0,07
Average no. of shares outstanding (undiluted)	12.388.368	12.388.368	12.388.368	12.388.368
Average no. of shares outstanding (diluted)	12.388.368	12.388.368	12.388.368	12.388.368

	III/2011 - in TEUR -	III/2010 - in TEUR -	01.01.-30.09.11 - in TEUR -	01.01.-30.09.10 - in TEUR -
Group result after taxes	398	10	3.821	2.031
(+/-) Difference from exchange rates (independent foreign units)	253	-493	-329	438
(+/-) Hedging of future cash flow (effective cash flow hedge)	-	36	-	106
(-) Income tax on other result total	-	-11	-	-32
Other result after tax	253	-468	-329	512
Total result	651	-458	3.492	2.543
Thereof due to				
Minority interests	315	421	1.619	1.352
Investors in the parent company	336	-879	1.873	1.191

9. SHORTENED CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2011 -30.09.2011	01.01.2010 -30.09.2010
	<u>TEUR</u>	<u>TEUR</u>
Result from continued operations	3.821	2.056
Depreciation and amortisation	725	849
Change in accruals	-316	3.025
Changes not affecting payments	-601	75
Deferred taxes (net)	88	279
Result from valuation of affiliated companies	21	-17
Cash flow	3.738	6.267
Net interest income	556	638
Change in working capital	-14.339	-6.100
Net cash from operating activities from continued operations	-10.045	805
Net cash from operating activities from discontinued operations	-	-25
Net cash from operating activities (total)	-10.045	780
Net cash from investment activities from continued operations	-16	-3.228
Net cash from financial activities (total)	384	-2.108
Change in cash and cash equivalents	-9.677	-4.556
Effects of exchange rates	-750	260
Cash and cash equivalents at beginning of Period	31.844	23.501
Cash and cash equivalents at end of period	21.417	19.205

10. Changes in equity

	Balance as at	Changes	Balance as at
	31.12.2009	01.01.2010 -30.09.2010	30.09.2010
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 16.960	894	- 16.066
Accumulated other income / loss	- 954	- 816	- 1.770
Equity before minorities	21.811	78	21.889
Minority interests	4.189	401	4.590
Equity	<u>26.000</u>	<u>479</u>	<u>26.479</u>

Changes in equity

	Balance as at	Changes	Balance as at
	31.12.2010	01.01.2011 -30.09.2011	30.09.2011
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 17.498	1.984	- 15.514
Accumulated other income / loss	156	- 329	- 173
Equity before minorities	22.383	1.655	24.038
Minority interests	4.816	1.239	6.055
Equity	<u>27.199</u>	<u>2.894</u>	<u>30.093</u>

* thereof -55 kEUR in the framework of the purchase of 2,00% shares in DEAG Music GmbH

IMPRINT

Editing and Coordination

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

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