



DEAG Deutsche Entertainment AG

Interim Report as at March 31, 2009

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Imprint

1. Foreword by the CEO

Dear Shareholders,

DEAG has started into fiscal 2009 with good results. In the 2008 financial statements we still had high special depreciation allowances because of the optimization of our business portfolio. We have focused our business lines on the segments with the highest return and a reasonable risk. In 2009 DEAG will now be able to perform without any constraints. This is underpinned by the quarterly results which are reported as follows:

During the traditionally weak first quarter DEAG generated an EBITDA of more than EUR 1 million in an economically challenging environment, which is above the prior year value. Sales increased by 93% to EUR 26.3 million. Growth was supported by several drivers: The Swiss Good News group recorded an improvement versus the prior year quarter. The British subsidiary Raymond Gubbay Ltd. can look back on one of the most successful seasons ever in the Royal Albert Hall. Peter Maffay presented himself to his audience with a sold-out indoor tour. And the new shooting star in the classical music crossover segment, violinist David Garrett, continued to successfully sell concert tickets and records, an effective example for a successful 360 degree model.

What do we have in store for you during the further course of the year? Firstly, we will step up our commitment in the classical music business line. Apart from the activities in England there will be, amongst others, concerts and tours in Germany by Anna Netrebko, David Garrett, Plácido Domingo, Jessye Norman as well as the Berlin Philharmonic Orchestra at the Waldbühne. Peter Maffay is currently on an open air tour, which will be followed by a tour by Howard Carpendale. In the Rock/Pop business line concerts will be staged in Germany, amongst others, by Cliff Richard, Lynyrd Skynyrd, Deep Purple and Status Quo. The Irish dance show Riverdance will start its farewell tour. October sees the release of the new David Garrett album; his first two albums on the DEAG Music label reached gold status. A live DVD will be launched before. We likewise anticipate very good contributions to the result from our Swiss subsidiary Good News and the Jahrhunderthalle in Frankfurt in the further course of the year.

These prospects confirm our forecast for the fiscal year: operating income above prior year and overall positive net income for the year.

Cordially

Yours,

Peter L. H. Schwenkow

2. DEAG on the capital market

With a 30 percent price increase the DEAG share chalked up a significant outperformance compared to the respective benchmarks during the first quarter of fiscal 2009. This period was characterized on the stock exchanges by partly heavy share price losses. The DAX index and the SDAX second liner index each shed, for instance, 15 percent in value during the first quarter. The prices of the other media stocks also fell. The DAX Sector Media Index dropped by 19.5 percent.

At the end of fiscal 2008 the price of the DEAG share still amounted to EUR 0.40. By the end of March 2009 it had risen to EUR 0.52 (in electronic Xetra trading in each case). The highest quarterly quotation of the shares was reached intraday on March 18 with EUR 0.55. The lowest quotation was EUR 0.40 on

February 16. One positive aspect is that the uptrend involved high volumes. The number of shares traded on a daily average amounted to 49,790 on all German stock exchanges during the first quarter. A large portion – 47,330 shares per day – were accounted for by Xetra trading.

During the first quarter there was a large insider buying transaction. CEO Peter Schwenkow acquired 334,793 shares on January 16. Moreover, Heliad Equity Partners GmbH & Co. KGaA became a new major shareholder when it acquired a shareholding of 5.98 percent in DEAG in mid March. As a result of this transaction, the Angermayer Brumm & Lange Group of Companies, to which the shares of Heliad Equity Partners have to be attributed, holds a total of 8.97 percent in DEAG. International institutional investors increased their shareholdings, too: IPConcept Fund Management S.A., Luxembourg, acquired 4.1 percent in March and IFOS Internationale Fonds Service AG, Liechtenstein, 5.2 percent of the company in April. Professional investors in particular see a high upside potential for the current DEAG share price level.

DEAG networks with the public and the financial markets in an open and transparent manner. Accordingly the share is listed in the quality segment of Deutsche Börse AG: Prime Standard. DEAG provides information on important issues, as the case may be, as Ad-Hoc or press releases. Communication is made in the German and English languages.

The Investor Relations section of the DEAG website at www.deag.de offers the investor a comprehensive overview of the current development of the company. Furthermore shareholder are welcome to contact our representatives anytime by phone on +49 69 9055055-2 or by email at deag@edicto.de.

3. Business development

During the first quarter, which is traditionally marked by low sales, DEAG Deutsche Entertainment AG was able to increase its sales revenues by 93 percent to EUR 26.3 million. Even without the impact of the British subsidiary Raymond Gubbay Ltd. - consolidated for the first time compared to the prior year quarter - and the label/music publisher DEAG Music, the organic growth in sales revenues amounted to 49%. Earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 1.3 million (prior year: EUR 1.0 million) were generated. Depreciations and amortizations in the amount of EUR 0.3 million (prior year: EUR 0.2 million) are primarily scheduled amortizations of rights and artist relations. EBIT amounted to EUR 1.1 million (prior year: EUR 0.8 million). The financial result in the amount of EUR -0.3 million (prior year: EUR -0.2 million) is mainly shaped by the capital costs involved in the financing of an acquisition. The net income for the period under review was positive in the amount of EUR 0.2 million (prior year: EUR 0.2 million).

In the Live Touring business line the tour of Peter Maffay with 54 sold-out venues in Germany and Switzerland was a special highlight. The classical music business line had a perfect start of the year with our British subsidiary Raymond Gubbay, which successfully staged the dance show Anton and Erin as well as the opera Carmen. In Germany there were tours by David Garrett and Elina Garanca.

In the Entertainment Services business line it was, more particularly, our Swiss subsidiary Good News which exceeded its prior year result in terms of sales and profit. Tina Turner and Pink, amongst others, performed at the Zurich Hallenstadion. Furthermore, the label and music publisher DEAG Music contributed good results, amongst other things, through the two albums of David Garrett. Jahrhunderthalle in Frankfurt was likewise able to report a high profit.

Equity after minorities amounted to EUR 23.8 million (EUR 24.0 million as at December 31, 2008) at the close of the quarter. The equity ratio was 29% (29%). Liquid funds in the group fell by EUR 1.5 million to EUR 20.6 million compared to December 31, 2008, in return advance payments on artist fees and production costs (balance sheet item "inventories") for upcoming shows increased by EUR 2.1 million to EUR 8.6 million. Funds received from advance bookings for future shows also rose by EUR 1.0 million to EUR 21.4 million.

4. Development by segment

DEAG has been reporting in an unchanged segment structure. It reflects the strategic orientation of the Group in an appropriate and transparent manner:

- In the segment Live Touring ("travelling business") the touring business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Munich), ct creative talent (Berlin), ACE (Hamburg) and Raymond Gubbay Limited (UK).
- The Entertainment Services segment ("stationary business") reports on the regional as well as on the entire services business and includes activities by Good News Group (Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), River Concerts and Elbklassik (both Hamburg) as well as label/music publisher DEAG Music (Berlin).

The activities of Balou Entertainment (Cologne), which are to cease in Spring 2009 and Music Pool Europe (Hamburg), which was sold after the balance sheet date, are reported under discontinued operations.

We comment on the segment development as follows:

Live Touring

Sales in this segment increased by EUR 8.9 million to EUR 14.0 million versus the same prior year quarter. EBIT fell by EUR 0.1 million to EUR 0.5 million.

Q1 tours included in the classical music business line dance shows, concerts and operas by our English subsidiary Raymond Gubbay Limited and in Germany the concerts of mezzo soprano Elina Garanca and the star violinist David Garrett. The sold out indoor tour by Peter Maffay was the German music business line highlight.

Entertainment Services

Sales rose by EUR 4.4 million to EUR 13.7 million. EBIT increased by EUR 0.4 million to EUR 1.5 million. The largest share in sales was contributed by our Swiss activities. The Good News group was able to develop both sales and result compared to the previous year quarter. Pink and Tina Turner played the Zurich Hallenstadion amongst others. Furthermore the DEAG Music label and the Jahrhunderthalle contributed to profits.

	Interim Report I/2009 01.01.09 -31.03.2009	Interim Report I/2008 01.01.09 -31.03.2009	Variation absolute
in EUR million			
Live Touring			
Sales	14.0	5.0	8.9
EBIT	0.5	0.6	-0.1
Entertainment Services			
Sales	13.7	9.3	4.4
EBIT	1.5	1.1	0.4

Discontinued Operations

	Interim Report I/2009 01.01.09 -31.03.2009	Interim Report I/2008 01.01.09 -31.03.2009	Variation absolute
in EUR million			
Live Touring			
Sales	0.8	1.0	-0.2
EBIT	-0.1	-0.2	0.1

Included are Balou Entertainment (Cologne), whose activities are to cease in Spring 2009 and Music Pool Europe (Hamburg), which was sold after the balance sheet date.

Please refer to both companies under section 6. Supplementary Report.

5. Outlook

We assume that our subsidiaries Good News in Switzerland and Raymond Gubbay Ltd. in the UK will contribute to profits in the course of the year. The German classical music business line will see shows and tours by Anna Netrebko and Jessye Norman. The second quarter features the open air tour by Peter Maffay followed by Howard Carpendale in Q3. David Garrett's third album on the DEAG Music label is scheduled for an October release. Both the first and second album went Gold.

We continue to assume our forecast for the year, that is to increase the operating result compared to 2008 and the achievement of an overall positive group result

6. Supplementary Report

In April 2009 DEAG sold its 50% shareholding in ct creative talent GmbH.

Again in April 2009 100% of the shareholding in MPE Music Pool Europe GmbH was disposed of.

The activities of Balou Entertainment are to cease following the end of the Rüdiger Hoffmann spring tour.

These three changes were made as part of the refocussing of DEAG. It comprises of the focussing on the classical music business line, the German language music business line as well as Rock/Pop projects with a justifiable risk structure.

7. Explanations in accordance with IAS 34

The following interim financial statements, consisting of the consolidated balance sheet, the consolidated statement of income, the consolidated capital flow statement as well as additional explanatory notes 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 2008.

The accounting and valuation methods applied in the consolidated financial statements as at December 31, 2008 remained unchanged.

This report is not audited.

Berlin, May 29, 2009

DEAG Deutsche Entertainment AG

The Management Board

Peter L.H. Schwenkow

Dr. Ingo Stein

Christian Diekmann

CONSOLIDATED BALANCE SHEET (IFRS)	Interim Report	Annual Report	Interim Report
	Q1 - 2009	2008	Q1 - 2008
	as at 31.03.2009	as at 31.12.2008	as at 31.03.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Assets			
Current assets			
Liquid funds	20.600	22.097	14.673
Short-term investments/marketable securities	61	61	155
Trade receivables	6.621	6.647	8.160
Inventories	8.567	6.511	6.910
Other current assets and deferred items	3.078	2.982	2.204
Other assets directly related to operation, which are to be discontinued	1.288	1.048	-
Current assets	40.215	39.346	32.102
Goodwill	24.141	23.906	24.459
Other intangible assets	7.104	7.104	7.119
Tangible fixed assets	814	892	898
Investment properties	8.200	8.200	8.200
Participations	699	705	717
Loans to participations	250	250	250
Shares in affiliated companies	25	21	24
	1.560	1.585	2.104
	-	-	-
Long-term assets	42.793	42.663	43.771
Total assets	83.008	82.009	75.873
	Interim Report	Annual Report	Interim Report
	Q1 - 2009	2008	Q1 - 2008
	as at	as at	as at
Liabilities and equity	31.03.2009	31.12.2008	31.03.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	4.799	4.110	3.266
Trade accounts payable	6.558	7.474	3.473
Accruals	7.573	7.441	5.184
Sales accruals and deferrals	21.391	20.391	20.203
Other current liabilities	5.266	5.245	4.929
Accounts payable to associated companies with operations which are to be discontinued	609	607	-
Accruals and liabilities directly related to operations which are to be discontinued	1.454	1.237	-
Current liabilities	47.650	46.505	37.055
Accruals	61	61	90
	248	248	-
Other long-term liabilities	9.213	9.179	3.645
Deferred taxes	2.028	2.022	1.517
Long-term liabilities	11.550	11.510	5.252
Share capital	24.777	24.777	23.088
Capital reserve	65.217	65.217	64.568
Accumulated deficit	-67.483	-67.704	-56.392
Accumulated other income / loss	-1.324	-1.846	-294
Equity before minority interests	21.187	20.444	30.970
Minority interests	2.621	3.550	2.596
Equity	23.808	23.994	33.566

CONSOLIDATED STATEMENT OF INCOME

	Interim Report I/2009	Interim Report I/2008 *
	01.01.2009 31.03.2009	01.01.2008 31.03.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>
Revenues	26.327	13.664
Cost of revenues	-21.219	-9.068
Gross profit	<u>5.108</u>	<u>4.596</u>
Distribution costs	-1.908	-1.674
Administration costs	-2.381	-1.966
Other operating income / expenses	524	80
Operating result before depreciation (EBITDA)	<u>1.343</u>	<u>1.036</u>
Scheduled depreciation	-281	-187
Operating result (EBIT)	<u>1.062</u>	<u>849</u>
Interest income and expenses	-374	-165
Result from investments and participations	0	0
Earnings from affiliated companies	4	3
Foreign currency exchange gains / losses	-33	-29
Financial result	<u>-403</u>	<u>-191</u>
Result before taxes	<u>659</u>	<u>658</u>
Income taxes	-198	-89
Result after taxes from continued operations	<u>461</u>	<u>569</u>
Result after taxes from discontinued operations	<u>-68</u>	<u>-187</u>
Result after taxes	<u>393</u>	<u>382</u>
Minority interests	172	208
Group result	<u>221</u>	<u>174</u>
Earnings per share in EUR (undiluted)		
from continued operations	<u>0,01</u>	<u>0,02</u>
from continued and discontinued operations	<u>0,01</u>	<u>0,01</u>
Earnings per share in EUR (diluted)		
from continued operations	<u>0,01</u>	<u>0,02</u>
from continued and discontinued operations	<u>0,01</u>	<u>0,01</u>
Average no. of shares outstanding (undiluted)	<u>24.776.736</u>	<u>23.087.582</u>
Average no. of shares outstanding (diluted)	<u>24.776.736</u>	<u>23.087.582</u>

* Previous year's figures were adjusted.

CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report *
	01.01.2009 -31.03.2009	01.01.2008 -31.03.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	461	569
Depreciation and amortisation	281	187
Change in accruals	132	-126
Changes not affecting payments	0	-35
Deferred taxes (net)	6	-34
Result from valuation of affiliated companies	-4	-3
Cash flow	876	558
Net interest income	374	165
Change in working capital	-1.996	785
Net cash from operating activities from continued operations	-746	1.508
Net cash from operating activities from discontinued operations	-12	-105
Net cash from operating activities (total)	-758	1.403
Net cash from investment activities from continued operations	-28	-270
Net cash from financial activities (total)	-687	-615
Change in cash and cash equivalents	-1.473	518
Effects of exchange rates	53	26
Cash and cash equivalents at beginning of Period	22.257 ⁽¹⁾	14.129
Cash and cash equivalents at end of period	20.837 ⁽²⁾	14.673

* Previous year's figures were adjusted.

(1) Thereof kEUR 160 to be associated with discontinued operations.

(2) Thereof kEUR 237 to be associated with discontinued operations.

Changes in equity	Balance as at		Changes		Balance as at	
	31.12.2007		01.01.2008- 31.03.2008		31.03.2008	
	<u>in EUR '000</u>		<u>in EUR '000</u>		<u>in EUR '000</u>	
Share capital		23.088		-		23.088
Capital reserve		64.568		-		64.568
Accumulated deficit	-	56.566		174	-	56.392
Accumulated other income / loss	-	374		80	-	294
		30.716		254		30.970
Minority interests		3.271	-	675		2.596
Equity		<u>33.987</u>	-	<u>421</u>		<u>33.566</u>

Changes in equity	Balance as at		Changes		Balance as at	
	31.12.2008		01.01.2009- 31.03.2009		31.03.2009	
	<u>in EUR '000</u>		<u>in EUR '000</u>		<u>in EUR '000</u>	
Share capital		24.777		-		24.777
Capital reserve		65.217		-		65.217
Accumulated deficit	-	67.704		221	-	67.483
Accumulated other income / loss	-	1.846		522	-	1.324
		20.444		743		21.187
Minority interests		3.550	-	929		2.621
Equity		<u>23.994</u>	-	<u>186</u>		<u>23.808</u>

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The Interim Report and current information on DEAG are posted on the internet at
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