



DEAG Deutsche Entertainment AG

Interim Report as at March 31, 2010

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Imprint

1. DEAG on the capital market

After the strong price increase and the significant outperformance vis-à-vis the SDAX in 2009, the DEAG share recorded a consolidation during the first quarter of fiscal 2010. At the end of the quarter the share price of EUR 1.85 was 5% below the annual closing price 2009. The average daily trading volume at the German stock exchanges amounted to 14,926 shares. With a 77% share in trading volume Xetra remained the most liquid trading platform, but the share of other stock exchanges increased slightly.

During the period under review the DEAG share moved in a range between EUR 1.73 and EUR 2.20 (Xetra closing price in each case). The share peaked on January 4 whereas a low was reached on February 22. The two members of the Executive Board, Prof. Peter L.H. Schwenkow and Christian Diekmann, acquired shares of the company through the stock exchange during Q1/2010.

DEAG continued its proactive capital market communication. VEM Aktienbank AG acted as designated sponsor to provide liquidity in the share. Several renowned institutes regularly analyze DEAG: DZ Bank, Hauck & Aufhäuser, SES Research and Silvia Quandt Research. All analysts recommend buying the share. At the publication of the preliminary financial statements 2009 in late March 2010 several updated studies were published. SES Research identified an upside potential for the share price by referring to the good numbers.

In numerous one-on-ones DEAG informed investors and media about the development and perspectives of the company during the course of the quarter. These activities were continued after the end of the quarter, and during the further course of 2010 national and international roadshows are planned.

For interested investors and media the Investor Relations section on the website www.deag.de provides a comprehensive overview of current corporate developments. Moreover, contact partners are available on the phone (+49 69/9055055-2) or electronically (deag@edicto.de).

2. Business development

Income position:

During the traditionally weak first quarter DEAG Deutsche Entertainment AG generated sales revenues of EUR 20.5 million which declined by 22% lower (prior year: EUR 26.3 million). Despite this drop in sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 16% to reach EUR 1.6 million (prior year: EUR 1.3 million). The unchanged depreciations and amortizations of EUR 0.3 million (prior year: EUR 0.3 million) concern regular depreciations and amortizations, including rights and artist relations. The EBIT amounted to EUR 1.3 million (prior year: EUR 1.1 million). The likewise improved financial result of EUR –0.1 million (prior year: EUR –0.4 million) was primarily marked by lower capital costs following the repayment of third-party capital in 2009. The positive quarterly result of EUR 0.3 million (prior year: EUR 0.2 million) exceeded the prior year result by 43%.

In the Live Touring segment the tours with Riverdance and Jean Michel Jarre are the highlights in the Rock/Pop business line. The Classical Music business line had again a successful start at the beginning of the year, which was, inter alia, attributable to the successful dance show Anton and Erin as well as Classical Spectacular (both RGL) and in Germany to the first of three tours with David Garrett in 2010.

In the Entertainment Services segment it was, more particularly, the Swiss Good News Group which recorded a decline in sales revenues and profit due to seasonal fluctuations in 2010; this will, however, again be compensated in the course of 2010. Furthermore, the local business in Germany as well as the label and music publisher DEAG Music continued their good results, inter alia based on the three albums and the DVD of David Garrett. The Jahrhunderthalle arena in Frankfurt as well as the sponsoring and merchandising business lines were likewise able to show a profit ahead of plan.

Assets position:

At the end of the past quarter the equity after minorities amounted to EUR 26.7 million (EUR 26.0 million as of December 31, 2009). The equity ratio amounted to 32% (33% as of December 31, 2009).

Financial position:

The liquid assets within the Group increased versus December 31, 2009 by EUR 6.5 million to EUR 30.0 million. The advance payments in respect of artist fees and production costs (balance sheet item: inventories) for future events increased by EUR 3.5 million to EUR 9.9 million. On the other hand, advance ticket sales for future events increased likewise by EUR 10.1 million to EUR 28.6 million.

Risk report:

Concerning the risk report we refer to the Annual Report 2009 (Pages 10-15).

3. 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 ("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), ACE Entertainment (Hamburg) and Raymond Gubbay Ltd. (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 and the recently founded The Classical Company (both Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), River Concerts and Elbklassik Konzerte (both Hamburg) as well as label/music publisher DEAG Music (Berlin).

The discontinued business operations show the income and expenditure from the liquidation of terminated activities in the Comedy area.

We comment on the segment development as follows:

Live touring:

Although sales revenues in this segment dropped versus the prior year quarter by EUR 0.9 million to EUR 13.1 million, the EBIT rose by EUR 0.7 million to EUR 1.2 million.

The tours during the first quarter included in the Classical Music area, amongst others, the dance shows and concerts of our British subsidiary, Raymond Gubbay Limited as well as in Germany the concerts with star violinist David Garrett, Jean Michel Jarre and Riverdance. All tours were very well booked; the tour with David Garrett was sold out.

Entertainment Services:

The sales revenues of the segment dropped versus the prior year quarter by EUR 5.2 million to EUR 8.5 million. The EBIT fell by EUR 0.6 million to EUR 0.9 million.

The main sales drivers were again our activities in Switzerland, even if the Good News Group generated slightly lower sales and profit contributions compared to prior year. The local business in Germany (Berlin, Munich, Hamburg) made good profit contributions and the Jahrhunderthalle arena in Frankfurt was again ahead of plan.

Segment development (continued operations)

Segment related sales revenues and earnings before tax and interest (EBIT) are as follows:

in EUR million	I/2010	I/2009	Variation absolute
	01.01.2010 -31.03.2010	01.01.2009 -31.03.2009	
Segment Live-Touring			
Sales revenues	13.1	14.0	-0.9
EBIT	1.2	0.5	0.7
Segment Entertainment-Services			
Sales revenues	8.5	13.7	-5.2
EBIT	0.9	1.5	-0.6

Discontinued Business Operations:

This includes results of the terminated activities in the Comedy area. During the first quarter a profit of TEUR 4 was generated.

4. Outlook

We expect an ongoing positive development of our subsidiaries and will proactively push our strategy concerning rights. The Classical Music business will develop in a very positive manner during this year, also due to concerts with David Garrett, Jonas Kaufmann, Katherine Jenkins and others. Raymond Gubbay will perform a major opera production in London in the "O₂ Arena". The Rock/Pop business line will likewise contribute a positive operating income in 2010 through concerts with Lady Gaga, Prince, Santana, Eric Clapton and Steve Winwood and last but not least a tour with Peter Maffay.

Consequently, we continue to assume that in 2010 all performance ratios will increase versus 2009.

5. Explanations in accordance with IAS 34

The following interim financial statements, consisting of the consolidated balance sheet, the consolidated statement of income, statement of comprehensive 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 2009.

The accounting and valuation methods applied in the consolidated financial statements as at December 31, 2009 remained unchanged.

This report is not audited.

Berlin, May 31, 2010

DEAG Deutsche Entertainment AG
The Management Board

Prof. Peter L.H. Schwenkow

Christian Diekmann

CONSOLIDATED BALANCE SHEET (IFRS)	Interim Report	Annual Report	Interim Report
	Q1 - 2010	2009	Q1 - 2009
	as at	as at	as at
Assets	31.03.2010	31.12.2009	31.03.2009
	<u>in EUR'000</u>	<u>in EUR'000</u>	<u>in EUR'000</u>
Current assets			
Liquid funds	29.964	23.501	20.600
Short-term investments/marketable securities	61	61	61
Trade receivables	6.007	8.895	6.621
Inventories	9.928	6.467	8.567
Other current assets and deferred items	2.972	2.894	3.078
Other assets directly related to operation, which are to be discontinued	-	-	1.288
Current assets	48.932	41.818	40.215
Goodwill	18.938	18.943	24.141
Other intangible assets	6.253	6.482	7.104
Tangible fixed assets	827	870	814
Investment properties	8.200	8.200	8.200
Participations	676	674	699
Loans to participations	250	250	250
Shares in affiliated companies	21	16	25
	595	620	1.560
Long-term assets	35.760	36.055	42.793
Total assets	84.692	77.873	83.008
	Interim Report	Annual Report	Interim Report
	Q1 - 2010	2009	Q1 - 2009
	as at	as at	as at
Liabilities and equity	31.03.2010	31.12.2009	31.03.2009
	<u>in EUR'000</u>	<u>in EUR'000</u>	<u>in EUR'000</u>
Bank loans payable	2.836	2.361	4.799
Trade accounts payable	7.169	10.223	6.558
Accruals	6.800	6.940	7.573
Sales accruals and deferrals	28.627	18.479	21.391
Other current liabilities	4.841	6.219	5.266
Accounts payable to associated companies with operations which are to be discontinued	-	-	609
Accruals and liabilities directly related to operations which are to be discontinued	-	-	1.454
Current liabilities	50.273	44.222	47.650
Accruals	65	65	61
	38	80	248
Other long-term liabilities	5.853	5.736	9.213
Deferred taxes	1.729	1.770	2.028
Long-term liabilities	7.685	7.651	11.550
Share capital	12.388	12.388	24.777
Capital reserve	27.337	27.337	65.217
Accumulated deficit	-16.643	-16.960	-67.483
Accumulated other income / loss	-1.197	-954	-1.324
Equity before minority interests	21.885	21.811	21.187
Minority interests	4.849	4.189	2.621
Equity	26.734	26.000	23.808
Total liabilities and equity	84.692	77.873	83.008

CONSOLIDATED STATEMENT OF INCOME

	Interim Report	Interim Report
	I/2010	I/2009
	01.01.2010 31.03.2010	01.01.2009 31.03.2009
	<u>in EUR'000</u>	<u>in EUR'000</u>
Revenues	20.526	26.327
Cost of revenues	-14.734	-21.219
Gross profit	5.792	5.108
Distribution costs	-2.109	-1.908
Administration costs	-2.555	-2.381
Other operating income / expenses	434	524
Operating result before depreciation (EBITDA)	1.562	1.343
Scheduled depreciation	-276	-281
Operating result (EBIT)	1.286	1.062
Interest income and expenses	-192	-374
Result from investments and participations	0	0
Earnings from affiliated companies	5	4
Foreign currency exchange gains / losses	53	-33
Financial result	-134	-403
Result before taxes	1.152	659
Income taxes	-342	-198
Result after taxes from continued operations	810	461
Result after taxes from discontinued operations	4	-68
Result after taxes	814	393
Minority interests	497	172
Group result	317	221
Earnings per share in EUR (undiluted)		
from continued operations	0,03	0,02
from continued and discontinued operations	0,03	0,02
Earnings per share in EUR (diluted)		
from continued operations	0,03	0,02
from continued and discontinued operations	0,03	0,02
Average no. of shares outstanding (undiluted)	12.388.368	12.388.368
Average no. of shares outstanding (diluted)	12.388.368	12.388.368

Statement of comprehensive income	Q1-2010	Q1-2009
from 01.01.2010 bis 31.03.2010	- in EUR'000	- in EUR'000
Group result	814	393
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-47	507
(+/-) Hedging of future cash flow (effective cash flow hedge)	32	-24
(-) income tax on other result total	-10	7
Other result after tax	-25	490
Total result	789	883
there of due to:		
Minority Interests	490	294
Investors in the parent company	299	589

Further information on the statement of comprehensive income

Tax effects

(according to IAS 1.90 in connection with 1.91)

Tax effects in kEUR

	31.03.2010		
	Pre Tax	Tax	Net of tax
Exchange rate differences of independent foreign units	-552	-	-552
Cash Flow Hedge	-74	22	-52
Settlement of differences from step-ups	-593	-	-593
Total	-1.219	22	-1.197

	31.03.2009		
	Pre Tax	Tax	Net of tax
Exchange rate differences of independent foreign units	-852	-	-852
Cash Flow Hedge	-184	55	-129
Settlement of differences from step-ups	-343	-	-343
Total	-1.379	55	-1.324

CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2010 -31.03.2010	01.01.2009 -31.03.2009
	<u>in EUR'000</u>	<u>in EUR'000</u>
Result from continued operations	810	461
Depreciation and amortisation	276	281
Change in accruals	-140	132
Changes not affecting payments	0	0
Deferred taxes (net)	-41	6
Result from valuation of affiliated companies	-5	-4
Cash flow	900	876
Net interest income	192	374
Change in working capital	5.590	-1.996
Net cash from operating activities from continued operations	6.682	-746
Net cash from operating activities from discontinued operations	4	-12
Net cash from operating activities (total)	6.686	-758
Net cash from investment activities from continued operations	17	-28
Net cash from financial activities (total)	-359	-687
Change in cash and cash equivalents	6.344	-1.473
Effects of exchange rates	119	53
Cash and cash equivalents at beginning of Period	23.501	22.257 ⁽¹⁾
Cash and cash equivalents at end of period	29.964	20.837 ⁽²⁾

(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
	31.12.2008	01.01.2009- 31.03.2009	31.03.2009
	<u>EUR'000</u>	<u>EUR'000</u>	<u>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>

Changes in equity	Balance as at	Changes	Balance as at
	31.12.2009	01.01.2010- 31.03.2010	31.03.2010
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 16.960	317	- 16.643
Accumulated other income / loss	- 954	- 243	* - 1.197
	21.811	74	21.885
Minority interests	4.189	660	4.849
Equity	<u>26.000</u>	<u>734</u>	<u>26.734</u>

* thereof -218 kEUR in connection with the purchase of 9,53% in shares of DEAG Music GmbH
(Reporting according to IAS 27.30 A rev. 2008)

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/en/investors.htm>

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