



DEAG Deutsche Entertainment AG

Interim Report as at June 30, 2009

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Imprint

1. Foreword by the CEO

Dear Shareholders,

DEAG continued its good development during the second quarter of fiscal 2009. After the optimization of our business portfolio and our focusing on the segments with the highest return, we succeeded during the first half year, too, in further utilizing the strength of classical music, our excellent positioning in Germany, Switzerland and the UK as well as the strategy of the 360 degree model.

In a difficult general economic environment, which is also marked by a generally decreasing average propensity to consume, DEAG generated sales revenues of more than EUR 57.0 million and exceeded the same prior year period by 11.7%.

The EBITDA of EUR 3.1 million is below prior year but still significantly above the half-year budget.

During the second quarter DEAG delighted its audiences with top concerts such as AC/DC, Bruce Springsteen, Lenny Kravitz, the Eagles or Chris de Burgh. The new open-air festival "Great Wide Open", targeting classic rock lovers, was successful during its first year with artists such as Deep Purple, Status Quo or Roger Hodgson and will be staged at a second location in 2010.

With the open-air concerts of Peter Maffay and Howard Carpendale we were again strong in the domestic segment.

During the last quarter DEAG succeeded in bringing the "Roots" project with Jessye Norman to Germany. Together with the David Garrett open airs, the production of "The King and I" and "Camelot" in London, this extraordinary project was a special highlight in the classical music segment.

We are now looking forward to the second half year with concerts by Anna Netrebko on Munich's Königsplatz Square, in Mannheim and in Hamburg and the tour with Jonas Kaufmann, further concerts with Jessye Norman, Philippe Jaroussky as well as the new album and live DVD by David Garrett – to mention only a small part of the outlook.

Dear Shareholders, a year ago I mentioned the further development of our leading position in the European classical music segment as a priority goal in the half-year report 2008. I am, therefore, particularly pleased that with Sony Music Entertainment we have been able to win over a strategic partner who has taken a 49% shareholding in our classical music business in July of this year. This step allows us to push the further expansion forward together with one of the largest entertainment groups in the world and hence to gain additional market shares. The feedback which we have had since the disclosure from business partners but in particular also from artists has been overwhelming.

The result for the first half year confirms together with the positive outlook until the end of the year the annual forecast we made. We target an overall positive net income for the year and an operating result which is above prior year.

Cordially

Yours,

Peter L. H. Schwenkow

2. DEAG on the capital market

The DEAG share had a positive development during the first half year 2009 and significantly outperformed the overall market. After a weak beginning of the year the German securities market experienced a price recovery from March onwards. The German stock index DAX was back at the 2008 year end level at the end of the first half year. The SDAX, the index for so-called small caps, achieved on balance a slight plus of 3.7% during the first half year. During the same period the DEAG share increased by 113%. After a closing price of EUR 0.40 at the end of fiscal 2008, the share reached a peak of EUR 0.88 on June 29, 2009 and ended the half year at EUR 0.85.

All data refer to a number of 24,777,966 shares. At the Ordinary General Meeting on July 8, 2009 a capital reduction in a ratio of 2 to 1 was adopted. This measure resulted in a halving of the number of shares. After the implementation of the measure on August 5 the nominal capital included at market close 12,388,983 shares. The new shares which have resulted from the consolidation of two old shares in each case have since been traded under the ISIN DE000A0Z23G6. The share price doubled at the stock exchange as a logical consequence of the halving of the number of shares by half. The opening price on August 6 was EUR 2.03 versus a closing price on August 5 of EUR 1.00.

Trading in the share remained on a high level during the first half year 2009; the number of shares traded on a daily average amounted to almost 50,000 on all German stock exchanges. 92% were accounted for by Xetra trading.

In January 2009 the CEO of DEAG, Peter L.H. Schwenkow, purchased a total of 334,793 shares of the company. From March onwards an increasing number of institutional investors purchased shares and exceeded the reporting thresholds. In March 2009 Heliad Equity Partners GmbH & Co. KGaA reported a shareholding of 5.98% in the nominal capital of DEAG. IPConcept Fund Management S.A., Luxembourg acquired 4.1% during the same months and IFOS Internationale Fonds Service AG, Liechtenstein, bought 5.2% of the shares in April. The shareholding of Heliad Equity Partners was permanently extended during the following months. In July 2009 Heliad Equity Partners reported that it now holds 20.99% of all shares.

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

Income position:

During the first half year 2009 the DEAG Group was able to increase its sales revenues to EUR 57.0 million; this corresponded to an 11.7% rise versus the first half year of fiscal 2008 (EUR 51.1 million). During the second quarter sales revenues amounted to EUR 30.7 million and were 17.9% lower than last year (EUR 37.4 million). The decline in sales revenues versus the same prior year quarter is primarily attributable to a – seasonal – change in event density of different Group companies with a shift towards the second half year 2009 as well as a change in the scope of consolidation (e.g. ct creative talent gmbh). Within the framework of the optimization of its business portfolio DEAG sold its shares in ct creative talent gmbh in its continued operations business lines.

The growth in sales revenues during the first half year is attributable to successful tours in Germany and Switzerland. 54 sold-out Peter Maffay concerts in large halls and nine open-air concerts with Peter Maffay as well as an excellent concert pipeline of the Good News Group in Switzerland are particular highlights. Very good contributions were also made by our music label DEAG Music and the Jahrhunderthalle in Frankfurt.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of the first half year amount to EUR 3.1 million. They remain 21% below prior year due to seasonal variations of the concert highlights. Last year many profitable concerts were staged during the second quarter; in fiscal 2009 this is the case, for instance, during the third quarter with three concerts by Anna Netrebko and the German tour of Paul Potts.

Earnings before interest and taxes (EBIT) of the first half year 2009 amount to EUR 2.5 million. Depreciations and amortizations of EUR 0.6 million are on prior year level.

Interest income dropped during the first half year by EUR 0.1 million versus the prior year period due to the lower interest level during the last quarters.

A further reduction is anticipated from the third quarter onwards after considerable financial liabilities raised will have been repaid.

The Group result before minority interests amounted to EUR 1.4 million during the first half year 2009. Minority interests amounted to EUR 0.7 million versus EUR 1.2 million during the same prior year period. The lower level is attributable to the lower contribution of companies with minority interests within the Group during the first six months of 2009.

The interim result after minority interests amounts to EUR 0.7 million. The earnings from continued operations amount to 4 Cents per share for the half year; last year earnings amounted to 6 Cents per share.

Assets position:

Compared to December 31, 2008, the balance sheet total dropped slightly by 2% to EUR 80.4 million. The decline is attributable, more particularly, to the reduction of other non-current receivables, trade receivables and liquid assets and an increase in inventories as well as a rise in goodwill due to exchange rates.

The decline in other non-current receivables is mainly due to an agreement reached within the framework of the sale of a shareholding through a settlement of accounts receivable. This corresponds to the decline in liabilities to affiliated companies in the discontinued operations.

The drop in liquid assets by EUR 1.0 million to EUR 21.1 million corresponds largely to the increase in inventories (artist fees and production costs for upcoming events) by EUR 1.2 million to EUR 7.7 million.

The increase in goodwill by EUR 0.6 million to EUR 24.5 million concerns the investment in Raymond Gubbay Ltd. and is purely due to exchange rates.

Against the backdrop of the positive result and the slightly lower balance sheet total the equity ratio rose to 32% (December 31, 2008: 29%).

Financial position:

The operating cash flow amounted to EUR 3.3 million during the first half year 2009. The outflow of funds from continued operations of EUR -0.6 million is due to the reduction of the other current

borrowings of EUR 3.8 million and the build-up of current assets of EUR 0.8 million. The outflow of funds from financing activities of EUR -0.4 million contains EUR -1.0 million dividend shares of minority shareholders as well as the raising and servicing of financial liabilities. Liquid assets of the continued operations hence were reduced by EUR 1.0 million.

Risk report:

Concerning the risk report we refer to the Annual Report 2008 (Pages 10-13).

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 ("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 (Hamburg) and Raymond Gubbay Ltd. (UK). The activities of ct creative talent gmbh, which was sold on April 21, 2009 are accounted for until March 31, 2009.
- 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).

Under the discontinued operations the activities of Balou Entertainment Konzertagentur, discontinued in spring 2009 as well as the 100% shareholding in MPE Music Pool Europe GmbH, Hamburg sold on April 21, 2009 are reported.

We comment on the segment development in Q2 as follows:

Live touring:

Sales revenues in this segment dropped versus the same prior year quarter by EUR 13.4 million to EUR 11.4 million. The EBIT fell by EUR 1.9 million to EUR 0.4 million.

Events with good contributions to the result such as the spring tour with Howard Carpendale, the tour with Peter Kraus or the open-air with Anna Netrebko, Rolando Villazón and Plácido Domingo in front of Schloss Schönbrunn in Vienna rendered the normally seasonally weak second quarter disproportionately strong in fiscal 2008; this is the primary explanation for the decline versus prior year. The open-air tours of David Garrett, Peter Maffay and the tour of the "Roots" project with Jessye Norman were the highlights of this year's second quarter with which we were again able to fascinate a large audience. Furthermore, the change in the scope of consolidation as far as ct creative talent gmbh is concerned, caused a EUR 4.6 million decline in sales revenues.

Entertainment Services:

Segment sales revenues increased by EUR 5.2 million to EUR 20.4 million versus prior year (EUR 15.2 million). The segment EBIT of EUR 2.0 million improved by 100%.

The main revenue and result drivers were the Good News Group in Switzerland and the Jahrhunderthalle in Frankfurt. The two companies performed ahead of plan. In Switzerland concerts

with AC/DC, Bruce Springsteen, the Eagles, Lenny Kravitz and others secured excellent results. In the Jahrhunderthalle we staged several annual general meetings of large German companies which contributed to the success of the company in the same way as concerts with Faith No More, Grace Jones and Peter Fox and events with Oliver Pocher etc.

Discontinued Operations:

in EUR million	II/2009	II/2008	Variation
	01.04.2009 -30.06.2009	01.04.2008 -30.06.2008	absolute
Live Touring			
Sales	1.0	1.8	-0,8
EBIT	-0.1	0.0	-0.1

Included are Balou Entertainment Konzertagentur (Cologne), whose activities ceased in Spring 2009 and Music Pool Europe (Hamburg) sold on April 21, 2009.

5. Outlook

We assume that the Good News Group in Switzerland and Raymond Gubbay Ltd. in the UK will generate good profit contributions as scheduled in the further course of the year. In the German classical music business line, three concerts with Anna Netrebko, performances with Jessye Norman as well as concerts with Jonas Kaufmann and many other artists will be staged. Apart from the third album by David Garrett, a live DVD will be released by DEAG Music; the first two albums reached already gold status. Furthermore, there will be another tour with Paul Potts and Riverdance. The strategic partnership with Sony Music Entertainment offers major potential and good perspectives for business development.

We continue to stick to our annual forecast, i.e. an increase in operating income versus 2008 and the generation of a positive consolidated net income for the year.

6. Supplementary Report

In August 2009 we sold a share of 49% in DEAG Classics AG to Sony Music Entertainment. With Sony Music Entertainment we have secured another strong partner for the further development of the classical music business. From the purchase price financial liabilities of EUR 5.3 million were paid back during Q3 2009.

The General Meeting on July 8, 2009 approved a reduction of the nominal capital in a ratio of 2 to 1. The capital reduction was entered in the commercial register on July 15, 2009. The nominal capital now amounts to EUR 12.4 million. On August 6, 2009 trading started on this new basis at the Frankfurt Stock Exchange.

At the end of the General Meeting on July 8, 2009 our Chairman of the Supervisory Board of many years, Professor Dr. Peter Raue, resigned from the Supervisory Board. Mr Ralf Flore, CEO of Heliad Equity Partners GmbH & Co KGaA joined the Supervisory Board on the same day. The Supervisory Board elected Mr Wolf-D. Gramatke as new Chairman of the Supervisory Board.

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.

8. Management Board Statement

The undersigned, in their capacity as statutory representatives of DEAG Deutsche Entertainment AG, Berlin, hereby affirm that, to the best of their knowledge, the interim consolidated financial statements as at June 30, 2008 give a true and fair view of the Group's asset, financial and earnings position in accordance with the generally accepted accounting principles for interim financial statements and that in the interim group management report as at June 30, 2008 the business development including the business result and the situation of the Group during the reporting period are presented in such a way that its real fair view is given and that the essential opportunities and risks of the probable development of the Group during the remaining fiscal year are described.

Berlin, August 28, 2009

DEAG Deutsche Entertainment AG

The Management Board



Peter L.H. Schwenkow



Christian Diekmann

CONSOLIDATED BALANCE SHEET (IFRS)	6 Month Report	Annual Report	6 Month Report
	2009	2008	2008
	as at	as at	as at
Assets	30.06.2009	31.12.2008	30.06.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Current assets			
Liquid funds	21.095	22.097	19.391
Short-term investments/marketable securities	61	61	155
Trade receivables	5.840	6.647	6.067
Inventories	7.702	6.511	9.779
Other current assets and deferred items	3.393	2.982	2.490
Other assets directly related to operation, which are to be discontinued	-	1.048	-
Current assets	38.091	39.346	37.882
Goodwill	24.471	23.906	31.683
Other intangible assets	7.180	7.104	9.927
Tangible fixed assets	867	892	973
Investment properties	8.200	8.200	8.200
Participations	696	705	715
Loans to participations	250	250	250
Shares in affiliated companies	30	21	28
Other long-term assets	625	1.585	2.156
Long-term assets	42.319	42.663	53.932
Total assets	80.410	82.009	91.814
	6 Month Report	Annual Report	6 Month Report
	2009	2008	2008
	as at	as at	as at
Liabilities and equity	30.06.2009	31.12.2008	30.06.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	4.994	4.110	3.327
Trade accounts payable	6.760	7.474	6.641
Accruals	8.635	7.441	6.114
Sales accruals and deferrals	19.004	20.391	20.634
Other current liabilities	4.013	5.245	5.612
Accounts payable to associated companies with operations which are to be discontinued	-	607	-
Accruals and liabilities directly related to operations which are to be discontinued	-	1.237	-
Current liabilities	43.406	46.505	42.328
Accruals	61	61	90
Bank loans payable	164	248	-
Other long-term liabilities	9.269	9.179	9.271
Deferred taxes	2.057	2.022	2.008
Long-term liabilities	11.551	11.510	11.369
Share capital	24.777	24.777	24.777
Capital reserve	65.217	65.217	65.196
Accumulated deficit	-67.002	-67.704	-55.513
Accumulated other income / loss	-685	-1.846	-315
Equity before minority interests	22.307	20.444	34.145
Minority interests	3.146	3.550	3.972
Equity	25.453	23.994	38.117
Total liabilities and equity	80.410	82.009	91.814

CONSOLIDATED STATEMENT OF INCOME	Interim Report	Interim Report	6 Month Report	6 Month Report
	II/2009	II/2008		
	01.04.2009	01.04.2008	01.01.2009	01.01.2008
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Revenues	30.705	37.392	57.031	51.056
Cost of revenues	-24.003	-29.257	-45.222	-38.325
Gross profit	6.702	8.135	11.809	12.731
Distribution costs	-2.728	-3.478	-4.636	-5.152
Administration costs	-2.874	-2.531	-5.255	-4.497
Other operating income / expenses	633	729	1.158	809
Operating result before depreciation (EBITDA)	1.733	2.855	3.076	3.891
Amortisation of goodwill	0	0	0	0
Scheduled depreciation	-292	-391	-573	-572
Operating result (EBIT)	1.441	2.464	2.503	3.319
Interest income and expenses	-315	-654	-689	-805
Result from investments and participations	-	-	-	-
Earnings from affiliated companies	5	4	9	7
Foreign currency exchange gains / losses	-29	87	-62	58
Financial result	-339	-563	-742	-740
Result before taxes	1.102	1.901	1.761	2.579
Income taxes	8	-60	-189	-148
Result after taxes from continued operations	1.110	1.841	1.572	2.431
Result after taxes from discontinued operations	-149	-20	-217	-228
Result after taxes	961	1.821	1.355	2.203
Minority interests	481	942	653	1.150
Group result	480	879	702	1.053
Earnings per share in EUR (undiluted)				
from continued operations	0,03	0,04	0,04	0,06
from continued and discontinued operations	0,02	0,04	0,03	0,05
Earnings per share in EUR (diluted)				
from continued operations	0,03	0,04	0,04	0,06
from continued and discontinued operations	0,02	0,04	0,03	0,05
Average no. of shares outstanding (undiluted)	24.776.736	23.087.582	24.776.736	23.087.582
Average no. of shares outstanding (diluted)	24.776.736	23.087.582	24.776.736	23.087.582

* Previous year's figures were adjusted

CONSOLIDATED CASH FLOW STATEMENT

	6 Month Report	6 Month Report *
	01.01.2009 -30.06.2009	01.01.2008 -30.06.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	1.572	2.431
Depreciation and amortisation	573	572
Change in accruals	1.194	903
Changes not affecting payments	-30	-152
Deferred taxes (net)	35	-505
Result from valuation of affiliated companies	-9	-7
Cash flow	<u>3.335</u>	<u>3.242</u>
Net interest income	689	805
Change in working capital	-4.628	5.184
Net cash from operating activities from continued operations	<u>-604</u>	<u>9.231</u>
Net cash from operating activities from discontinued operations	-93	-381
Net cash from operating activities (total)	<u>-697</u>	<u>8.850</u>
Net cash from investment activities from continued operations	<u>-72</u>	<u>-6.733</u>
Net cash from financial activities (total)	<u>-439</u>	<u>3.061</u>
Change in cash and cash equivalents	<u>-1.208</u>	<u>5.178</u>
Effects of exchange rates	<u>46</u>	<u>84</u>
Cash and cash equivalents at beginning of Period	<u>22.257</u> ⁽¹⁾	<u>14.129</u>
Cash and cash equivalents at end of period	<u>21.095</u> ⁽²⁾	<u>19.391</u>

* Previous year's figures were adjusted

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

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

Changes in equity	Balance as at	Changes	Balance as at
	31.12.2007	01.01.2008- 30.06.2008	30.06.2008
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	23.088	1.689	24.777
Capital reserve	64.568	628	65.196
Accumulated deficit	- 56.566	1.053	- 55.513
Accumulated other income / loss	- 374	59	- 315
	30.716	3.429	34.145
Minority interests	3.271	701	3.972
Equity	<u>33.987</u>	<u>4.130</u>	<u>38.117</u>

Changes in equity	Balance as at	Changes	Balance as at
	31.12.2008	01.01.2009- 30.06.2009	30.06.2009
	<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	702	- 67.002
Accumulated other income / loss	- 1.846	1.161	- 685
	20.444	1.863	22.307
Minority interests	3.550	- 404	3.146
Equity	<u>23.994</u>	<u>1.459</u>	<u>25.453</u>

IMPRINT

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