



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at September 30, 2012

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1. DEAG on the capital market

During the first nine months of 2012 the DEAG share recorded an altogether above-average value development. The share price rose by 23.7% to EUR 2.78 per share at the end of September. The performance of the DEAG share amounted to 25.3%, including the dividend of EUR 0.04 per share paid after the Annual General Meeting on June 22, 2012. Consequently, the DEAG share has outperformed the second line stock index SDAX, which reported a plus of 13.2% during the first three quarters of 2012 and has even beaten the leading German index DAX, which rose by 22.3%.

After the significant price increases during the first half-year, the DEAG share continued to gain value, with a plus of 2.9%. It remained slightly below the performance of the SDAX which rose by 4.2%. The low during the third quarter was reached on September 3 with EUR 2.60 per share. The quarterly peak was recorded on September 21 with EUR 2.81 per share. At the end of September the share price was EUR 2.78.

During the first nine months 2012 the average daily transaction volume at all German stock exchanges was 11,716 shares. With 66.6% a large part of the transactions was again carried out on the electronic stock exchange platform Xetra. VEM Aktienbank continues to act as Designated Sponsor for the DEAG share. It quotes binding offer/bid prices with a narrow price spread and hence ensures the corresponding liquidity of the share.

The DEAG share is regularly tracked by two renowned analysts, DZ Bank as well as Hauck & Aufhäuser. In a current study, dated September 4, 2012, entitled "Continuity bears fruit", DZ Bank analyst Harald Heider confirms his fair value of EUR 4.40 per share and continues to recommend buying the share. Analyst Nils-Peter Fitzl of Hauck & Aufhäuser likewise recommends to buy the share in a report dated September 20, 2012, with a targeted share price of EUR 4.50 per share.

During the third quarter 2012 DEAG presented the current development of the company and its future perspectives at the SCC – Small Cap Conference in Frankfurt – as well as at the ZKK – Zurich Capital Market Conference – to analysts and institutional investors. Furthermore, the company had close contacts to financial media which were reflected by corresponding press coverage.

During the first nine months 2012 Professor Peter L. H. Schwenkow, CEO of DEAG, purchased almost 140,000 additional DEAG shares; all of these purchases took place during the first half-year 2012.

The DEAG share is listed in the quality segment of the German stock exchange, Deutsche Börse AG, the Prime Standard. DEAG attaches a very high importance to transparent communication with the capital market. For that reason it informs in detail about important events, depending on requirements, by ad-hoc disclosure or press release. For investors, the investor relations page of the website www.deag.de/ir, provides a comprehensive overview of the current corporate development. Moreover, contacts are available to interested investors on telephone number +49 69 9055055-2 or under the email address (deag@edicto.de).

2. Business Development

Earnings position

During the reporting period DEAG Deutsche Entertainment AG was able to increase its sales revenues by 2.9% to EUR 96.5 million (prior year: EUR 93.9 million). Sales revenues of EUR 30.7 million were accounted for by the third quarter of 2012; this corresponds to a 5.2% increase in sales versus the comparative prior year period. The increase over the nine month period is, more particularly, attributable to the very successful activities in Switzerland. Here, growth rates were achieved both in the local promoter and in the touring business. In addition, the domestic middle-of-the-road music and Schlager were major contributors to the rise in sales revenues.

The EBIT now amounts to EUR 4.2 million, after EUR 3.6 million on September 30, 2010 and EUR 5.8 million during the comparative prior year period. Whilst the nine-month EBIT 2011 included already the event highlights with the highest earnings, the local tour and concert events are in 2012 in the final quarter due to the seasonal shifts caused by the European Football Championship and the Olympic Games in 2012, by analogy to fiscal 2010.

The administrative expenses have only recorded a moderate rise compared to sales revenues versus the prior year period to EUR 9.0 million. By contrast, distribution costs increased disproportionately to EUR 10.6 million. The distribution and marketing expenses which are in relative terms above the prior year level cannot be deferred as advance costs and are essentially accounted for by tours and shows which are carried out and/or staged until the end of the fiscal year.

The financial result is more or less unchanged with EUR -0.8 million (prior year: EUR -0.7 million). With considerably reduced tax expenses of EUR -0.6 million (prior year: EUR -1.3 million) the consolidated net income after tax amounts to EUR 2.8 million. The consolidated result amounts to EUR 1.8 million after deduction of the profit shares accounted for by other shareholders. This corresponds to earnings per share (EPS) of EUR 0.14 after EUR 0.16 in 2011 and merely EUR 0.07 in 2010.

In the Live Touring segment the highlights of the German Schlager and 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 in particular in Switzerland. This was supported by the shows and concerts of our Swiss subsidiary, The Classical Company, with Lang Lang, amongst others.

In the Entertainment Services segment the local business in Switzerland and the contributions to earnings by the venue marketing of the Jahrhunderthalle Arena in Frankfurt developed in a very positive manner. The local business in Germany as well as the DVD and recorded music business were altogether ahead of expectations.

Apart from the classical production and organization of tours and shows, additional earnings sources, focused on within the framework of the 360 degree model, such as distribution, sponsoring, hospitality, merchandise and other realization possibilities, contribute an increasing share to sales revenues and earnings.

Assets position

The balance sheet total decreased versus December 31, 2011 by EUR 12.9 million to EUR 85.7 million.

The decline results on the assets side essentially from the reduction in liquid assets to EUR 21.4 million, whilst the other current assets rose by EUR 2.4 million to EUR 6.5 million.

In addition, goodwill rose in connection with the first reporting of Derinho AG (Glattpark/Switzerland) as a fully consolidated subsidiary to EUR 19.9 million.

On the liabilities side, the ongoing reduction of liabilities totaling EUR 13.3 million reduced the balance sheet total.

The decrease in liquid assets results on the one hand from a significant reduction in current liabilities (EUR -15.4 million) and from the rise in other current assets (EUR +2.4 million), on the other hand.

Equity after minorities amounted at the end of the reporting period to EUR 30.4 million (December 31, 2011: EUR 30.0 million). Both the decrease in liabilities and the positive Group result contributed towards a significant rise in the equity ratio to now 35% (December 31, 2011: 30%).

Financial position

The cash flow before the changes in net current assets amounts during the reporting period to an almost unchanged EUR 3.8 million. After a change in working capital by EUR -16.7 million (prior year: EUR -14.3 million), the outflow of funds from current operations amounts to EUR 12.6 million (prior year: inflow of funds of EUR 10.0 million). The change in working capital results primarily from the reduction of liabilities and an increase in other current assets. The outflow of funds from financing activities of EUR 1.0 million includes dividend payments to other shareholders in an amount of EUR 1.3 million. Overall, these major changes resulted in a decrease in liquid assets by EUR 14.3 million to EUR 21.4 million.

3. Development by segment

DEAG continues to report in a segment structure. 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 (Berlin), DEAG Concerts (Berlin), KBK Konzert- und Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Grünland Family Entertainment (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 AIO-(former Good News-)Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt/Main), Concert Concept (Berlin), Friedrichsbau Varieté (Stuttgart), Grandezza Entertainment (Berlin), River Concerts and Elbklassik (both Hamburg) as well as label/music publisher DEAG Music (Berlin).

We comment on the segment development as follows:

Live Touring:

With sales revenues in the amount of EUR 35.4 million, EBIT amount to EUR 1.1 million.

Both the revenue and EBIT developments reflect the seasonal differences between the comparative periods. Whereas the second quarter ended with the highest sales revenues and earnings in fiscal 2011, the highlight of fiscal 2012 is the final quarter. The EBIT margin is, moreover, burdened, compared to the previous year, by higher supra-regional and non-deferrable distribution and marketing expenses for tours and shows which are carried out and/or staged until the end of the fiscal year.

The tours during the reporting period included in the Classical Music segment the shows and concerts of our Swiss subsidiary, The Classical Company, amongst others with Lang Lang and the "Summit Meeting of Stars" with Anna Netrebko and Erwin Schrott. With the latter, DEAG Classics staged successful concerts both in Germany and in London/UK and Copenhagen/Denmark. In addition, domestic tours with David Garrett, Hansi Hinterseer and the Musikantenstadl series of events were again filling the audiences with enthusiasm.

Entertainment Services:

With an increase in sales revenues by EUR 4.5 million to EUR 63.7 million, the EBIT was disproportionately increased in this segment by 21%.

The main revenue and result drivers were our activities in Switzerland with shows of, amongst others, Bryan Adams, Paul McCartney or Coldplay as well as the highly successful Moon & Stars Festival. The increase in EBIT was essentially supported by the Jahrhunderthalle Arena in Frankfurt. The domestic local business in Germany (Berlin, Munich, Hamburg) confirmed the expectations and was again ahead of plan.

in EUR million	01.01.2012 -30.09.2012	01.01.2011 -30.09.2011	Variation absolute
Segment Live Touring			
Sales revenues	35.4	39.7	-4.3
EBIT	1.1	4.0	-2.9
Segment Entertainment Services			
Sales revenues	63.7	59.2	4.5
EBIT	4.7	3.9	0.8

4. Outlook Report

The Executive Board anticipates a fourth quarter 2012 on a record level. In addition, the final quarter will have an above-average positive result because of the enthusiastic acceptance by the audience of shows like Peter Maffay's Rock Fairytale "Tabaluga and the Signs of the Times" and David Garrett's "Rock Anthems" tour, the sold-out concerts such as those with Die Toten Hosen and Bryan Adams as well as other events.

There are indications that the strong fourth quarter 2012 will continue with very positive ticket advance sales and a strong event pipeline in 2013. Tours, shows and open airs with David Garrett, Peter Maffay and this year's ECHO award winner Andreas Gabalier as well as international megastars such as Rihanna and Depeche Mode are only some of our highlights in addition to the FlicFlac show "Extrem" full of suspension and the Classical Music events "Die Csárdásfürstin" (Gypsy Princes) at Berlin's Wannsee lake as well as "Swan Lake" at the Royal Albert Hall in London.

DEAG Deutsche Entertainment AG concretizes after a third quarter 2012 ahead of planning its full-year forecast and will probably significantly out-perform its market expectations. Consequently, the Executive Board will propose to continue the dividend policy of the company with an adjustment to the positive development.

5. Further 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 additional explanations 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 2011.

The accounting and valuation principles applied in the consolidated financial statements as at December 31, 2011 remained unchanged.

Changes in the underlying parameters refer to exchange rates. The parameters which are necessary for the determination of the pension obligations were maintained without changes for reasons of materiality.

Changes in respect of the scope of consolidation

DEAG as the parent company includes those companies into the interim consolidated financial statements which meet the control concept. Companies which were set-up, acquired or sold during the first half-year were included from the date of foundation, acquisition and/or until the date of disposal.

During the reporting period the following changes occurred:

During the third quarter DEAG obtained control over Derinho AG (Glattpark/Switzerland) without acquiring further shares. Since July 1, 2012 DEAG has, as a result of a shareholder agreement and organization regulation, a right of final decision to appoint and dismiss the Managing Directors and approve the annual budget. Consequently, the control concept in accordance with IAS 27.13 (c) is fulfilled. The shares so far recorded in the consolidated financial statements were transferred with recognition in the income statement to full consolidation.

For reasons of an improved informative value and higher reliability of the information in accordance with IFRS 3 concerning the assets, financial and earnings position of the Group at a later stage, these data are not published in the interim financial statements and reference is made to the consolidated financial statements as at December 31, 2012.

Other information

During the reporting period there have been business relations to related parties. The transactions with these parties were carried out at arm's length; from the Group's point of view they are of immaterial significance. Concerning the type and scope of the corresponding parties, reference is made to the information in the consolidated financial statements as at December 31, 2011.

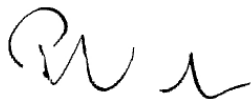
Prof. Peter L.H. Schwenkow, CEO of DEAG, acquired little less than 140,000 DEAG shares during the reporting period (Directors' Dealings). After the end of the third quarter, Prof. Peter L.H. Schwenkow acquired additional DEAG shares through the stock exchange.

This report is not audited.

Berlin, November 30, 2012

DEAG Deutsche Entertainment AG

The Executive Board



Prof. Peter L.H. Schwenkow



Christian Diekmann

CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2012	2011	2011
	per/ as at	per/ as at	per/ as at
Assets	30.09.2012	31.12.2011	30.09.2011
	<u>in EUR'000</u>	<u>in EUR'000</u>	<u>in EUR'000</u>
Liquid funds	21.430	35.715	21.417
Marketable securities	-	-	69
Trade receivables	6.617	6.988	2.910
Down payments	13.722	12.682	13.846
Inventories	93	91	98
Other Current Assets	6.511	4.127	4.262
Current Assets	48.373	59.603	42.602
Goodwill	19.947	19.033	19.123
Other intangible assets	5.794	5.959	5.780
Tangible fixed assets	1.005	992	939
Investment properties	8.200	8.200	8.200
Participations	749	749	752
Shares in affiliated companies	109	138	39
Down payments	750	2.280	-
Other long-term assets	790	1.697	582
Long-term assets	37.344	39.048	35.415
Total assets	85.717	98.651	78.017
	Interim Report	Annual Report	Interim Report
	2012	2011	2011
	as at	as at	as at
Liabilities and equity	30.09.2012	31.12.2011	30.09.2011
	<u>in EUR'000</u>	<u>in EUR'000</u>	<u>in EUR'000</u>
Bank loans payable	4.469	2.290	5.058
Trade accounts payable	4.656	9.546	4.811
Accruals	7.521	6.473	5.600
Sales accruals and deferrals	28.237	36.458	19.122
Income tax liabilities	763	2.659	2.624
Other current liabilities	3.394	7.060	7.300
Current liabilities	49.040	64.486	44.515
Accruals	495	490	616
Other long-term liabilities	3.923	1.682	1.065
Deferred taxes	1.868	1.983	2.051
Long-term liabilities	6.286	4.155	3.732
Share capital	12.388	12.388	12.388
Capital reserve	27.337	27.337	27.337
Accumulated deficit	-14.127	-15.426	-15.639
Accumulated other income / loss	-34	159	-216
Equity before minority interests	25.564	24.458	23.870
Minority interests	4.827	5.552	5.900
Equity	30.391	30.010	29.770
Total liabilities and equity	85.717	98.651	78.017

CONSOLIDATED STATEMENT OF INCOME	Interim Report	Interim Report	9 Month Report	9 Month Report
	III/2012	III/2011		
	01.07.2012	01.07.2011	01.01.2012	01.01.2011
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	in EUR'000	in EUR'000	in EUR'000	in EUR'000
Revenues	30.722	29.208	96.546	93.870
Cost of sales	-24.002	-23.254	-74.436	-71.755
Gross profit	6.720	5.954	22.110	22.115
Distribution costs	-4.138	-3.908	-10.617	-9.637
Administration costs	-3.542	-3.043	-9.048	-8.720
Other operating income / expenses	1.001 *	1.288 *	1.772 *	2.029
Operating result (EBIT)	41	291	4.217	5.787
Interest income and expenses	-71	-148	-277	-556
Result from investments and participations	-	-	-	-
Earnings from affiliated companies	-75	-38	-530	-129
Marketable securities	-	-14	-	-14
Financial result	-146	-200	-807	-699
Result before taxes	-105	91	3.410	5.088
Income taxes	17	307	-575	-1.267
Group result after taxes	-88	398	2.835	3.821
thereof attributable to other shareholders	-39	195	1.040	1.782
thereof attributable to DEAG shareholders				
(Group result)	-49	203	1.795	2.039
Earnings per Share in EUR (undiluted)				
from continued operations	0,00	0,02	0,14	0,16
from continued and discontinued operations	0,00	0,02	0,14	0,16
Earnings per Share in EUR (diluted)				
from continued operations	0,00	0,02	0,14	0,16
from continued and discontinued operations	0,00	0,02	0,14	0,16
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

* Change in reporting of currency gains/-losses

Statement of Comprehensive Income	III/2012	III/2011	01.01.-30.09.12	01.01.-30.09.11
	- in kEUR -	- in kEUR -	- in kEUR -	- in kEUR -
Group result after taxes	-88	398	2.835	3.821
Other result				
(+/-) Differences from exchange rates (independent foreign units)	-42	253	-63	-329
(-) Income tax on other result total	-	-	-	-
Other result after tax	-42	253	-63	-329
Total result	-130	651	2.772	3.492
Thereof attributable to				
Minority interests	-60	315	1.012	1.619
Investors in the parent company	-70	336	1.760	1.873

SHORTENED CONSOLIDATED CASH FLOW STATEMENT
9 Month Report
9 Month Report
**01.01.2012
-30.09.2012**
**01.01.2011
-30.09.2011**
in EUR'000
in EUR'000

Group result after taxes	2.835	3.821
Depreciation and amortisation	824	725
Change in accruals	1.053	-316
Changes not affecting payments	-1.331	-601
Deferred taxes (net)	-115	88
Earnings from affiliated companies	530	21
Cash Flow before changes in net working capital	<u>3.796</u>	<u>3.738</u>
Net interest income	277	556
Change in working capital	-16.673	-14.339
Cash outflow from operating activities (total)	<u>-12.600</u>	<u>-10.045</u>
Cash outflow from investment activities (total)	<u>-400</u>	<u>-16</u>
Cash outflow from financing activities (total)	<u>-1.012</u>	<u>384</u>
Change in liquidity	<u>-14.012</u>	<u>-9.677</u>
Effects of exchange rates	-273	-750
Cash and cash equivalents at beginning of Period	<u>35.715</u>	<u>31.844</u>
Cash and cash equivalents at end of period	<u>21.430</u>	<u>21.417</u>

Changes in equity	As at	Changes	As at
	31.12.2010	01.01.2011- 30.09.2011	30.09.2011
	<u>in EUR'000</u>	<u>in EUR'000</u>	<u>in EUR'000</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 17.623	1.984	- 15.639
Accumulated other income / loss	113	- 329	- 216
Attributable to DEAG shareholders	22.215	1.655	23.870
Minority interests	4.661	1.239	5.900
Equity	<u>26.876</u>	<u>2.894</u>	<u>29.770</u>

Changes in equity	As at	Changes	As at
	31.12.2011	01.01.2012- 30.09.2012	30.09.2012
	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
Share capital	12.388	-	12.388
Capital reserve	27.337	-	27.337
Accumulated deficit	- 15.426	1.299	- 14.127
Accumulated other income / loss	159	- 193	- 34
Attributable to DEAG shareholde	24.458	1.106	25.564
Minority interests	5.552	- 725	4.827
Equity	<u>30.010</u>	<u>381</u>	<u>30.391</u>

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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