



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at June 30, 2012

Table of Contents	2
1. Foreword by the CEO	3
2. DEAG on the capital market	4
3. Interim Group Management Report	5-8
4. Consolidated Interim Financial Statements as at June 30, 2012	9-12
Consolidated Balance Sheet (IFRS)	9
Consolidated Statement of Comprehensive Income	10
Consolidated Cash Flow Statement	11
Changes in Equity	12
Selected explanatory information	13-14
Imprint	

1. Foreword by the CEO

Dear Madam or Sir, Esteemed Shareholders,

During the first-half year of 2012 DEAG continues to be well on track. Owing to its excellent positioning, the Group has been able to achieve a Group result on the very good prior year level with its business units and companies on the core markets Germany, Switzerland and the United Kingdom. In this connection it should be noted that extensive expenses have already been incurred for events of the second half-year.

During the first half-year DEAG increased its sales revenues to EUR 65.8 million and generated a Group result of EUR 1.8 million. Despite a significant expenditure in terms of distribution and marketing costs, this corresponds to unchanged earnings per share (EPS) of EUR 0.15 compared to the prior year period. A development of the balance sheet and the highly increased deferred income versus prior year are very positive. The income from ticket sales for forthcoming events rose considerably by 56% to EUR 33.6 million as at June 30, 2012, which is a clear indication for a strong second half-year 2012.

The highlights of the first half-year of events were top concerts, for instance, with Bryan Adams, Paul McCartney and Coldplay in Switzerland, David Garrett and Hansi Hinterseer in Germany as well as the dance show Anton&Erin and the Siberian Ballet tour in the United Kingdom. The concert series "Summit Meeting of Stars" with Anna Netrebko and Erwin Schrott has met with an enthusiastic response by the audiences in Germany, in Switzerland and for the first time also in the United Kingdom and Denmark. With the in-house production, AIDA, which was likewise staged during the first half-year 2012 at the Royal Albert Hall, yet another production of our British subsidiary RGL is to be performed successfully in Germany, Austria and Switzerland in the near future. Both the Summit Meeting and the in-house production demonstrate our attractive product mix which is to contribute in future even more than in the past to the tapping of synergies between our companies in the different countries.

Against the backdrop of its existing concert pipeline, DEAG is very optimistic as far as the further business development is concerned. During the 2nd half-year concerts will be staged, amongst others, with Lady Gaga, Die Toten Hosen or Seal; moreover, there will be Peter Maffay's rock fairytale "Tabaluga and the Signs of the Time" as well as the continuation of the "Rock Anthems" tour with David Garret. With good planning certainty, the 4th quarter 2012 will be the cornerstone for improvements in sales revenues and result compared to the previous year.

Dear Shareholders,

the first payment of a dividend in the corporate history made for 2011 proves the earnings strength that DEAG has gained over the past years.

The ongoing clear focusing on high-yield business units and our 360 degree strategy, the further development of the market leadership in the classical music area as well as the positioning as an Integrated Entertainment Content Company will guide all activities and decisions in fiscal 2012 and beyond, and hence contribute to a further growth in sales revenues and earnings, together with a continuing ability to pay dividends.

Sincerely yours

Prof. Peter L.H. Schwenkow

2. DEAG on the capital market

The DEAG share clearly outperformed the corresponding benchmarks during the reporting period and has altogether recorded a positive price development. The share rose during the first half-year 2012 by some 20.2% and reached a Xetra closing price of EUR 2.70 at the end of the period on June 29, 2012. This corresponds to a growth of EUR 0.45 per share versus the end-of-year price 2011. The second line stock index SDAX increased merely by 5.5% during the same period and the DAX rose by 8.8%. During the second quarter the DEAG share lost 4.3% in the wake of the general subdued market sentiment, but the SDAX suffered a loss of 10.5% and the DAX went down 7.6%.

The low of the DEAG share was reached on January 23, 2012 in the electronic trading system Xetra with EUR 2.18 and a peak was recorded on March 5, 2012 with EUR 2.92. During the half-year the average daily trading volume amounted to 6,759 shares on Xetra. The volume of all German stock exchanges amounted to 10,189 shares per day.

VEM Aktienbank continues to act as Designated Sponsor. The shares are analyzed, as in the past, by DZ Bank, Hauck & Aufhäuser as well as Silvia Quandt & Cie. After the announcement of the annual results for fiscal 2011 and those for the first quarter of 2012, the first two analysts published research reports with target prices of EUR 4.40 and 4.50, respectively, for the share.

During the first half-year 2012 DEAG continued its intense contacts with investors and financial media. DEAG participated, for instance, in the Munich Capital Market Conference 2012 and will present itself at other renowned conferences in Germany and abroad during the second half-year, too.

Prof. Peter L. H. Schwenkow, the CEO of DEAG, acquired a total of little less than 144,000 DEAG shares during the first half-year 2012 (Directors Dealing).

The Annual General Meeting took place in Berlin on June 22, 2012. All agenda items were adopted by the shareholders with more than 99%. On June 25, 2012 a dividend of EUR 0.04 per no par value share was paid to the shareholders; it was the first dividend in corporate history.

The DEAG share is listed in the quality segment of the German stock exchange, Deutsche Börse AG, the Prime Standard. DEAG informs in detail about important events, either through ad hoc disclosures or press releases. For investors, the Investor Relations section on the website www.deag.de/ir provides a comprehensive overview of the current corporate development. Furthermore, contacts are available at any time to interested shareholders on the telephone (+49 69 9055055-2) or electronically (deag@edicto.de).

3. Interim Group Management Report

3.1. Earnings position

DEAG Deutsche Entertainment AG was able to increase its sales revenues during the first half-year, despite decreases during the 2nd quarter 2012 of EUR 2.1 million, compared to the same prior year period by 1.8% to EUR 65.8 million (prior year: EUR 64.7 million). Whilst the second quarter of last year ended as the quarter with the highest sales revenues of fiscal 2011, the focus of events is this year, in particular in the Live Touring segment, on the fourth quarter. The increase in sales revenues during the first half-year is mainly attributable to the German Schlager and middle-of-the-road music segment, the Swiss classical music area as well as the local business in Germany and Switzerland.

EBIT of the first half-year decreased to EUR 4.0 million (prior year: EUR 5.6 million). In this connection, extensive expenses were already incurred for events during the third and fourth quarter as well as for 2013. A clear indication for a strong second half year 2012 emerges from the much higher deferred income compared to the previous year. Income from ticket sales for forthcoming events rose significantly by 56% to EUR 33.6 million as at June 30, 2012.

The financial result has slightly improved, more particularly due to the improved interest result (EUR +0.2 million). It amounts to EUR –0.5 million (prior year: EUR –0.6 million).

With a significant reduction of tax expenses of EUR -0.6 million (prior year: EUR -1.6 million), the net income for the Group amounts to EUR 2.9 million after taxes.

The Group result after deduction of the profit shares accounted for by other shareholders remains at a constant EUR 1.8 million despite the lower EBIT. This has resulted in a positive increase in the equity ratio by 5 percentage points to 35%. The earnings per share (EPS) amount to EUR 0.15 per share and are hence on the very good prior year level.

In the Live Touring segment the highlights in the German Schlager and middle-of-the-road music business are the Musikantenstadl series of events and the tour with Hansi Hinterseer.

The classical music area has recorded a good first half-year 2012 in Germany and in the United Kingdom and a very good year in Switzerland. In Germany and Switzerland this was mainly driven by tours with David Garrett as well as the concert series “Summit Meeting of Stars” with Anna Netrebko and Erwin Schrott and in the United Kingdom by the dance show Anton&Erin as well as the Siberian Ballet tour.

In the Entertainment Services segment business volume was mainly contributed by the Swiss Good News Group with shows by the artists Bryan Adams, Paul McCartney, Coldplay or also Dick Brave & The Backbeats. A very positive development was recorded for the contributions by the venue marketing of the Jahrhunderthalle arena in Frankfurt. In addition, the income from the local business in Germany and the DVD and record business was on the good prior year level.

Apart from the classical production and organization of tours and shows, the additional earning sources on which DEAG focuses within the framework of the 360° model, including ticketing, sponsoring, hospitality, merchandise and other realization possibilities, have had a further increasing share in the development of sales revenues and earnings.

3.2. Assets position

The balance sheet total decreased versus December 31, 2011 by EUR 8.5 million to EUR 90.2 million.

The decline results on the assets side essentially from the reduction in liquid assets to EUR 25.3 million whereas the advance payments in respect of future events rose by EUR 1.1 million and Other assets increased on balance by EUR 1.0 million to EUR 16.1 million and EUR 6.9 million, respectively.

On the liabilities side, the decrease in current liabilities by EUR 12.1 million to EUR 52.3 million has reduced the balance sheet total in particular. This includes deferred income which increased versus the first half-year 2011 by 55.8% to EUR 33.6 million and which will be realized essentially until the end of the fiscal year.

The change in liquid assets is essentially due to the reduction of liabilities (EUR -12.1 million).

Equity after the shares of other shareholders amounted at the end of the reporting period to EUR 31.1 million (December 31, 2011: EUR 30.1 million). Both the decrease in liabilities and the Group result contributed towards a significant rise in the equity ratio to 35% (December 31, 2011: 30%).

3.3. Financial position

The cash flow before the changes in net current assets of the first half-year 2012 amounted to EUR 1.1 million (prior year: EUR 4.0 million), whereby the Other provisions of EUR 2.4 million decreased due to the cutoff date.

After a change in the working capital of EUR -11.0 million (prior year: EUR -10.2 million), the outflow of funds from continuing operations amounts to EUR 9.7 million (prior year: outflow of funds of EUR 5.8 million). The change in working capital results primarily from the reduction of current liabilities and an increase in advance payments relating to events.

The outflow of funds from financing activities of EUR 0.1 million includes EUR 0.5 million of dividends paid to the shareholders of DEAG.

Overall, these major changes resulted in a decrease of liquid assets by EUR 10.4 million to EUR 25.7 million.

3.4 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 (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 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 of EUR 32.5 million, an EBIT of EUR 1.5 million was generated. The development of sales revenues and EBIT reflects the seasonal differences of the comparative periods. Whereas in fiscal 2011 the second quarter recorded the highest sales revenues and earnings, the peak of the fiscal year 2012 will be in the final quarter. The EBIT margin is also burdened by higher supra-regional and non-deferrable distribution and marketing expenses for tours and shows, which will be carried out or staged until the end of the fiscal year. The highlights are Peter Maffay's rock fairytale "Tabaluga and the Signs of the Time" as well as the continuation of the "Rock Anthems" tour with David Garrett with currently a total of more than 500,000 tickets sold.

The tours of the first half-year included in the classical music area the shows and concerts of our Swiss subsidiary The Classical Company, with Lang Lang as well as the "Summit of the Stars" with Anna Netrebko and Erwin Schrott, amongst others. With the latter, DEAG Classics organized successful concerts, in Germany as well as in London/United Kingdom and in Copenhagen/Denmark. Furthermore, domestic tours with David Garrett, Hansi Hinterseer as well as the Musikantenstadl series of events enthralled the audience again.

Entertainment Services:

With sales revenues on prior year level, EBIT increased in a disproportionately high manner versus prior year by 24.2% to EUR 4.1 million.

The main revenue and result drivers were our activities in Switzerland, including shows with Bryan Adams, Paul McCartney or also Coldplay. An essential contribution to the increase in EBIT was also made 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 -30.06.2012	01.01.2011 - 30.06.2011	Variation absolute
Live Touring			
Sales Revenues	32.5	33.5	-1.0
EBIT	1.5	4.2	-2.7
Entertainment Services			
Sales Revenues	35.9	35.9	0.0
EBIT	4.1	3.3	0.8

3.5. Personnel Development

The Group headcount amounted on a semi-annual average to 188 employees versus 198 on December 31, 2011. DEAG employed 26 people (December 31, 2011: 23) on a semi-annual average.

3.6. Declaration of Conformity

The Executive Board and the Supervisory Board of DEAG made the declaration of conformity concerning the recommendations of the Government Commission German Corporate Governance Code on December 14, 2011 and made it permanently accessible for shareholders. The full wording is published on the website of the company (www.deag.de/ir).

3.7. Supplementary Report

From the Executive Board's point of view no material events took place between June 30, 2012 and the date of this report.

3.8. Report on Opportunities and Risks

Concerning the risk report we refer to the summary of the management report and Group management report 2011 included in the annual report (Pages 17 – 23).

3.9 Outlook Report

In the further course of 2012 we anticipate a continuation of the positive business development of the first half-year. The drivers are the excellent product pipeline and an above-average good booking of the forthcoming tours and shows, more particularly during the fourth quarter. With good planning certainty the final quarter of the fiscal year will outperform the prior-year period and also the first quarters of the current year in terms of both sales revenues and result.

3.10 Forward-looking statements

In addition to past results, this interim Group management report also includes forward-looking statements. These statements possibly deviate from the actual developments occurring.

Berlin, August 31, 2012

DEAG Deutsche Entertainment AG

The Executive Board



Prof. Peter L.H. Schwenkow



Christian Diekmann

CONSOLIDATED STATEMENT OF INCOME

	Interim Report II/2012	Interim Report II/2011	6 Month Report	6 Month Report
	01.04.2012 30.06.2012	01.04.2011 30.06.2011	01.01.2012 30.06.2012	01.01.2011 30.06.2011
	in EUR '000	in EUR '000	in EUR '000	in EUR '000
Revenues	38.601	40.702	65.824	64.662
Cost of sales	-30.159	-30.347	-50.434	-48.501
Gross profit	8.442	10.355	15.390	16.161
Distribution costs	-3.455	-3.505	-6.479	-5.729
Administration costs	-2.583	-3.060	-5.506	-5.677
Other operating income / expenses	365	185	605	796
Operating result (EBIT)	2.769	3.975	4.010	5.551
Interest income and expenses	-101	-222	-206	-408
Result from investments and participations	-	-	-	-
Earnings from affiliated companies	-422	-87	-455	-91
Foreign currency exchange gains / losses	156	-12	166	-55
Financial result	-367	-321	-495	-554
Result before taxes	2.402	3.654	3.515	4.997
Income taxes	-383	-1.156	-592	-1.574
Result after taxes	2.019	2.498	2.923	3.423
thereof attributable to other shareholders	629	1.103	1.079	1.587
thereof attributable to DEAG shareholders (Group result)	1.390	1.395	1.844	1.836
Earnings per share in EUR (undiluted)				
from continued operations	0,11	0,11	0,15	0,15
from continued and discontinued operations	0,11	0,11	0,15	0,15
Earnings per share in EUR (diluted)				
from continued operations	0,11	0,11	0,15	0,15
from continued and discontinued operations	0,11	0,11	0,15	0,15
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

Statement of Comprehensive Income	II/2012	II/2011	01.01.-30.06.12	01.01.-30.06.11
	- in kEUR -	- in kEUR -	- in kEUR -	- in kEUR -
Group result after taxes	2.019	2.498	2.923	3.423
Other result				
(+/-) Differences from exchange rates (independent foreign units)	-89	-235	-21	-582
(-) Income tax on other result total	-	-	-	-
Other result after tax	-89	-235	2.902	-582
Total result	1.930	2.263	5.825	2.841
Thereof attributable to				
Minority interests	591	956	1.072	1.304
Investors in the parent company	1.339	1.307	1.830	1.537

CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2012 -30.06.2012	01.01.2011 -30.06.2011
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	2.923	3.423
Depreciation and amortisation	538	469
Change in accruals	-2.414	-55
Changes not affecting payments	-571	45
Deferred taxes (net)	178	115
Result from valuation of affiliated companies	455	4
Cash flow before changes in net working capital	1.109	4.001
Net interest income	206	408
Change in working capital	-10.983	-10.203
Net cash from operating activities (total)	-9.668	-5.794
Net cash from investment activities (total)	-153	-71
Net cash from financial activities (total)	-103	-1.373
Change in liquidity	-9.924	-7.238
Effects of exchange rates	-521	-507
Cash and cash equivalents at beginning of Period	35.715	31.844
Cash and cash equivalents at end of period	25.270	24.099

Changes in equity	As at	Changes	As at
	31.12.2010	01.01.2011- 30.06.2011	30.06.2011
	<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	1.781	- 15.842
Accumulated other income/loss	113	- 582	- 469
Attributable to DEAG shareholders	22.215	1.199	23.414
Minority interests	4.661	1.518	6.179
Equity	<u>26.876</u>	<u>2.717</u>	<u>29.593</u>

Changes in equity	As at	Changes	As at
	31.12.2011	01.01.2012- 30.06.2012	30.06.2012
	<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	- 15.426	1.348	- 14.078
Accumulated other income/loss	159	- 7	152
Attributable to DEAG shareholders	24.458	1.341	25.799
Minority interests	5.552	- 185	5.367
Equity	<u>30.010</u>	<u>1.156</u>	<u>31.166</u>

Selected explanatory information

Explanations in accordance with IAS 34

These interim financial statements, consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of cash flow, the development of the consolidated equity as well as selected explanatory information have been prepared in conformity with IAS 34 and the applicable provisions of WpHG (German Securities Trading Act).

The interim consolidated financial accounts as at June 30, 2012 do not contain all data and information as presented in the complete financial statements. It is recommended to read the interim financial statement together with the consolidated financial statements as at 31.12.2011.

The generally accepted accounting principles, consolidation, currency exchange and accounting and valuation applied in the consolidated financial statements as at December 31, 2011 were maintained without any changes. We refer to the consolidated notes in the annual report 2011 (page 29-36).

This report is not audited.

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 or until the date of sale.

During the reporting period no changes occurred to the scope of consolidation.

Other information

The Annual Meeting adopted the following resolutions on June 22, 2012:

The balance sheet profit of DEAG Deutsche Entertainment Aktiengesellschaft in the amount of EUR 3,765,452.74 is used for the payment of a dividend of EUR 0.04 per no par value dividend-bearing share (12,388,368) in the amount of EUR 495,534.71 and the amount of EUR 3,269,918.02 is carried forward onto new account.

The members of the Executive Board and of the Supervisory Board are granted discharge for fiscal 2011.

For the period up to the end of the general meeting which will decide about the discharge of the Supervisory Board for fiscal 2016, the following are newly elected as members of the Supervisory Board of DEAG: Wolf-D. Gramatke as Chairman of the Supervisory Board, Mrs Christine Novakovic as Deputy Chairwoman of the Supervisory Board and Mr. Christian Angermayer.

BDO AG, Wirtschaftsprüfungsgesellschaft, Berlin, is appointed as auditor and Group auditor for fiscal 2012.

Other explanatory notes required by IAS 34.15 ff are not relevant, of subordinate significance or there have not been any material changes since December 31, 2011.

Declaration by the Executive Board

We hereby state that, to the best of our knowledge and in accordance with the applied reporting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the interim Group management report includes a fair review of the development, performance and position of the Group, together with a description of the main opportunities and risks associated with the expected development of the Group during the remaining fiscal year.

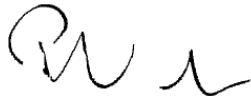
Timing and release for publication

The Executive Board of DEAG (registered office: Potsdamer Straße 58 in 10785 Berlin) has approved these interim consolidated financial statements and the interim group management report on August 31, 2012.

Berlin, August 31, 2012

DEAG Deutsche Entertainment AG

The Executive Board



Prof. Peter L.H. Schwenkow



Christian Diekmann

IMPRINT

Editing and Coordination

DEAG Deutsche Entertainment AG
edicto GmbH

Further information for analysts and investors:

Investor Relations: deag@edicto.de

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

edicto GmbH
Eschersheimer Landstraße 42-44
60322 Frankfurt am Main
Germany

Telephone: +49 69 90 55 055-0

Telefax: +49 69 90 55 055 - 77

www.edicto.de

DEAG Deutsche Entertainment AG

Potsdamer Straße 85
10785 Berlin
Germany

Telephone: +49 30 81075-0

Telefax: +49 30 81075-519

info@deag.de

www.deag.de