



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at March 31, 2014



Table of contents	1
1. DEAG on the capital market	2
2. Business development	2 - 3
3. Development of the segments	3 - 4
4. Outlook	4
5. Further explanations in accordance with IAS 34	4 - 5
6. Consolidated balance sheet	6
7. Consolidated statement of comprehensive income	7
8. Shortened consolidated statement of cash flow	8
9. Consolidated statement of changes in equity	9

Imprint

1. DEAG on the capital market

After the downright positive development in 2013, the stock market tended sideways during Q1/2014 under the influence of major fluctuations. The emerging crisis in the Ukraine resulted in uncertainty on the German stock exchange. In the wake of the positive corporate development the DEAG share recorded a significant increase in price by 32.7% during the first quarter of fiscal 2014 and clearly out-performed the overall market. The German stock index DAX closed the reporting period with 9,555.91 points which was hardly different from the level at the end of 2013 with 9,552.16. By contrast, the second line stock index SDAX rose by 5.6% to 7,168.97 points at the end of March 2014 but was clearly out-performed by the DEAG share.

At the end of 2013 the DEAG share closed at EUR 4.289. The quarterly low was reached on January 4, 2014 with EUR 4.21 per share. This was followed in February by a significant uptrend. On March 19, 2014 the share finally reached its quarterly high with a price of EUR 5.87. At the end of March the DEAG share price was EUR 5.60.

The significant increase in DEAG's share price was paralleled by clearly higher stock exchange turnovers. During the first quarter of 2014 the average trading volume was at all German stock exchanges with 28,923 shares significantly above the prior year level of 12,199 shares. With a share of 87.2% (after 77.5% during Q1/2013), most of the shares were traded via the electronic trading system Xetra. VEM Aktienbank continued to act as designated sponsor and offered binding purchasing and selling prices.

During the first quarter of fiscal 2014 several changes occurred in respect of the shareholder structure. The investment company Allianz Global Investors increased, for instance, its share in DEAG and exceeded the threshold of 5% of voting rights in February. On the other hand, Heliad Equity Partners GmbH KGaA remained below the threshold of 20% in March 2014 and reduced its stake in DEAG to 16.74%.

The DEAG share is watched by two renowned analysts, Hauck & Aufhäuser and DZ Bank. The two institutions have recommended the shares for buying in their research studies. Hauck & Aufhäuser sees the DEAG target share price at EUR 10.50 and DZ Bank considers that the fair value is EUR 7.50.

During the first quarter of fiscal 2014 DEAG continued to communicate very closely with institutional investors, analysts, private investors as well as finance and business media about the current development and prospects of the company. Numerous one-on-one talks to investors, analysts and the financial press took place. The feedback was downright positive and was reflected, amongst others, by recommendations as well as detailed coverage by renowned finance and business media.

DEAG is listed in the Prime Standard of the German stock exchange, which is the quality segment of Deutsche Börse AG. DEAG informs in detail about important events, by way of ad-hoc disclosures or press releases, as required. For investors the investor relations section of the website www.deag.de/ir provides a comprehensive overview of the current corporate developments. Furthermore, contacts are available at any time to shareholders on phone number (069/905505-52) or the email address (deag@edicto.de).

2. Business development

Earnings position

During the first quarter, which is usually lackluster for seasonal reasons, DEAG Deutsche Entertainment AG was able to significantly increase its sales revenues by 14.1% to EUR 32.6 million (prior year: EUR 28.5 million). Gross profits on sales of EUR 7.5 million (prior year: EUR 7.1 million) were achieved; this corresponds to a gross margin of 23% (prior year: 25%).

The EBIT of the first quarter rose by 11% to EUR 1.5 million. This includes already extensive non-capitalizable distribution expenses for forthcoming events in 2014. A significant indicator for a strong

second and fourth quarter is provided by the high increase in deferred sales revenues. Proceeds from ticket sales for coming events went clearly up by 81% to EUR 49.1 million as at March 31, 2014.

The financial result is almost flat versus the comparative period and continues to amount to EUR - 0.1 million.

With tax expenses of EUR - 0.4 million (prior year: EUR - 0.3), earnings from current operations are 13.3% above prior year and amount to EUR 1.4 million. The consolidated result amounts, after deduction of profit shares accounted for by other shareholders, to EUR 1.0 million (prior year: EUR 0.7 million). Compared to the prior year period, this corresponds to a disproportionate increase in earnings per share by 43% to now 7 cents.

Assets and financial position

The equity capital after minorities amounted at the end of the reporting quarter to EUR 31.0 million (EUR 30.1 million as at 12.31.2013). The equity ratio amounts to 26%.

The liquid funds of the Group rose by EUR 16.2 million to EUR 39.1 million versus December 31, 2013. This is attributable to a significantly higher advance payment balance (EUR + 14.7 million), as an indicator for follow-up periods with a large number of events. The increase in accounts receivable (EUR + 3.6 million) and provisions (EUR + 1.5 million) results from settled events and shows of the reporting period.

Whereas the current liabilities to banks (EUR + 0.9 million) rose due to the reporting cutoff date, the non-current financial liabilities (EUR - 0.4 million which were used for acquisitions) were redeemed on schedule during the reporting period.

Risk report

Concerning the risk report, we refer to our statements in the risk report of the management report and Group management report 2013, included in the Annual Report (pages 17-21). The latter can be inspected and/or downloaded in the investor relations section of the corporate homepage (www.deag.de/ir).

3. Development of the segments

DEAG continues to report in an unchanged segment structure. The latter reflects the strategic orientation of the Group in an accurate and transparent manner:

In the segment Live Touring ("travelling business") the tour business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Wizard Promotions Konzertagentur (Frankfurt am Main), FF Tournée GmbH (Berlin); Raymond Gubbay Ltd. (London, Great Britain) as well as The Classical Company (Zurich, Switzerland).

In the segment Entertainment Services ("stationery business") the regional business as well as the entire service business are reported. This includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt am Main), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts and Elbklassik (both Hamburg), handwerker promotion e. gmbh (Unna), Blue Moon Entertainment GmbH (Vienna, Austria) as well as DEAG Music (Berlin) as music publishing house/label.

We would like to explain the development of the segments as follows:

Live Touring:

With sales revenues of EUR 20.2 million, an EBIT of EUR 0.3 million was reached. The EBIT margin hence amounts to 2%. The EBIT is burdened by non-deferrable distribution and marketing expenses for tours and shows which are carried out and/or staged during the coming quarters until the end of the fiscal year.

These include in the field of Rock/Pop the already sold out Open Airs with The Rolling Stones and Böhse Onkelz as well as tours with KISS, Black Sabbath, Neil Young or Lady Gaga, amongst others. The Open Airs with Echo award winner Andreas Gabalier are the highlight in the Middle-of-the-Road/German Schlager area. In the field of Family Entertainment young and old audiences will be enthralled alike, amongst others by the series of events "Night of the Jumps" (including at the Schalke arena) as well as the "Salto vitale" show produced together with Circus Roncalli and the Christmas circus Flic Flac 2014. In the field of Classical Music, the crossover tour with David Garrett as well as the Romeo & Juliet show in the Royal Albert Hall are amongst the event highlights.

Other highlights during the first quarter are tours and shows, amongst others, with Hansi Hinterseer, "Schlager des Jahres", Status Quo, "Rock meets Classic", "Classical Spectacular" and last, but not least, the Irish dance show "Riverdance".

Entertainment Services:

With sales revenues of EUR 15.8 million, the EBIT was increased versus prior year by 48% to EUR 2.2 million.

The local business in Germany made good contributions to the result. The Jahrhunderthalle arena in Frankfurt was again ahead of plan. Our activities in Switzerland and Austria round off the positive development.

The highlights for the coming months include Open Airs and arena concerts with Metallica, Kylie Minogue, amongst others as well as the local staging of group tours such as those involving The Rolling Stones, Böhse Onkelz and David Garrett and Andreas Gabalier.

4. Outlook

The current second quarter is marked by a bulging event pipeline – more than 1.5 million tickets have been sold for the coming nine month period.

We, therefore, anticipate for the further course of 2014 a continuation of the positive business development identified for the reporting period; relatively high fluctuations can be observed depending on the business within a fiscal year, so that the sales revenue and result relevance of the individual quarters varies from year to year. The focus of the product pipeline is this year probably in particular on the fourth quarter.

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 condensed statement of cash flow as well as additional explanatory information, meet the conditions imposed on structured quarterly reports of Deutsche Börse AG.

The interim consolidated financial statements do not contain all data and information as presented in the complete annual financial statements. It is recommended to read the interim financial statements together with the consolidated financial statements as at December 31, 2013.

The generally accepted accounting principles and evaluation methods applied in the consolidated financial statements as at December 31, 2013 were maintained without any changes.

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.

Events after the Balance Sheet Date

On May 8, 2014 the Executive Board decided, with the approval of the Supervisory Board, through a partial use of the authorized capital created on June 28, 2011, to increase the share capital of DEAG from EUR 13,627,881.00 by up to EUR 2,725,453.00 to up to EUR 16,353,334.00 by issuing up to 2,725,453 new no par value bearer shares with an arithmetic share in the share capital of EUR 1.00 per share (the "New Shares") against contributions in cash. The New Shares were taken over by Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main, with the obligation to offer them to the shareholders of DEAG by way of an indirect subscription right in a ratio of 5:1, i.e. five existing shares of the company entitle to the acquisition of one New Share. The subscription price amounted to EUR 4.90 per share.

The period for the subscription of New Shares began on May 12, 2014 and ended on May 26, 2014. The subscription rights for the New Shares were traded during the period from May 12, 2014 to May 22, 2014 on the regulated market of the Frankfurt stock exchange. Subscription rights for 99.65% of the offered New Shares were exercised. The shares which were not subscribed to were successfully placed with institutional investors within the framework of a private placement.

Hauck & Aufhäuser Privatbankiers KGaA, which had been entitled in accordance with the securities prospectus, to carry out stabilization measures prematurely ended the stabilization period, which started on May 8, 2014, on May 26, 2014.

Through its subsidiary DEAG Concerts GmbH, DEAG has gained control over the British concert, tour and festival promoter KILIMANJARO LIVE, London/ Great Britain by acquiring 51% of the latter's shares. The company is included into the consolidated financial statements from May 1, 2014 onwards. The purchase price of a little less than EUR 4.0 million might be increased subsequently, depending on the future business development of the company in the years 2014 to 2017.

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 related parties, reference is made to the statements in the consolidated financial statements as at December 31, 2013.

The report has not been audited.

Berlin, June 2, 2014

DEAG Deutsche Entertainment AG

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

Detlef Kornett

6. CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2014	2013	2013
	31.03.2014	31.12.2013	31.03.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Total assets			
Liquid funds	39.130	22.943	41.351
Trade receivables	12.358	8.801	7.607
Down Payments	19.021	11.838	20.910
Inventories	104	105	97
Other current assets	6.583	6.452	7.556
Current assets	77.196	50.139	77.521
Goodwill	19.974	19.974	20.433
Other intangible assets	6.860	7.054	6.145
Tangible fixed assets	2.189	2.094	1.535
Investment properties	9.450	9.450	9.450
Investments	757	757	752
Investment in associates	43	36	36
Loans to associated companies	39	39	215
Down Payments	243	243	243
Other long-term assets	604	635	620
Deferred tax assets	261	355	489
Long-term assets	40.420	40.637	39.918
Total assets	117.616	90.776	117.439
	Interim Report	Annual Report	Interim Report
	2014	2013	2013
	31.03.2014	31.12.2013	31.03.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liabilities and equity			
Bank loans payable	7.101	6.203	5.295
Trade accounts payable	5.535	5.608	8.870
Accruals	7.551	6.092	6.555
Sales accruals and deferrals	49.067	27.174	48.644
Income tax liabilities	2.008	1.977	1.470
Other current liabilities	6.482	4.252	6.457
Current liabilities	77.744	51.306	77.291
Accruals	854	848	933
Bank loans payable	5.150	5.567	4.325
Other long-term liabilities	564	564	-
Deferred taxes	2.293	2.387	1.952
Long-term liabilities	8.861	9.366	7.210
Share capital	13.627	13.627	12.388
Capital reserve	29.826	29.826	27.337
Accumulated deficit	-16.079	-17.048	-12.316
Accumulated other income / loss	-235	-274	-185
Equity attributable to DEAG shareholders	27.139	26.131	27.224
Equity attributable to non-controlling interest	3.872	3.973	6.004
Equity	31.011	30.104	33.228
Total liabilities and equity	117.616	90.776	117.729

7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Income Statement	Interim Report	Interim Report
	I/2014	I/2013
	01.01.2014	01.01.2013
	-31.03.2014	-31.03.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	32.572	28.538
Cost of sales	-25.095	-21.412
Gross profit	7.477	7.126
Distribution costs	-3.994	-3.134
Administrative expenses	-2.713	-2.886
Other operating income / expenses	711	233
Operating income (EBIT)	1.481	1.339
Interest income and expenses	-66	-72
Earnings from associated companies	-26	-41
Financial result	-92	-113
Result before taxes	1.389	1.226
Income taxes	-371	-349
Group result after taxes	1.018	877
thereof attributable to non-controlling interest	49	198
thereof attributable to DEAG Shareholders (Group Result)	969	679
Earnings per share in EUR (undiluted)	0,07	0,05
Earnings per share in EUR (diluted)	0,07	0,05
Average number of shares in circulation (undiluted)	13.627.266	12.388.368
Average number of shares in circulation (diluted)	13.627.266	12.388.368
Consolidated Statement of Comprehensive Income from 01.01.2014 to 31.03.2014	I/2014 in EUR '000	I/2013 in EUR '000
Group result after taxes	1.018	877
Other result		
(+/-) Differences from exchange rates (independent foreign units)	49	-239
(+/-) Deferred taxes on the other total result	-	-
Other result after tax	49	-239
Total result	1.067	638
Thereof attributable to		
Non-controlling interest	70	82
DEAG Shareholders	997	557

8. SHORTENED CONSOLIDATED CASH FLOW STATEMENT

	Interim Report	Interim Report
	01.01.2014 -31.03.2014	01.01.2013 -31.03.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	1.018	877
Depreciation and amortisation	323	314
Change in accruals	1.465	-1.744
Changes not affecting payments	31	34
Deferred taxes (net)	-	-7
Result from valuation of associated companies	-7	14
Cash flow	2.830	-512
Net interest income	66	72
Change in working capital	13.211	4.478
Net cash from operating activities (total)	16.107	4.038
Net cash from investment activities from continued operations	-383	169
Net cash from financial activities (total)	402	2.428
equivalents	16.126	6.635
Changes in cash and cash equivalents contingent on the scope of consolidation	-	3.288
Effects of exchange rates	61	-173
Cash and cash equivalents at beginning of Period	22.943	28.863 *
Cash and cash equivalents at end of period	39.130	38.613 *

* Previous year without cash and cash equivalents with restrictions on disposal (note 42 Annual Report 2012)

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Balance as at	Changes	Balance as at
	31.12.2012	01.01.2013 -31.03.2013	31.03.2013
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	12.388	0	12.388
Capital reserve	27.337	0	27.337
Accumulated deficit	-13.285	679	-12.606
Accumulated other income / loss	-63	-122	-185
Equity attributable to DEAG shareholders	26.377	557	26.934
Equity attributable to non-controlling interest	5.435	569	6.004
Equity	<u>31.812</u>	<u>1.126</u>	<u>32.938</u>

Consolidated Statement of Changes in Equity

	Balance as at	Changes	Balance as at
	31.12.2013	01.01.2014 -31.03.2014	31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	13.627	0	13.627
Capital reserve	29.826	0	29.826
Accumulated deficit	-17.048	969	-16.079
Accumulated other income / loss	-274	39	-235
Equity attributable to DEAG shareholders	26.131	1.008	27.139
Equity attributable to non-controlling interest	3.973	-101	3.872
Equity	<u>30.104</u>	<u>907</u>	<u>31.011</u>

IMPRINT

Editing and Coordination

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The Group Interim Report and current information on DEAG are available at
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