DEAG entertainment GROUP

ANNUAL REPORT 2015

AN INTEGRATED ENTERTAINMENT CONTENT COMPANY

DEAG Deutsche Entertainment Aktiengesellschaft
Annual Report 2015

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Foreword by the Chief Executive Officer

Dear Shareholders,

The fiscal year 2015 was marked by a strongly varying development.

The sales revenues exceeded the EUR 200 million mark, whilst the full-year earnings were burdened by the investment in the strategically significant Festival business unit. At the same time, it was possible to successfully implement the strategically important course in Live Entertainment and Ticketing.

The outlook is altogether very positive, and in 2016 we will build on the earnings power of the previous years.

On the festival market, we have established our positioning with several events in the German-speaking countries. In this way DEAG has succeeded in entering a market on which it can generate in future a clear six-digit number of tickets per year. The Group’s own ticketing platform myticket.de will likewise benefit in an above-average manner from this development. During the current year the number of festival visitors is likely to increase to more than 160,000.

The past fiscal year was the first full season of our subsidiary myticket set up in November 2014. With this company we digitize our business model, we achieve a strongly growing scalability of our value added through the independent distribution of our contents and sustainably increase the profitability of our company.

The first year of Myticket, in which we have secured with Axel Springer and Pro7/Sat1 strong media partners as co-shareholders, confirmed our expectations. Our own content, our strong marketing presence and an efficient organization have resulted in an important competitive edge in this field.

The positive development of the past months continues and the market share is constantly rising, so that we envisage of course a market extension and will launch Myticket, in addition to Germany and the UK, also in other countries.

The positive impact of the digital distribution strategy increases with the volume of own content. I am, therefore, particularly pleased to stress that our activities in the UK performed on a record level and developed in a particularly positive manner.

Family Entertainment has emerged as a strong additional growth driver. In this segment we have succeeded in entering into many agreements on crowd-pulling events of international stature during the past months. This year’s pipeline is already very well filled with productions such as Disney on Ice, Riverdance, Circus Roncalli, several Christmas Circus productions and Marvel Universe Live!.

Dear Shareholders,

I am convinced that the investments made will pay off and will contribute, together with the good outlook of the company, in the short term towards a return to the dividend policy of the past years. For me and my colleagues on the Executive Board fiscal 2015 and the course properly set for the future are an incentive for the coming challenges.

We thank you for your trust and, more particularly, our employees for their professionalism and their enthusiasm.

Best regards

Professor Peter L.H. Schwenkow

Report of the Supervisory Board

Dear Shareholders,

During fiscal 2015 the Supervisory Board has dealt on a regular basis in detail with the situation and the development of the company. In accordance with the provisions and recommendations of the German Corporate Governance Code, we have continuously supervised the Executive Board in its management of the company and regularly advised it on questions of corporate leadership. We have at all times been able to convince ourselves of the corresponding lawfulness, expediency and correctness of the executive management. The Supervisory Board was involved in due tiime and directly in all decisions with fundamental significance for the company. Furthermore, the operational and strategic development of the Group was discussed with the Executive Board.

The Executive Board informed the Supervisory Board on a regular, timely and comprehensive basis in writing and orally about the business development, the planning and the situation of the company, including the risk situation and risk management. Documents with relevance for the adoption of resolutions were made available by the Executive Board in due time prior to the Supervisory Board meetings. Deviations of the business development from plans and defined objectives were explained in detail and the underlying causes were analyzed.

The members of the Supervisory Board always had a sufficient opportunity to critically deal with the reports and draft resolutions submitted by the Executive Board and to contribute own suggestions. We have, more particularly, intensely discussed and checked the plausibility of all transactions which were relevant for the company on the basis of written and oral reports by the Executive Board. The Supervisory Board dealt repeatedly in detail with the risk situation of the company, liquidity planning and the equity situation. The Supervisory Board approved individual transactions insofar as this was necessary in accordance with the laws, bylaws or the rules of procedure of the Executive Board.

In fiscal 2015 a total of eleven Supervisory Board meetings took place, of which three were physical meetings and eight were conference calls. All members of the Supervisory Board attended more than half of the meetings. The members of the Executive Board participated in the meetings of the Supervisory Board unless otherwise decided by the Chairman of the Supervisory Board. Urgent matters were decided on the basis of resolutions adopted by correspondence. The resolutions were adopted in each case on the basis of detailed drafts and discussions with the Executive Board.

Between the Supervisory Board meetings, the Chairman of the Supervisory Board had a constant personal dialog with the members of the Executive Board. He informed the other two members of the Supervisory Board about the current development of the business situation and the material business transactions following these talks.

Focus of the deliberations of the Supervisory Board

During the meetings of the Supervisory Board on April 16, 2015 and April 30, 2015 the financial statements and the consolidated financial statements for fiscal 2014 were discussed with the independent auditors. In this connection the Supervisory Board dealt intensely with the audit impairment established by the independent auditor for the audit certificates of the consolidated financial statements and the financial statements 2014. After a thorough analysis of the planning of the company and the position of the independent auditor, the Supervisory Board decided to adopt the financial statements and the consolidated financial statements as well as the combined Management Report and Consolidated Management Report since the Supervisory Board believes that the planning by the Executive Board is sufficiently conclusive and comprehensible, so that there is no reason for any objections.

At the Supervisory Board meeting on May 27, 2015, the Executive Board reported on the quarterly financial statements 2015/1 and the current business development. At the Supervisory Board meeting of June 24, 2015 the Executive Board reported about the current business situation and the sales negotiations concerning the Jahrhunderthalle arena and the adjoining development plots. The Supervisory Board instructed the Executive Board to continue the negotiations on sale and reach a conclusion at short notice. With a written resolution by correspondence of August 18, 2015 the Supervisory Board approved the shareholding of Axel Springer SE and Starwatch Entertainment GmbH in mytic myticket AG within the framework of a so-called media-for-equity deal.

The Supervisory Board meeting of August 27, 2015 dealt with the report by the Executive Board on the half-year financial statements as at June 30, 2015. The Supervisory Board approved the resolution by the Executive Board on the (partial) sale of the Jahrhunderthalle Frankfurt a.M. plots of land as well as the adjoining development areas and the conclusion of the legal transactions involved in the sale. At the Supervisory Board meeting on September 15, 2015 the changes resulting within the framework of the notarization on the Jahrhunderthalle transaction were approved by the Supervisory Board. By resolution dated September 30, 2015 the Supervisory Board defined the targets for the participation of women in the Executive Board and Supervisory Board. At the Supervisory Board meeting on October 6, 2015 the business plan for the festivals 2016 was discussed in detail with the Executive Board. The Supervisory Board meeting of October 15, 2015 dealt with the report by the Executive Board on the current business development as well as the status of the festival preparations. Within the framework of the Supervisory Board meeting of November 13, 2015, the business plan for the festivals was approved by the Supervisory Board on the basis of a resolution by the Executive Board.

By resolution of November 6, 2015 the extension of the Executive Board service agreement with Professor Peter L.H. Schwenkow was approved. At the Supervisory Board meeting of November 26, 2015 the Executive Board reported on the quarterly financial statements as at September 30, 2015 and the current status of the festivals. The financial calendar for 2016 was adopted. The focus of the Supervisory Board meeting on December 10, 2015 was, apart from the reports by the Executive Board on the business development and the current status of the festival, the 2015 forecast and the approval of the budget for fiscal 2016. Based on a questionnaire, the efficiency of the activities of the Supervisory Board was audited and the Declaration of Conformity under the German Corporate Governance Code was made.

Composition of the Executive Board and Supervisory Board

Effective April 1, 2016 Mr Ralph Quellmalz was appointed as an additional member of the Executive Board of the Company. Mr Quellmalz is responsible as a new CFO for the finances of the Company and will, moreover, take over, more particularly, Investor Relations. The previous CFO and COO Christian Diekmann will then focus again increasingly on the operating business and push in addition the development of the digital value added as Chief Digital Officer (CDO). Detlef Kornett continues to head all the marketing activities of the company as Chief Marketing Officer (CMO) and is responsible for the foreign business in Switzerland, Austria and Great Britain. The Executive Board agreement of Professor Peter L.H. Schwenkow as CEO was extended by another three years to the end of 2018. The composition of the Supervisory Board has not changed during the reporting period. No committees of the Supervisory Board were set up, since the Supervisory Board includes only three members and all decisions were taken by the body. Conflicts of interest on the Supervisory Board did not occur during the reporting period.

Corporate Governance and Declaration of Conformity

The implementation of the recommendations of the new version of the German Corporate Governance Code of May 5, 2015 was discussed at the Supervisory Board meeting on December 12, 2015. On that day the Executive Board and the Supervisory Board made the declaration in accordance with § 161 AktG (German Stock Corporation Act) on the recommendations of the Code. The joint Declaration of Conformity of the Executive Board and the Supervisory Board is permanently available on the website of DEAG on www.deag.de/ir. In the Corporate Governance Report and in the Notes to the Consolidated Financial Statements you will find further information on the implementation of the recommendations of the German Corporate Governance Code.

Financial Statements and Consolidated Financial Statements

The Annual Meeting of DEAG elected on June 25, 2015 Roever Broenner Susat Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as independent auditor and independent Group auditor for fiscal 2015. The independent auditor audited and certified the financial statements 2015 of DEAG Deutsche Entertainment Aktiengesellschaft, the consolidated financial statements 2015 of the DEAG Group and the combined Management Report and Consolidated Management Report and issued an unqualified audit certificate in each case.

At the meeting of the Supervisory Board on April 7, 2016 the financial statements, the consolidated financial statements as well as the combined Management Report and the Consolidated Management Report of the DEAG Group for fiscal 2015 were intensively discussed with the representatives of the independent auditor. The independent auditor reported about the essential results of his audit. The independent auditor has also assessed the efficacy of the internal controlling system in terms of accounting which did not lead to any objections. At the Supervisory Board meeting on April 15, 2016 the annual financial statements and the consolidated financial statements were discussed in more detail with the independent auditor. The financial statements, the consolidated financial statements and the combined Management Report and the Consolidated Management Report as well as the audit reports by the independent auditor were available to all members of the Supervisory Board for review and adoption. After the review and discussion of the financial statements, the consolidated financial statements and the combined Management Report and the Consolidated Management Report at the Supervisory Board meeting, there were no objections concerning the result of the audit of the financial statements and the consolidated financial statements by the independent auditor.

After its final review the Supervisory Board has adopted the financial statements of DEAG Deutsche Entertainment Aktiengesellschaft prepared by the Executive Board for fiscal 2015, which is hence established in accordance with §172 AktG. Furthermore, the Supervisory Board has adopted the consolidated financial statements and the combined management report and consolidated management report of the DEAG Group prepared by the Executive Board for fiscal 2015 and has no objections.

The Supervisory Board thanks the Executive Board, the managing directors as well as all employees of the DEAG Group for the work performed in 2015.

Berlin, April 15, 2016

For the Supervisory Board

Wolf-D. Gramatke
Chairman of the Supervisory Board

DEAG on the Capital Market

The German benchmark index DAX, which includes Germany's 30 largest companies, was again marked by high volatility in 2015. Against the backdrop of the loose monetary policy of the ECB, the DAX was rising strongly at the beginning of the year and reached its annual high in April with 12,374 points. However, the stock exchange barometer had to give up the high gains during the following months. The debt crisis in Greece and also news about the slowdown of the Chinese economic growth were constantly weighing on the German stock markets. During the third quarter the DAX reached its annual low of 9,427 points. Nonetheless the benchmark index recorded at the end of the year on balance a plus of little less than 10%. The small cap index SDAX developed better than the DAX in 2015 and reported a significant gain of 26.61% to 9,099 points at the end of the year.

The DEAG share had recorded marked price gains of 40.6% in 2013 and 63.7% in 2014. After a price of EUR 7.02 at the end of 2014, it first rose in early 2015 and had its annual high of EUR 8.08 on February 26. During the further period the share fell slightly but at the end of the second quarter it was again climbing to EUR 6.99. But then the DEAG share had a significant weakness and reached its annual low on November 23 with EUR 3.655. At the end of 2015 the share was slightly recovering and closed at EUR 4.00 at the end of the year. Altogether the DEAG share hence fell in 2015 by 43%.

On average a daily 24,523 shares of DEAG were traded at the German stock exchanges in 2015; this was a significantly higher number than in 2014 (21,533 shares). In 2015 the percentage of shares traded on XETRA continued to increase from 85.1% during the previous year to 87.6%. During the reporting period Dero Bank AG (previously VEM Aktienbank AG) continued to act as a designated sponsor. The bank quotes binding offer/bid prices with a narrow price spread of the DEAG share.

The Ordinary General Meeting of DEAG took place in Berlin on June 25, 2015. Following the expansion of the business activities in the distribution and marketing of tickets (ticketing) an amendment to the bylaws was necessary to adapt the object of the company, which was approved by the shareholders with a broad consent. All other resolutions were likewise adopted with a large majority by the represented shareholders.

During the past reporting period the group of shareholders of DEAG was further internationalized. The Dutch investment company Monolith announced on July 31, 2015 that it had increased its shares to 10.02%. Monolith engages in an investment strategy with normally a long-term orientation. The Chicago-based US Kabouter Fund II announced that its shares in DEAG rose to 3.03% on October 9, 2015.

During fiscal 2015 the DEAG share was continuously analyzed and monitored by two renowned banks, DZ Bank AG and Hauck & Aufhäuser. In an update on February 22, 2016 DZ Bank recommends the DEAG shares again for buying. Analyst Harald Heider refers to a fair value of the share of EUR 4.90.

The transparent and ongoing communication with investors, analysts, journalists and private investors is very important for DEAG Deutsche Entertainment AG. For this reason, the Executive Board of the Company continued to cultivate and intensify close contacts during the past year. During numerous one-on-ones and roadshows, the company and its business model were presented and made known in detail. DEAG presented the Company, for instance, at the renowned Equity Forum of Deutsche Börse AG in November 2015 and had numerous one-on-ones with investors, analysts and financial journalists.

In the detailed Investors Relations section of the homepage, investors and interested parties can get detailed information about the most recent developments of the company. Both through ad-hoc disclosures and corporate news DEAG informs promptly and regularly about the business developments.

Detailed information is provided under www.deag.de/ir. Contact persons, e.g. for interested private investors, can be contacted by email to deag@edicto.de or by phone (+49 69 90 550 55 2).

Combined Management Report and Group Management Report for fiscal 2015

Background of the Company and the Group

The DEAG Group is an integrated entertainment content group, which focuses on the development of high-margin business units. Approximately 80% of its sales revenues are currently generated with the production and staging of tours and concerts in D/A/CH (Germany/Austria/Switzerland) as well as in the United Kingdom. The business portfolio includes several different genres – such as Rock/Pop national and international, classical music, middle-of-the-road music and German hit songs as well as shows and family entertainment productions.

In the live business DEAG operates as a tour promoter and local promoter. In this connection the Company sells around 5 million tickets per year. These tickets have a high and constantly growing incremental earnings potential for DEAG, in particular if they are distributed through the Group's own ticketing platforms www.myticket.de and www.myticket.co.uk. For this purpose, DEAG launched an own ticket distribution with mytic myticket AG in 2015.

Within the framework of its 360° approach, DEAG covers the entire value chain in the field of live entertainment: from concerts through rights utilization, sponsorships and merchandising to ticketing. Social media and the digital customer communication, which DEAG is constantly upgrading within the framework of its digital strategy, are gaining in importance.

Numerous co-operations and activities such as also the management of a venue, Jahrhunderthalle in Frankfurt am Main, round off the DEAG portfolio.

A well-structured network with strong partners such as Sony Music Entertainment, Axel Springer SE, ProSiebenSat.1 Media SE/Starwatch Entertainment, Ticketmaster and others secure an excellent positioning of DEAG on the market as an internationally operating live entertainment group.

The Combined Management Report and Group Management Report is in conformity with the German accounting standard DRS 20.

1. Business development

1.1. The Live Entertainment market

The German Association of the Event Industry (bdv) and the Society for Consumption Research (GfK) published their last study on the German event market for 2013, so that current industry numbers are not available and cannot be used as a basis for the reporting period.

"Live Entertainment" is a very emotional product which is marked, according to experience, by an above-average high uncoupling from general economic developments. The demand for Live Entertainment continues to be unbroken. The visit to a live concert represents a highly individual experience, which cannot be replaced. Moreover, the added value of artists has fundamentally changed over the past years. At the change of the millennium artists still generated most of their proceeds from the sale of sound recording media. Today this picture has fundamentally changed since the main income originates from concert perfomances. The trend, which had already been identified last year in a study by bdv together with the industry magazine "Musikmarkt", has not been broken: music events are together with the book market the segment of the entertainment industry which boasts the highest sales revenues.

The ongoing digitization of value chains has also marked the Ticketing and Live Entertainment industry during the past years. The growing volumes of information and data represent on the one hand a challenge and on the other hand a significant potential for the further development of the DEAG Group.

Regardless of the altogether good market development and perspective, a differentiated product offering at market-based prices, targeted communication with the end customers as well as optimum distribution routes are essential success drivers.

The product portfolio of the DEAG Group has a broad basis. With a focus on four countries, events and concerts are produced for almost all genres for audiences of almost every age group. The resulting risk diversification is to prevent specific negative effects.

1.2. The DEAG Group

In fiscal 2015 DEAG rose to a major challenge with the first-time organization of rock festivals in the countries Germany/Austria/Switzerland. It staged successful premieres with a view to the satisfaction and recognition amongst artists, agents, the media as well as the audiences. The entry into the festival market caused considerable start-up investments which have had a burdening impact on the business development in both the segment Live Touring and the segment Entertainment Services.

Nonetheless the business units within the segment “Live Touring” report a significant rise in sales revenues by approximately 17% for 2015. This is, more particularly, attributable to the organization of various open air events. For the business unit Rock/Pop three sold-out shows by Ed Sheeran at the London Wembley Stadium as well as the staging of four concerts by Böhse Onkelz at Hockenheim Ring are typical examples.

The activities in Great Britain had a very positive and pleasant development. Both the sub-group Kilimanjaro and Raymond Gubbay – with its main strengths in the classical music area – were able to report record results. This is due on the one hand to the organization and implementation of various events, such as the Christmas shows in the Royal Albert Hall, Christmas at Kew Gardens, but also the opera production Madame Butterfly; on the other hand these group companies benefit from successfully exploited synergies.

A highlight in the field of Family Entertainment was without any doubt the very successful German premiere of the show by “Disney on Ice” in three cities; both the press and approximately 90,000 visitors were full of enthusiasm. The positive business development was supported in this business unit by the series of shows of Riverdance, the Night of the Jumps and the ongoing tour by Circus Roncalli.

The Middle-of-the-road/German Hit Song unit was marked, amongst other things, by a sold out tour by Andreas Gabalier and various concerts promoted by Manfred Hertlein Veranstaltungs GmbH.

The business units in the “Entertainment Services” segment had a very heterogeneous development, as already during the past year. On the one hand, the local business benefitted in terms of sales revenues and result again from the staging of Group-driven tours, such as the shows by Five Fingers Death Punch, Andreas Gabalier and Kiss, but also increasingly from non-Group tours such as AC/DC or Sunrise Avenue.

The Swiss market remained in terms of result behind the expectations at the beginning of the fiscal year. This is due to the fact that the measures decided and launched in 2014 to adjust the administrative structures were only implemented at the end of the reporting period. Moreover, the business development of this Group company was, amongst other things, impaired by start-up investments in the festival field and the unexpected cancellation of the Foo Fighters show in the summer of 2015. For 2016 the perspective is now clearly positive as a result of the significantly more cost-effective set-up in conjunction with a very good product pipeline.

The increasing significance of ticket distribution through the Group’s own ticketing platforms www.myticket.de and www.myticket.co.uk for DEAG became clear in fiscal 2015. With Axel Springer SE and Starwatch Entertainment GmbH, which is part of the ProSiebenSat.1 Group, DEAG entered into an agreement about their shareholding in mytic myticket AG. The two partners took over a stake of 20% each in the Company and contribute significantly, from the making available of the media volume involved to a visibly positive increase in tickets sold through the new platform www.myticket.de in Germany.

2. Income, assets and financial position

2.1. Income position of the Group

During the past fiscal year the DEAG Group generated sales revenues in the amount of EUR 200.4 million versus EUR 172.2 million during the previous year.

The increase is particularly clear in the field of Rock/Pop. The sales drivers were the festival and open air events. These include apart from the Rock festivals in Germany and Austria, amongst others, also the Sonisphere Festival staged in Switzerland, the Ed Sheeran concerts in the London Wembley Stadium and the Böhse Onkelz shows at the Hockenheimring. Gross profits on sales in the amount of EUR 14.1 million were achieved (prior year: EUR 37.0 million); this corresponds to a gross margin in the amount of 7% (prior year: 21%).

The decline in the gross result is essentially attributable to the lower income in connection with the Rock festivals staged for the first time in 2015 and the Sonisphere Festival. Altogether these projects had a burdening impact on the income statement in the amount of around EUR 23.2 million.

In connection with the planned Rock festival at the Nürburgring, DEAG has asserted claims against the former contractual partner and an insurance company in a total amount of more than EUR 10 million, which were not recognized in 2015. The assessment by the lawyers instructed with the assertion of the claims in view of a successful realization of these receivables continues to be very good.

In order to significantly contain further loss risks in connection with the staging of the Rock festivals for the reporting year 2016, a risk provision in the amount of EUR 4.0 million was created on the one hand through valuation allowances for assets and on the other hand through provisions in the current Group financial statements. This does not cover the Sonisphere Festival with the headliners Rammstein and Iron Maiden in Switzerland. Their advance ticket sales have already significantly exceeded the break-even volume.

Selling expenses amounted to EUR 24.5 million and increased in a disproportionately low manner compared to sales revenues; they are EUR 3.3 million higher than during the previous year. This includes non-capitalizable up-front costs for distribution and marketing.

The administrative expenses have slightly increased versus prior year and amount to EUR 15.7 million. Higher legal advice costs in connection with the assertion of recourse claims and the implementation of corporate transactions caused the rise.

The other operating income amounted to EUR 15.3 million versus EUR 5.3 million during the previous year. It concerns primarily the result from changes in respect of the disposal of the business unit Jahrhunderthalle arena, income from consulting and services, earnings from lettings and leasing, earnings from the reversal of accruals and other earnings.

The result from the disposal of the Jahrhunderthalle business unit (EUR 12.2 million) results from the majority divestiture (51%) of the shares in Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M., which operates the Jahrhunderthalle arena as well as the Jahrhunderthalle real property with the 71,072 sqm plot of land to a holding company newly set up for this purpose, in which DEAG holds 49% of the shares on the balance sheet date. In the consolidated financial statements as of December 31, 2015 the companies are reported as at equity investment and/or assets held for sale. The deconsolidation gain achieved in this connection was reported after full recording of the disposal of the assets and liabilities relating to the corresponding business unit and including a goodwill of EUR 12.2 million during the reporting year. After the balance sheet date, the holding company was transferred completely to the buyer following the exercise of a call option. The agreed purchase price has by now been fully paid after a partial amount had already been paid in 2015.

The Jahrhunderthalle transaction is completed by the setting up of a 50-50 joint venture together with a real property investor based in Frankfurt a.M.. DEAG has sold the partial plots of land around the Frankfurt Jahrhunderthalle arena to be sold or built on, reported in the item “Real estate held as financial investment” subject to a condition precedent to the joint venture.

After the issuing of a building permit, the transfer of ownership is to be completed and the whole area and/or parts thereof is to be fully developed and marketed through the joint venture under the co-ordination of the real property investor. In the event of a positive and successful development of the plots of land, an incremental profit will be generated, which exceeds the book value.

The other operating expenses in the amount of EUR 7.0 million (prior year: EUR 1.5 million) include, amongst other things, services, valuation allowances/risk provisioning as well as other taxes. The valuation adjustments concern in an amount of EUR 5.4 million the share of a contracting partner concerning the planned Rock festival at the Nürburgring in 2015.

The depreciations and amortizations of tangible and intangible assets of EUR 1.7 million include scheduled amortizations (prior year: EUR 3.2 million). They concern in an amount of EUR 1.2 million the cost of sales and in an amount of EUR 0.5 million the administrative expenses. During the previous year non-recurrent amortizations of orders on hand, which were disclosed in connection with the first-time consolidations (EUR 1.9 million), were included.

The EBIT is reported at EUR -17.8 million (prior year: EUR 5.3 million). The EBIT is burdened by the lower result of the Rock festivals in Germany, Austria as well as in Switzerland and the risk provisioning made in this context for the reporting year. In the same way the deconsolidation gain from the majority disposal of the business unit Jahrhunderthalle is included (cf. Section 2.1.).

The financial income amounts to EUR -0.9 million (prior year: EUR -1.7 million). It is essentially attributable to the interest result. The prior year result concerns in an amount of EUR 1.3 million the proportionate result from the joint venture with the Nürburgring for the festival "Green Hell Rock".

Income taxes amount to EUR 0.2 million (prior year: kEUR 39).

The earnings after taxes from discontinued operations include essentially the result from the business unit music publishing house/label discontinued on the balance sheet date and any subsequent expenses in connection with the assertion of damage claims ("Qivive" case). They amount to EUR -1.6 million after EUR -1.3 million during the previous year.

The Group result after shares of other shareholders amounts to EUR -21.4 million. This corresponds to earnings per share of EUR -1.21 from the continuing operations.

2.2. Assets position of the Group

The balance sheet total decreased versus prior year by EUR 33.3 million or 22.8% to EUR 112.7 million (prior year: EUR 146.0 million).

Current assets dropped by EUR 30.5 million to EUR 67.3 million. The decline was essentially attributable to the liquid funds reduced by EUR 28.3 million versus prior year. The development was caused not only by the outflow of funds for the financing of the annual result of EUR 27.3 million versus prior year but also the reduced advance payment balance (prior year: EUR 41.0 million). Compared to December 31, 2013 – when the balance amounted to EUR 15.1 million – it has increased by 80.8%. The comparatively high fluctuations result from delineations due to the cut-off date and the timing of the start of advance ticket sales for tours and shows to be staged after the cut-off dates.

The item assets held for sale includes the 49% share in the Jahrhunderthalle in Frankfurt a.M. with 71,072 sqm from the business unit Jahrhunderthalle sold in March 2016.

The non-current assets decreased by EUR 2.8 million to a total of EUR 45.4 million. This was due to the decrease of the assets reported as disposal following the Jahrhunderthalle transaction. They concern the balance sheet item property, plant and equipment as well as real property held as financial investment in the amount of EUR 1.8 million and EUR 0.4 million, respectively.

Liabilities to banks concern operating credit lines, project financing as well as acquisition financing. The latter are related to the purchase price financing for acquisitions of stakes in companies. Altogether liabilities to banks increased by EUR 3.9 million. All redemption and interest payments which became due during the reporting period were made in time or before maturity.

Current liabilities decreased in line with the assets by EUR 14.0 million to EUR 82.3 million. This was due to lower deferred sales versus prior year.

Equity amounts to EUR 24.4 million (prior year: EUR 44.3 million); this corresponds to an equity ratio of 22% (prior year: 30%). The variations in respect of equity concern the current Group result and dividend payments to other shareholders.

2.3. Business development by segment

Business Development by Segment

DEAG reports in an unchanged segment structure. The latter reflects the strategic orientation of the Group in an appropriate and transparent manner:

In the segment Live Touring (“traveling business”) the touring business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungs GmbH (Würzburg), Wizard Promotions Konzertagentur (Frankfurt a.M.), Grünland Family Entertainment (Berlin), Raymond Gubbay Ltd. (London, United Kingdom), the sub-group Kilimanjaro (London, United Kingdom) as well as The Classical Company (Zurich, Switzerland).

The segment Entertainment Services (“stationary business”) covers the regional as well as the entire service business and includes activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt am Main), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion e. GmbH (Unna), Blue Moon Entertainment GmbH (Vienna, Austria), mytic myticket (Berlin) as well as mytic myticket.

Explanation on the business development of the segments:

Sales EUR million	2015	2014	Variation vs. prior year
Live Touring	131.0	117.7	13.3
Entertainment Services	97.1	74.9	22.2

Segmentperformance:

Operating result (EBIT) in EUR million	2015	2014	Variation vs. prior year
Live Touring	-6.3	6.3	-12.6
Entertainment Services	-2.6	3.4	-6.0

Live Touring

Sales revenues: The sales revenues in the Live Touring segment of EUR 131.0 were significantly above the prior year level. The growth in turnover by around 11% involves essentially Rock/Pop and Middle-of-the-Road Music/German Hit Songs. Other drivers of the sales revenues were, more particularly, open air shows and tours e.g. with Ed Sheeran at the London Wembley Stadium and Andreas Gabalier.

Segment performance: The EBIT amounts to EUR -6.3 million. This includes negative results for the festival Rock im Revier in the “Auf Schalke” arena (not taking into account the recourse claims) in 2015 and in 2016. The latter concern a risk provisioning made during the reporting year.

The activities in Great Britain recorded a particularly pleasant and positive development. Both the sub-group Kilimanjaro and Raymond Gubbay – mainly strong in the classical music area – were able to report record results. They are attributable on the one hand to the successful marketing of own shows and artists and on the other hand these Group companies benefitted from successfully exploited synergies.

The shows by Andreas Gabalier, Musikantenstadl and the classical music tour by David Garrett contributed in Germany to a positive development of the results in the business unit Middle-of-the-Road Music/German Hit Songs and Classical Music.

The business unit Family Entertainment was driven in 2015 by the first-time execution of the “Disney on Ice” series of events and completed by shows such as “Night of the Jumps” and the Roncalli Tour “Salto Vitale”.

Entertainment Services

Sales revenues: Sales revenues increased significantly versus prior year by EUR 22.2 million to EUR 97.1 million. This development was essentially attributable to the festival activities Rockavaria (Munich), Rock in Vienna (Vienna, Austria) and Sonisphere (Biel, Switzerland) as well as the open air shows of Böhse Onkelz at the Hockenheimring.

Segment performance: The EBIT amounts to EUR -2.6 million after EUR 3.4 million during the previous year. Whilst the festival activities burden the result in 2015 and the newly reported risk provisioning burden it in 2016, a positive impact has been noted from the successful proportionate sale of the stake in Jahrhunderthalle Kultur with the real property.

The local promoters benefitted during the reporting year essentially from the Group’s own tour business. With events such as the classical music highlight on the Munich Königsplatz square “Summit Meeting of Stars” with, amongst others, Anna Netrebko and Jonas Kaufmann, they had a positive development in 2015.

2.4. Financial position of the Group

in EUR million	2015	2014
Net cash outflow/inflow from operating activities (total)	-37,9	28,1
Net cash intlow/outflow from investing activities (total)	5,8	-2,4
Net cash inflow from financing activities (total)	4,1	5,7
Changes in cash and cash equivalents	**-28,0**	**31,5**
Effect of exchange rate changes	-0,2	-0,3
Cash and cash equivalents as at 01.01.	**54,1**	**22,9**
Cash and cash equivalents as at 31.12.	**25,9**	**54,1**

The outflow from current business activities (total) amounts after an inflow during the previous year (EUR 28.1 million) to EUR 37.9 million. The changed financial position results essentially from the result for the year and the lower advance payment balance of EUR 27.3 million versus prior year (prior year: EUR 41.0 million). The outflows from investments (total) resulted from the purchase price payment in connection with the Jahrhunderthalle transaction reduced by the cash and cash equivalents of the business unit Jahrhunderthalle. The inflow from financing activities concerns the balance from the raising and redemption of financial debts as well as dividend payments to other shareholders. Overall, cash and cash equivalents decreased – including exchange rate effects – during the reporting period by EUR 28.2 million.

2.5. Income and assets position of DEAG (Holding)

The following statements on DEAG comply with the provisions of the German Commercial Code (HGB)

Income position

During the past fiscal year DEAG recorded a net loss for the year in the amount of EUR 8.5 million (prior year: net income of EUR 2.3 million). The income position of the Company was essentially impacted by the Rock festivals in Germany and Austria whose negative results due to project losses in 2015 (EUR 15.6 million) and loss anticipations for 2016 (EUR 3.4 million) led to higher loss transfers and valuation allowances as well as the earnings in connection with the disposal of the Jahrhunderthalle arena (EUR 13.5 million).

The earnings resulted mainly from service income, commission and licensing fees. Expenses were arising in particular for material costs. The interest result decreased to EUR -0.3 million. The earnings from investments and profit and loss transfer agreements amounted to EUR 4.2 million after EUR 5.6 million during the previous year.

Assets position

The balance sheet total increased from EUR 47.9 million to EUR 51.5 million. The equity of DEAG amounted to EUR 27.1 million (prior year: EUR 35.6 million); this corresponds to a decrease in the equity ratio of 21 percentage points to 53%. The variation in respect of equity concerns exclusively the annual result.

The financial assets increased to EUR 14.9 million. This was attributable to the transfer of receivables to the capital reserve of a subsidiary in the amount of EUR 4.2 million. Receivables from affiliated companies which were subject to a specific valuation allowance of EUR 9.3 million during the reporting period, remain almost unchanged versus prior year with EUR 34.5 million.

The liquid funds amount to EUR 0.1 million after EUR 0.5 million during the previous year. Altogether DEAG can, moreover, rely on financing lines of EUR 28 million, EUR 10.1 million of which were used on the reporting date.

The liabilities to banks increased hence by EUR 2.6 million and concern operating credit lines as well as acquisition financing. The latter is related to the purchase price financing for the acquisition of shares in companies.

The liabilities to affiliated companies amount to EUR 7.4 million after EUR 2.7 million during the previous year and concern, apart from current offset balances an intercompany loan of EUR 4.0 million.

Other liabilities increased versus prior year by EUR 4.6 million to EUR 5.5 million and include a loan (EUR 2.1 million) as well as an advance payment of a contracting partner (EUR 2.9 million).

2.6. Personnel development

The headcount within the DEAG Group amounted on an annual average to 200 versus 179 during the previous year. The change versus prior year results essentially from the first-time full year inclusion of the activities of the sub-group Kilimanjaro into the Group as well as the change in employee deployment versus prior year in a subsidiary in connection with the staging of tours. DEAG employed on an annual average 30 people (prior year: 27).

2.7. General assessment

The expectations for fiscal 2015 were not met in some business units. The expectations for the new festival unit were significantly undercut. This resulted altogether in the increase in the Group's EBIT which had been striven for being missed. At the same time sales revenues and the associated ticket volume were significantly increased.

The Group unit open air and festival which is in a ramping-up phase caused considerable start-up investments in 2015. In this connection it needs to be taken into account that claims from proceedings and settlements have so far not been included. In connection with the planned Rock festival at the Nürburgring of last year DEAG asserts total claims of more than EUR 10 million.

The Executive Board of DEAG considers the economic situation of DEAG and the Group at the time of the preparation of the Combined Management Report and Group Management Report as altogether positive. This includes the activities of the distribution business with good perspectives.

The Executive Board and the Supervisory Board have decided in favor of a continuation and further consolidation of this business unit in 2016. For all Rock festivals in May and June 2016 well-known and attractive artists have been gained as headliners. The advance ticket sales have had a correspondingly positive development. The visibility concerning costs and earnings of the festivals has been significantly increased for the second year of their staging.

As for the rest, reference is made to the statements in section 4.1. and the forecast report in section 6.

2.8. Compensation Report in accordance with § 289 para 2 No. 5 HGB and § 315 para 2 No. 4 HGB (German Commercial Code)

The Supervisory Board fixes the compensation of the Executive Board. The members of the Executive Board receive variable compensation (dDirector’s fees).

The director’s fees for the Executive Board are assessed in each case on the basis of individually agreed contractual regulations based on the results achieved (EBITDA, EBIT) by the Group. Moreover, the Supervisory Board may decide on additional compensation, in which case the total compensation reached by each member of the Executive Board is contractually capped. Moreover, compensation in kind is paid for instance through the provision of a company car and contributions to sickness and care insurance.

The overall compensation of the Executive Board totaled EUR 1.6 million (prior year: EUR 1.8 million) in 2015; benefits in the amount of EUR 1.4 million (prior year: EUR 2.4 million) were paid during the reporting period. These include compensations for activities in the subsidiaries included in the consolidated financial statements (kEUR 158, prior year: kEUR 152) and an associated company (kEUR 20, prior year: kEUR 0); during the reporting year kEUR 138 (prior year: kEUR 136) were accounted for by the CEO. As far as the benefits paid are concerned, they include variable compensation components of kEUR 30 which were included during the previous year in other provisions and were paid for past fiscal years.

The compensation of the Supervisory Board is governed by the provisions of the by-laws. The corresponding provisions were revised by the General Meeting on June 14, 2007 by an amendment to the by-laws. The compensation of the Supervisory Board includes a fixed (EUR 9,500) and a variable amount. The variable amount depends on the consolidated EBIT; it amounts to EUR 1,000 per full amount of EUR 1 million of the consolidated EBIT exceeding 15% of the nominal capital, capped at EUR 9,500 per year. The chairman of the Supervisory Board is paid the triple amount of the compensation and his deputies the double amount. Furthermore, all expenses of the members of the Supervisory Board are refunded, and they are reimbursed any VAT which may be payable on their compensation and expenses.

2.9. Explanatory Report of the Executive Board in accordance with § 289 para 4 HGB and § 315 para 4 HGB (German Commercial Code)

The subscribed capital amounted to EUR 16,353,334.00 as at December 31, 2015. It consists exclusively of no-par value bearer shares with an arithmetical share in the share capital of EUR 1.00 per share. There are no different share categories or shares with special rights that grant control rights. Nor are there any restrictions under the by-laws which would affect the voting rights or the transfer of shares. The Executive Board is not aware of any agreements to that effect between shareholders.

The service contracts for the members of the Executive Board include each a possibility for the benefit of the members of the Executive Board to give notice in the event of a change in owner. Concerning the compensation agreements of the company with members of the Executive Board or employees, we refer to the information published in the Notes to the consolidated financial statements.

Allianz Global Investors and Stichting Administratiekantoor Monolith control indirectly and directly more than 10% each; Plutus Holdings 2 Limited controls directly more than 10% of the shares of the company. Any employees who have a shareholding in the capital exercise their voting rights directly.

The Executive Board is appointed by the Supervisory Board in accordance with § 84 AktG (German Stock Corporation Act). The number of Executive Board members is determined by the Supervisory Board which also determines the term of the Executive Board mandates. The Supervisory Board is entitled to decide on amendments to the by-laws which only relate to their version. As for the rest, the Executive Board is entitled to issue, with the consent of the Supervisory Board, new shares once or several times from the authorized capital decided by the General Meeting and the conditional capital decided by the General Meeting and hence to increase the share capital of the company.

Contingent Capital

The share capital of the company was conditionally increased by resolution of the General Meeting on June 26, 2014 by an amount of EUR 6,800,000.00 (Conditional Capital 2014/I).

A contingent capital increase may only be carried out to the extent that the holders of option and conversion rights which are added by virtue of the empowerment of the Executive Board of June 26, 2014 to the convertible bonds and / or bonds with warrants issued by the company until June 25, 2019, exercise their conversion or option right or holders that are obliged to convert the convertible bonds to be issued by the company by virtue of the resolution of empowerment of the General meeting of June 26, 2014 until June 25, 2019 meet their obligation to convert. The new shares participate in the profit from the beginning of the fiscal year during which they originate from the exercise of conversion and option rights or from the fulfillment of the obligation to convert. The Executive Board is empowered to define, subject to the approval of the Supervisory Board, the further details of the implementation of the contingent capital increase.

The resolution about the contingent capital (2014/I) was entered in the Commercial Register on September 9, 2014.

Authorized Capital

The Ordinary General Meeting has created new authorized capital on June 26, 2014 by rescinding the unused authorized capital (authorized capital 2011/I). The Executive Board was empowered to increase the share capital with the consent of the Supervisory Board by June 25, 2019 by a total of EUR 8,176,667.00 (authorized capital 2014/I).

The resolution about the authorized capital 2014/I was entered in the commercial register on September 9, 2014.

Purchase of treasury shares (§ 71 para 1 no. 8 AktG – German Stock Corporation Act)

By resolution of the General Meeting of June 25, 2015 DEAG is, moreover, empowered in accordance with § 71 para 1 No. 8 AktG (German Stock Corporation Act) to acquire treasury shares, with the consent of the Supervisory Board, in an amount of up to 10% of the share capital at the time of the adoption of the resolution until June 24, 2020. The corresponding decision has to be taken by the Executive Board. An acquisition of this kind may only be carried out through the stock exchange or by means of a public offering addressed to all shareholders. This empowerment has not been exercised so far. On December 31, 2015 the company held 615 treasury shares.

2.10. Declaration on corporate governance in accordance with § 289 a para 2 HGB (German Commercial Code)

2.10.1. Executive Management by the Executive Board

The Executive Board of DEAG manages the company under its own responsibility and represents DEAG in transactions with third parties. The Executive Board is strictly separated from the Supervisory Board in terms of its members. No member of the Executive Board may at the same time serve as a member of the Supervisory Board. The Executive Board defines the corporate goals and the strategic orientation of the DEAG Group. It steers and supervises the business units of the DEAG Group by planning and defining of the corporate budgets, the allocation of financial resources and management capacities, the support and decision in respect of essential individual measures and the control of operating management. Its actions and decisions are governed by the company's interest. It is committed to the goal of a sustainable increase in the enterprise value.

The Executive Board takes its decisions on the basis of the applicable laws, the by-laws of DEAG and the rules of procedure of the Executive Board, basically with a simple majority. In the event of a tie, the CEO has the casting vote. The CEO does not have a right to veto resolutions by the Executive Board. As for the rest, every member of the Executive Board is authorized individually to take decisions in respect of the functions attributed to him.

The Executive Board regularly reports to the Supervisory Board in a prompt and comprehensive manner about all the relevant questions concerning the company in terms of planning, business development, risk position and risk management, and co-ordinates the strategic orientation of the company with the Supervisory Board. For certain transactions defined in the by-laws and the rules of procedure of DEAG, the Executive Board must obtain the approval of the Supervisory Board before they are conducted.

On May 1, 2015 the "German Act concerning the equal participation of women and men in management positions in the private industry and in the public sector" became effective. By September 30, 2015 all listed companies had to fix target numbers for the women quota on the Supervisory Board, the Executive Board and the two management levels below the Executive Board. The Supervisory Board decided that the target for the participation of women in the Supervisory Board should be 30%. This target has already been implemented in the current Supervisory Board. In the Executive Board the women quota is 0%. Since no increase in the quota is foreseeable by June 30, 2017, the target for the participation of women in the Executive Board is 0%. Below the Executive Board there are no other management levels at DEAG. A target for the appointments could, therefore, not be fixed due to the missing management levels.

2.10.2. Report of the Supervisory Board

The report of the Supervisory Board is published together with this Management Report.

2.10.3. Declaration of conformity in accordance with § 161 AktG (German Stock Corporation Act)

The Executive Board and the Supervisory Board of DEAG have made the declaration of conformity in respect of the recommendations of the Government Commission German Corporate Governance Code on December 10, 2015 and have made the declaration permanently available to shareholders. The full text of the declaration is published on the company's website (www.deag.de/ir).

3. Supplementary Report

On March 7, 2016 DEAG sold the remaining stake of 49% in JHH GmbH & Co. KG with the real property of the Jahrhunderthalle arena. The purchase price of EUR 6.9 million has already been paid.

The Supervisory Board of DEAG has extended the Executive Board of DEAG and restructured the duties and responsibilities. Ralph Quellmalz was appointed as CFO effective April 1, 2016.

Christian Diekmann – so far in charge of finance – will in future not only act as COO (Chief Operating Officer) as in the past but also as CDO (Chief Digital Officer) and will in particular push the further development of the digital value added which is constantly gaining in significance, amongst other things, through the ticketing platform www.myticket.de. Moreover, Christian Diekmann will also increasingly address the new business.

From the Executive Board's point of view, no material events took place between January 1, 2016 and the date of publication of this Management Report.

4. Report on opportunities and risks

In accordance with § 91.2 AktG, the Executive Board is obliged to take appropriate measures and introduce a monitoring system in order to discover at an early stage any developments that may jeopardize the continued existence of the company and the Group. Risks are an inherent part of entrepreneurial actions. This requires recognizing, evaluating and reporting strategic and operative risks.

At the same time DEAG and the DEAG Group are permanently exposed to a number of common market and business risks as well as further specific risks connected to the sector, since it is a very volatile business.

DEAG and the DEAG Group have set up a monitoring system for an early detection of any developments that could jeopardize the continued existence of the company and the Group. The monitoring of business activities with a view to the early detection of any potential jeopardizing risks is mainly done by the Executive Board and Corporate Controlling at the HQ. The risk management system focuses on liquidity planning, project calculations and supervision of the advance booking numbers of all operational subsidiaries as well as the ongoing forecast of the income position of the individual companies and the Group. The Group is controlled on the basis of financial (sales revenues and EBIT) and non-financial (ticket sales) performance indicators. The identified risks are checked during the year on a regular basis with the business unit heads with the objective of remedying existing risks or minimizing them. Within the framework of this process, the opportunities and risks are identified, quantified together with the Executive Board and the executive management bodies of the subsidiaries, and control measures are defined which are regularly reviewed and adjusted, if necessary.

For the individual business units, forecasts and plan/actual comparisons are conducted on a regular basis. On a business unit level, pre and post-calculations are prepared for projects. The break-even capacity utilization is the most important controlling factor whose achievement is monitored through a regular scan of the advance booking numbers. Liquidity planning is regularly prepared for all material business units of the Group. Following the transfer of accounting to the holding company and / or through a standardized exchange of information with subsidiaries, the Executive Board is regularly informed about the income, assets and financial position.

The Group risk management is the responsibility of the Central Finance function of DEAG. It makes available the tools and processes as well as the know-how which are necessary for risk management purposes.

The preparation of the separate financial statements – including those of the holding company – based on the respective national law, is the responsibility of the executive management bodies. The accountants of the individual companies – including those of the holding company – are supervised and supported in technical terms by the Head of Finance and Accounting and the CFO at the HQ. Third-party experts are called in on special issues. Their expert reports are checked by the HQ and the results are then applied on the level of the accounting departments of the individual companies concerned.

The preparation of the consolidated financial statements in accordance with IFRS is carried out by the Accounting Department of the parent company, which also defines the essential processes and deadlines. For co-ordination within the Group and other closing activities, binding instructions have been issued.

For the purpose of representing the accounting transactions in the separate financial statements and in the preparation of the consolidated financial statements, standard software is used with the respective access authorizations for the persons involved being clearly regulated.

A segregation of duties and the four-eye principle are consistently applied to all processes in accounting. Wherever there could be control gaps because of the small size of a unit, these functions are exercised by skilled staff from other units.

As a result of the internal control system in financial reporting, these principles are continuously supervised. The material risks of the DEAG Group in terms of a reliable control environment and proper financial reporting are centrally recorded in a risk catalog. The latter is reviewed and updated on an annual basis by the Head of Finance and Accounting and the CFO.

In accordance with the provisions of the German Commercial Code, we are obliged to point out the risks and opportunities involved in the future development. This combined Management Report and Group Management Report as well as further information on the fiscal year include forward looking statements and estimates which involve risks which might entail variations of the actual results from our expectations.

4.1. Market / Competition

The DEAG Group operates in a market characterized by stiff competition. We endeavor to identify changes on the market at an early stage and to respond to them. Nonetheless, the market environment can change in a surprising manner which could involve risks for the business operations of the Group. This applies, for instance, to changes in the leisure and consumption behavior which could have an adverse influence on ticket sales in Live Entertainment. The business operations of the DEAG Group currently depend to a large extent on ticket sales.

Moreover, the framework conditions for the availability of artists who correspond to the taste of the audiences might change and new, strong suppliers could enter the market and hence compete with the DEAG Group.

Furthermore, business success, more particularly, in the Rock/Pop business line, depends on the extent to which the subsidiaries of DEAG succeed in countering the increasing fee demands of artists. As a result of the decline in the sales revenues from recorded music, the significance of promoters grows, so that their negotiation position is improved.

The Executive Board and the Supervisory Board have decided in favor of a continuation and further consolidation of the open air and festival business unit in 2016. For all Rock festivals in May and June 2016 well-known and crowd-pulling artists have been gained as headliners. The advance ticket sales have developed in an accordingly positive manner. So far more than 110,000 tickets have been sold for the Rock festivals. This corresponds to approximately 70% of the sales expectations. Due to the internationally successful establishment amongst artists and agents, the competition situation for the festivals has changed in a positive manner for 2016. The necessary expenses for fees and production costs in this field are reduced this year with the same level of quality by around EUR 21 million. The visibility concerning the costs of the festivals has significantly increased for the second year of organization.

The ongoing festival projects cause a positive feedback amongst the general public and the audiences; the development of sales is good and is attributable to a successful overall concept. It has been possible to significantly lower the investments in 2016. The festival in Switzerland will have a 7-digit profitability already during the second year.

At the time of publication, a forecast was prepared for all Rock festivals in 2016 taking into account all current influencing factors according to which an investment in this business unit of approximately EUR 2.0 million is to be expected. Taking into account the uncertainties which result from the still running sales period, risk provisioning of a total amount of EUR 4 million is made in these Group financial statements on the basis of a scenario calculation. This volume would be reached if the ticket sales remained approximately 25% below the above-mentioned forecast.

The business operations of the DEAG Group are also determined by the availability of corresponding venues. Through the 49% stake in Kultur und Kongresszentrum Jahrhunderthalle GmbH, which acts as an operating company on the basis of a lease contract, the DEAG Group has access to the Jahrhunderthalle arena in Frankfurt a.M. The other venues are rented for the respective events. If it is no longer to use the different venues, this can have an adverse impact on the Group's business.

In addition, there is a dependency on artists, agents, producers and other industry players regarding existing business relations and also the establishment of new business relations.

The availability of distribution channels and more particularly advance booking systems is another factor which has a major impact on business success. During the reporting year DEAG has restructured its distribution activities and launched in this connection with www.myticket.de its own ticket distribution, and at the same time it placed co-operation with Ticketmaster Germany on a new contractual basis. In this way the foundation was laid for handling a large part of the entire ticketing volume through these two distribution routes.

Furthermore, the development of the Group's business is influenced by the extent to which it can recruit and keep qualified staff and industry insiders within the company or to compensate the know-how if they leave. This applies, more particularly, to the entertainment industry which is heavily dependent on the relations and contacts of individual persons. In this connection the Executive Board members of the holding company and the managing directors of the subsidiaries and investees play a particularly important role. Business success in the Rock / Pop business line depends on the ongoing successful integration of the investees acquired in Germany as well as possibly other acquisitions. In the Classical Music business line, the further business success depends on the extent to which established top stars can be retained in the medium and long term and new promising talents can supplement them. The Group meets this risk with a broadly based portfolio of artists.

The DEAG Group has taken out various insurances. Such insurances are to cover risks in connection with the business activities, more particularly related to the organization and cancellation of concerts and other events. The risk of having to cancel concerts and other events at short notice, because the respective artist does not or cannot perform, has to be pointed out. If a subsidiary included in the consolidated financial statements does not hold or holds insufficient insurance coverage in such a case or in connection with other damaging events, liabilities arising from such a damaging event can have a material impact on the income, assets and financial position of this company.

4.2. Evaluation of goodwill and other intangible assets

Given the above-mentioned imponderables of the DEAG Group's operating business, further write-downs of goodwill and / or financial investments as well as of the other intangible assets of the Group reported within the framework of purchase price allocations cannot be excluded, if the actual results of the subsidiaries deviate from expectations. This applies to both existing and possibly newly added goodwill from further company acquisitions. For the goodwill of each cash generating unit of the Group, impairment tests are carried out.

Within the Group, part of the delta between the purchasing price and the equity of the shares of companies acquired is allocated to order book as well as to artists and agents relations. This part is regularly written down.

4.3. Real estate held as financial investment property

Under "Real estate held as financial investment property" the Group shows in its balance sheet parts of plots of land around the Frankfurt Jahrhunderthalle to be sold and / or to be built on. An independent expert reaches an unchanged value indication of EUR 7.9 million for the plots of land around the Jahrhunderthalle arena in Frankfurt a.M., including the deduction of safety margins for non-secured developability.

During the reporting year DEAG set up in connection with the Jahrhunderthalle transaction a 50:50 joint venture with a real property investor based in Frankfurt a.M. and sold the plot of land to be built on subject to a condition precedent to the latter.

Upon the issuing of a building permit the transfer of ownership is to be completed and the total area and/or parts thereof are to be completely developed and marketed by the joint venture under the co-ordination of the real property investor. In the event of a positive and successful development of the plots of land, incremental profit will be generated which will exceed the book value.

The building permit for all partial areas is still pending. Due to the ongoing development (discussion about building plots to be newly identified in connection with the necessary creation of infrastructure facilities; an expert report commissioned by the urban planning department concerning the assessment of the Seveso issues) and the improved starting position (relocation of the chlorine production to the southern area of the industry park in late 2012/early 2013), the realization opportunities for all plots of land available for development continue to be good. Nonetheless there is still legal uncertainty since the plots of land to be assessed cannot be unequivocally classified as developable land because there is currently no established building right. For all plots of land there is currently no local development plan being elaborated and the existing local development plan does not continue to be processed. Whether and when the activities in view of developability will be resumed is still unclear. For this reason, an assessment as developable land was made in general for all plots of land to be valued on the balance sheet date. The complex framework conditions are taken into account.

If developability is not permitted as planned or if the estimated prices per square meter will be reduced for other reasons, there is a risk of a material impairment which would have negative effects for the assets and income position of the company.

4.4. Financial obligations

The financing of the operating business depends on the ability of the companies of the DEAG Group to generate enough cash flow in a volatile business and / or to tap external financing sources (third-party capital or equity).

DEAG has, therefore, agreed with four principal banks comprehensive framework lines without further limitation of terms, which can be maintained for purposes of acquisition financing (EUR 12.5 million) pre-financing of tour and concert events (EUR 6.0 million) as well as the current business (EUR 9.5 million). EUR 0.5 million of the latter are accounted for by a subsidiary. The framework lines were used on the balance sheet date in the amount of EUR 8.4 million, EUR 4.3 million and EUR 3.6 million, respectively.

The ongoing interest payment of the different drawings and utilizations is based on the one hand on the general EURIBOR development and on the other hand on agreed relations concerning the statement of financial position and earnings (financial covenants) which can lead to an increase or reduction in interest payments. The financial and non-financial covenants to banks are permanently monitored and the interest margins to be derived are mutually agreed with the banks concerned.

The respective financing terms reflect the favorable market level as well as the rating of DEAG. The framework lines might be terminated on the basis of the Standard Terms and Conditions if the assets, financial and income position of the DEAG Group worsens sustainably compared to the time of the respective granting and compensating measures, e.g. through the furnishing and/or enhancement of bank collaterals to secure the respective claims are not successful.

During the reporting period DEAG raised a short-term loan in the amount of EUR 2.0 million which is included in the balance sheet item Other current liabilities. The loan has in the meantime been reduced on schedule by EUR 1.0 million. On June 30, 2016 the residual amount will become due for payment.

At the financing of the operating business including the organic and external growth, DEAG depends on successful ticket sales and hence a positive business development. In individual cases DEAG has entered into commitments (in particular for fee payments) and must make advance payments with an impact on liquid funds, since there are temporary differences between the disbursements and payments from ticket sales. In these cases, the up-front costs would have to be covered by other sources – e.g. from other non-tied financial resources or by availment of framework lines from the Company's main banks.

Apart from the liquidity shown on the balance sheet date, framework lines totaling EUR 16.3 million, which have not yet been used, are available. Based on the current forecasts for the result (EBIT) and the resulting liquid funds, the Executive Board considers the financial position of the Company and the Group to be orderly. Concerning the forecast, we refer to section 6. Forecast Report.

If the course of business worsened permanently and sustainably versus planning, e.g. as a result of a significant decline in ticket sales and hence of the earning strength of the DEAG Group, there could be a liquidity shortage if the planned financial inflows and framework lines are not available to a sufficient extent. DEAG would then be dependent on the use of additional financing resources (third party or own funds).

4.5. Financial instruments

In terms of its assets, liabilities and within the operating business, the DEAG Group is subject to interests, exchange rates, credit worthiness and liquidity risks.

Part of the interest payments for the loans raised by the Group are paid directly on a EURIBOR basis. Hence, some of the capital costs are partially subject to an interest rate change risk. The Executive Board estimates that, given the current interest development, the risk for DEAG and the Group is low, so that during the reporting year, no interest hedging was made.

Payments to artists, orchestras, show productions etc. are partly made on a USD basis and are hence subject to an exchange rate risk vis a vis the euro and / or CHF or GBP. The same applies to dividend payments of foreign subsidiaries which are made in CHF and GBP. The company proceeds on a regular basis to sensitivity analyses in order to anticipate the impact of currency fluctuations and to assess whether exchange rate hedging transactions are advantageous. During the reporting period exchange rate hedging transactions were carried out so that the negative impact of the current price developments was significantly restricted.

As far as receivables from business partners are concerned, DEAG and the DEAG Group are dependent on their continued existence as well as their credit worthiness and hence solvency. In view of risk reduction active receivables management is carried out. In addition, payments on account are agreed upon. During the reporting period precautionary measures were taken through valuation allowances in respect of individual receivables.

Possible liquidity risks are covered by short and medium-term planning. Financial management has to secure the servicing of all liabilities in due time. Furthermore, compliance with financial and non-financial covenants vis a vis banks is supervised on an ongoing basis. The company has both non-current and current credit relationships.

The stock of original financial instruments is reported in the balance sheet; the amount of financial assets corresponds to the maximum default risk. Any default risks identifiable for the financial assets are covered by valuation allowances.

4.6. Tax Risks

For the holding and its main subsidiaries DEAG has established a risk management system. It includes measures for the recording, evaluation and reduction of potential tax risks. In the event of special topics, experts are called in. The expert reports are reviewed by the headquarter and the results are then taken into account accordingly.

For sufficiently concrete, assessable tax risks whose probability of occurrence is essentially likely, existing tax credits were reduced or corresponding provisions were recognized as liabilities.

Moreover, further payment obligations might result from future tax audits whose amount cannot be estimated with a sufficient reliability.

4.7. Legal proceedings

The Group is currently involved in active and passive legal proceedings. Inasfar as risks can be identified, these risks are covered as a matter of principle in the financial statements on the one hand by value allowances in respect of assets and on the other hand, by provisions. During the reporting year exclusively the costs of proceedings were provisioned. Individual risks involving a provisioning obligation do not exist.

(Potential) asset additions in connection with damage claims asserted in court and claims for contractual performance are not pending on the balance sheet date. The claims reach a total amount of EUR 10.0 million.

The German Financial Reporting Enforcement Panel (“DPR”) is currently carrying out audit procedures at the company in accordance with § 342.2 sentence 3 HGB (German Commercial Code) and audits the Group Financial Statements and the corresponding Group Management Reports for the reporting periods ending on December 31, 2014 and June 30, 2015. The procedures have not yet been completed.

4.8. Holding structure

The company itself has almost no operating business but acts as a holding of the DEAG Group. At present the assets of the company primarily consist of the shares in its operating subsidiaries. The company is associated with the latter partly through control and profit and loss transfer agreements. The company itself is, therefore, dependent in terms of its own income on the operating companies of the DEAG Group generating profits and transferring them to it. On the other hand, the company has obligations vis a vis the investees linked to it through control and profit and loss transfer agreements to offset any losses possibly incurred by these companies. This may lead to significant adverse effects on the assets, financial and income position of the company.

In order to avoid and / or minimize these risks, the company operates a risk management system on a Group level which includes all subsidiaries (see 4. Opportunities and Risk Report). As a result of this risk management system, the opportunities and risks are recorded, evaluated on a Group level, control measures are defined and monitored and a uniform Group accounting process is ensured.

4.9. Opportunities

After the necessary festival-related start-up expenses and one-off effects have markedly influenced the earnings position in 2015, the DEAG Group expects a successful business course in 2016 and the following years. With a broadly based portfolio, the Group can respond flexibly to changes in trends.

Moreover, the company sees opportunities for an extremely good business development in the following areas.

- As a result of the alliance with Sony Music Entertainment Germany GmbH there are further possibilities for the acquisition of artists both in the Classical Music and in the Rock / Pop areas.

- With the open airs by Andreas Gabalier in 2016 and others, the DEAG Group is heading the attractive German language segment. This area offers further growth opportunities in the years to come.

- Within the framework of the distribution strategy and the intention to further scale the business model, DEAG pursues, amongst others, the ongoing goal of increasing the controlled ticket volume and content. Against this backdrop the Rock Festivals are continued and further established in 2016. They are attractive platforms because the catalog of rights held in these formats and hence the depth of exploitation are important, since they entail follow-up business and synergies and because the additional tickets under own distribution result in a further rise in profitability.

- In the business unit Family Entertainment DEAG can likewise rely on a promising offering for 2016 and beyond. The advance ticket sales for various shows, such as Monty Roberts, Disney on Ice, Riverdance, The Art of the Brick and Night of the Jumps etc. had a promising start in Germany. Based on today’s status, different important long-term contracts have already been signed until 2020 and this underlines the growing character of this unit. The Swiss market can likewise boast a broad repertoire for Family Entertainment in 2016. This includes, amongst others, the shows and children’s musicals such as Apassionata, Conni the Musical and Bibi Blocksberg.

- In the Live business DEAG operates as a tour promoter as well as a local promoter. The Company currently sells around 5 million tickets per year. These tickets have a high and constantly growing additional earnings potential for DEAG, in particular if they are distributed through the Group’s own ticketing platforms www.myticket.de and www.myticket.co.uk. For this purpose, DEAG launched a separate ticket distribution already last year with www.myticket.de. These ticketing platforms are not under pressure like the other ticketing providers to have to motivate content companies to use the system for ticket distribution. www.myticket.de gets highly attractive content from Rock to Pop, from Classical Music to Middle-of-the-Road, from Family Entertainment to Heavy Metal – from the own Group. Through www.myticket.de tickets are available for the around 2,000 annual events of DEAG. In order to leverage the potential of the distribution business in the best possible way DEAG has signed an agreement with Axel Springer SE and Starwatch Entertainment GmbH belonging to the ProSiebenSat.1 Group about their shareholding in mytic myticket AG. The two partners have a stake of 20% each in the Company and make a significant contribution through the making available of media volume to a visibly positive increase in tickets sold through the new platform www.myticket.de in Germany. In spring 2016 www.myticket.de had already taken over – much earlier than expected – the own payment in co-operation with Heidelpay, a strong and experienced service provider in this area. As a result of the achievement of the outlined milestones, the platform increases the attractiveness for third content providers, and this can have an additional supportive effect on the development.

5. Data relevant for takeover

The nominal capital of the company amounts to EUR 16,353,334.00, subdivided into 16,353,334 ordinary bearer shares in the form of no-par value shares with an arithmetical share in the nominal capital of EUR 1.00 per share.

6. Outlook

The 2015 business development was extraordinary and does not reflect the existing earnings strengths of DEAG and the Group. In view of the good business expectations for 2016 the Executive Board anticipates that in the current fiscal year it can tie in with the good results of the previous years and exceed the sales revenues and EBIT – altogether and referred to the segments – of 2014. This is confirmed by the forecast published in the ad hoc communication of February 4, for 2016. According to this release the Executive Board expects at least a result (EBIT) between EUR 3 and 5 million and sales revenues which are moderately above the sales volume of fiscal 2014 (EUR 172.2 million), whereby the two segments will equally participate in the development.

The following factors are amongst those with relevance for the business expectations in 2016: a foreseeable positive development of the business with tours and concerts, underpinned by 1.8 million tickets already sold today for the 1,900 events in advance ticket sales for 2016 and a clear uptrend for the tickets sold through the Group’s own distribution platform www.myticket.de. Between December 2015 and January 2016 around 10% of all tickets of DEAG were already sold in Germany through www.myticket.de. The overall sales expectations for fiscal 2016 amount to more than 5.0 million tickets sold within the DEAG Group

The forecast does not take into account a positive impact on the result of the Group which might be contributed during the current fiscal year by possible inflows from legal proceedings and settlements for DEAG. In connection with the planned Rock festival at the Nürburgring of last year DEAG asserts claims totaling EUR 10 million. Payments would in this case have a full impact on the result, since the expenses involved have likewise already been recorded during the first three quarters of 2015.

Already today there are first indications of a likewise good business development for 2017, which allows for a forecast of very good developments in sales revenues and results beyond 2016. During the coming years DEAG intends to increase its sales revenues to more than EUR 250 million p.a. and grow the Group profit at the same time in an above average manner.

Further growth in sales revenues and earnings together with an increase in dividend payments are to be generated from organic growth and possible acquisitions.

Forward-looking statements

In addition to past results within the framework of the financial statements, the Report also includes forward-looking statements. These statements may deviate from the actual developments.

Berlin, April 15, 2016

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

Detlef Kornett

Ralph Quellmalz

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

Consolidated Balance Sheet

Total Assets	Notes	31.12.2015 in EUR '000	31.12.2014 in EUR '000
Liquid funds	7	25,805	54,064
Trade receivables	8	13,035	12,924
Down Payments	9	14,364	23,070
Income tax receivables		2,411	1,700
Inventories	10	125	146
Other current financial assets	11, 25	2,299	3,744
Other current non-financial assets	11, 25	2,289	2,197
Assets held for sale	40	7,016	-
Current assets		**67,344**	**97,845**
Goodwill	13, 14	23,625	22,955
Other intangible assets	13, 15	9,559	10,238
Tangible fixed assets	16	863	2,675
Investment properties	17, 28	7,940	8,350
Investments	18	71	153
According to the equity method accounted financial assets	18	2,930	2,701
Loans to associated companies	18	-	-
Down Payments	9	-	483
Other long-term financial assets	19	188	262
Deferred tax assets	20, 39	189	349
Long-term assets		**45,365**	**48,166**
TOTAL ASSETS		**112,709**	**146,011**

Liabilities and equity	Notes	31.12.2015 in EUR '000	31.12.2014 in EUR '000
Bank loans payable	21, 28	9,847	6,792
Trade accounts payable	22	11,136	9,138
Accruals	23	8,561	4,769
Sales accruals and deferrals	24	41,669	64,556
Income tax liabilities		917	1,432
Other current financial liabilities	25, 26	6,144	1,970
Other current non-financial liabilities	25, 26, 28	3,987	7,572
Current liabilities		**82,261**	**96,229**
Accruals	23, 44	416	454
Bank loans payable	21, 28	2,424	1,600
Other long-term financial liabilities	25, 27, 28	1,015	963
Deferred taxes	20, 39	2,163	2,483
Long-term liabilities		**6,018**	**5,500**
Share capital		16,352	16,352
Capital reserve		39,944	39,646
Revaluation surplus		-	298
Accumulated deficit		-39,862	-18,443
Accumulated other income		2,075	591
Equity attributable to DEAG shareholders		**18,509**	**38,444**
Equity attributable to non-controlling interest		5,921	5,838
Equity	29	**24,430**	**44,282**
TOTAL LIABILITIES AND EQUITY		**112,709**	**146,011**

Consolidated Income Statement	Notes	01.01. to 31.12.2015 in EUR '000	01.01. to 31.12.2014 in EUR '000
Sales	31	200,360	172,225
Cost of sales	32	-186,254	-135,235
Gross profit		**14,106**	**36,970**
Distribution costs	33	-24,546	-21,213
Administrative expenses	34	-15,698	-14,210
Other operating income	35	15,312	5,253
Other operating expenses	36	-7,005	-1,457
Operating income (EBIT)		**-17,831**	**5,343**
Interest income and expenses	37	-942	-261
Income from investments	38	-67	7
Income shares in companies accounted for using the equity method	18	82	-1,488
Financial result		**-927**	**-1,742**
Result before taxes (EBT)		**-18,758**	**3,601**
Income taxes	39	-191	-39
Group result from continued operations after taxes		**-18,949**	**3,562**
Group result from discontined operations after taxes	40	**-1,619**	**-1,339**
Group result after taxes		**-20,568**	**2,223**
thereof attributable to non-controlling interest		869	1,204
thereof attributable to DEAG Shareholder (Group result)		**-21,437**	**1,019**
Earnings per share in EUR (undiluted/diluted)			
from continued operations	29	-1,21	0.15
from continued and discontinued operations	29	-1.31	0.07
Average number of shares in circulation (undiluted/diluted)	29	16,352,719	15,217,114

Consolidated Statement of Comprehensive Income from 01.01.2015 bis 31.12.2015	2015 - in EUR '000 -	2014 - in EUR '000 -
Group result after taxes	**-20,568**	**2,223**
Other result		
(+/-) Differences from exchange rates (independent foreign units)	1,377	666
(+/-) Deferred taxes on the other total result	-	-
Amounts as may be reclassified in future periods in the profit and loss account	**1,377**	**666**
(+/-) Actuarial profit/loss recorded in equity	177	480
(+/-) Deferred taxes on the other total result	-35	-96
amounts, not reclassified in income statement	**142**	**384**
Total recognized directly in other comprehensive income	**1,519**	**1,050**
Total result	**-19,049**	**3,273**
Thereof attributable to		
Non-controlling interest	904	1,389
DEAG Shareholders	-19,953	1,884

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

Consolidated Cash Flow Statement (Note 43)

In EUR´000	**2015**	**2014**
Group result from continued operations after taxes	-18,949	3,562
Depreciation and amortisation	1,722	3,230
Expenditure from retirement of fixed assets	3	-
Changes not affecting payments	815	107
Change in other accruals	4,165	-2,614
result of change in scope of consolidation	-12,218	-1,070
Deferred taxes (net)	-160	-227
Result from valuation of associated companies	-82	1,488
Net interest income	942	261
Changes to receivables, inventories and other assets	8,878	-14,703
Changes to other loan capital without financial debts	-21,377	39,397
Net cash outflow/inflow from continued operations	**-36,261**	**29,431**
Net cash outflow from discontinued operations	-1,591	-1,339
Net cash outflow/inflow from operating activities (total)	**-37,852**	**28,092**
Outflows for investments in...		
...Intangible assets	-87	-573
...Tangible assets and financial investments	-664	-856
Payments from the acquisition of consolidated companies	-	-3,150
Inflow/Spending on the sale of consolidated companies	6,424	1,070
Assets disposals	59	939
Interest Income	74	205
Net cash inflow/outflow from investing acitvities (total)	**5,806**	**-2,365**
Capital increase DEAG Deutsche Entertainment AG	-	12,545
Proceeds from new borrowing	8,536	3,871
Repayment of financial debts	-2,657	-7,249
Interest expenditure	-1,017	-410
Dividend payment to DEAG shareholders	-	-1,635
Dividend portions of other shareholders	-828	-1,445
Payments to/from other shareholders	31	-27
Net cash inflow from financing activities (total)	**4,065**	**5,650**
Changes in cash and cash equivalents	**-27,981**	**31,377**
Effect of exchange rate changes	-278	-256
Cash and cash equivalents as at 01.01.	54,064	22,943
Cash and cash equivalents as at 31.12.	**25,805**	**54,064**

Development of Equity within the group
DEAG Deutsche Entertainment Aktiengesellschaft, Berlin
(Tz 29)

	Number of shares issued	Authorized DEAG shares in EUR´000	DEAG capital reserve in EUR´000	Revaluation surplus EUR´000	Accumulated deficit in EUR´000	Accumulated other income in EUR´000	Attributable to DEAG shareholders in EUR´000	Attributable to non-controlling interest EUR´000	Equity in EUR´000
As at 31.12.2013	**13,627,266**	**13,627**	**29,826**	**298**	**-17,827**	**-274**	**25,650**	**3,973**	**29,623**
Total result	-	-	-	-	1,019	865	1,884	1,389	**3,273**
capital increase	2,725,453	2,725	9,820	-	-	-	12,545	-	**12,545**
Dividend	-	-	-	-	-1,635	-	-1,635	-1,445	**-3,080**
Acquisition of shares of other shareholders	-	-	-	-	-	-	-	-27	**-27**
Other changes	-	-	-	-	-	-	-	1,948 [1]	**1,948**
	-	-	-	-	-	-	-		
As at 31.12.2014	**16,352,719**	**16,352**	**39,646**	**298**	**-18,443**	**591**	**38,444**	**5,838**	**44,282**
Total result	-	-	-	-	-21,437	1,484	-19,953	904	**3,273**
capital increase	-	-	-	-	-	-	-	-	**-**
Dividend	-	-	-	-	-	-	-	-828	**-828**
Acquisition of shares of other shareholders	-	-	-	-	18 [2]	-	-	7	**25**
Other changes	-	-	298 [3]	-298 [3]	-	-	-	-	**-**
As at 31.12.2015	**16,352,719**	**16,352**	**39,944**	**-**	**-39,862**	**2,075**	**18,509**	**5,921**	**24,430**

[1] Change in scope of consolidation
[2] Acquisition of shares of other Shareholder (-74 kEUR), sell off an interest (+92 kEUR)
[3] Reclassification according to IAS 16.41

DEAG Deutsche Entertainment Aktiengesellschaft, Berlin

1. Accounting Principles

DEAG Deutsche Entertainment AG (DEAG) is an *Aktiengesellschaft* (stock corporation under German law) set up in Germany with registered office in Germany, 10785 Berlin, Potsdamer Straße 58.

DEAG is one of the leading providers of live entertainment in Europe. Apart from the organization of tours in the D/A/CH region (Germany, Austria, Switzerland) and Great Britain, the focus of its core business is on the local/regional staging of concert events in these regions. DEAG's event portfolio is comprised of national and international rock/pop, German hit songs/middle-of-the-road music, classical music events as well as family entertainment. DEAG operates the Jahrhunderthalle arena in Frankfurt a.M. The DEAG Group currently sells around 5 million tickets per year. These tickets hold a high and constantly growing incremental earnings potential for DEAG in particular if they are sold through the Group's own ticketing platforms myticket.de and myticket.co.uk. For this purpose DEAG launched its own ticket distribution in fiscal 2014 with myticket.de.

These Consolidated Financial Statements of DEAG Deutsche Entertainment AG (DEAG) were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as applicable on the closing date and, in addition, in conformity with the provisions under German commercial law to be applied in accordance with § 315a para 1 of the German Commercial Code (HGB). The designation IFRS also comprises the still valid International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) – formerly Standing Interpretations Committee (SIC).

The consolidated financial statements are based – with one exception - on the financial statements of the companies included in the consolidation. These were prepared by application of the German Commercial Code (HGB), including the accounting standards adopted by the German Standardization Council (DRSC) as at the closing date in accordance with § 342 German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The financial statements of foreign companies were prepared in accordance with their national regulations, in conformity with continuously and uniformly applied accounting and valuation principles. For two companies included in the full consolidation with a different fiscal year from July 1 to June 30, interim financial statements had to be prepared.

The single-entity financial statements as well as the interim financial statements of the consolidated companies were prepared effective on the closing date of the consolidated financial statements. Carrying values for tax purposes are not included in the consolidated financial statements. The reconciliation of the valuations in accordance with the IFRS standards was carried out on the level of the Group outside the single-entity financial statements prepared under German commercial law, in a so-called *Handelsbilanz II.*

The items combined in the balance sheet and the statement of income of the Group are explained in the Notes.

For the preparation of the consolidated financial statements, discretion, estimates and assumptions have to be made to a limited extent that affect the level and reporting of assets and liabilities, income and expenses as well as contingent receivables and liabilities. For DEAG this includes, more particularly, the estimates at the determination of the utility values of non-financial assets (goodwill and other intangible assets), the determination of the fair values of real property held as financial investment, the determination of the useful life of the depreciable fixed assets, the assigned value and the valuation adjustment of accounts receivable and advance payments made as well as the measurement and assessment of the probability of occurrence in respect of accruals and contingent liabilities as well as the determination of fair values for exchange transactions. At the application of the accounting methods of the Group, the management took the following discretionary decisions which can have a material influence on the amounts in the consolidated financial statements:

- Scope of consolidation. For the assessment of whether a control is exercised within the meaning of IFRS 10.
- Discontinuation of an operation in accordance with IFRS 5

Actual figures may subsequently differ from these estimates.

The other financial and non-financial assets are reported as separate items from the reporting year onwards and are no longer shown under the current and non-current assets. The other financial and non-financial liabilities are treated accordingly; so far they were included in the other current and non-current liabilities. The prior year figures were adjusted accordingly. As for the rest, reference is made to section 25.

2. Amendments to accounting standards

In the consolidated financial statements all standards of IASB as well as the applicable IFRIC and/or SIC to be adopted on the closing date by the EU as mandatory were taken into account..

For the fiscal years which commence on January 1, 2015 the following changes are for the first time applicable on an obligatory basis.

Standard	**Title**	**Obligatory date of application for FY which commence on or after**
Content		
AIP 2011–2013	*Changes resulting from the annual improvements Project 2011–2013 Cycle*	January 1, 2015*) (IASB: July 1, 2014)
IFRS 1	*First-time adoption of the IFRS*	
Clarification of the definition of "IFRS effective at the end of the reporting period". Voluntary Standards can be applied prematurely but a uniform application of the Standards across all deadlines must be given		
IFRS 3	*Business combinations*	
Exclusion of joint ventures from the scope of applicaion of IFRS 3, if the financial statements of the joint venture itself are concerned.		
IFRS 13	*Fair value measurement*	
Clarification that the measurement of portfolios on a net basis applies to all contracts under IFRS 9 and IAS 39, respectively, regardless of whether they meet the prerequisites to financial assets under IAS 32 or not.		

Standard	Title	Obligatory date of application for FY which commence on or after
Content		
IAS 40	*Investment property*	
Acquisition of real estate held as a financial investment (Investment Property): If the prerequisites to a merger under IFRS 3 which includes an Investment Property are met, both IFRS 3 and IAS 40 have to be applied to these transactions.		
IFRIC 21	*Levies*	June 17, 2014 *) (IASB: January 1, 2014)
The obligation to pay a public levy (fees in the wider sense) must be reported in the financial statements as soon as the obligatory event which triggers the obligatory payment occurs. In accordance with IFRIC 21 the activity which results in a liability to pay a levy by law represents the event triggering the recognition of this liability.		

*) Deviating entry into force within the European Union

The amendments to standards and improvements to be applied for the first time in a binding manner in 2015 did not have any material impact on these consolidated financial statements.

For fiscal years which commence on January 1, 2015 an option exists for the following amendments to apply them prematurely on a voluntary basis.

Standard	Title	Obligatory date of application for FY which commenced on or after
Content		
IAS 19	*Employee benefits*	February 1, 2015 *) (IASB: July 1, 2014)
Clarification that contributions from employees or third parties during the period during which they are due, may also be stated as reduction of the past service costs if these are associated completely with services provided by the employee during this period (possible for contributions which represent a fixec percentage of the wages and salaries which is not dependent on the number of years of service of the employee for the Company). If the contribution is linked to the number of years of service, the contri-butions can be allocated to the periods of service as a reduction of the expenditure (on a straight line basis or on the basis of the Company's specific plan benefit formula).		
AIP 2010–2012	*Amendments through the Annual Improvements Project 2010–2012 Cycle*	February 1, 2015 *) (IASB: July 1, 2014)
IFRS 2	*Share-based payment*	
The definition of "vesting conditions" is clarified. These are sub-divided into services conditions and performance conditions. Performance conditions in turn are sub-divided into market or non-market related conditions.		

Standard	Title	Obligatory date of application for FY which commenced on or after
Content		
IFRS 3	*Business combinations*	
Accounting at fair value on every cut off date of conditional purchase price payments which are classified as an asset or liability and meet the definition of a financial instrument. All changes in measurement of recognized conditional purchase price payments are stated in the income statement. Cross-references to other Standards are deleted to eliminate contradictions.		
IFRS 8	*Operating segments*	
Disclosure of discretionary decisions made on the combination of segments. Reconciliations of the totals of segment assets to be reported to the assets of the Company must only be made, if the assets of the segment are regularly reported.		
IFRS 13	*Fair value measurement*	
Clarification that there continues to be a possibility not to discount receivables and payables as long as the impact is not material.		
IAS 16	*Property, plant and equipment*	
Adaptation of the gross carrying amount in the event of a re-measurement of property plant and equipment, so that it is in conformity with the re-measurement of the carrying value		
IAS 24	*Related party disclosures*	
A company which provides key management personnel services for the reporting entity or the parent company of the reporting entity represents a related company of the reporting entity. The amounts paid to the company must be stated but not the salaries of the members of the management of the company.		
IAS 38	*Intangible assets*	
Adjustment of the gross carrying amount at the re-measurement of an intangible asset, so that it is in conformity with the re-measurement of the carrying amount.		
IAS 1	*Presentation of financial statements*	01.01.2016
Improvement of the financial reporting concerning the Notes: Stronger focus on the principle of materiality Further minimum line items in the balance sheet as well as reporting of sub-totals. Higher flexibility at the preparation of the Notes concerning the order of information Abolition of the specifications in IAS 1 concerning their identification of material accounting and valuation methods as an integral part of the Notes.		

Standard	Title	Obligatory date of application for FY which commenced on or after
Content		
IAS 16/ IAS 38	*Property, plant and equipment/ intangible assets*	01.01.2016
The revenue-based method is according to IAS 16 no acceptable method of depreciation and under IAS 38 it is only permitted under certain conditions (e.g. in the film industry for acquired film rights).		
IAS 16/IAS 41	*Property, plant and equipment/agriculture*	01.01.2016
Fruit-bearing plants are to be recognized as property, plant and equipment provided they are no longer subject to biological modifications		
IAS 27	*Separate financial statements*	01.01.2016
Equity method as optional accounting for investments in subsidiaries, joint ventures and associated companies permitted again in separate financial statements.		
IFRS 11	*Joint arrangements*	01.01.2016
Clarification that the acquisition of interests in joint operations which constitute a business as defined i IFRS 3 must be recognized in accordance with the acquisition method.		
AIP 2012–2014	*Changes as a result of the Annual Improvements Project 2012–2014 Cycle*	01.01.2016
IFRS 5	*Non-current assets held for sale and discontinued operations*	
No change in respect of the recognition of the reconciliation from "held for sale" to "held for distribution" or vice versa, separate guidelines for the termination of recognition as "held for distribution to owners".		
IFRS 7	*Financial instruments: disclosures*	
Clarification that management contracts constitute a so-called continuing involvement and must be included in the disclosure on transfers. Clarification concerning the disclosures on the balancing of assets and liabilities in interim financial statements.		
IAS 19	*Employee benefits*	
Taking into account of corporate bonds of the same currency (not only of the same country) at the determination of the discount rate.		
IAS 34	*Interim financial reporting*	
Addition of a clarification to IAS 34 that disclosures must be made either in the interim financial statements or elsewhere in the interim financial report. The interim financial statements should at any rate include a corresponding cross-reference.		

*) Deviating entry into force within the EU

The Group has not applied the above-mentioned standards, interpretations and revisions prematurely. The impact of these standards on the assets, financial and earnings position of the DEAG Group are still reviewed or will altogether be of subordinate importance.

The following new and/or amended standards and interpretations have already been adopted by IASB but have not yet become effective as mandatory. The company has not yet applied the provisions in these consolidated financial statements prematurely.

Standard	Title	Obligatory date of application for FY which commence on or after
Content		
IAS 7	Statement of cash flows	01.01.2017
Mandatory disclosure of a reconciliation from borrowed capital items, whose cash flows are or can be disclosed within the financing activity.		
IAS 12	Income taxes	01.01.2017
Clarification that devaluations of debt instruments measured at fair value (due to higher market interests) result in the recognition of deferred tax assets for unrealised losses, if the tax value corresponds to the acquisition costs.		
IFRS 9 incl. Follow-up amendments	Financial instruments	01.01.2018
New concept for the recognition of financial instruments and abolition of IAS 39 Financial instruments: recognition and measurement		
IFRS 10/ IFRS 12/ IAS 28	Consolidated financial statements/Disclosure of interes in other entities/Investments in associates and joint ventures	01.01.2016
Clarification that the exception for the preparation of consolidated financial statements for subsidiaries of an investment company applies, if they are in turn a parent company		
IFRS 15	Revenue from contracts with customers	01.01.2018
New Standard for revenue recognition, replaces IAS 18, IAS 11 and the corresponding interpretations.		
IFRS 16	Leases	01.01.2019
New Standard for leasing accounting		
IFRS 10/ IAS 28	Consolidated financial statements/investment in associates and joint ventures	Postponed for an indefinite period of time
In the event of transactions with an associated company or joint venture, the recognition of gains or losses depends on whether the assets disposed of or contributed constitute a business operation. IASB has in the meantime started a research project on accounting at equity. Until the completion of this project the first-time application of these changes has been postponed by IASB for an indefinite period of time. For that reason this amendment is not taken over by the EU.		

Standard	Title	Obligatory date of application for FY which commence on or after
Content		
IFRS 14	Regulatory deferral accounts	01.01.2016
Preservation of the national accounting provisions for first-time users for the accounting of regulatory deferral accounts (Interim Standard). This Interim Standard is not taken over by the EU.		

The impact of these standards on the assets, financial and earnings position of the DEAG Group is still reviewed and will altogether be of subordinate importance.

3. Consolidation Principles

Scope of Consolidation

We, DEAG Deutsche Entertainment Aktiengesellschaft, as the parent company, include in the consolidated financial statement those subsidiaries fulfilling the control concept. Companies acquired or disposed of during the financial year are included from the date of acquisition or up until the date of sale.

On the balance sheet date, the consolidated entity comprised 35 (prior year: 37) fully consolidated German and foreign companies, in addition to DEAG. Ten investments are consolidated as joint ventures and/or associated companies at equity. Four associated companies and seven investments are reported at cost of acquisition in view of their marginal significance.

Consolidation Methods

Capital consolidation involves offsetting the acquisition costs of participating interests against equity at the time of starting up or acquiring the respective subsidiary. Depreciation of value-adjusted subsidiaries was revered for the purpose of consolidation. Interim gains and losses from intra-group sales of equity holdings were reversed. The differential amounts included in the values reported for holdings in joint ventures and associated companies are established by the same principles.

The asset-side variations arising from capital consolidation were recorded as goodwill in the consolidated balance sheet, after exposure of hidden reserves or charges at the acquired company (revaluation).

Any changes in respect of the participating interests of the Group in subsidiaries which do not result in a loss of control over these subsidiaries are reported as equity transaction. The book values of the shares held by the Group and the non-controlling shares are adjusted in such a way that they reflect the changes of the stakes in the subsidiaries. Any difference between the amount by which the non-controlling shares are adjusted and the fair value of the consideration paid and received shall be directly recorded in equity and allocated to the shareholders of the parent company.

Receivables, liabilities and accruals, as well as expenses and income between consolidated companies were consolidated. Any intermediate results of intra-group deliveries and services were eliminated. Any depreciation or value adjustments of intra-group receivables in the individual financial statements were reversed in favor of the group result.

Tax accruals have been made on consolidation based results, as far as they have a future tax impact.

Shareholdings in associated companies valued by the equity method were reported at the pro-rata equity.

On the balance sheet date, along with the parent company DEAG the following companies were fully consolidated:

Segments	Company	Shareholding
Live Touring	DEAG Concerts GmbH, Berlin	100 %
	coco tours Veranstaltungs GmbH, Berlin	100 %
	ULAB Verwaltungs GmbH & Co. KG, Berlin	100 %
	Grünland Family Entertainment GmbH, Berlin	100 %
	Wizard Promotions Konzertagentur GmbH, Frankfurt a.M.	75.1 %
	DEAG Classics AG, Berlin	51 %
	Raymond Gubbay Ltd., London (Great Britain)	51 %
	MMEB 15. Limited, London (Great Britain)	51 %
	KBK Konzert- und Künstleragentur GmbH, Berlin	51 %
	Kilimanjaro Holdings Limited, London (Great Britain)	51 %
	Kilimanjaro Live Limited, London (Great Britain)	51 %
	Wakestock Limited, London (Great Britain)	51 %
	Matterhorn Events Limited, London (Great Britain)	51 %
	GOLD Entertainment GmbH, Berlin	50 %
	Manfred Hertlein Veranstaltungs GmbH, Würzburg	33.3 %
	The Classical Company AG, Zürich (Switzerland)	25.5 %
Entertainment Services	Concert Concept Veranstaltungs-GmbH, Berlin	100 %
	Global Concerts GmbH, München	100 %
	Elbklassik Konzerte GmbH, Hamburg	100 %
	Friedrichsbau Varieté Stuttgart Betriebs- und Verwaltungs GmbH, Stuttgart	100 %
	Broadway Varieté Management GmbH, Berlin	100 %
	River Concerts GmbH, Berlin	100 %
	AIO Group AG, Glattpark (Switzerland)	100 %
	Good News Productions AG, Glattpark (Switzerland)	100 %
	The Smart Agency AG, Glattpark (Switzerland)	100 %
	Fortissimo AG, Glattpark (Switzerland)	100 %
	Venue Consulting AG, Glattpark (Switzerland)	100 %
	Blue Moon Entertainment GmbH, Vienna (Austria)	100 %
	LiveGeist Entertainment GmbH, Frankfurt a.M.	75.1 %
	mytic myticket AG, Berlin	60 %
	handwerker promotion e. gmbh, Unna	51 %
	Pro Media GmbH, Unna	51 %
	Grandezza Entertainment GmbH, Berlin	51 %
	Viel Vergnügen GmbH, Essen (formerly: FF Tournee GmbH, Essen)	51 %
Discontinued operations	DEAG Music GmbH, Berlin	100 %

Bei DEAG Classics AG, Berlin, stehen DEAG grundsätzlich 51 % der Stimm- und Kapitalrechte zur At DEAG Classics AG, Berlin, DEAG is basically entitled to 51% of the voting and capital rights. By deviation from the foregoing, the Supervisory Board has a parity-based composition to represent the two shareholders. DEAG Classics AG, Berlin, is nonetheless reported within the DEAG Group as a fully consolidated subsidiary – also taking into account the limits defined for the Executive Board by the rules of procedure – as DEAG has the right of ultimate decision on the Executive Board, and the approval of the Supervisory Board is only necessary for extraordinary transactions. Any amendment to the rules of procedure for the Executive Board requires a unanimous decision.

For The Classical Company AG, Zurich, Switzerland, the control concept in accordance with IFRS 10.7 is fulfilled, since DEAG Classics AG has the right to appoint the executive management and approve the annual budget. Consequently, 25.5% are allocated to the Group.

DEAG has a right of ultimate decision to appoint and remove the managing directors and approve the annual budget of GOLD Entertainment GmbH, Berlin. Consequently, the control concept in accordance with IFRS 10.7 is met. GOLD Entertainment GmbH holds in turn 66.6% of the capital and voting rights in Manfred Hertlein Veranstaltungs GmbH, Würzburg. Consequently, 33.3% are allocated to the Group.

MMEB 15. Limited, London, Great Britain, started its business operations during the reporting year; it was set up in 2014. The shares in this Company are held directly by Raymond Gubbay Limited in the amount of 100%.

Matterhorn Events Limited, London, Great Britain, was set up during the reporting year as a wholly owned subsidiary of Kilimanjaro Live Limited.

Due to the conversions made in the sub-group AIO during the reporting year, assets and liabilities of the companies Starclick Entertainment AG, Derinho AG as well as EM Event Marketing AG (all Glattpark, Switzerland) passed to Good News Productions AG, The Smart Agency AG and AIO Group AG (all Glattpark, Switzerland). The reorganization of the sub-group became effective on January 1, 2015.

On December 17, 2015 DEAG increased its shares in Blue Moon Entertainment GmbH, Vienna, Austria to 100%.

On August 18, 2015 DEAG entered into an agreement with Axel Springer SE and Starwatch Entertainment GmbH which is part of the ProSiebenSat.1 Group about their shareholding in mytic myticket AG, the Group’s own distribution system of DEAG for tickets in German speaking countries. Axel Springer and Starwatch participate by way of a capital increase with 20% each in the capital stock of myticket. In this respect DEAG decreased the capital and voting rights in the Company from 100% to 60%.

In 2015 DEAG sold the majority (51%) in Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M., and the real property Jahrhunderthalle arena allocated to this business unit with the 71,072 sqm large plot of land to a holding company newly set up for this purpose, in which DEAG holds a stake of 49% on the balance sheet date. In the consolidated financial statements as at December 31, 2015 the companies are reported as at equity investment and/or as assets held for sale. The deconsolidation gain achieved in this connection was reported after full recognition of the disposal of the assets and liabilities relating to the corresponding business and including a goodwill of EUR 12.2 million during the reporting year. After the balance sheet date, the holding company was transferred completely to the buyer following the exercise of a call option. The agreed purchase price of EUR 14.0 million has by now been fully paid, after EUR 7.1 million had already been paid in 2015.

The Jahrhunderthalle transaction is completed by the setting up of a 50:50 joint venture together with a real property investor based in Frankfurt a.M. DEAG has sold the partial plots of land around the Frankfurt Jahrhunderthalle arena to be sold or built on, reported in the item “Real estate held as financial investment” subject to a condition precedent to the joint venture. After the issuing of a building permit, the transfer of ownership is to be completed and the whole area and/or parts thereof is to be fully developed and marketed through the joint venture under the co-ordination of the real property investor. In the event of a positive and successful development of the plots of land, an incremental profit will be generated which exceeds the book value many times over.

After a binding Letter of Intent had already been signed on June 30, 2015 on the material parameters of the transaction by DEAG and the buyer, DEAG has recognised the divestiture of the business unit.

DEAG Music is allocated to the discontinued operations.

The following companies are run as joint ventures and reported in accordance with the provisions of the equity method and hence the pro-rata equity.

Segment	Company	Shareholding
Live Touring	A.C.T. Artist Agency GmbH, Berlin	50 %
Entertainment Services	JHH Entwicklungsflächen GmbH & Co. KG i.Gr., Frankfurt a.M.	50 %
	JHH Entwicklungsflächen Verwaltungs GmbH i.Gr., Frankfurt a.M.	50 %

The following companies are carried in the balance sheet as associated companies:

Segment	Company	Shareholding
Entertainment Services	EIB Entertainment Insurance Brokers GmbH, Hamburg	49 %
	JHH GmbH & Co KG, Frankfurt a.M.	49 %
	JHH Verwaltungs GmbH, Frankfurt a.M.	49 %
	Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M.	49 %
	Verescon AG, Berlin	44 %
Live Touring	Twin Peaks Festival Limited, London (Great Britain)	25.5 %
	Seefestspiele Berlin GmbH, Berlin	20.4 %

The companies are included in the consolidated financial statements at equity.

Kilimanjaro Holdings Limited, London (Great Britain) has a 50% stake in the Twin Peaks Festival Limited, London (Great Britain).

DEAG Classics AG holds an interest of 40% in Seefestspiele Berlin GmbH.

The following were not consolidated for lack of materiality separately and jointly for the consolidated financial statements: EBC Entertainment Bau Concept Gesellschaft für kulturelles Bauen GmbH, Berlin, Palast Management und Veranstaltungs-GmbH i.L., Berlin as well as Manchester Chamber Orchestra Limited, Manchester (Great Britain) and Raymond Gubbay Productions Limited, London (Great Britain).

The information in accordance with §§ 315a HGB (German Commercial Code) in conjunction with § 313 (2) HGB is as follows:

Company Name	Company Domicile	Share in Capital	Equity (in kEUR)	Result Fiscal Year (in kEUR)
EBC Entertainment Bau Concept Gesellschaft für kulturelles Bauen GmbH	Berlin	100 %	0	0
Manchester Chamber Orchestra Limited	Manchester, Great Britain	51 % 1)	2 2)	- 2)
Palast Management und Veranstaltungs-GmbH i.L.	Berlin	100 %	-109	0
Raymond Gubbay Productions Limited	London, Great Britain	51 % 1)	2 2)	- 2)

1) The shares in the companies Manchester Chamber Orchestra Limited as well as Raymond Gubbay Productions Limited are held directly by Raymond Gubbay Limited at 100% each.
2) Figures relate to fiscal 2014/2015. Amounts are stated in pound sterling.

Segment	Company	Addition
Live Touring	MMEB 15. Limited, London (Great Britain)	01.01.2015
Live Touring	Matterhorn Events Limited, London (Great Britain)	01.01.2015

Segment	Company	Disposal
Entertainment Services	Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M.	30.06.2015

4. Foreign Currency Translation Principles

The consolidated financial statements are drawn up in Euro, the functional currency of the parent company and the reporting currency of the group. The functional currency of the foreign subsidiaries in Switzerland is the Swiss Franc (CHF) and in Great Britain the Pound Sterling (GBP). The functional currency of the domestic subsidiaries of the group as well as of the foreign subsidiary in Austria is the Euro (EUR).

The positions included in the financial statements of the respective companies are being valued appplying the functional currency. Foreign currency transactions are being exchanged initially at the cash price valid on the day of business transaction into the functional currency. Monetary assets and liabilities in a foreign currency are being exchanged into the functional currency on each call date using the call date rate. All currency conversion differences are recognized income statement-related. Non-monetary items, who were valued at historic purchase or manufacturing prices in a foreign currency, were exchanged using the rate of the day of the business transaction. Non-monetary items, who were valued at their present value in a foreign currency, were exchanged using the rate valid at the date of the determination of the present value.

The assets and liabilities of the foreign units were exchanged into Euros at the call date rate. The translation of income and expenditure is made at the average rate of the fiscal year. The resulting currency differences are being recognized as a separate component of the equity capital. The cumulative amount recognized in the equity capital of a foreign unit is being dissolved income statement-related in case of a sale of the foreign unit.

The exchange rates of currencies of significance to us changed as follows:

	Closing rate in EUR		**Average rate in EUR**	
	2015	**2014**	**2015**	**2014**
1 Pound Sterling	1.3625	1.2839	1.3774	1.2405
1 Swiss Franc	0.9229	0.8317	0.9367	0.8230

5. Balance Sheet Accounting and Valuation Principles

Notes on the Balance Sheet

The consolidated financial statements are based on the principle of historic costs of acquisition and manufacture, except for financial instruments which are reported with their fair value on the balance sheet date.

Intangible assets purchased are capitalized at cost of acquisition and depreciated in a straight line over an anticipated useful life of three to fifteen years.

Intangible assets which are acquired within the framework of a business combination are recorded separately from the goodwill and valued at the time of acquisition at their fair value. During the following periods these intangible assets are valued, like individually acquired assets, at their acquisition costs minus cumulated amortisations and impairments.

For acquired trademarks for which a certain useful life can normally not be defined, there is no depreciation until the management decides to continue the trademark only over a certain period of time. The trademarks are annually subject to an impairment test and, if necessary, written down.

Goodwill obtained in connection with acquisitions is capitalized in accordance with IFRS 3 (Business Combinations) with its acquisition costs. The option to apply the Full Goodwill method is not being used.

Such goodwill are subject to annual impairment tests on the basis of cash generating units and, if necessary, unscheduled depreciation. In accordance with IAS 36.124 an impairment loss recognized for goodwill may not be reserved in subsequent periods.

Fixed assets are valued at cost of acquisition or production plus incidental acquisition costs minus acquisition cost reductions and, in the case of items subject to wear and tear, less use-related depreciation. Depreciation is in a straight line over the expected useful life.

Scheduled depreciation of fixed assets is based essentially on the following periods of useful life:

Buildings, fixtures and fittings:	4 to 50 years
Plant and machinery:	3 to 10 years
Tools and equipment:	3 to 10 years

Land and land improvements which are held for the provision of services are evaluated in accordance with the revaluation model. The recognition is based on revaluated amounts which correspond to the fair value on the revaluation date. The revaluations are carried out in such a regular way that the book value does not materially deviate from the book value which would result from the fair value on each reporting date. Any increase in value which results from the revaluation of these land and land improvements is reported under Other comprehensive income and accumulated in the item Revaluation reserve of land and land improvements. This applies only to the extent that the increase in value does not reverse an impairment for the same assets which were previously recognized in the income statement. In this case the increase in value has to be carried out in the amount of the previously made impairment with recognition in the income statement. As a result of the Jahrhunderthalle transaction the still existing re-evaluation allowance was completely transferred to the capital reserve with no effect on income during the reporting year.

If reductions in the value of intangible assets or tangible fixed assets are ascertained, unscheduled depreciation is applied. The value attributable to the intangible assets or tangible fixed assets is ascertained on the basis of future surplus revenue or net sales proceeds (impairment test). Reviews are undertaken annually unless there is reason earlier to assume that values have decreased.

Scheduled depreciations are being accounted for pro-rata in cost of sales and administrative expenses respectively, write-ups in other operating income and unscheduled depreciations in other operating expenses.

Land held as financial investment is being evaluated at fair value according to IAS 40.30/40.33.

Shares in joint ventures and associated companies are reported at equity. Differential amounts resulting from initial consolidation are allocated following the same principles as for full consolidation.

A joint venture is based on a contractual agreement by virtue of which the Group and other contracting parties carry out a business activity which is subject to joint control; this is the case if the strategic financial and business policy associated with the business activity of the joint venture requires the consent of all parties involved in the joint control. Shares in joint ventures are reported at equity. The consolidated income statement includes the part of the Group in the income and expenditure as well as in equity changes of the investments valued at equity. If the Group's share in the loss of the joint venture exceeds the share valued at equity, this share is written down to zero. Other losses are not reported unless the Group has a contractual obligation or has made payments for the benefit of the joint venture. Unrealized profits or losses from transactions of affiliated entities with the joint venture are eliminated against the investment value of the joint venture (losses not exceeding the amount of the investment value).

Inventories are valued at acquisition cost. If net sales proceeds on the balance sheet date are less than the cost of acquisition, appropriate value adjustments are made.

Deferred expenses and deferred income are built in accordance with the accrual accounting concept outlined in IAS 18. Prepaid amounts are their basis. Deferred expenses are essentially prepaid costs and other accruals. Deferred income that relates to income from sales of prepaid tickets for events after the balance sheet date is reported as deferred revenue from pre-paid ticket sales.

Reserves are valued at the amount sound business judgment deems necessary on the balance sheet date to cover future payment obligations, discernible risks and uncertain commitments. Long-term reserves are being discounted in accordance with IAS 37. If the discounting effect is material, reserves are being recorded to the cash value of the expected future cash flow.

In accordance with IAS 12 deferred taxation is calculated on the basis of the different assigned values for assets and liabilities in the commercial balance sheet and the tax balance sheet in respect of circumstances within the scope of the commercial balance sheet II, consolidation processes and realizable losses carried forward. Deferred tax assets in respect of losses carried forward are only recognized to the extent that offsettable deferred tax liabilities exist. Deferred tax assets and deferred tax liabilities are shown as balances in the balance sheet to the extent that there is offsettability with the same tax authorities.

The defined benefit obligations are calculated in accordance with IAS 19 based on the Projected Unit Credit method. This is based on the number of service years on the respective calculation date and takes into account future developments by including discounting, wage development and probability of resignation until the commencement of the payment of the benefits as well as pension indexing for the years after the first-time payment of recurring benefits. Actuarial profits and losses are immediately recognized in the other income with no effect on the result.

Financial instruments are contracts which lead in one company to a financial asset and in another company to a financial liability or an equity instrument.

Financial assets within the meaning of IAS 39 are categorized as follows:

- at fair value through profit or loss
- as held-to-maturity investments
- as loans and receivables
- as available-for-sale financial assets

As at the balance sheet date and during the previous year there has not been any allocation of financial assets to the categories “held-to-maturity investments” and no voluntary classification of financial assets in the category “financial assets at fair value through profit or loss” in the DEAG Group.

Financial liabilities within the meaning of IAS 39 are categorized as follows:

- as at fair value through profit or loss
- as financial liabilities measured at amortized cost

The Group defines the categorization of its financial assets and/or financial liabilities with the first-time recognition and reviews this allocation at the end of each fiscal year, insofar as this is admissible and appropriate. The subsequent measurement of the financial assets and financial liabilities depends on their categorization.

At the first-time measurement of financial assets and/or financial liabilities they are measured at their fair value. If there is no measurement at fair value through profit or loss, transaction costs are included in addition, which are directly attributable to the acquisition of the financial asset or issue of the financial liability.

Financial assets include, more particularly, trade receivables, other receivables and assets as well as cash and cash equivalents.

Loans and receivables are non-derivative financial assets which are not quoted in an active market and for which fixed or determinable payments are deposited.

The Group reports receivables at amortized cost minus impairments. Any valuation allowances made reflect the assessment of the default risk and are shown in separate valuation allowance accounts. Objective defaults of receivables result in their de-recognition.

During the reporting period the Group has not sold any receivables within the framework of forfeiting or factoring agreements.

The Group of financial assets at fair value through profit or loss includes financial assets held for trading or which are designated as measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are reported in the balance sheet at fair value. The changes in fair value are shown as a balance position in the other operating income.

Financial assets held for trading are assets which are not allocated to one of the above-mentioned categories. Mainly equity is allocated to this category.

After the first-time measurement financial assets held for trading are measured at fair value during the following periods. Variations in respect of the fair value are reported with no effect on income in the equity, possibly after taking into account deferred taxes. If such an asset is derecognized, the cumulated profit or loss in the equity is reclassified with an impact on income.

In this category any shares in non-fully consolidated subsidiaries and other investments which are not measured at equity are shown in the Group. Due to a lack of an active market and a high expenditure to determine the fair value, these are as a matter of principle reported with their respective amortized cost. If there are any indications of a lower fair value, it is stated.

During the current period as well as during the previous year there have been no reclassifications of financial assets held for trading to other categories.

Cash and cash equivalents in the balance sheet include cash on hand, cash in banks and short-term deposits with original maturities of less than three months. The measurement is made at amortized cost.

A de-recognition of a financial asset is made at the time of the expiration and/or transfer of rights to payments under the asset and hence at the time when essentially all opportunities and risks related to the property have been transferred.

If the Group transfers its contractual rights to cash flows from an asset, it measures whether and to what extent the opportunities and risks remain with it. If the Group does not fully transfer or fully retain essentially all risks and opportunities which are related to the property in respect of this asset and retains also the power of disposal in respect of the transferred asset, the Group continues to recognize the transferred asset within the scope of its ongoing commitment.

In the event of financial assets or a group of financial assets which are reported at amortized cost, the Group determines on every balance sheet date whether there is objective information in respect of an impairment. Objective information may include, for instance, financial difficulties of debtors, the default of interest and redemption payments or changes in the economic or legal environment of the Group.

In the event of objective information about an impairment, the impairment loss is determined from the difference of the carrying value to the cash value of the expected future cash flow, discounted with the original effective interest rate of the financial asset. An impairment loss is reported immediately with an effect on income.

If the amount of an estimated impairment loss changes during one of the following reporting periods due to an event occurring objectively after the valuation allowance, the previous impairment loss is increased or reduced with an effect on income through the adjustment of the valuation allowance account.

Financial assets held for trading are subject to unscheduled depreciation, if there are objective indications of a permanent decline of the fair value below the cost of acquisition. The impairment is determined from the difference between the original acquisition costs (reduced by any redemptions and amortizations) and the cash value of the expected future cash flows. Any impairment losses are reported with an effect on income. Any reversals of impairments in respect of equity instruments are not reported with an effect on income but stated directly in the other comprehensive income.

Financial liabilities include, more particularly, trade payables, liabilities to banks and other liabilities.

Financial liabilities of this category are recognized as a matter of principle subject to the application of the effective interest method at amortized cost. This includes essentially trade payables as well as liabilities to banks.

Amortized costs are calculated taking into account a premium or discount at the acquisition as well as fees or costs, which represent an integral part of the effective interest rate. The amortization through the effective interest method is included in the income statement as part of the interest result.

Financial liabilities are measured at fair values through profit or loss. Liabilities are categorized if they are either held for trading or have been designated on a voluntary basis as assessed at fair value through profit or loss. Financial liabilities assessed at fair value through profit or loss are reported in the balance sheet at fair value. The variations of the fair value are reported as a balance position in the financial results.

A financial liability is derecognized if the obligation underlying this liability has been met, terminated or extinguished.

If the terms and conditions of an existing financing are substantially amended or if there are substantially different terms and conditions within the framework of a refinancing with the same lender such a replacement and/or change is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the respective carrying values is stated with an effect on income.

Derivative financial instruments such as forward exchange deals and interest swaps which are not accounted for as hedging instruments, are allocated within the DEAG Group in accordance with IAS 39 to the category of held for trading. The measurement of the derivative financial instruments is therefore based on their fair value. Variations in respect of the fair value are reported with an effect on income in the income statement. During the fiscal year currency derivatives were classified within the framework of the first-time recognition as held for trading since they formally do not represent any hedging instruments.

The balance sheet is sub-divided in accordance with IAS 1 into non-current and current assets and liabilities. Current assets and liabilities are becoming due within one year and their realization is expected within the normal business cycle or they are held for trading. In accordance with IAS 12 deferred taxes are reported as non-current assets and liabilities, respectively and not discounted.

Notes on the Statement of Income

Sales revenues and other revenues include all income for services already provided. Services for a concert, a show or a tour are basically considered as provided at the end of the concert or show. Expenses are reported when they are incurred with recognition in the statement of income, Interest and other expenses in respect of borrowings are carried as current expenditure.

6. Segment Reporting

In accordance with the provisions of IFRS 8, individual financial statement data is segmented by areas of work and regions, with presentation being oriented to our internal reporting. Accounting by segment is intended to render transparent the profitability and prospects of success of the Group's individual business activities.

Notes on the Segments

The DEAG Group sub-divides its continued operations into two segments, which are described in the Combined Management Report and Group Management Report.

Segment data

	Live Touring		Entertainment Services		Total Segments	
In EUR'000	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues	131,017	117,693	97,102	74,937	228,119	192,630
Other income	3,854	903	13,074	2,828	16,928	3,731
- thereof internal income	16,182	20,130	14,228	357	30,410	20,487
Total earnings	**134,871**	**118,596**	**110,176**	**77,765**	**245,047**	**196,361**
Cost of sales*	123,023	99,991	90,746	55,216	213,769	155,207
Operative expenses	12,425	11,639	21,165	18,078	33,590	29,717
Depreciations and amortisation (for information only)						
-scheduled	1,215	2,766	456	414	1,671	3,180
Segment result (EBIT)	-6,312	6,264	-2,636	3,374	-8,948	9,638
Book value of segment assets	61,653	85,125	47,262	62,640	108,915	147,765
Investments	138	543	685	832	823	1,375
External funding of segments	49,593	72,770	68,345	63,016	117,938	135,786
Full-time employees as at 31.12.	69	74	91	82	160	156
Return on sales	-4.8%	5.3%	-2.7%	4.5%	-3.9%	5.0%

* Data include proportional, scheduled depreciation

Internal income relates to services rendered between Group companies in different segments and DEAG as the parent company. Intra-segment services are eliminated within the segment.

The exchange of output between segments and between the segments and the holding company is adjusted in the consolidation column within following reconciliation overview. The consolidation column also includes the services of the DEAG Holding company. Services are charged at standard market rates and correspond in principle to externally sourced prices.

The return on sales is derived from the segment result (EBIT) divided by the segment sales. No sales revenues are generated with external customers which amount to at least 10% of the total sales revenues.

Reconcilation from Segment to Group Data

	Total of segments		**Consolidation (incl. Holding)**		**Group**	
In EUR'000	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues	228,119	192,630	-27,759	-20,405	200,360	172,225
Other Income	16,928	3,731	-1,616	1,522	15,312	5,253
- thereof internal income	30,410	20,487	-30,41	-20,487	-	-
Total earnings	**245,047**	**196,361**	**-29,375**	**-18,883**	**215,672**	**177,478**
Cost of sales	213,769	155,207	-27,515	-19,952	186,254	135,255
Operative expenses	33,590	29,717	6,474	5,706	40,064	35,423
Segment result (EBIT)					-8,948	9,638
Unallocated expenditure and income (incl. DEAG and consolidation effects)					-8,883	-4,295
Operating result (EBIT)					**-17,831**	**5,343**
Income shares in companies accounted for using the equity method					82	-1,488
Other financial result					-1,009	-254
Result before taxes (EBT)					**-18,758**	**3,601**
Taxes on income and earnings					-191	-39
result from continuing operations after taxes					**-18,949**	**3,562**
result from discontinuing operations after taxes					-1,619	-1,339
Group result after taxes					**-20,568**	**2,223**
thereof attributable to other shareholders					869	1,204
thereof attributable to DEAG shareholders (Group Result)					**-21,437**	**1,019**

The result of associated companies relates to DEAG with an amount of kEUR 6 (2014: kEUR 6).

Other information

In EUR'000	**Group 2015**	**2014**
Book value of segment assets	108,915	147,765
Real estate held as financial investment property	7,940	8,350
Shares in affiliated companies	9,946	2,701
Unallocated assets incl. consolidation transactions (1)	-14,092	-12,805
Consolidated assets	**112,709**	**146,011**
External funding of assets	117,938	135,786
Unallocated external funding of segments incl. consolidation transactions (1) , (2)	-29,659	-34,057
Consolidated external funds	**88,279**	**101,729**
Net assets (incl. shares of other shareholders)	**24,430**	**44,282**
Full-time employees at 31.12.	191	184
Return on Sales	-8.9%	3.1%

(1) concerns DEAG at kEUR 51,531 (previous year: kEUR 47,928) and consolidation transactions (mainly debt consolidation at kEUR -54,988 (previous year: kEUR -40,701) between segments and segments and between segments and DEAG respectively

(2) concerns DEAG at kEUR 24,169 (previous year: kEUR 12,289) and consolidation transactions (mainly debt consolidation) between segments and segments and DEAG as well as accrual of deferred taxes kEUR 2,163 (previous year: kEUR 2,483)

The return on sales is derived from the operating result (EBIT) divided by the income from sales.

The breakdown of segment data by regional subdivision is shown below. The Group companies concerned are the AIO Group and The Classical Company AG in Switzerland and Raymond Gubbay Ltd. and the Kilimanjaro Group in Great Britain.

In EUR'000	**Group 2015**	**2014**
Live Touring Segment Sales	131,017	117,693
thereof: Raymond Gubbay Ltd. (UK)	24,990	19,264
thereof: Kilimanjaro-Gruppe (UK)	36,362	22,351
thereof: The Classical Company AG (Switzerland)	553	1,306
Entertainment Services Segment Sales	97,102	74,937
thereof: AIO-Gruppe (Switzerland)	18,250	18,250
thereof: Blue Moon Entertainment GmbH (Austria)	5,333	2,942
Book value of Live Touring Segment Assets	61,653	85,125
thereof: Raymond Gubbay Ltd. (UK)	14,061	12,454
thereof: Kilimanjaro-Gruppe (UK)	18,699	24,744
thereof: The Classical Company AG (Switzerland)	356	575

In EUR'000	Group 2015	2014
Investments of Live Touring Segment	138	543
thereof: Raymond Gubbay Ltd. (UK)	56	110
thereof: Kilimanjaro-Gruppe (UK)	7	92
thereof: The Classical Company AG (Switzerland)	-	-
Book value of Entertainment Services Segment Assets	47,262	62,640
thereof: AIO-Gruppe (Switzerland)	10,231	13,201
thereof: Blue Moon Entertainment GmbH (Austria)	1,252	2,300
Investments of Entertainment Services Segment	685	832
thereof: AIO-Gruppe (Switzerland)	185	104
thereof: Blue Moon Entertainment GmbH (Austria)	9	16

7. Liquid Funds

Cash in hand and credit balances at banks are shown as liquid funds.

8. Trade Receivables

Trade receivables are comprised of the following:

In EUR'000	31.12.2015	31.12.2014
Accounts receivable	13,359	12,968
Value adjustment on accounts receivable	-324	-44
Trade receivables	**13,035**	**12,924**

Provisions changed through addition by kEUR 280.

The following non value debased trade receivables were overdue at balance sheet date:

Amount in EUR'000	ss than 3 months	3 to 6 months	> 6 months
31.12.2015	33	63	72
31.12.2014	32	20	34

The gross trade receivables portfolio (receivables after deduction of valuation allowances) breaks down as follows:

In EUR'000	Non overdue and non value-adjusted receivables	Overdue and non value-adjusted receivables	Value-adjusted receivables	Gross value of receivables
Trade receivables				
2015	12,867	168	324	13,359
2014	12,838	86	44	12,968

As far as the receivables which are neither impaired nor in default on the closing date are concerned there are no indications that the debtors will not be able to meet their payment obligations.

9. Down payments

Down payments concern essentially down payments of fees and individually attributable event costs concerning events after the balance sheet date. kEUR - (prior year: kEUR 483) are allocated to the non-current assets. The payments made have been subject to unscheduled valuation allowances in the amount of kEUR 1,055. The impairment loss concerns the Rock festivals in Vienna and Munich.

10. Inventories

The inventories concern finished products and goods.

11. Other Current Financial and Non-Financial Assets

The Other current financial assets consist essentially of the following:

In EUR'000	31.12.2015	31.12.2014
Receivables from assosciated companies	1,248	619
Loans	261	988
Deposits	259	210
Receivables from cooperation contracts	189	532
Claim on purchase price from disposals of investment	128	366
Insurance settlements/Compensation	-	348
Receivables from other shareholders	-	56
Value adjustments	-128	-100
Others	342	725
Other current financial assets	**2,299**	**3,744**

The Other current non-financial assets consist essentially of the following:

In EUR'000	31.12.2015	31.12.2014
Down payments	1,310	924
Tax authorities claims	640	221
Input tax deductible in the following year	116	860
Others	223	192
Other current non-financial assets	**2,289**	**2,197**

The following non-impaired other current financial assets were overdue on the balance sheet date:

In EUR'000	till 3 months	3 - 6 months	> 6 months
31.12.2015	20	12	56
31.12.2014	-	3	18

The itemized valuation allowances of the other current financial assets have changed as a result of an addition by kEUR 28.

The gross portfolio of receivables (receivables prior to the deduction of valuation allowances) of the other current financial assets breaks down as follows:

In EUR'000	Non overdue and non value-adjusted receivables	Overdue and non value-adjusted receivables	Value-adjusted receivables	Gross value of receivables
Other				
2015	2,211	88	128	2,427
2014	3,723	21	100	3,844

12. Information about subsidiaries

12.1 Acquisitions

During the reporting year the purchase price allocation of Kilimanjaro Holdings Limited, London, was finally completed in accordance with IFRS 3.45 in compliance with the 12 months' period. Within the framework of the purchase price allocation there has not been any variation. An overview of the fair values of the respective balance sheet items on the first-time consolidation date is presented in the Notes of the 2014 Annual Report.

12.2 Summarized financial information of subsidiaries

For subsidiaries and/or sub-groups of the Group with a non-controlling share, which is material for the Group, summarized financial information is reported below. The summarized financial information corresponds to the amounts before intragroup eliminations.

The summarized financial data of subsidiaries and/or sub-groups of the Group correspond to the amounts of the financial statements of the company prepared in accordance with IFRS and have been adjusted accordingly for the purposes of consolidated accounting.

Material non-controlling shares in the segment Live Touring:

Sub-group Classics

In the sub-group the activities of the tour promoter DEAG Classics AG, Berlin, Raymond Gubbay Ltd., London (United Kingdom) as well as The Classical Company AG, Zurich (Switzerland) are reported.

Sub-group Classics	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Current assets	12,027	10,148
Long-term assets	8,296	8,539
Current liabilities	9,635	9,228
Long-term liabilities	585	617
Equity attributable to DEAG shareholders	7,804	7,2
Equity attributable to non-controlling interest	2,299	1,642

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Sales	31,496	30,646
Expenses and other income	29,914	29,457
Net income	**1,582**	**1,189**

Sub-group Classics	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Net income of attributable to DEAG Shareholders	828	606
Net income of attributable to non-controlling interest	754	583
Total net income	**1,582**	**1,189**
Other result of attributable to DEAG Shareholders	-99	76
Other result of attributable to non-controlling interest	-103	73
Total other result	**-202**	**149**
Total result of attributable to DEAG Shareholders	729	682
Total result of attributable to non-controlling interest	651	656
Total result	**1,380**	**1,338**

Sub-group Classics	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Dividends paid to non-controlling interest	-490	-588
Net cash flows from operating activities	1,258	4,183
Net cash flows from investing activities	-272	-197
Net cash flows from financing activities	-544	-1,992
total net cash flows	**442**	**1,994**

Sub-group Kilimanjaro

The sub-group Kilimanjaro covers the activities of Kilimanjaro Holdings Limited, London, Kilimanjaro Live Limited, London as well as Wakestock Limited, London, included in the Group since May 1, 2014; Twin Peaks Limited is held as an associated company and is reported in the investments.

Sub-group Kilimanjaro	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Current assets	12,509	18,612
Long-term assets	9,036	8,882
Current liabilities	11,793	19,085
Long-term liabilities	1,313	1,292
Equity attributable to DEAG shareholders	5,751	4,993
Equity attributable to non-controlling interest	2,688	2,124

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Sales	36,362	22,351
Expenses and other income	35,467	22,212
Net income	**895**	**139**

Sub-group Kilimanjaro	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Net income of attributable to DEAG Shareholders	456	71
Net income of attributable to non-controlling interest	439	68
Total net income	**895**	**139**
Other result of attributable to DEAG Shareholders	131	256
Other result of attributable to non-controlling interest	125	108
Total other result	**256**	**364**
Total result of attributable to DEAG Shareholders	587	327
Total result of attributable to non-controlling interest	564	176
Total result	**1,151**	**503**

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Dividends paid to non-controlling interest	-	-
Net cash flows from operating activities	-9,562	14,615
Net cash flows from investing activities	192	-607
Net cash flows from financing activities	0	-1
Total net cash flows	**-9,370**	**14,007**

Sub-group GOLD Entertainment

The sub-group GOLD Entertainment reports the business activities of GOLD Entertainment GmbH, Berlin and Manfred Hertlein Veranstaltungs GmbH, Würzburg.

Sub-group GOLD Entertainment	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Current assets	8,668	20,496
Long-term assets	2,528	2,687
Current liabilities	8,048	19,761
Long-term liabilities	503	515
Equity attributable to DEAG shareholders	1,977	1,816
Equity attributable to non-controlling interest	668	1,091

Sub-group GOLD Entertainment	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Sales	36,746	30,730
Expenses and other income	36,857	30,243
Net income	**-111**	**487**

Sub-group GOLD Entertainment	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Net income of attributable to DEAG Shareholders	-38	161
Net income of attributable to non-controlling interest	-73	326
Total net income	**-111**	**487**
Other result of attributable to DEAG Shareholders	-	-
Other result of attributable to non-controlling interest	-	-
Total other result	-	-
Total result of attributable to DEAG Shareholders	-38	161
Total result of attributable to non-controlling interest	-73	326
Total result	**-111**	**487**

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Dividends paid to non-controlling interest	-350	-260
Net cash flows from operating activities	-6,855	9,944
Net cash flows from investing activities	-2	-70
Net cash flows from financing activities	-529	-422
Total net cash flows	**-7,386**	**9,452**

Wizard Promotions Konzertagentur GmbH (IFRS data)

Wizard Promotions Konzertagentur GmbH, Frankfurt am Main	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Current assets	2,680	7,553
Long-term assets	3,291	3,425
Current liabilities	4,487	7,522
Long-term liabilities	474	513
Equity attributable to DEAG shareholders	620	2,607
Equity attributable to non-controlling interest	390	336

Wizard Promotions Konzertagentur GmbH, Frankfurt am Main	2015 In EUR'000	2014 In EUR'000
Sales	9,858	20,516
Expenses and other income	15,866	20,568
Net income	**-6,008**	**-52**
Net income of attributable to DEAG Shareholders	-6,062	-39
Net income of attributable to non-controlling interest	54	-13
Total net income	**-6,008**	**-52**
Other result of attributable to DEAG Shareholders	-	-
Other result of attributable to non-controlling interest	-	-
total other result	**-**	**-**
Total result of attributable to DEAG Shareholders	-6,062	-39
Total result of attributable to non-controlling interest	54	-13
Total result	**-6,008**	**-52**

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Dividends paid to non-controlling interest	-	-199
Net cash flows from operating activities	-5,558	1,390
Net cash flows from investing activities	-20	-121
Net cash flows from financing activities	4,150	-799
Total net cash flows	**-1,428**	**470**

Sub-group Handwerker Promotion

The sub-group Handwerker Promotion includes the local business of handwerker promotion e. gmbH, Unna and Pro Media GmbH, Unna.

Subgroup Handwerker Promotion	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Current assets	5,577	7,841
Long-term assets	1,444	1,433
Current liabilities	5,549	7,206
Long-term liabilities	-	-
Equity attributable to DEAG shareholders	1,440	1,743
Equity attributable to non-controlling interest	32	325

Subgroup Handwerker Promotion	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Sales	12,854	21,136
Expenses and other income	12,811	20,590
Net income	**43**	**546**

Subgroup Handwerker Promotion	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Net income of attributable to DEAG Shareholders	22	278
Net income of attributable to non-controlling interest	21	268
Total net income	**43**	**546**
Other income of attributable to DEAG Shareholders	-	-
Other income of attributable to non-controlling interest	-	-
Total other income	**-**	**-**
Total comprehensive income of attributable to DEAG Shareholders	22	278
Total comprehensive income to non-controlling interest	21	268
Total comprehensive income	**43**	**546**

	31.12.2015 In EUR'000	31.12.2014 In EUR'000
Dividends paid to non-controlling interest	-314	-368
Net cash flows from operating activities	-78	-752
Net cash flows from investing activities	-11	12
Net cash flows from financing activities	-641	-759
Total net cash flows	**-730**	**-1,499**

13. Goodwill and Other Intangible Assets

The values developed in fiscal 2014 and 2015 as follows:

Acquisition or production costs In EUR'000	Goodwill	Artist and agency relationships	other rights	Soft-ware	other intangible assets
January 1, 2014	**19,974**	**12,388**	**1,171**	**511**	**14,070**
Reclassification	-	-	-	42	42
Additions from initial consolidation	2,639	4,694	-	310	5,004
Additions	-	-	251	321	572
Disposals	-	-	-	-5	-5
Currency adjustments	342	645	-	20	665
December 31, 2014	**22,955**	**17,727**	**1,422**	**1,199**	**20,348**
Depreciation in EUR'000					
January 1, 2014	**-**	**5,722**	**908**	**386**	**7,016**
Reclassification	-	-	-	35	35
Additions	-	2,675	20	132	2,827
Disposals	-	-	-	-4	-4
Currency adjustments	-	235	-	1	236
December 31, 2014	**-**	**8,632**	**928**	**550**	**10,110**
Balance sheet values 31.12.14	**22,955**	**9,095**	**494**	**649**	**10,238**

Acquisition or production costs In EUR'000	Goodwill	Artist and agency relationships	other rights	Soft-ware	other intangible assets
January 1, 2015	**22,955**	**17,727**	**1,422**	**1,199**	**20,348**
Reclassification	-	- 6	6	-	-
Additions	-	-	200	74	274
Change in scope of consolidation	-	-	-	-14	-14
Disposals	-395	-	-	-	-
Currency adjustments	1,065	666	-	47	713
December 31, 2015	**23,625**	**18,387**	**1,628**	**1,306**	**21,321**
Depreciation in EUR'000					
January 1, 2015	**-**	**8,632**	**928**	**550**	**10,110**
Reclassification	-	-1	1	-	-
Additions	-	984	132	231	1,347
Change in scope of consolidation	-	-	-	-10	-10
Currency adjustments	-	305	-	10	315
31.12.2015	**-**	**9,92**	**1,061**	**781**	**11,762**
Bilanzwerte 31.12.2015	**23,625**	**8,467**	**567**	**525**	**9,559**

14. Goodwill

The reported goodwill is attributable as at December 31, 2015 in the amount of kEUR 11,107 to the Live Touring segment and in the amount of kEUR 12,518 to the Entertainment Services segment.

The goodwill in the Live Touring segment concerns in an amount of kEUR 5,263 DEAG Classics AG together with Raymond Gubbay Ltd., which due to a joint shareholder structure, close co-operation and the existing synergy effects constitute a CGU within the segment, in an amount of kEUR 1,592 Wizard Promotions Konzertagentur GmbH, in an amount of kEUR 853 KBK Konzert- und Künstleragentur GmbH, in an amount of kEUR 615 the sub-group GOLD Entertainment and in an amount of kEUR 2,783 the sub-group Kilimanjaro.

In the Entertainment Services segment kEUR 345 are accounted for by the domestic companies of this segment, kEUR 1,405 by the domestic sub group Handwerker Promotion as well as kEUR 10,767 to the AIO Group.

The changes in goodwill concern the Entertainment Services segment. On the one hand, there had been an increase of kEUR 1,065 due to exchange rate developments on the level of the AIO Group. On the other hand, the amount attributable to the domestic companies decreased by kEUR 396 due to the divestiture of the business unit Jahrhunderthalle.

The added goodwills reflect the synergy expectations of the DEAG Group in view of the extension of the network associated with the acquisitions, the access to venues as a result of the regional expansion and the rise in ticket volume. Furthermore, it is assumed that there will be a strengthening of the Entertainment Services sector through the offering of shows and tours.

The aforementioned subdivision also applies to the determination of the CGU.

For the goodwill of each CGU impairment tests were carried out on a regular basis. No impairment loss was identified.

In each case, the basis for the impairment test was the utility value of the CGUs, whose calculation was derived from forecast earnings – depending on the CGUs – in a one year plan. When determining the utility value a discounted cash flow procedure was applied. The discounted cash flow procedure was based on corporate planning of the relevant CGU's approved by the management as well as assumed growth rates and EBIT margins which were oriented towards the events and experience taken into account in planning. For the standard year (perpetual annuity) the planning numbers of the last planning year were used.

Pre-tax interest rates for the CGUs AIO Group, Rock / International, the sub-group Kilimanjaro and the sub-group DEAG Classics of 6.1% (2014: 6.5%), 9.1% (2014: 8.3%) and 8.8% (2014: 8.2%), respectively, were used as discount rates; for the other CGUs it amounted to 8.0% (2014: 8.1%). During the standard year a growth deduction of 0% was applied. Even after a reduction of the discount interest rate by one percentage point, the goodwill would not show any sign of impairment.

15. Other Intangible Assets

The other intangible assets reported in the balance sheet have a limited useful life.

The capitalization of the orders at hand as well as the artist and agent relationships is based on business combinations. The artist and agent relationships are amortized on a straight-line basis over a period of 15 years. The orders at hand are amortized after the conclusion of the corresponding concert event.

The remaining term of amortization for artist and agent relationships amounts to between 5 and 14 years.

16. Tangible Assets

The development of tangible fixed assets during fiscal 2014 and 2015 turns out as follows:

Acquisition or production costs In EUR'000	**Land and Buildings (historical cost)**	**Land (revalued)**	**Technical plant and machinery (historical cost)**	**Other fixtures and fittings, equipment (historical cost)**	**Total tangible assets**
01.01.2014	**569**	**425**	**1,483**	**2,928**	**5,405**
Reclassification	-	-	-137	95	-42
Additions from initial consolidation	-	-	-	31	31
Additions	69	-	310	479	858
Disposals	-	-	-29	-616	-645
Currency adjustments	-	-	13	26	39
31.12.2014	**638**	**425**	**1,640**	**2,943**	**5,646**
Depreciation in EUR'000					
01.01.2014	**176**	-	**693**	**2,017**	**2,886**
Reclassification	-	-	-159	124	-35
Additions	25	-	91	287	403
Disposals	-	-	-7	-304	-311
Currency adjustments	-	-	11	17	28
31.12.2014	**201**	-	**629**	**2,141**	**2,971**
Balance sheet values 31.12.14	**437**	**425**	**1,011**	**802**	**2,675**

Acquisition or production costs In EUR'000	**Land and Buildings (historical cost)**	**Land (revalued)**	**Technical plant and machinery (historical cost)**	**Other fixtures and fittings, equipment (historical cost)**	**Total tangible assets**
01.01.2015	**638**	**425**	**1,640**	**2,943**	**5,646**
Reclassification	23	-	-	-23	-
Additions	74	-	47	500	621
Disposals	-189	-425	-	-63	-677
Change in scope of consolidation	-434	-	-1,420	-1,205	-3,059
Currency adjustments	-	-	13	53	66
31.12.2015	**112**	**-**	**280**	**2,205**	**2,597**
Depreciation in EUR'000					
01.01.2015	**201**	-	**629**	**2,141**	**2,971**
Additions	28	-	73	308	409
Disposals	-60	-	-	-61	-121
Change in scope of consolidation	-141	-	-509	-920	-1,570
Currency adjustments	-	-	10	35	45
31.12.2015	**28**	-	**203**	**1,503**	**1,734**
Balance sheet values 31.12.15	**84**	-	**77**	**702**	**863**

As a result of the Jahrhunderthalle transaction a disposal in the amount of kEUR 425 was recognized.

17. Real property held as financial investment

Already in 2001 DEAG valued the plots of land held as financial investment which are not used within the operating activities of the DEAG Group in accordance with the fair value model on the basis of sufficiently objectifiable market prices by an external expert and made a corresponding write-up/write-down in respect of the fair value on the reporting date.

The fair values as at December 31, 2015 to be applied to the real estate held as financial investment are based on the valuation of the firm of architects and experts M. F. Guntersdorf with regional expert knowledge. Dipl.-Ing. Dipl. Architect Michael F. Guntersdorf HfbK AKH is a publicly appointed and sworn expert of the Chamber of Commerce and Industry Offenbach am Main for the valuation of developed and undeveloped real property, a member of the Committee of Experts for real property values and other value determinations for the area of the city of Frankfurt am Main (Deputy Chairman) as well as a PPP consultant certified by the Chamber of Architects Hessen. The independent expert has hence appropriate qualification and current experience in the valuation of real property in the relevant locations.

The fair value determined by the expert was defined on the basis of comparative market values, based on the standard land values for immediately developable, improved commercial development areas – assuming concrete expectations that land will be zoned as building land determined and adopted by the Expert Committee for real property values and other value determinations for the area of the city of Frankfurt am Main. The expert opinion has been based on the available standard land values. They amount to between EUR 20 and 500 per square meter.

On this basis the plots of land were evaluated as prospective development land depending on the assessment of the respective developability of the individual plots of land. The development costs to be expected, uncertainties concerning the realizability in time and the speculative element were taken into account in this connection by corresponding deductions.

The differentiated deductions amount – except for the open spaces – to between 30 and 50% of the real property values for developed building land in order to take into account the different complex framework conditions. As a result, these land values were estimated depending on their use as between EUR 20 and 350 per square meter.

During the reporting year DEAG set up together with a real property investor based in Frankfurt a.M. a 50:50 joint venture and sold the partial plots of land around the Frankfurt Jahrhunderthalle arena held for sale and/or development under the item “Real estate held as financial investment” subject to a condition precedent to the joint venture. In the event of the granting of a building permit the property transfer is to be carried out and the total area and/or parts thereof are to be developed and marketed through the joint venture under the co-ordination of the real estate investor.

The independent expert reaches for the plots of land around Jahrhunderthalle in Frankfurt a.M. including the safety margin deducted for non-secured development potential a value indication of kEUR 7,850. In the consolidated financial statements as at December 31, 2015 the value of the plots of land is recognized with a total of kEUR 7,940 and hence a slightly different value (by kEUR 90), since DEAG believes that in the event of a positive and successful development of the plots of land an incremental profit will be generated which exceeds the stated carrying value.

Details and information on the hierarchy levels of the fair values of the real property held as financial investment of the Group is represented as at December 31, 2015 and December 31, 2014:

Valuation of the fair value

kEUR

Assets valued at fair value	2015 Total	Level 1	Market value Level 2	Level 3
Commercial real estates in Germany	7,940	-	-	7,940

kEUR

Assets valued at fair value	2014 Total	Level 1	Market value Level 2	Level 3
Commercial real estates in Germany	8,350	-	-	8,350

Any change in land values by 5.0% upwards or downwards would result in a value adjustment of kEUR 397 or kEUR -397.

At the determination of the fair value of the plots of land a future utilization as hotel, shopping center as well as general commercial uses were assumed, which represent at present the best possible utilization.

If the developability were not approved as planned, there is a risk of a substantial deviation of the fair value, which would have a negative impact on the assets and earnings position of the Group.

During fiscal 2015 operating expenses which could be directly allocated to the real property in the 4amount of kEUR 34 (kEUR 25 after deferred taxes) were incurred; no income was generated.

As a result of the Jahrhunderthalle transaction, a partial disposal of kEUR 410 was recognized.

18. Investments and according to the equity method accounted financial assets

The investments include essentially minority shareholdings in Switzerland with kEUR 60 as well as further minority shareholdings with a carrying value of kEUR 11.

The financial assets recognized at equity break down as follows:

	Current book value 2015	2014
Joint Ventures		
A.C.T. Artist Agency GmbH, Berlin	-	-
JHH Entwicklungsflächen GmbH & Co. KG i.Gr., Frankfurt a.M.	4	-
JHH Entwicklungsflächen Verwaltungs GmbH i.Gr., Frankfurt a.M.	12	-
Associated Companies		
Twin Peaks Festival Limited, London (Great Britain)	2,855	2,673
JHH Verwaltungs GmbH, Frankfurt a.M.	12	-
Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M.	13	-
EIB Entertainment Insurance Brokers GmbH, Hamburg	34	28
Verescon AG, Berlin	-	-
Seefestspiele Berlin GmbH, Berlin	-	-
Total	2,930	2,701

The summarized financial data concerning a material associated company of the Group are presented below. They correspond to the amounts of the financial statements of the company prepared in conformity with IFRS and have been adjusted for the purpose of consolidated accounting.

Twin Peaks Festival Limited, London (Great Britain)	Associated Companies	
In EUR'000	**2015**	**2014**
Current Assets	203	446
Long-term Assets	-	-
Total Assets	**203**	**446**
Current Liabilities	208	468
Long-Term Liabilities	-	-
Total Liabilities	**208**	**468**
Profit and Loss Statement		
Sales	481	10,882
Expenses	462	11,038
Annual Result	**19**	**- 156**
Other comprehensive income	-	-
Total comprehensive income	**19**	**- 156**
Dividends received from associated companies	-	-

The above-mentioned assets and liabilities include the following amounts:

In EUR'000	2015	2014
Cash and cash equivalents	203	176
Current financial liabilities	-	-
Long-Term financial liabilities	-	-

Reconciliation from the summarized financial information to the carrying value of the investment in Twin Peaks Festival Limited in the consolidated financial statements:

In EUR'000	2015	2014
Net assets of the associated company	- 5	- 22
Participation rate of the Group	50,0%	50,0%
Goodwill	-	-
Other adjustments (trademark/order backlog, net of tax)	2,857	2,684
Carrying amount of the Group's share of Twin Peaks Limited	2,855	2,673

The aggregated fundamentals of the associated companies and the joint ventures included at equity in the consolidated financial statements which are not material for the Group are reported below. The values correspond to the shares accounted for by the DEAG Group. The financial data correspond to the amounts in conformity with the financial statements prepared in accordance with IFRS.

	Associated Companies		Joint Ventures		Total	
In EUR'000	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Current Assets	827	158	203	104	1,030	262
Long-term Assets	1,010	272	61	58	1,071	330
Total Assets	**1,837**	**430**	**264**	**162**	**2,101**	**592**
Current Liabilities	1,771	350	244	237	2,015	587
Long-Term Liabilities	643	618	31	40	674	658
Total Liabilities	**2,414**	**968**	**275**	**277**	**2,689**	**1,245**
Profit and Loss Statement						
Sales	886	150	363	313	1,249	463
Expenses	980	188	299	296	1,279	484
Annual Result	**- 94**	**- 38**	**64**	**17**	**- 30**	**- 21**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**- 94**	**- 38**	**64**	**17**	**- 30**	**- 21**
Dividends received from associated companies	-	-	-	-	-	-
Aggregate carrying amount	**59**	**28**	**16**	**-**	**75**	**28**

in TEUR	**2015**	**2014**
Nicht erfasste Verluste assoziierter Unternehmen in der Berichtsperiode	-	-

IFRS 11 covers joint arrangements as contractual agreement for joint control whereby the type and form of contractual agreement is not explicitly regulated

The Group has one cooporation agreement for the joint organization of the Organic Dance Music Festival. The co-operation agreement provides for a joint right of decision for all material contents and a parity distribution of the result. This co-operation agreement was, therefore, classified as joint venture and allocated to the result of associated companies. The joint venture does not have any own assets and liabilities.

The quantitative impact from this application of IFRS 11 is as follows:

Impact on the financial statements	**2015** In EUR'000
Reduction of revenue	-161
Reduction in the cost of sales	182
Reduction in selling expenses	27
Decrease in income from associated companies	-48
Change in net profit	**0**

19. Other Non-Current Financial Receivables

The other non-current receivables have a maturity of more than one year. The receivables include essentially kEUR 163 of commission claims (2014: kEUR 247).

20. Deferred Taxes

The deferred tax assets concern in the amount of EUR 2.1 million (2014: EUR 2.5 million) mainly deferred taxes on losses carried forward offset against deferred tax liabilities of EUR 1.9 million (2014: EUR 2.1 million) (same tax authority).

21. Bank Loans Payable

Liabilities to banks include investment loans as well as the availment of working capital lines.

22. Trade Accounts Payable

The liabilities are all due within one year. There is no collateralization.

23. Accruals

This item has developed as shown below:

In EUR'000	As at 01.01.15	Changes in consolidation (1)	Use	Disposal	Addition	Currency difference	As at 31.12.15
Outstanding invoices	3,504	- 35	2,760	156	3,563	227	4,343
Personnel obligations	1,011	- 300	621	19	765	24	860
Consulting and audit costs	317	- 7	320	4	323	6	315
Other accruals	391	-	166	24	3,237	21	3,459
Total	**5,223**	**- 342**	**3,867**	**203**	**7,888**	**278**	**8,977**

(1) reports the disposal of Jahrhunderthalle

In EUR'000	As at 01.01.14	Changes in consolidation (1)	Use	Disposal	Addition	Currency difference	As at 31.12.14
Outstanding invoices	3,946	333	3,903	341	3,348	121	3,504
Personnel obligations	2,045	-	1,067	512	530	15	1,011
Consulting and audit costs	315	-	295	4	299	2	317
Other accruals	634	1,017	1,335	141	207	9	391
Total	**6,940**	**1,350**	**6,600**	**998**	**4,384**	**147**	**5,223**

(1) reports the additions of the sub-group Kilimanjaro (as of 01.05.2014)

The accruals for outstanding invoices and the other accruals include an amount of kEUR 123 (2014: kEUR -) and kEUR 2,822 (2014: kEUR -), respectively, risk provisioning for the Rock festivals in Munich and Dortmund.

The provisions – except for kEUR 416 (2014: kEUR 454) for personnel liabilities – are, as a matter of principle, due within one year.

24. Sales Accrued and Deferred Revenues

This item includes customers' takings for concert and theatre tickets as well as guarantee payments for events after the balance sheet date. Payments received enter revenues on the date of each event.

25. Other financial and non-financial assets and liabilities

The other financial (11 and 10) and non-financial assets (11) are reported as separate items from the reporting year onwards and no longer under the other current and non-current assets. The other financial (26 and 27) and non-financial liabilities (26) which were included so far in the other current and non-current liabilities are treated by analogy. The prior year numbers have been adjusted accordingly.

26. Other current financial and non-financial liabilities

The balance sheet items break down as follows:

in TEUR	31.12.2015	31.12.2014
Prepayment of cooperation agreements	2,870	-
Finance liabilities	2,160	-
Escrow monies from ticket sales	594	461
Liabilities to other shareholders	-	577
Other	520	932
Other current financial liabilities	**6,144**	**1,970**

in TEUR	31.12.2015	31.12.2014
Tax liabilities	3,443	6,952
Social security liabilities	409	535
Accruals and deferrals	27	81
Other	108	4
Other current non-financial liabilities	**3,987**	**7,572**

27. Other non-current financial liabilities

The other non-current financial liabilities break down as follows:

in EUR'000	31.12.2015	31.12.2014
Other financial liabilities	303	292
liabilities according to IAS 32	712	671
Other non-current financial liabilities	**1,015**	**963**

This item concerns in an amount of kEUR 712 a liability from a contingent consideration. The liability corresponds to a share in an investee attributable to a third party if the shares in the latter are sold. The determination of the fair value is based on the application of the relief-from-royalty method. The measurement was based on planning approved by the local management. By way of discount rate an interest rate of 10.5% (prior year: 10.5%) was used. A variation of the underlying measurement by 5.0% upwards or downwards would result in a value adjustment of kEUR 36 and kEUR 36, respectively – without taking into account exchange rate effects.

The currency-related variation during the reporting year amounts to kEUR -43; it is stated in the other income and is to be allocated to the shareholders of DEAG in an amount of 51%.

28. Collateralization

For the collateralization of liabilities to banks (December 31, 2015: kEUR 1,375) in connection with acquisition financing the corresponding shares were pledged to the financing banks as well as receivables under an allocation contract (kEUR 654).

For the collateralization of other current financial liabilities (December 31, 2015: kEUR 2,060) receivables in the same amount from a property purchase and sale contract have been assigned with a lower rank. At present this liability has a value of kEUR 1,000.

During the reporting year the receivables from ticket funds as well as insurance claims on December 31, 2015 were assigned to the financing bank for the collateralization of liabilities to banks (kEUR 859) in connection with tour pre-financing.

29. Equity

The Company's capital stock amounts to EUR 16,353,334.00 (December 31, 2014: EUR 16,353,334.00), divided into 16,353,334 ordinary registered shares in the form of no-par-value individual share certificates each with a book share of EUR 1.00 in the capital stock.

The share capital of the company is paid in full.

The capital reserve contains the premium on the shares issued by DEAG, reduced by the capital increase from own company funds to adjust the subscribed capital following the changeover to the Euro as well as reduced by the cost of the capital increase of the respective year in the amount of kEUR - (2014: kEUR 816). The transaction costs concerned during the previous year essentially consulting costs as well as issuing fees.

The revaluation reserve for property, plant and equipment results from the revaluation of owner-used plots of land after the deduction of deferred taxes in accordance with IAS 16. In 2013 and 2014 no changes were made. As a result of the Jahrhunderthalle transaction the still existing revaluation allowance was reclassified completely during the reporting year to the capital reserve with no effect on income.

The balance sheet loss includes past results of companies included in the consolidated financial statements and consolidated net earnings for the current financial year.

Earnings per share are calculated by dividing group profit by the weighted number of shares outstanding.

Diluted and undiluted earnings per share are calculated according to IAS 33 on the basis of 16,352,719 shares (16,353,334 shares issued less 615 treasury shares). The weighted average of shares for 2015 amounted to 16,352,719. The Group loss used as a basis amounts to EUR 21,437,230.91.

Contingent Capital

The nominal capital of the company was contingently increased in accordance with a resolution adopted by the General Meeting on June 26, 2014 by an amount of EUR 6,800,000.00 (Contingent Capital 2014/I).

A contingent capital increase can only be carried out to the extent that the holders of option and conversion rights, which are added by virtue of the empowerment of the Executive Board of June 26, 2014 to the convertible bonds and/or bonds with warrants issued by the company until June 25, 2019, exercise their conversion or option right or holders which are obliged to convert the convertible bonds to be issued by the company by virtue of the resolution of empowerment of the General Meeting of June 26, 2014 until June 25, 2019, meet their obligation to convert. The new shares participate in the profit from the beginning of the fiscal year during which they originate from the exercise of conversion and option rights or from the fulfillment of the obligation to convert. The Executive Board is empowered to define the further details for the implementation of the contingent capital increase with the consent of the Supervisory Board.

The resolution about the contingent capital (2014/I) was entered in the commercial register on September 9, 2014.

Authorized Capital

The Ordinary General Meeting has created new authorized capital on June 26, 2014 and cancelled the previously unused authorized capital (authorized capital 2011/I). The Executive Board has been empowered to increase, with the approval of the Supervisory Board, the subscribed capital by June 25, 2019 by a total of EUR 8,176,667.00 (Authorized Capital 2014/I).

The resolution about the authorized capital 2014/I was entered in the commercial register on September 9, 2014.

Purchase of Treasury Shares (§ 71 para 1 no. 8 AktG – German Stock Corporation Act)

As resolved by the General Meeting of Shareholders on May 25, 2015, DEAG is in accordance with § 71 para 1 no. 8 AktG authorized until June 24, 2020 to purchase upon approval by the Supervisory Board up to 10 % of the share capital existing on the date of resolution. The decision is taken by the Executive Board. Such purchase may only be made via the stock exchange or by a public purchase offer addressed to shareholders. As of December 31, 2015 the company held 615 treasury shares.

Accumulated Other Result

The accumulated other result developed as follows in 2015 and 2014, respectively:

	As at 01.01.2015 in EUR'000	Variance in Reporting Year in EUR'000	As at 31.12.2015 in EUR'000
Balancing item IAS 19.93A	354	142	496
Balancing item for foreign currency translation	237	1,342	1,579
Accumulated other income	591	1,484	2,075

	As at 01.01.2014 in EUR'000	Variance in Reporting Year in EUR'000	As at 31.12.2014 in EUR'000
Balancing item IAS 19.93A	-31	385	354
Balancing item for foreign currency translation	-243	480	237
Accumulated other income	-274	865	591

Shares of other shareholders

Shares in the paid up and generated equity which are held neither directly nor indirectly by DEAG, are reported as minority interests. They are disclosed within equity in accordance with IAS 10.22.

30. Information on Relationships with Related Parties

According to IAS 24, the Executive Board of DEAG Deutsche Entertainment AG, its shareholders and the Supervisory Board as well as relatives and companies controlled by them come into consideration as related parties (related persons and companies).

All business relations with persons and companies presented below were based on standard market terms.

Other related parties within the meaning of IAS 24.19 included during the reporting period:

- A family member of Prof. Peter L. H. Schwenkow, who works as employee for companies of the DEAG Group; and
- A family member of Prof. Peter L. H. Schwenkow, who acts as Managing Director or CEO of consolidated subsidiaries;
- An associated company in which the members of the Executive Board Prof. Peter L. H. Schwenkow and Detlef Kornett have an interest.
- A company controlled by the member of the Supervisory Board, Christian Angermayer, which provided agency services during the reporting year.
- Heliad Equity Partner GmbH & Co. KGaA, which made available a short-term loan during the reporting year.

Remunerations and fees of a total amount of kEUR 493 (2014: kEUR 673) were settled for these persons and companies in the reporting year. Reference is made to section 28 concerning the collateralization for the granted loan.

The total remunerations granted to the Executive Board amounted in 2015 to a total amount of EUR 1.6 million (prior year: EUR 1.8 million); benefits in the amount of EUR 1.4 million (prior year: EUR 2.4 million) were granted during the reporting period. These include remunerations for activities for subsidiaries included in the consolidated financial statements (kEUR 158, prior year: kEUR 152) and an associated company (kEUR 20, prior year: kEUR -). They break down as follows:

Granted benefits	Prof. Peter L.H. Schwenkow CEO			
	2014	2015	2015 (Min)	2015 (Max)
Fixed salary	400	400	400	400
Ancillary benefits	220	222	222	222
Total	**620**	**622**	**622**	**622**
One-year variable cash remuneration	332	100	-	1,100
Multi-year variable cash remuneration	-	-	-	-
Total	332	100	-	1,100
Service costs	-	-	-	-
Total remuneration	**952**	**722**	**622**	**1,722**

Granted benefits	Christian Diekmann COO, CFO 2014	2015	2015 (Min)	2015 (Max)
Fixed salary	271	300	300	300
Ancillary benefits	175	74	74	74
Total	**446**	**374**	**374**	**374**
One-year variable cash remuneration	50	100	-	255
Multi-year variable cash remuneration	-	-	-	45
Total	50	100	-	300
Service costs	-	-	-	-
Total remuneration	**496**	**474**	**374**	**674**

Granted benefits	Detlef Kornett CMO 2014	2015	2015 (Min)	2015 (Max)
Fixed salary	220	220	220	220
Ancillary benefits	37	62	62	62
Total	**257**	**282**	**282**	**282**
One-year variable cash remuneration	40	80	-	180
Multi-year variable cash remuneration	-	-	-	-
Total	40	80	-	180
Service costs	-	-	-	-
Total remuneration	**297**	**362**	**282**	**462**

Inflow	Prof. Peter L.H. Schwenkow CEO 2014	2015	2015 (Min)	2015 (Max)
Fixed salary	400	400	400	400
Ancillary benefits	220	222	222	222
Total	**620**	**622**	**622**	**622**
One-year variable cash remuneration	826	100	-	1,100
Multi-year variable cash remuneration	-	-	-	-
Total	826	100	-	1,100
Service costs	-	-	-	-
Total remuneration	**1,446**	**722**	**622**	**1,722**

Inflow	Christian Diekmann COO, CFO 2014	2015	2015 (Min)	2015 (Max)
Fixed salary	271	300	300	300
Ancillary benefits	175	74	74	74
Total	**446**	**374**	**374**	**374**
One-year variable cash remuneration	186	0	-	255
Multi-year variable cash remuneration	45	30	-	45
Total	231	30	-	300
Service costs	-	-	-	-
Total remuneration	**677**	**404**	**374**	**674**

Inflow	Detlef Kornett CMO			
	2014	2015	2015 (Min)	2015 (Max)
Fixed salary	220	220	220	220
Ancillary benefits	37	62	62	62
Total	**257**	**282**	**282**	**282**
One-year variable cash remuneration	40	-	-	180
Multi-year variable cash remuneration	-	-	-	-
Total	40	-	-	180
Service costs	-	-	-	-
Total remuneration	**297**	**282**	**282**	**462**

The members of the Executive Board are subject to a comprehensive post-contractual prohibition of competition of 24 months after the end of the underlying employment relationship. DEAG pays compensation in this respect which is related to the remuneration.

In the event of disease and/or temporary occupational disability of the CFO and CMO the company undertakes to pay the fixed compensations for a period of six months as well as 50% of the fixed compensations for another six months, but no longer than until the end of the employment contract.

In the event of death in active service, the surviving dependents of the CEO will be paid for six months and the surviving dependents of the CFO ad CMO will be paid for three months 100% of the fixed compensation and part of the variable remuneration earned up to that point in time.

Both in the event of a premature termination of contract by mutual consent and/or resignation of the Executive Board mandate at the request of DEAG and in case of a change of control event, DEAG pays severance pay to the members of the Executive Board. The corresponding agreements are in compliance with the recommendation of the German Corporate Governance Code (DCGK) as amended on May 5, 2015.

Members of the Supervisory Board

Members of the Supervisory Board are remunerated in line with the articles of incorporation. In the year under review, remuneration totaled kEUR 57 (2014: kEUR 87). The Company also reimbursed travel costs of kEUR 6 incurred in connection with Supervisory Board meetings (2014: kEUR 3).

31. Sales Revenues

The segment reporting shows the breakdown of revenues by lines of business and geographical markets.

32. Cost of Sales

The cost of materials, purchased services, especially fees, personnel expenses, event-related hire and rental charges and other material costs (including pro-rata scheduled depreciation and amortization) incurred to achieve sales revenue are booked as cost of sales.

33. Selling expenses

Selling expenses include personnel expenses, advertising and travel costs, cost of premises and other distribution-related material costs.

34. Administrative Expenses

Administrative expenses include personnel expenses, legal and consulting costs, cost of premises and other administration-related material costs (including pro-rata scheduled depreciation and amortization).

35. Other Operating Income

The item breaks down as follows:

in EUR'000	2015	2014
Income from changes in scope of consolidation	12,218	1,070
Income from currency translation differences	1,140	188
Insurance compensation	535	402
Commission income	439	802
Income from release of provisions	201	515
Income from service contracts	165	675
Rental income	55	369
Income from release of provisions	3	18
Sale of rights of use	-	280
Other	556	938
Total	**15,312**	**5,253**

36. Other Operating Expenses

The other operating expenses include, amongst other things, valuation allowances, risk provisioning as well as other taxes and accessory services.

The items break down as follows:

in EUR'000	2015	2014
Individual allowances/ Provision for risks	5,831	420
Damages	333	45
Other taxes and additional service	187	177
Expenses from change real estate objects held as financial investments	34	86
Losses from fixed asset disposals	3	5
Other	617	724
Total	**7,005**	**1,457**

The individual allowances/provisioning for risks concern in an amount of around EUR 5.4 million the share of a contracting partner for a Rock festival planned at the Nürburgring in 2015.

37. Interest Income and Expenses

This item breaks down as follows:

In EUR'000	2015	2014
Other interest and similar income	100	239
Interest and similar expenditure	-1,042	-500
Interest income and expense	**-942**	**-261**

Interest expenses include non-cash-based interest expenses in the amount of kEUR 22 (2014: kEUR 39).

38. Income from Investments

The income from investments amounts to kEUR -67 (2014: kEUR 7).

39. Income Taxes

Actual tax liabilities for the current financial year and previous years are calculated on the basis of the amounts expected to be payable to the tax authorities. Deferred tax claims and tax liabilities are calculated on the basis of the rates valid on the balance sheet date.

In EUR'000	2015	2014
Tax expenditure:		
Reporting period	-615	-1,175
Previous years	-47	-26
Tax refund previous years	227	872
Deferred tax revenue/expenditure		
Deferrered taxes	248	243
Accrual of temporary differences	-4	-8
Changing tax rate	-	55
Tax expenditure:	**-191**	**-39**

Income tax includes all income tax paid or payable in the respective countries and all deferred taxes. Income tax includes corporate income tax as well as solidarity surcharge and trade tax as well as the corresponding foreign taxes.

Deferred taxes are formed in order to record all substantial temporary variances between the individual financial statement and the tax balance sheet and temporary variances due to consolidation adjustments. Deferred tax claims are applied as far as they can be settled against deferred taxes on the liabilities side.

Deferred taxes are calculated on the basis of the respectively applicable national income tax rates. For domestic companies a corporation tax rate of 15.0 % as well as an effective local trade tax rate of 15.0 % were applied as at December 31, 2015. Taking into account the solidarity surcharge and the trade income tax, the calculation of the deferred taxes for the domestic companies is based on a tax rate of 30.0 %. Income tax rate in Switzerland is approximately 20.0 % and approximately 20.0 % (up to March 31, 2015: 21%) in Great Britain.

Tax expenses resulting from application of the DEAG tax rate can be translated into actual tax expenses as follows:

In EUR'000	2015	2014
Result before taxes on income and shares of other shareholder	-18,758	2,262
Tax expenditure at the DEAG AG tax rate	5,627	-679
Tax expenditure as per profit and loss statement	-191	-39
Carryover figure	**5,818**	**-640**

In EUR'000	2015	2014
Changing tax rate	-	-55
Taxes previous years	-178	-693
Tax-free earnings and non-deductible expenses	-1,360	-229
Different tax rates	164	29
Write-up of value adjustment of tax accruals	6,805	281
Others	387	27
	5,818	**-640**

Deferred tax assets are made up as follows:

In EUR'000	2015	2014	Variances with no effect on results	Variances with effect on results
Tax accruals on losses carried forward	2,138	2,456	-16	-302
Other temporary variances	-	40	-	-40
Deferred tax assets	**2,138**	**2,496**	**-16**	**-342**
Deferred tax assets that can be set off against deferred tax liabilities	-1,949	-2,147		
Deferred tax assets (net)	**189**	**349**		

The deferred tax assets in respect of losses carried forward were recognized in the amount of kEUR 2,138. The tax claims were shown as a balance in the amount provided that there is an offsetting possibility with the same tax authority.

The tax losses carried forward of DEAG amounted on December 31, 2015 to EUR 48.1 million (prior year: EUR 47.3 million) in terms of corporation tax and EUR 31.0 million (prior year: EUR 30.2 million) in terms of local trade tax.

Due to the usage of previously unrecognized fiscal losses the current tax expenditure was lowered by kEUR 483 (prior year: kEUR 233).

Deferred tax liabilities are made up as follows:

In EUR'000	2015	2014	Variances with no effect on results	Variances with effect on results
Deferred income from the value write-up on the Jahrhunderthalle Frankfurt am Main	2,063	2,405	-68	410
Deferred income on intangible assets	2,020	2,200	-	180
Other temporary variances	29	25	-	-4
Deferred taxes on the liabilities side	**4,112**	**4,630**	**-68**	**586**
To be settled against deferred tax assets	-1,949	-2,147		
Balance Shown	**2,163**	**2,483**		

40. Discontinued Operations

By resolution of December 21, 2015 the Executive Board decided to discontinue DEAG Music GmbH, Berlin. From this date onwards no operating activities were exercised any more in the business unit label/music publishing company (previously allocated to the Entertainment Services segment). From this date onwards there has merely been a concentration on the existing artist portfolio as well as the exploitation of the catalog.

By application of IFRS 5 DEAG Music is therefore to be reported as business unit intended to be discontinued. In the income statement and in the cash flow statement the discontinued operations have to be stated and explained separately as such. In this connection the prior year numbers have to be adjusted accordingly.

The earnings after tax from Discontinued Operations include during the reporting year in an amount of kEUR 1,518 (2014: kEUR 1,137) the business unit DEAG Music (Entertainment Services segment) as well as in an amount of kEUR 100 (2014: kEUR 202) expert and lawyer fees in connection with the enforcement of damage claims (“Qivive” case).

The result from discontinued operations breaks down as follows:

in TEUR	2015	2014
Sales	373	347
Cost of sales	-708	-431
Gross profit	**-335**	**-84**
Distribution costs	-562	-329
Administrative expenses	-502	-702
Other operating income	7	11
Other operating expenses	-201	-202
Operating income (EBIT)	**-1,593**	**-1,306**
Financial result	-26	-33
Result before taxes	**-1,619**	**-1,339**
Result from discontined operations after taxes	**-1,619**	**-1,339**

The earnings after tax from discontinued operations is exclusively attributable to the shareholders of the parent company.

The item assets held for sale contains the 49% share in JHH GmbH & Co. KG, Frankfurt a.M., with the 71,072 sqm plot of land from the business unit Jahrhunderthalle (previously allocated to the Entertainment Services segment) sold in March 2016.

	Current book value	
	2015	2014
Assets held für sale		
JHH GmbH & Co. KG, Frankfurt a.M.	7,016	-

41. Personnel expenses

Personnel expenses

In EUR'000	2015	2014
Salaries and wages	15,027	12,913
Social security contribution	2,306	2,037
Total	**17,333**	**14,950**

The discontinued operations account for salaries and wages in an amount of kEUR 385 during the reporting year (prior year: kEUR 389) and social security contributions in the amount of kEUR 43 (prior year: kEUR 43).

42. Rent expenditure

The rent expenditure from leasing offices and venues as part of operating leases amount during fiscal 2015 to kEUR 10,085 (2014: kEUR 9,840); the change results, amongst others, from the change in the scope of consolidated financial statements.

43. Cash flow statement

The financial resources fund exclusively concerns liquid assets. Within the framework of changes to the scope of consolidation the following changes resulted in respect to the financial resources fund and the other assets and liabilities.

- In kEUR -	Disposal
Consideration paid in cash	7,140
Disposal of Lquid funds	716
Disposal of fixed assets	2,329
Disposal of other assets	287
Disposal of other liabilities	2,394

The following divestiture took place:

The divestiture of the business unit Jahrhunderthalle.

Income tax was paid in the amount of kEUR 1,661 (2014: kEUR 1,641) which was classified as cash flow from current operations.

44. Information on Obligations under Retirement Benefit Plans (IAS 19)

Under defined contribution plans in Germany, the Group contributes by virtue of statutory provisions to state pension insurance schemes. During the fiscal year the employer contribution to the pension insurance amounted to 9.35% (2014: 9.45)%. The ongoing payments of contributions are disclosed as social contributions in personnel expenses and amount to kEUR 623 (2014: kEUR 482).

For the employees of Raymond Gubbay Ltd. and Kilimanjaro Live Ltd. retirement benefits are granted under the statutory defined contribution plan. Moreover, the Directors of the company are insured through individual defined contribution pension insurance policies. During the reporting period Raymond Gubbay Ltd. has paid pension insurance contributions in the amount of kEUR 120 (2014: kEUR 106) and Kilimanjaro Live Ltd. paid pension insurance contributions in the amount of kEUR 80 (2014: kEUR 49).

The companies of the DEAG Group which are resident in Switzerland have joined a collective foundation for compliance with their retirement benefit obligations under the Swiss Federal Act on Professional Retirement, Surviving Dependents and Disabled Provision Schemes (BVG). Apart from the payment of ongoing contributions to this pension scheme, they are also obliged to compensate any under-coverage of this pension scheme if necessary (see Article 65d BVG). For this reason this retirement benefit scheme has to be classified as a defined multi-employer benefit plan within the meaning of IAS 19.29.

An independent expert has calculated the obligations in terms of retirement benefits effective December 31, 2015. The corresponding values were taken over into the consolidated financial statements.

The disclosure in accordance with IAS 19.120A can be taken from the table below:

		in kEUR	in kEUR
		31.12.2015	**31.12.2014**
(a)	Accounting policy for recognising gains and losses	Recognised in the OCI	
(b)	General description of the type of plan	Savings/Risk Insurance	
(c)	**Changes in the defined benefit obligation**		
	Benefit obligation beginning of year	**2,813**	**2,940**
	Current service costs	203	190
	Interest expenditure	8	57
	Contributions by plan participants	111	117
	Actuarial (gains)/losses demographic assumptions	0	-854
	Actuarial (gains)/losses econimic assumptions	12	516
	Actuarial (gains)/losses experience adjustment	-332	142
	Foreign currency exchange rate changes	340	60
	Benefits paid	-2,127	-355
	Benefit obligation end of year	**1,028**	**2,813**
(d)	**Changes in assets**		
	Fair value of the assets beginning of the year	2,632	2,318
	Expected return on plan assets	9	46
	Actuarial (gains)/losses	-157	352
	Foreign currency exchange rate changes	318	-22
	Contributions by the employer	166	176
	Contributions by plan participants	111	117
	Benefits paid	-2,127	-355
	Fair value of the assets end of the year	**952**	**2,632**

		in kEUR	in kEUR
		31.12.2015	31.12.2014
(e)	**Amounts recognised in the balance sheet**		
	Present value of the obligation that is funded	1,028	2,813
	Fair value if the assets	952	2,632
	Surplus/deficit	76	181
	Net obligation (credit)	**76**	**181**
	Reconciliation balance sheet		
	Net liabilities (net assets) at the beginning of the year	**181**	**622**
	Recognised net losses (net gains)	202	201
	Pension costs included in the OCI	-162	-549
	Contributions by the employer	-166	-176
	Foreign currency exchange rate changes	21	83
	Net liabilities (net assets) at the end of the year	**76**	**181**
(f)	**Total expense recognised in P&L**		
	Current service cost	203	190
	net Interest exepenses / income	-1	11
	Pension costs recognised in P&L	202	201
(g)	**Amounts recognised in the other comprehensive income (OCI)**		
	Actuarial (gains)/losses changed assumptions	12	-338
	Actuarial (gains)/losses experience adjustment	-332	142
	expense plan assets (minus interest income)	157	-352
(h)	Cumulative gains and lossed recognised in the OCI	645	425
(i)	**Actual return on plan assets**		
	investment category		
	equity assets	0.00%	0.00%
	bonds	0.00%	0.00%
	real estate	0.00%	0.00%
	other	100.00%	100.00%
	total	**100.00%**	**100.00%**
(j)	**Actuarial assumptions**		
	Discount rates	0.90%	1.10%
	Expected rates of salary increases	1.00%	1.00%
	Expected pension development	0.00%	0.00%
	Fluctuation rate	27.50%	27.50%
	technical basis	BVG 2010	BVG 2010
(k)	expected employer contributions	160	177
(l)	**sensitivities of changing assumptions**		
	current assumptions 31.12.2015	1,028	2,813
	Discount rates +0.5%	1,000	2,737
	Discount rates -0.5%	1,060	2,897
	salary increases +0.5%	1,032	2,817
	salary increases -0.5%	1,025	2,809

45. Average Number of Employees during the Year

Head count	**2015**	**2014**
Live Touring	76	68
Entertainment Services	94	84
DEAG Holding	30	27
Total	**200**	**179**

Discontinued operations account for 2 employees (2014: 2) which are part of Entertainment Services.

On December 31, 2015 the Group employed 205 (2014: 203) employees in continuing operations.

The variation versus prior year results essentially from the first-time full year inclusion of the activities of the sub-group Kilimajaro into the Group as well as the different employee deployment versus prior year in a subsidiary in connection with the staging of tours.

46. Off-Balance Sheet Contingencies

On the balance sheet date, the following contingencies relating to other securities and guarantees provided for third parties exist in the amount of kEUR 562 (2014 kEUR 382).

This includes an amount of kEUR 483 in respect of which DEAG has taken over liability in connection with the letter of comfort vis a vis a joint venture.

DEAG has issued a Letter of Comfort vis a vis an associated company in order to ensure that the latter can satisfy its obligations under a lease contract at any time. The risk of the guarantee being activated is considered to be very low. The company is able to satisfy the existing and future obligations vis a vis the lessor from own cash flow.

For sufficiently concrete, foreseeable tax risks whose probability of occurrence is predominantly likely, existing tax credits were reduced and/or corresponding provisions were expensed. Moreover, further payment obligations may result from the result of future external tax audits whose amount can currently not be reliably estimated.

The Group is currently involved in active and passive legal proceedings. Inasfar as risks can be identified, these risks are covered as a matter of principle in the financial statement on the one hand by valuation allowances in respect of the assets and on the other hand by provisions. During the reporting year exclusively costs of proceedings were provisioned. Individual risks involving a provisioning obligation do not exist.

(Potential) asset additions in connection with judicially asserted damage claims and claims for contractual performance are not pending on the balance sheet date. The claims reach a total amount of EUR 10.0 million.

47. Other Financial Commitments

In addition to the accruals and liabilities in the balance sheet and the contingencies, the following other financial commitments exist::

In EUR'000	Artist Guarantees	Rent and Leasing	Other	Total
2016	15,484	1,294	78	16,856
2017-2020	3,458	1,530	206	5,194
Total	**18,942**	**2,824**	**284**	**22,050**

Other financial commitments mainly concern contractual service agreements in the amount of kEUR 284.

Commitments of more than 5 years do not exist.

The other financial commitments for fiscal 2014 concerned:

In EUR'000	Artist Guarantees	Rent and Leasing	Other	Total
2015	44,590	1,996	495	47,081
2016-2019	3,450	1,642	-	5,092
Total	**48,040**	**3,638**	**495**	**52,173**

If circumstances arise which cannot be influenced by DEAG, additional financial obligations can result vis-à-vis the three members of the Executive Board in the amount of kEUR 6,242 (prior year: kEUR 5,307). The probability of occurrence is classified as low.

48. Audit fees

The auditor’s fees, which are reported as expenses, are made up as follows in fiscal 2015:

In EUR'000	2015	2014
Audit costs	204	155
Other audit services rendered	0	60
Other services rendered	42	90
	246	**305**

kEUR 50 (prior year: kEUR 62) of the audit fees for the financial statements, kEUR – (prior year: kEUR 56) of other audit services and kEUR 42 (prior year: kEUR 90) of other services rendered are charged to DEAG.

49. Declaration of Conformity in accordance with § 161 AktG

Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft have issued a statement of conformity with the recommendations of the Government Commission for a German Corporate Governance Code in accordance with § 314 no. 8 HGB in conjunction with § 161 AktG on December 10, 2015 and made it permanently accessible to shareholders on the Internet.

The full declaration is posted on the company website (www.deag.de/ir).

50. Legal Disputes

Various DEAG Group companies are involved in legal or out-of-court disputes.

As far as a possible impact is concerned, we refer to section 46. Off-balance sheet contingencies.

51. Capital Control

In addition to the provisions under the German Stock Corporation Act, DEAG is not subject to any more extensive obligations for the purpose of capital conservation under byelaws or contracts. The financial ratios which are used for internal controlling of the company, are performance-based and are to serve for the appreciation of the shareholder assets while preserving at the same time balanced liquidity.

In the project business the gross margin and the break-even ticket number are used as the most important control parameters. For the overall corporate control the EBIT, the Group performance and the corresponding profit to sales ratios constitute the decisive parameters. In the event of acquisitions of companies, the duration of amortization of the purchase price is an important decision criterion in addition to the corporate parameters. The Group manages its capital with the objective of ensuring that all affiliated companies can operate their business as a going concern and that at the same time the earnings of the shareholders are maximized though an optimization of the ratio of equity to debt capital. The overall strategy has remained unchanged versus 2014. Compliance with the covenant criteria in connection with financings used is monitored on an ongoing basis.

Concerning a summary presentation of the ratios for the reporting and prior year (EBIT, Group performance, profit to sales ratio) we refer to the information in the segment reporting in section 6.

52. Additional information on Financial Instruments and Risk Management

The DEAG Group is due to its international business as well as the investment and financing activities regarding its assets, liabilities as well as the operative business subject to interest, currency, credit rating and cash flow risks.

- Interest risks

On the assets and liabilities side the Group is subject to interest rate fluctuations. Whilst on the assets side in particular income from short-term investments is exposed to an interest rate risk, the liabilities side is affected essentially by interest expenses concerning current and non-current financial liabilities. A risk reduction results from the fact that both the investments and part of the interest payments are subject to financing with a variable interest rate raised by the Group.

The current return for drawings and availments of existing financing lines are based on the one hand on the general EURIBOR development and on the other hand partly on agreed balance sheet and earnings ratios (financial covenants) which can lead to an increase or reduction of the interest payments. These financings are based on spread grids with a scaling of 0.25 percentage points. The spread over EURIBOR depends on the net leverage ratio and interest coverage.

The financial and non-financial covenants vis a vis banks are permanently monitored and the interest margins derived from this are co-ordinated by mutual agreement with the banks concerned.

The sensitivity analysis required by IFRS 7 refers to interest rate risks from floating rate monetary liabilities.

In the event of a hypothetical increase of the EURIBOR by 1%, interest would increase by kEUR 123 as far as the floating rate interest financing is concerned. A reduction by 1% is currently not possible because of the low interest level.

In the event of a hypothetical increase (decrease) of the interest spread by 0.25%, interest would increase (decrease) by kEUR 31 as far as the floating rate interest financing is concerned.

- Currency risks

Payments of fees for artists, orchestras, show productions etc. are partly made on a USD basis and are hence subject to a currency risk vis-à-vis EUR, CHF or GBP. The same applies to dividend payments of foreign subsidiaries which are made in CHF and GBP. The company makes sensitivity analyses on a regular basis in order to anticipate the impact of currency fluctuations and assess whether rate-hedging transactions are advantageous. During the reporting period currency hedging transactions were carried out, so that the negative impact of exchange rate developments was considerably restricted.

- Solvency risks

The DEAG Group is exposed in the operating business and in respect of other transactions – for instance, stake sales – to a default risk, if the contracting partners fail to meet their payment obligations. The existing deposits have been made with principal banks with good credit standing. The maximum default risk is reflected by the accounting values. The deposits are made with different banks so that a diversification of the default risk is guaranteed.

In the operating business, too, credit standing is strictly observed at the selection of the business partners. Accounts receivable are monitored on an ongoing basis. Possible default risks are taken into account by specific valuation allowances. On the balance sheet date there were no indications of risks beyond the posted valuation allowances for accounts receivable or other assets.

- Liquidity risks

The financing of the operating business depends on the ability of the companies within the DEAG Group to generate sufficient cash flow in a volatile business or have access to external financing sources (third-party capital or own funds).

DEAG, therefore, has agreed on extensive framework lines without further restrictions of term with four principal banks.

The respective financing terms and conditions reflect the favorable market level and the very good rating of DEAG. The framework lines can be terminated on the basis of the standard terms and conditions if the assets, financial and earnings position of the DEAG Group have considerably worsened compared to the time when they were granted and compensation measures such as the furnishing or enhancement of bank collarerals to secure the respective claims are not successful.

At the financing of the operating business including the organic and external growth, DEAG depends on successful ticket sales and hence a positive business development. In individual cases DEAG has entered into commitments (in particular for fee payments) and must make advance payments with an impact on liquid funds, since there are temporary differences between the disbursements and payments from ticket sales. In these cases, the upfront costs would have to be covered by other sources – e.g. from other non-tied financial resources or by availment of framework lines from the Company's main banks.

Apart from the liquidity shown on the balance sheet date, framework lines totaling EUR 16.3 million, which have not yet been used, are available. Based on the current forecasts for the result (EBIT) and the resulting liquid funds, the Executive Board considers the financial position of the Company and the Group to be orderly.

If the course of business worsened permanently and sustainably versus planning, e.g. as a result of a significant decline in ticket sales, in terms of the earning strength of the DEAG Group, there could be a liquidity shortage if the planned financial inflows and framework lines are not available to a sufficient extent. DEAG would then be dependent on the use of additional financing resources (third party or own funds).

The following tables show the contractually fixed payments under financial liabilities. The values reflect the undiscounted liabilities. In the event of floating interest payments, reference is made to the interest rate level on the balance sheet date.

2015				In EUR'000
Non-derivative financial liabilities				
	up to 1 year	>1 - 5 year	> 5 years	Total
Liabilities against banks and other financial liabilities				
- repayment	9,847	2,424	-	12,271
- interest (2.65 %)	261	64	-	325
Trade accounts payable	11,136	-	-	11,136
Other financial liabilties	6,144	303	-	6,447
Other non-derivative financial liabilities	-	-	712	712
Derivative financial liabilities	-	-	-	-

2014				In EUR'000
Non-derivative financial liabilities				
	up to 1 year	>1 - 5 years	> 5 years	Total
Liabilities against banks and other financial liabilities				
- repayment	6,792	1,600	-	8,392
- interest (3,64 %)	247	58	-	305
Trade accounts payable	9,138	-	-	9,138
Other financial liabilties	1,970	292	-	2,262
Other non-derivative financial liabilities	-	-	671	671
Derivative financial liabilities	-	-	-	-

As far as a more detailed risk description is concerned, we refer to Section 4 of the Management Report. The task of risk management is to manage these risks through close market monitoring, risk assessments, the reduction of net exposure and selective hedging measures, e.g. through financial derivatives. When selecting business partners, their credit standing is strictly taken into account.

53. Reporting on Financial Instruments and Fair Values

The carrying values and the fair values of the individual financial assets and liabilities are represented below in accordance with the categories of IAS 39 in accordance with the levels of fair value hierarchy (IFRS 13) and reconciled with the corresponding balance sheet positions.

Liquid assets, accounts receivable as well as other receivables have above all short residual terms. For that reason their carrying values on the balance sheet date correspond more or less to the fair value. The fair values of lendings and other non-current receivables correspond to the present value of the payments associated with the assets taking into account current interest parameters.

The portfolio of original financial instruments is being reported in the balance sheet, the amount of the financial assets corresponds to the maximum default risk. As far as default risks become evident within the financial assets these risks are being recognized through value adjustments.

Current financial liabilities, accounts payable as well as other liabilities have regularly short residual terms; the reported values reflect more or less the fair values.

Financial instruments 2015

In EUR´000		Valuation according to IAS 39	
Assets	**Book value 31.12.2015**	**Continued book value**	**Affecting fair value**
Liquid funds	25,805	25,805	-
Trade receivables	13,035	13,035	-
Other current financial assets	2,299	2,299	-
Investments	71	71	-
Other long-term financial assets	188	188	-

		Valuation according to IAS 39	
Liabilities	**Book value 31.12.2015**	**Continued book value**	**Affecting fair value**
Bank loans payable, short-term	9,847	9,847	-
Bank loans payable, long-term	2,424	2,424	-
Trade accounts payable	11,136	11,136	-
Other current financial liabilities	6,144	6,144	-
Other long-term financial liabilities	1,015	303	712

		Valuation according to IAS 39	
Aggregate as valuation categories IAS 39	**Book value 31.12.2015**	**Continued book value**	**Affecting fair value**
Financial assets			
loans and receivables	41,327	41,327	-
at fair value through profit or loss	-	-	-
available for sale	71	71	-
Financial liabilities			
at amortized cost	29,854	29,854	-
at fair value through profit or loss	712	-	712

Financial instruments 2014

In EUR´000 Assets	Book value 31.12.2014	Valuation according to IAS 39 Continued book value	Affecting fair value
Liquid funds	54,064	54,064	-
Trade receivables	12,924	12,924	-
Other current financial assets	3,744	3,744	-
Investments	153	153	-
Other long-term financial assets	262	262	-

Liabilities	Book value 31.12.2014	Valuation according to IAS 39 Continued book value	Affecting fair value
Bank loans payable, short-term	6,792	6,792	-
Bank loans payable, long-term	1,600	1,600	-
Trade accounts payable	9,138	9,138	-
Other current financial liabilities	1,970	1,970	-
Other long-term financial liabilities	963	292	671

Aggregate as valuation categories IAS 39	Book value 31.12.2014	Valuation according to IAS 39 Continued book value	Affecting fair value
Financial assets			
loans and receivables	70,994	70,994	-
at fair value through profit or loss	-	-	-
available for sale	153	153	-
Financial liabilities			
at amortized cost	19,792	19,792	-
at fair value through profit or loss	671	-	671

Expenses, income, losses and profits from financial instruments can be allocated to the following categories:

In EUR'000	2015	2014
Financial Assets		
Loans and receivables	-322	106
rated at fair value	-	-
Financial liabilities		
rated with amortized cost	-542	5
rated at Fair Value	235	-
Total	**-629**	**111**

Financial assets:

Income and expenditure in the category:

- Loans and receivables concern income from the interest rollup of receivables, reversal of valuation allowances, incoming payments for derecognized receivables as well as additions to valuation allowances.

Financial liabilities:

Income and expenditure in the category:

- Rated with amortized costs concerns interest expenses, currency gains and losses as well as income from the waiver of liabilities.
- Fair value at profit or loss concerns currency gains and losses.

The levels of the fair value hierarchy (IFRS 13) are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs which concern the quoted prices included within Level 1 but are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for assets and liabilities which are based on unobservable market data.

In EUR´000

	2015		**market value**	
assets at fair value	**total**	**level 1**	**level 2**	**level 3**
Real estate held as financial investment (Section 17)	7,940	-	-	7,940
property (revaluation according to IAS 16, section 16)	-	-	-	-

	2015		**market value**	
liabilities measured	**total**	**level 1**	**level 2**	**level 3**
contingent consideration liability (Section 27)	712	-	-	712

During the reporting period there were no regrouping from class 1, class 2 and class 3 of the valuation hierarchy.

In EUR´000

	2014		market value	
assets at fair value	**total**	**level 1**	**level 2**	**level 3**
Real estate held as financial investment (Section 17)	8,350	-	-	8,350
property (revaluation according to IAS 16, section 16)	425	-	-	425

	2014		market value	
liabilities measured	**total**	**level 1**	**level 2**	**level 3**
contingent consideration liability (Section 27)	671	-	-	671

During the reporting period there were no regrouping from class 1, class 2 and class 3 of the valuation hierarchy.

54. Exemption from Disclosure in accordance with § 264 para 3 HGB

The following companies avail themselves of the possibility of exemption from disclosure of their financial statements and management reports in accordance with § 264 para 3 HGB (German Commercial Code):

- DEAG Concerts GmbH, Berlin
- Concert Concept Veranstaltungs-GmbH, Berlin
- Global Concerts GmbH, München
- DEAG Music GmbH, Berlin
- Grünland Family Entertainment GmbH, Berlin
- Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt am Main (until September 30, 2015)

As a result of the Jahrhunderthalle transaction, the profit and loss transfer agreement with Kultur- und Kongresszentrum Jahrhunderthalle GmbH, Frankfurt a.M., was rescinded effective September 30, 2015 and financial statements were prepared for the period from January 1, 2015 to September 30, 2015. For the financial statements as at December 31, 2015 the exemption from disclosure in accordance with § 264 para 3 HGB is not used.

55. Notification in accordance with §§ 21, 26 WpHG

In accordance with § 160 para 1 No. 8 German Stock Corporation Act (AktG) we hereby notify that DEAG received from the beginning of the fiscal year 2015 until the preparation of the financial statements the following information about investments and changes in voting rights in accordance with the duties of notification pursuant to §§ 21 ff. German Security Trading Act (WpHG). Furthermore, notifications from prior fiscal years are stated. The information is based on the last communication in time of a person subject to notification to the company. It is pointed out that concerning the mentioned voting right shares there may have been changes after the mentioned points in time which were not subject to notification to DEAG or were not notified to the Company. All investment notifications are published by DEAG in accordance with § 26 para 1 WpHG and can be retrieved on the website of the Company under: www.deag.de/Investor Relations / Security transactions.

The following persons and companies have notified DEAG in 2015 and until the preparation of the financial statements in accordance with § 21 para 1 WpHG:

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on December 12, 2011 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 10% of the voting rights on December 8, 2011 and amounted to 10.30% on that day (this corresponds to 1,285,256 voting rights).

Plutus Holdings 2 Limited, Road Town, Tortola, British Virgin Islands, notified the company in accordance with § 21 para 1 WpHG on December 13, 2011 by correction of the notification of December 12, 2011, that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 10% of the voting rights on December 8, 2011 and amounted to 10.37% on that day (this corresponds to 1,285,256 voting rights).

DAP Management GmbH, Heidelberg, Germany, informed us on August 1, 2013 in accordance with § 21 para 1 WpHG that its share in the voting rights of DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany, exceeded the threshold of 3% of the voting rights on July 11, 2013 and amounted to 3.61% (this corresponds to 492,308 voting rights) on that date.

IFM Independent Fund Management AG, Vaduz, Liechtenstein, informed us in accordance with § 21 para 1 WpHG on February 24, 2014 that the share in the voting rights of the management company named IFM Independent Fund Management AG for the fund Scherrer Small Caps Europe in DEAG Deutsche Entertainment AG, Berlin, Germany, remained below the threshold of 3% on February 20, 2014 and amounted to 2.47% (this corresponds to 336,485 voting rights) on that date.

Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, informed us in accordance with § 21 para 1 WpHG on July 4, 2014 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft ('DEAG'), Berlin, Germany - ISIN DE000A0Z23G6, WKN A0Z23G – exceeded the threshold of 10% of the voting rights on July 1, 2014 and amounted to 11.74% (corresponding to 1,919,200 voting rights) on that date.
8.68% of these voting rights (corresponding to 1,419,200 voting rights) are attributable to Allianz Global Investors Europe GmbH in accordance with § 22 para 1 sentence 1 No. 6 WpHG. The name of the shareholder who currently holds 3% or more of the voting rights in DEAG and whose voting rights are attributable to Allianz Global Investors Europe GmbH is: Allianz Institutional Investors Series SICAV.

Kabouter Management, LLC, Chicago, Illinois, United States of America, informed us in accordance with § 21 para 1 WpHG on August 18, 2014 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany - ISIN DE000A0Z23G6 – exceeded the threshold of 5% of the voting rights on August 18, 2014 and amounted to 5.98% (corresponding to 978,326 voting rights) on that date. 5.98% of these voting rights (corresponding to 978,326 voting rights) are attributable to the company in accordance with § 22 para 1, sentence 1, No. 6 WpHG.

Mr Peter Zaldivar, United States of America, informed us in accordance with § 21 para 1 WpHG on August 18, 2014 that his voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany - ISIN DE000A0Z23G6 – exceeded the threshold of 5% of the voting rights on August 18, 2014 and amounted to 5.98% (corresponding to 978,326 voting rights) on that date. 5.98% of these voting rights (corresponding to 978,326 voting rights) are attributable to Mr Zaldivar in accordance with § 22 para 1, sentence 1, No. 6 in conjunction with § 22 para 1, sentence 2 WpHG.

Kabouter Fund I QP, LLC, Chicago, Illinois, United States of America informed us in accordance with § 21 para 1 WpHG on August 20, 2014 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 3% of the voting rights on August 19, 2014 and amounted to 3.01% (corresponding to 492,777 voting rights) on that date.

Mr BerndFörtsch, Germany, informed us on November 7, 2014 in accordance with § 21 para 1 WpHG that his voting rights in DEAG Deutsche Entertainment Aktiengesellschaft ('DEAG'), Berlin, Germany - ISIN DE000A0Z23G6 – remained below the threshold of 10% of the voting rights on November 3, 2014 and amounted to 9.67% (corresponding to 1,581,550 voting rights) on that date.
9.67% of the voting rights (corresponding to 1,581,550 voting rights) are attributable to Mr Förtsch in accordance with § 22 para 1 sentence 1 No. 1 WpHG. Allocated voting rights are held through the following companies controlled by Bernd Förtsch whose voting rights in DEAG amount to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany through
- LION CAPITAL AG, Kulmbach, Germany through
- BF Holding GmbH, Kulmbach, Germany.

1. BF Holding GmbH, Kulmbach, Germany, informed us on November 7, 2014 in accordance with § 21 para 1 WpHG that its voting rights in DEAG remained below the threshold of 10% of the voting rights on November 3, 2014 and amounted to 9.67% (corresponding to 1,581,550 voting rights) on that date.

9.67% of the voting rights (corresponding to 1,581,550 voting rights) are attributable to BF Holding GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The allocation is based on the following companies controlled by BF Holding GmbH whose voting rights in DEAG amount to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany through
- LION CAPITAL AG, Kulmbach, Germany.

2. LION CAPITAL AG, Kulmbach, Germany informed us on November 7, 2014 in accordance with § 21 para 1 WpHG that its voting rights in DEAG remained below the threshold of 10% of the voting rights on November 3, 2014 and amounted to 9.67% (corresponding to 1,581,550 voting rights) on that date.
9.67% of the voting rights (corresponding to 1,581,550 voting rights) are attributable to LION CAPITAL AG in accordance with § 22 para 1 sentence 1 No. 1 WpHG. The allocation is based on the following companies controlled by LION CAPITAL AG whose voting rights in DEAG amount to 3% or more in each case:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany through
- Altira Heliad Management GmbH, Frankfurt am Main, Germany through
- Altira Aktiengesellschaft, Frankfurt am Main, Germany.

Altira Aktiengesellschaft, Frankfurt am Main, Germany, informed us on November 4, 2014 for and on behalf of

1. Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, Germany
2. Altira Heliad Management GmbH, Frankfurt am Main, Germany
3. Altira Aktiengesellschaft, Frankfurt am Main, Germany

in accordance with §§ 21 para 1, 22 para 1 sentence 1 No. 1 WpHG that

1. the voting rights of Heliad Equity Partners GmbH & Co. KGaA in DEAG Deutsche Entertainment AG, Berlin, Germany – ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 10% on November 3, 2014 and amounted to 9.67% (this corresponds to 1,581,550 voting rights) on that date.

2. the voting rights of Altira Heliad Management GmbH in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 10% on November 3, 2014 and amounted to 9.67% (this corresponds to 1,581,550 voting rights) on that date. These voting rights are attributable to Altira Heliad Management GmbH in accordance with § 22 para 1 sentence 1 No. 1 WpHG as personally liable partner (general partner) of Heliad Equity Partners GmbH & Co. KGaA in an amount of 9.67% (this corresponds to 1,581,550 voting rights).

3. the voting rights of Altira Aktiengesellschaft in DEAG Deutsche Entertainment AG, Berlin, Germany - ISIN DE000A0Z23G6, WKN Securities Identification Number A0Z23G – in accordance with § 21 para 1 WpHG remained below the threshold of 10% on November 3, 2014 and amounted to 9.67% (this corresponds to 1,581,550 voting rights) on that date. 9.67% (this corresponds to 1,581,550 voting rights) of these are attributable to Altira Aktiengesellschaft through the subsidiary controlled by it, Altira Heliad Management GmbH, as personally liable partner of Heliad Equity Partners GmbH & Co. KGaA.

Monolith Duitsland B.V., Amsterdam, The Netherlands informed us in accordance with § 21 para 1 WpHG on July 31, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded on July 31, 2015, the threshold of 10% of the voting rights and amounted to 10.02% (corresponding to 1,637,872 voting rights) on that date.

Stichting Administratiekantoor Monolith, Amsterdam, The Netherlands, informed us in accordance with § 21 para 1 WpHG on July 31, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft ('DEAG'), Berlin, Germany - ISIN DE000A0Z23G6, WKN A0Z23G – exceeded the threshold of

10% of the voting rights on July 31, 2015 and amounted to 10.02% (corresponding to 1,637,872 voting rights) on that.
10.02% of these voting rights (corresponding to 1,637,872 voting rights) are attributable to the company in accordance with § 22 para 1, sentence 1, No. 1 WpHG. The allocation is based on the following company controlled by Stichting Administratiekantoor Monolith whose voting rights in DEAG amount to 3% or more: Monolith Duitsland B.V.

Kabouter Fund II, LLC, Chicago, Illinois, United States of America informed us in accordance with § 21 para 1 WpHG on October 9, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 3% of the voting rights on October 8, 2015 and amounted to 3.03% (corresponding to 494,798 voting rights) on that date.

HSB Vermögensverwaltung GmbH & Co. KG, Berlin, Germany, notified the company in accordance with § 21 para 1 WpHG on November 6, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany fell short of the threshold of 5% and 3% of the voting rights on November 4, 2015 and amounted to 0% (corresponding to 0 voting rights) on that date. Other explanations: Donation/cancellation of the pooling of voting rights.

HSB Verwaltung GmbH, Berlin, Germany, notified the company in accordance with § 21 para 1 WpHG on November 6, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany fell short of the threshold of 5 % and 3 % of the voting rights on November 4, 2015 and amounted to 0% (corresponding to 0 voting rights) on that date. Other explanations: Donation/cancellation of the pooling of voting rights.

Mrs Heidrun Schwenkow, Germany, notified the company in accordance with § 21 para 1 WpHG on November 6, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany fell short of the threshold of 5% and 3% of the voting rights on November 4, 2015 and amounted to 0% (corresponding to 0 voting rights) on that date. Other explanations: Cancellation of the pooling of voting rights.

Mr Peter Schwenkow, Germany, notified the company in accordance with § 21 para 1 WpHG on November 6, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany fell short of the threshold of 20 %, 15 %, 10 %, 5 % and 3 % of the voting rights on November 4, 2015 and amounted to 1.22% (corresponding to 200,000 voting rights) on that date. Other explanations: Donation/anticipated inheritance/cancellation of the pooling of voting rights.

Mr Moritz Schwenkow, Germany, notified the company in accordance with § 21 para 1 WpHG on November 6, 2015 that its voting rights in DEAG Deutsche Entertainment Aktiengesellschaft, Berlin, Germany exceeded the threshold of 3 % of the voting rights on November 4, 2015 and amounted to 3.06% (corresponding to 500,000 voting rights) on that date. Other explanations: Donation Professor Peter Schwenkw (father)/anticipated inheritance.

56. Events after the balance sheet date

On March 7, 2016 DEAG disposed of the remaining interest of 49% in the Jahrhunderthalle arena. The purchase price of EUR 6.9 million has already been paid. DEAG continues to hold an interest of 50% in the development company which owns the plots of land around the Jahrhunderthalle.

The Supervisory Board of DEAG has extended the Executive Board of DEAG and restructured the duties and responsibilities. Ralph Quellmalz was appointed as CFO with effect from April 1, 2016. Christian Diekmann – so far in charge of Finance – will in future not only act as COO (Chief Operating Officer) as in the past but also as CDO (Chief Digital Officer) and will in particular push the further development of the digital value added which is constantly gaining in significance, amongst other things, through the ticket platform myticket. Moreover, Christian Diekmann will also increasingly address the new business.

From the viewpoint of the Executive Board there have not been any other material events during the period from January 1, 2016 until the publication of this report.

56. Personal data

On the balance sheet date the Executive Board had the following composition:

Executive Board

Prof. Peter L.H. Schwenkow	
Place of residence	Berlin
Profession	Chief Executive Officer
Responsibility within the Group	Strategic Business Development and Operations, Sales, Marketing, Public Relations
Group retainers	Administrative Board Member of AIO Group AG, Glattpark, (Switzerland) Administrative Board Member of Good News Productions AG, Glattpark (Switzerland) Administrative Board Member of The Smart Agency AG, Glattpark (Switzerland) Administrative Board Member of Fortissimo AG, Glattpark (Switzerland) Administrative Board Member of Venue Consulting AG, Glattpark (Switzerland) Administrative Board Member of The Classical Company AG, Zürich (Switzerland) Board member of Raymond Gubbay Ltd., London (Great Britain) Board member of Kilimanjaro Holdings Ltd., London (Great Britain) Chairman of the supervisory board of mytic myticket AG, Berlin
Shares held as at 31.12.2015	200,000

Christian Diekmann	
Place of residence	Berlin
Profession	Dipl.-Kaufmann, Executive Board Member (Chief Financial Officer, Chief Operating Officer)
Responsibility within the Group	Operations, Marketing, Sales, Human Resources, Finance, Investor Relations
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Production AG, Glattpark (Switzerland), Administrative Board Member of The Smart Agency AG, Glattpark (Switzerland) Administrative Board Member of Fortissimo AG, Glattpark (Switzerland) Administrative Board Member of Venue Consulting AG, Glattpark (Switzerland) Administrative Board Member of The Classical Company AG, Zürich (Switzerland) Supervisory Board Member of DEAG Classics AG, Berlin Supervisory Board Member of mytic myticket AG, Berlin
Shares held as at 31.12.2015	2,400

Detlef Kornett	
Place of residence	Kleinmachnow
Profession	Dipl.-Kaufmann, Executive Board Member (Chief Marketing Officer)
Responsibility within the Group	Marketing, International Business Affairs
Group retainers	Administrative Board Member of AIO Group AG, Glattpark (Switzerland) Administrative Board Member of Good News Production AG, Glattpark (Switzerland), Administrative Board Member of The Smart Agency AG, Glattpark (Switzerland) Administrative Board Member of Fortissimo AG, Glattpark (Switzerland) Administrative Board Member of Venue Consulting AG, Glattpark (Switzerland) Board member of Raymond Gubbay Ltd., London (Great Britain) Board member of Kilimanjaro Holdings Ltd., London (Great Britain) Supervisory Board Member of mytic myticket AG, Berlin
Shares held as at 31.12.2015	-

The Executive Board was extended effective April 1, 2016 and with Ralph Quellmalz a new CFO was appointed. Christian Diekmann – so far acting as CFO – will in future not only be responsible as COO (Chief Operating Officer) but also as CDO (Chief Digital Officer).

Ralph Quellmalz	
Place of residence	Köln
Profession	Dipl.-Kaufmann, Executive Board Member (Chief Financial Officer)
Responsibility within the Group	Finance, Investor Relations
Group retainers	-
Shares held as at 31.12.2015	-

Supervisory Board

Wolf-D. Gramatke	
Place of residence	Hamburg
Position on Supervisory Board	Chairman
Profession	President of Great-Minds Consultants GmbH, Hamburg
Retainers on other boards	Supervisory Board Vice-Chairman of Wild Bunch AG (formerly: Senator Entertainment AG), Berlin Other: Member of the media business committee of the Hamburg Chamber of Commerce
Group retainers	Chairman of the Supervisory Board of DEAG Classics AG, Berlin
Shares hold as at 31.12.2015	-

Martina Bruder	
Place of residence	München
Position on Supervisory Board	Vice-Chairman of the Supervisory Board
Profession	CEO/ Managing director digital media
Retainers on other boards	-
Group retainers	Member of the Supervisory Board of mytic myticket AG, Berlin
Shares held as at 31.12.2015	-

Christian Angermayer	
Place of residence	London
Position on Supervisory Board	Member of the Supervisory Board
Profession	Founder, Apeiron Investment Group Ltd., St. Julians (Malta)
Retainers on other boards	President of the administrative board of Film House Germany AG, Frankfurt am Main
Group retainers	-
Shares held as at 31.12.2015	-

58. Date and release of the publication

The Executive Board of DEAG has approved the Consolidated Financial Statements and the Combined Management Report and Group Management Report on April 15, 2015.

Berlin, April 15, 2016

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

Detlef Kornett

Ralph Quellmalz

Independent Auditor's Report

We have audited the consolidated financial statements, including the balance sheet, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and the Group Notes as well as the management report and Group management report for the fiscal year from January 1, 2015 to December 31, 2015 prepared by DEAG Deutsche Entertainment Aktiengesellschaft, Berlin. The preparation of the consolidated financial statements and the management report and Group management report in accordance with IFRS as applicable within the EU and, in addition, in accordance with the commercial law provisions to be applied pursuant to § 315a para 1 HGB (German Commercial Code) is the responsibility of the statutory representatives of the company. Our responsibility is to express an opinion on the basis of our audit of the consolidated financial statements and the management report and Group management report.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the generally accepted German standards for the audit of financial statements adopted by the German Institute of Public Auditors (IDW). These require us to plan and perform the audit in such a way that we are able to judge with sufficient reliability whether the consolidated financial statements are free from misstatements that would have a material impact on the presentation of the assets, financial and income position of the company as provided by the consolidated financial statements of the company, prepared in conformity with the applicable generally accepted accounting principles and by the management report and the Group management report. The scope of the audit was defined taking into consideration information on the business activities as well as the economic and legal circumstances of the Group and the expectations regarding possible errors. Within the framework of the audit, evidence on the effectiveness of the internal financial control system and of the values reported and information given in the consolidated financial statements and in the management report and Group management report are assessed primarily on the basis of random checks. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of the entities to be consolidated, the accounting and consolidation principles applied and material estimates made by the statutory representatives as well as the evaluation of the overall presentation of the consolidated financial statements and the management report and Group management report. We believe that our audit provides a sufficiently reliable basis for our opinion.

Our audit has not resulted in any qualifications.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as applicable within the EU, as well as with the additional commercial law provisions to be applied pursuant to § 315a para 1 HGB as well as IFRS as a whole and give a true and fair view of the Group's asset, financial and income position in accordance with such provisions. The management report and the Group management report are in conformity with the consolidated financial statements, provide an accurate view of the Group's position and accurately describe the opportunities and risks of future developments.

Berlin, April 15, 2016

Roever Broenner Susat Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler
Auditor

David Reinhard
Auditor

Declaration by the statutory reprensatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and income of the Group and the combined Management Report and Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, April 15, 2016

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

Detlef Kornett

Ralph Quellmalz

DEAG Deutsche Entertainment Aktiengesellschaft

Balance Sheet Summany (according to HGB)

Assets in EUR'000	**31.12.2015**	**31.12.2014**
Intangible assets and tangible fixed assets	156	138
Financial assets	14,957	10,722
Fixed assets	**15,113**	**10,860**
Receivables and accruals and deferrals	36,361	36,564
Cash, cash equivalents and securities	57	504
Total current assets	**36,418**	**37,068**
Assets	**51,531**	**47,928**

Liabilities and equity in EUR'000	**31.12.2015**	**31.12.2014**
Share capital	16,353	16,353
Capital reserve	14,095	14,095
Retained income	697	697
accumulated profit	-3,963	4,495
Shareholders´ equity	**27,182**	**35,640**
Accruals	**747**	**386**
Liabilities to financial institutions	10,073	7,494
Other liabilities	13,529	4,408
Total liabilities	**23,602**	**11,902**
Total equity and liabilities	**51,531**	**47,928**

DEAG Deutsche Entertainment Aktiengesellschaft

Statement of Income (according to HGB)

In EUR'000	Financial statement 1.1. - 31.12.2015	Financial statement 1.1. - 31.12.2014
Distribution costs	-1,805	-1,822
General and administration costs	-5,734	-6,087
Other operating income and expenses	-4,853	3,851
Interest income/ expenses and other financial result	-305	498
Income from investments	4,239	5,596
Result of ordinary business activities	**-8,458**	**2,036**
extraordinary result	-	-
Income tax and other taxes	-	202
Net income	**-8,458**	**2,238**
Accumulated profit carried forward	4,495	2,157
Accumulated profit	**-3,963**	**4,395**

Corporate Governance Report

The Executive Board and the Supervisory Board dealt continuously with the further development of the Corporate Governance within the company in fiscal 2015. The amendments to the German Corporate Governance Code in the version of May 5, 2015 are taken into account by the Executive Board and the Supervisory Board. In accordance with Clause 3.10 of the German Corporate Governance Code (DCGK) the Executive Board and the Supervisory Board report about the Corporate Governance of the company as follows:

Declaration of Conformity

The Executive Board and the Supervisory Board of DEAG Deutsche Entertainment Aktiengesellschaft made the annual legally required Declaration of Conformity in respect of the German Corporate Governance Code in accordance with § 161 AktG (German Stock Corporation Act) on December 10, 2015. The wording of the declaration of conformity is as follows:

The recommendations of the German Corporate Governance Code (DCGK) were complied with in the version amended on May 5, 2015, except for the following deviations:

1. The D&O insurance for the Supervisory Board does not provide for a deductible, since this does not appear to be appropriate or necessary in view of the moderate amount of the Supervisory Board compensation for influencing behavior. (3.8 DCGK).

2. No Committees were set up by the Supervisory Board. For a Supervisory Board, which is only composed of three members, every matter which requires a contribution of the Supervisory Board can be dealt with through the direct involvement of all Supervisory Board members. An increase in efficiency of the Supervisory Board activities is not to be expected through the setting up of Committees against this backdrop. (5.3.1 to 5.3.3 DCGK)

3. The consolidated financial statements are not made available publicly within 90 days, the interim reports not within 45 days of the end of the reporting period. The publications are made within the framework of the statutory periods and the periods under stock exchange law in each case. An earlier publication would involve a significantly higher personnel and organizational expenditure and hence considerable extra costs in view of several non-listed subsidiaries and investees outside Germany. (7.1.2 DCGK)

Composition of the Supervisory Board

In accordance with Clause 5.4.1 DCGK the Supervisory Board should be composed in such a way that its members have, as a whole, the required knowledge, abilities and expert experience to properly complete their tasks. From the Supervisory Board’s point of view, these criteria are met by the existing Supervisory Board.

The Supervisory Board is to specify concrete goals for its composition, taking into account the specific situation of the company, the international activities, potential conflicts of interest, the number of independent members of the Supervisory Board within the meaning of Clause 5.4.2 DCGK, an age limit to be specified for the member of the Supervisory Board and a regular limit of length of membership of the Supervisory Board as well as diversity. Moreover, the Supervisory Board is to set targets for the share of women.

Against the backdrop of these specifications, the Supervisory Board strives for compliance with the following criteria in terms of the composition of the body:

- At least one member of the Supervisory Board should have international experience.
- The term of a member of the Supervisory Board should end upon completion of the 75th year of age.
- The length of membership of the Supervisory Board should not exceed three terms of office
- The share of women on the Supervisory Board should amount to 30%.

All these goals have already been implemented.

Share ownership of board members

Stock option programs and similar securities-based incentive schemes of the company do not exist. The member of the Executive Board Professor Peter L.H. Schwenkow held a total of 200,000 shares of the company on December 31, 2015. The member of the Executive Board Christian Diekmann held a total of 2,400 shares of the company on December 31, 2015.

Explanations on the compensation system and the individual compensation of the members of the Executive Board and the Supervisory Board can be found in the compensation report under Item 2.7 of the combined management report and group management report and under Item 30 of the notes to the consolidated financial statement of this annual report.

During fiscal 2015 the Supervisory Board members received compensation (in kEUR) for their activity as follows:

Member of the Supervisory Board	Fixed compensation	Variable compensation	Other benefits	Total emoluments
Wolf-D. Gramatke	29	0	3	32
Martina Bruder	19	0	2	21
Christian Angermayer	10	0	1	11
Total	**58**	**0**	**6**	**64**

The other remunerations of the members of the Supervisory Board include refunded travel expenses in the amount of kEUR 6.

Declaration on Corporate Governance

The declaration on corporate governance in accordance with § 289a para 2 HGB (German Commercial Code) is reproduced in Item 2.10 of the Combined Management Report and Group Management Report.

Risk management

As far as risk management is concerned, we refer to the detailed explanations in the risk report under Section 4 of the Combined Management Report and Group Management Report.

Berlin, April 2016

DEAG Deutsche Entertainment Aktiengesellschaft

For the Supervisory Board

Wolf-D. Gramatke
Chairman of the Supervisory Board

For the Executive Board

Prof. Peter L.H. Schwenkow
CEO

IMPRINT

Editing and Coordination

DEAG Deutsche Entertainment Aktiengesellschaft
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The Annual Report and current information on DEAG are posted on the internet at http://www.deag.de/ir

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