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Annual Report 2005 | 01.01.2005 - 31.12.2005

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01: OVERVIEW

Key Group figures

	01.01.- 31.12.2005 [EUR'000]	01.01.- 31.12.2004 [EUR'000]
Revenues	256,179	222,746
Gross profit	63,308	43,832
Personnel expenses	21,928	18,529
Operating profit before depreciation and amortisation (EBITDA)	37,455	25,769
Depreciation	4,716	4,406
Operating profit (EBIT)	32,739	21,362
Profit from ordinary business activities (EBT)	34,302	21,891
Consolidated net income	15,975	9,060
Cash flow	28,219	19,573
	[EUR]	[EUR]
Earnings per share*, undiluted (= diluted)	0.67	0.38***
	[Qty.]	[Qty.]
Number of employees**	624	573
of which temporary	(97)	(74)

* Number of shares: 24 million (prior year: 12 million)

** Number of employees at end of year (active workforce)

*** Earnings per share for the business year 2004 was calculated for comparison purposes on the basis of 24 million shares.

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02: REPORT BY THE SUPERVISORY BOARD

Report by the Supervisory Board of CTS EVENTIM AG on the company's annual financial statements and the consolidated annual financial statements and on the management report for the company and the Group for the financial year from 01 January 2005 to 31 December 2005

1. Mr. Edmund Hug (Oberstenfeld) and Dr. Peter Haßkamp (Bremen) were members of the Supervisory Board of the company during the entire year. Dr. Peter Versteegen (Hamburg) was a member of the Supervisory Board from 01 January 2005 until 23 August 2005; at the Annual Shareholders' Meeting of the company on 23 August 2005 Mr. Jakob Kleefass (Hamburg) was elected his successor. The Chairman of the Supervisory Board throughout the year was Mr. Edmund Hug; the Vice-Chairman was Dr. Peter Haßkamp. No committees were formed.

2. Throughout the year, the Supervisory Board discharged its responsibilities as required by law and the articles of incorporation. It was regularly informed by the Management Board in writing, verbally, promptly and extensively about all issues relevant for corporate planned and strategic development, and about the progress of business activities and the situation of the Group, including risks and risk management. The Supervisory Board provided the Management Board with regular advice concerning the management of the company and monitored how the company was managed. The Supervisory Board was involved in all decisions of fundamental importance for the company. After thorough examination and consultation, the Supervisory Board submitted its opinion on the reports and proposed resolutions of the Management Board, to the extent that this was required by law and by provisions in the articles of incorporation. Where necessary, decisions were also taken using the written procedure.

During the year under review, the Supervisory Board met on 21 March 2005, 10 May 2005, 22 August 2005 and on 25 November 2005. The Management Board of the company also took part at these meetings and had an opportunity to comment on events and processes of importance for the company. On the basis of reports submitted, the Supervisory Board examined the general business development of the company and its various subsidiaries, in particular the achievement of the budgeted performance figures for revenue and earnings, as well as the growth of cash flow and the main projects carried out by the company and the Group as a whole.

3. At the Annual Shareholders' Meeting of the company held on 23 August 2005, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, was chosen to audit the annual financial statements and the consolidated financial statements as at 31 December 2005. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2005 annual financial statements, the 2005 consolidated financial statements and the Group management report were submitted in timely manner to the Supervisory Board by the Management Board of the company, along with the respective audit reports.

At the Supervisory Board meeting on 20 March 2006, the annual financial statements 2005 and the consolidated financial statements for 2005, as well as the management report, the Group management report and the proposal for appropriation of profits were discussed in detail with the Management Board. The Supervisory Board was able to confer with the auditor, who also attended the meeting.

The annual financial statements were prepared by the Management Board in compliance with the statutory regulations and were granted unqualified notes of confirmation by the auditor.

Having examined the audit report, the Supervisory Board approves the annual financial statements as prepared by the Management Board, which thus are formally adopted in accordance with Section 172 AktG (Stock Corporation Act). The Supervisory Board also approves the consolidated financial statements prepared by the Management Board for the 2005 financial year, to which no objections are raised. The Supervisory Board consents to the proposal by the Board of Management regarding the appropriation of the net income for the year.

4. In accordance with Section 312 AktG, the Management Board has prepared a report for the business year from 01 January to 31 December 2005 on the relationships with affiliated enterprises, in which it states that, judging from the circumstances known at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case and that no measures or legal transactions with third parties requiring disclosure were either effected or waived in the 2005 business year at the behest or in the interest of affiliated enterprises within the meaning of Section 312 AktG.

The auditor provided the following unqualified note of confirmation regarding the findings obtained during his audit of the report on dependencies:

'Having audited and assessed the report, we confirm that

1. the disclosures of fact made in the report are true and correct,
2. that the performance rendered by the company in connection with the legal transactions detailed in the report are not unreasonably great,
3. that the measures listed in the report involve no circumstances that would suggest any significantly different assessment than that provided by the Management Board.'

The Supervisory Board likewise examined the report on dependencies prepared by the Management Board and concurs with the audit findings. According to the conclusive findings of the Supervisory Board in the context of said examination, no objections are raised against the final declaration by the Management Board contained in said report.

5. Personnel changes were made to the Management Board during the reporting year, insofar as Dr. Rainer Bartsch retired from the Management Board with effect from 30 April 2005.

6. On 22 December 2005, the Supervisory Board and the Management Board issued a joint updated declaration of compliance with the German Corporate Governance Code, in accordance with Section 161 AktG; this declaration was published on the company website at www.eventim.de.

The Supervisory Board wishes to thank the Management Board and all employees of the company for the work they performed during the 2005 financial year.

March 2006

Edmund Hug
Chairman

Dr. Peter Haßkamp
Vice-Chairman

Jakob Kleefass

03: FOREWORD BY THE MANAGEMENT BOARD

A record-breaking year for CTS EVENTIM AG

2005 was a record-breaking year for CTS EVENTIM AG. As the leading ticket marketer for concerts, theatre and sports events, and as a provider of Live Entertainment, we again achieved substantial improvements in all our main performance figures and reinforced our market position. Business year highlights included booming Internet business, smooth-running ticketing operations for the Football World Cup, high-impact tours by world-famous pop and rock stars, as well as successful acquisition of SPORTFIVE Tixx GmbH.

2005 financial year: all forecasts exceeded

CTS EVENTIM AG achieved continued and robust growth in the 2005 financial year. Group revenues grew 15.0% to EUR 256.2 million, EBIT by 53.3% to EUR 32.7 million and EBITDA by 45.4% to EUR 37.5 million. In the Live Entertainment segment, sold-out tours by such top performers as Elton John, Anastacia, R.E.M. and many others, too numerous to mention, resulted in revenues of EUR 194.6 million, up 6.1% on 2004. The EBIT for this segment was EUR 13.5 million. In the Ticketing segment, revenues rose to EUR 64.3 million (up 52.5%). We more than doubled the EBIT in this segment to EUR 19.3 million in the 2005 business year. Internet ticket sales were once again the main drivers of growth and earnings in the Ticketing segment: 100 million visitors (prior year: 60 million) to the www.eventim.de and www.getgo.de portals operated by CTS EVENTIM AG purchased around 3.5 million tickets in total.

Internet: service and innovations guarantee further growth

In the field of Internet ticketing, we gain from growing awareness of our portals and a steady stream of product innovations. We now offer the best available service for simple, convenient and secure ticket buying for around 85,000 events a year. Customers are rewarding us for this service. An innovative print-at-home solution for tickets bought on the Internet is presently being launched. 'ticketdirect' enables customers to print out their tickets from their home PC. CTS EVENTIM AG also provides novel solutions for special customer and employee events at its www.eventim-corporate.de site: since autumn 2005, companies can order package deals with special ticket blocks and many extras such as travel service, catering, Meet & Greet, or hotel and flight bookings. This new field of business is targeted at the sales potential of the corporate customer market and is integrated into the CTS EVENTIM AG system.

2006 FIFA Football World Cup: CTS EVENTIM wins concession for ticket resale and transfer platform

As the ticketing partner of the World Cup Organising Committee (OC), CTS EVENTIM AG has been working successfully for many months on the technical and organisational systems for selling around 3.2 million tickets for the 2006 FIFA Football World Cup. In October 2005, the OC commissioned CTS EVENTIM AG to organise the resale and transfer platform. On this platform, ticket holders can sell or transfer their tickets legally to other persons in accordance with OC rules. Ambitious expansion of sports-related activities also includes the takeover of SPORTFIVE Tixx GmbH, one of the leading providers of software and consulting services for sports. The seller and former parent company of SPORTFIVE Tixx GmbH is the Hamburg-based firm of Sportfive GmbH & Co. KG, an international agency for the marketing of sports rights, and with business relations with 270 top European football clubs and 30 football associations worldwide. Our joint aim is to expand the model throughout Europe, and to provide integrated support services to sports clubs in the fields of marketing, ticket sales and customer tying.

Acquisitions: more planned for other European countries

The Management Board plans to carry out further acquisitions in the ticketing field in the course of the 2006 business year, above all in other European countries. Negotiations to this end are being conducted in Switzerland, Italy and Spain. All these activities – expansion of Internet ticketing, a stream of innovative products and foreign expansion – will improve our company's market position and boost our share performance. The Management Board is therefore optimistic for the 2006 business year as well.

Klaus-Peter Schulenberg
Chief Executive Officer

04: CTS SHARES 2005

Shares CTS shares were among the stock market favourites in 2005. Appreciating 163% in value over the year, CTS was one of the year's best performing stocks, clearly beating all the relevant German indexes.

To meet growing demand for the shares and to improve their liquidity, it was decided at the Shareholders' Meeting in August 2005 to increase the share capital using company funds and to issue 12 million new shares that were then allocated to shareholders on a 1:1 basis. The stock market responsed to the measure, which is equivalent to a 1:2 share split, with an immediate rise in market capitalisation. The reduced price for shares has further enhanced the attractiveness of CTS shares both for institutional and private investors. Liquidity was permanently improved by doubling the number of shares in the float.

The share price curve reflects the company's excellent business performance and showed a steady upward trend that has also been sustained during the first months of the 2006 business year. This trend has also been supported by intensive investor and press relation work. As a result, CTS shares have attracted the attention of both analysts and investors in the financial and business press. In 2005, two more banks - Morgan Stanley and Citigroup - initiated coverage of CTS shares with a 'Buy' rating. The shares are now covered by six banks in total: DZ Bank (Designated Sponsor), Bayerische Landesbank (Designated Sponsor), Berenberg Bank, Nord LB, Citygroup und Morgan Stanley.

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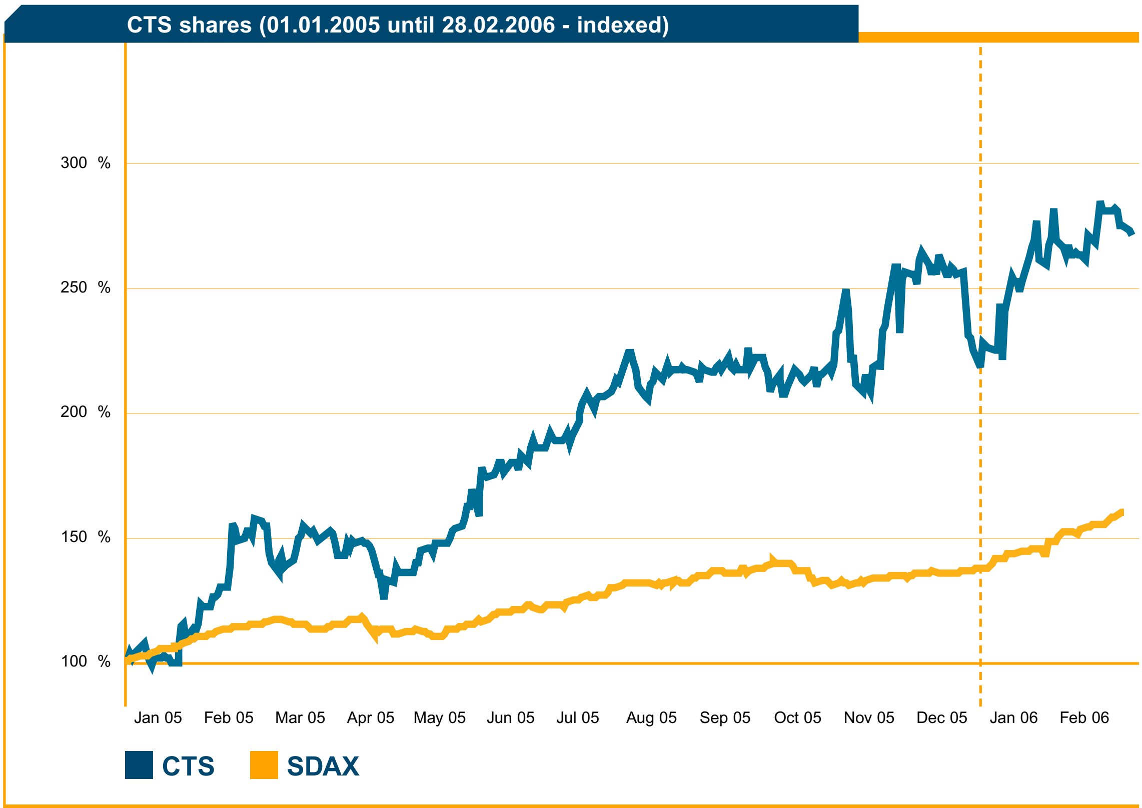

	2005/ EUR	2004/ EUR
Consolidated earnings per share	0.67	0.38*
Cash flow	28,219,122	19,573,203
High (Xetra)	24.76	18.20
Low (Xetra)	9.01	9.60
Year-end-price (Xetra)	20.61	17.80
Market capitalisation (based on year-end share price)	494,640,000	213,600,000
Shares outstanding on 31.12.	24,000,000	12,000,000
Share capital	24,000,000	12,000,000

Type of shares	No-par value ordinary bearer shares
Securities code	5 4 7 0 3 0
ISIN number	DE 000 547 030 6
Symbol	EVD
First listed	01.02.2000
Stock exchange segment	Prime Standard
Indices	SDAX; Prime All Share
Sectoral index	Prime Media

* Consolidated earnings per share for the 2004 business year were calculated for comparison purposes on the basis of 24,000,000 shares.

Number of shares held by members of executive organs as at 31 December 2005

Members of the Management Board:	shares
Klaus-Peter Schulenberg	16,000,000
Volker Bischoff	0
Alexander Ruoff	2,000

Members of the Supervisory Board:	shares
Edmung Hug (Chairman)	2,800
Dr. Peter Haßkamp	0
Jacob Kleefass	1,194

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05: CORPORATE GOVERNANCE REPORT OF CTS EVENTIM AG

CTS EVENTIM AG has always complied with nationally and internationally accepted standards of good and responsible enterprise management. For us, Corporate Governance is a fundamental standard applying to all areas of the company. The mandates of the Management and Supervisory Board members are shown on page 62. Related party disclosures are made on page 61. The Management Board provides the following report on Corporate Governance within the company – simultaneously on behalf of the Supervisory Board – in accordance with item 3.10 of the German Corporate Governance Code (DCGK):

Corporate Governance declaration pursuant to Section 161 AktG In the matter of compliance with the recommendations contained in the German Corporate Governance Code (DCGK), the Supervisory Board and Management Board of the company submitted the following declaration of compliance pursuant to Section 161 AktG on 22 December 2005, and made said declaration permanently accessible for shareholders on the company's website:

'CTS EVENTIM AG complies with the recommendations issued by the Government Commission on the German Corporate Governance Code (DCGK), in the version announced in the electronic Federal Gazette (Bundesanzeiger) of 20.07.2005, with the following exceptions:

In compliance with the regulations governing the Prime Standard segment of the Frankfurt Stock Exchange, interim reports are published within 60 days after the end of each reporting period (DCGK, item 7.1.2).

Information relating to third-party companies in which the company participates are published only when such participations are included in consolidation (DCGK, item 7.1.4).

No Supervisory Board committees are formed, because the Board consists of only three members (DCGK, item 5.3.1).

Performance-based compensation of Supervisory Board members has been waived for reasons of cost, since such a system would only make sense if accompanied by a substantial increase in the compensation paid to Supervisory Board members (DCGK, item 5.4.5).

An age limit for Management Board members has not been specified by the Supervisory Board as yet (DCGK, item 5.1.2).

The D&O policies for the Management Board and Supervisory Board do not include any own-risk deductions to date (DCGK, item 3.8). These policies have been in place for several years and the company has no intentions of changing them.

Although the agenda of the Annual Shareholders' Meeting and possibly some Management Board reports may be published on the Internet in addition to the annual report, other documents pertaining to agenda items, such as contracts or annual financial statements, are not published in order to protect the company's confidential information. These documents are made available to company shareholders only, in accordance with statutory requirements (DCGK, item 2.3.1).

The compensation paid to members of the Management Board and Supervisory Board is not reported for each individual member, but only as a sum total in the notes to the annual financial statements (DCGK, items 4.2.4 and 5.4.5).'

Ownership of company shares or financial derivatives relating to such shares on the part of Management Board and Supervisory Board members As at the closing date for the annual financial statements, 31 December 2005, members of the Management Board and Supervisory Board of CTS EVENTIM AG held the following quantities of no-par value bearer shares in the company (ISIN DE0005470306):

Members of the Management Board:	No. of shares	Percentage
Klaus-Peter Schulenberg (Chairman)	16,000,000	66.67%
Volker Bischoff	0	0.00%
Alexander Ruoff	2,000	0.01%
Members of the Supervisory Board:		
Edmund Hug (Chairman)	2,800	0.01%
Dr. Peter Haßkamp	0	0.00%
Jakob Kleefass	1,194	0.01%

Purchase or sale of company shares or financial derivatives relating to such shares by Management Board and Supervisory Board members During the period under review, executive officers of CTS EVENTIM AG engaged in the following transactions involving no-par value bearer shares of the company (ISIN DE0005470306):

Name	Position	Transaction	Trading day	Quantity
Volker Bischoff	Management Board	Sale	18.05.2005	102,000
Dr. Peter Haßkamp	Supervisory Board member	Sale	24.06.2005	1,465
Edmund Hug	Supervisory Board member	Sale	21.06.2005	1,200

Klaus-Peter Schulenberg (CEO) sold 3.984 million no-par value ordinary bearer shares on 09 March 2006.

Notes to the Management Board compensation system pursuant to DCGK, item 4.2.3 The total amount of compensation paid to members of the CTS EVENTIM AG Management Board is disclosed annually in the annual financial statements of the company, and amounted in the 2005 business year to EUR 1.322 million. Compensation consists of fixed annual amounts and a variable, performance-based amount. The agreed criteria for granting the variable component, and for the amount paid, are both revenue and EBIT (Earnings Before Interest and Taxes), i.e. clearly defined, auditable and relevant success criteria that are continuously monitored by the Supervisory Board. The members of the Management Board also receive payments in kind, specifically in the form of an appropriate company car.

Stock options or similar components of compensation have not been contractually agreed and are not granted to members of the CTS EVENTIM AG Management Board, so no disclosures in this regard need to be made.

06: GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

1. Preliminary statements

In addition to the separate financial statements for CTS EVENTIM AG (CTS) in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch - HGB), the Management Board has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Consolidated financial statements in accordance with German accounting legislation were not prepared.

2. Business operations and macroenvironment

2.1 The economy in general: strong exports, slow consumption

German economic growth in 2005 was driven primarily by very dynamic foreign trade. The price-adjusted gross domestic product (GDP) increased relative to the prior year by 0.9%, indicating that the revival of the economy in 2004 (+1.6%) has lost some of its pace. Domestic use of GDP once again made only a relatively small contribution to economic growth. Consumer spending stagnated at the 2004 level. The general economic climate was thus characterised by a deep split, with healthy export growth rates on the one hand, but sluggish domestic demand and little impetus on the other. Private household consumption stagnated, and unemployment rose to record levels.

2.2 The company: special profile generates robust growth

The 2005 business year was a very successful one for the Group, which achieved stronger performance in both the Ticketing and the Live Entertainment segment. Demand for Live Entertainment was unabated. In the ticketing field, a growing preference for the Internet channel became well entrenched across all types of event and all target groups. Internet sales showed a continued and significant increase relative to the previous year. With Internet access becoming increasingly widespread, more and more consumers are discovering and appreciating real-time information about new events and the convenience of online booking.

2.3 Macroenvironment and sectoral situation

The Group operates in the leisure event market with its Ticketing and Live Entertainment divisions. CTS, the parent company of the Group, operates in the field of ticketing and is the one company that sets the pace in this particular segment. Statements made in respect of the Ticketing segment apply in particular to CTS as well, therefore.

Organising and executing events is the primary object of the Live Entertainment division. The situation in this sector is characterised by intensifying globalisation and monopolisation. Owing to its market position, the Group is confronted by very few competitors in Germany, Austria and Hungary.

Promoters of leisure events consider ticket selling to be the critical factor for success. These sales activities are the basic object of the Ticketing segment, from marketing events (tickets) through its leading network platform (eventim.net), to the in-house ticketing product (eventim.inhouse), to a solution for ticket sales, admission control and payment in stadiums and arenas (eventim.venue).

In addition to the German market, the Group also operates in the Ticketing segment in other European countries (Croatia, the Netherlands, Austria, Poland, the Slovak Republic, Slovenia, Hungary, Bulgaria, Romania, Serbia-Montenegro, Bosnia-Herzegovina). In the latter, the Group competes with domestic and foreign network operators and ticketing software providers.

The events for which tickets are sold using our proprietary CTS ticketing software range from concerts of classical music, through rock and pop, plays, festivals, fairs and exhibitions to sports events, especially football.

As a leading ticket supplier, CTS is superbly positioned in its market. That position was further consolidated and extended in the ticketing field by means a broad-based distribution network featuring a full-coverage network of box offices, sales via call centres and Internet ticket shops. By acquiring holdings in leading German tour and concert promoters, the Group's position on these markets has been secured for the future as well.

CTS competes with national and regional network operators. The company enjoys competitive advantages over competitors, in that CTS operates throughout Germany in a variety of market segments using a networked ticketing system, and because it links all sales channels in a common database. Another advantage lies in cooperation with major promoters, enabling a large number of different and attractive events to be marketed though all the Group's sales channels.

2.4 Group business performance

In the 2005 business year, the Group succeeded in further enhancing its leading position in the ticketing market. In the Live Entertainment segment, business growth in 2005 was again very encouraging.

In the Ticketing segment, continued growth in Internet sales volume led to a significant increase in both revenues and earnings. The online seat selection option has set new standards for ticketing, and new segments of the event market were tapped and firmly established.

In the current 2006 business year, the CTS portals (www.eventim.de and www.getgo.de) are implementing a print-at-home solution for tickets purchased online. The 'ticketdirect' print-at-home solution enables customers to print out their tickets from their home PC. After a successful pilot phase, all events in the portfolio can be booked using the 'ticketdirect' system.

In 2004, CTS was commissioned by the Organising Committee for the FIFA World Cup (OC) to handle the entire ticketing operation for the 2006 FIFA World Football Championships to be held in Germany (World Cup), and for the 2005 FIFA Confederations Cup in Germany (ConfedCup). As a service provider, CTS has been and will be organising the entire ticketing process, from managing tickets in its proven ticketing system, to actual sales and ticket handling on site in the stadiums. In early November 2005, CTS was also commissioned by the OC to organise the resale and transfer platform for the World Cup in 2006. On the Internet site for the latter, football fans can sell or transfer their tickets to other people – legally and in accordance with the regulations laid down by the OC.

Ticketing for the ConfedCup was successfully handled in the year under review. By selling World Cup tickets, the Group will generate total revenue in the order of EUR 30.000 million.

Since autumn 2005, the new 'Corporate Tickets' division at CTS has been providing business customers with ticketing solutions for customer and employee events. Companies can order package deals with special ticket blocks as well as many extras ranging from transport service, catering or Meet & Greet to hotel and flight bookings through CTS. Help and advice is provided on the phone by service staff. On request, eventim-corporate will organise not only the ticketing for company celebrations and customer events, but will also coordinate the entire event.

The cooperation with TUI Leisure Travel (TLT) allows tickets to be sold through TLT travel agencies, in addition to the CTS box offices. By integrating the CTS ticketing platform into the TLT network, CTS is responding to the trend of combining city tours with events of various kinds. In the Ticketing segment, this partnership adds a new ticketing channel to the stationary box office, call centre and Internet channels that previously existed.

In line with the Group's internationalisation strategy, new subsidiaries in the Ticketing segment were established in Bosnia-Herzegovina, Bulgaria, Serbia-Montenegro and Rumania in the course of the 2005 business year. In these young and growing market economies, the Group expects business to develop well in the medium term.

In the Live Entertainment segment, successful festivals, concert tours and events featuring top stars resulted in greater and more efficient use of capacities as well as increased earning power in the 2005 business year. There was also strong public demand for the 'Variety-Gastronomy' products (Palazzo events), a mixture of dinner show and varieté on tour.

2.5 Research and development

In order to broaden the range of ticketing-related services, to tap additional sources of revenue and to meet the future requirements of promoters, box offices and Internet customers, the ticket sales system is being constantly improved and expanded. As a basic principle, all software development is carried out by development departments within the Group. In the field of ticketing and software development, the Group has acquired a high level of expertise. In order to tap new markets, the company plans additional developments in new technologies such as additional chip tickets or mobile ticketing.

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2.6 Group management

Corporate management centred on value creation forms the basis for sustained profitable growth. One of the priority goals of the Group is to achieve sustained growth of EBIT (Earnings before Interest and Taxes), EPS (Earnings per share) and cash flow. The strength of the Group is reflected in its ability to improve EBIT and EPS continuously by successfully expanding its business operations. This is also mirrored in the positive development of the Group's key performance figures.

Owing to its successfully implemented strategy of profitable growth, the Group succeeded once again in achieving significant improvements in its EPS, EBIT and cash flow in 2005, relative to the previous year. At EUR 32.739 million, the Group EBIT was EUR 11.377 million higher that the equivalent figure for the 2004 business year (EUR 21.362 million). Cash flow was boosted from EUR 19.6 million to EUR 28.2 million.

2.7 Structure of entities within the Group, changes to the scope of consolidation

Live Entertainment Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg, was merged into CTS with retroactive effect from 01 January 2005, on the basis of a notarial contract dated 04 July 2005. The merger was effected on 25 August 2005, when the relevant entry was made in the Commercial Register.

Ticketing Eventim Sports Consulting GmbH, Bremen, was newly consolidated. Showsoft GmbH, Bremen, was renamed CTS Eventim Solutions GmbH, Bremen, and the name of Ticknology B.V., Amsterdam, was changed to CTS Eventim Nederland B.V., Amsterdam.

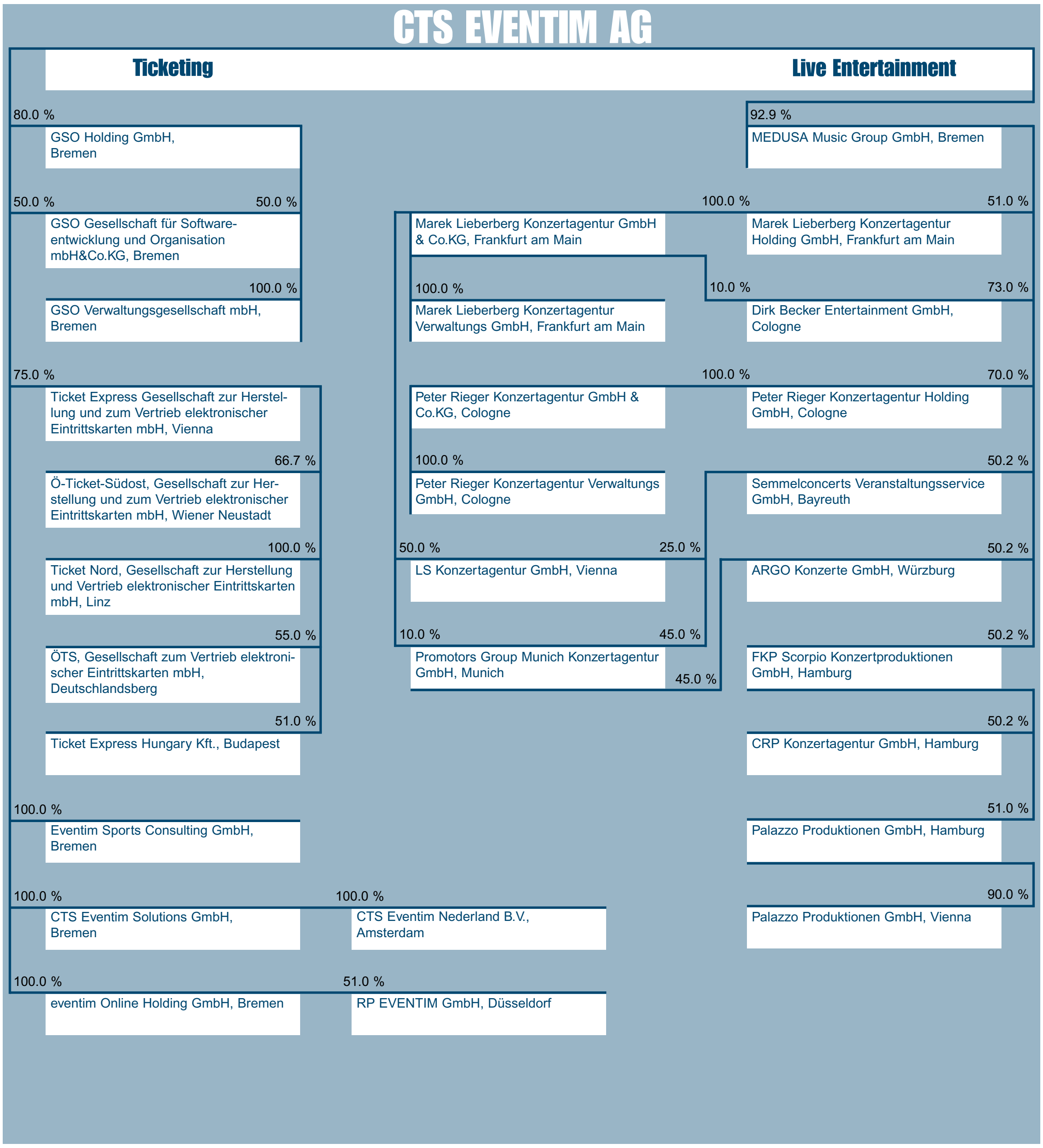
CTS Eventim Solutions GmbH, Bremen, increased its shareholdings in CTS Eventim Nederland B.V., Amsterdam, by 25pp to 100%.

Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (TEX), increased its participation in Ö-Ticket Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt (ÖT SüdOst), by 16.67pp to 66.67%.

2.8 Assessment of the business year

According to an assessment by the German Council of Economic Advisers, German GDP growth was expected to be relatively weak in the 2005 business year. A powerful upswing in the domestic economy did not occur. Negative expectations were thus confirmed, with the economy producing another year of relative stagnation. The fact that this weakness in the economy had no adverse impacts on the event market is shown by the excellent business performance of CTS and the Group as a whole in 2005.

Corporate structure of CTS EVENTIM AG and its subsidiaries
Status: 31 December 2005



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3. Earnings performance, financial position and cash flow

3.1 Earnings performance

3.1.1 Group earnings performance (IFRS)

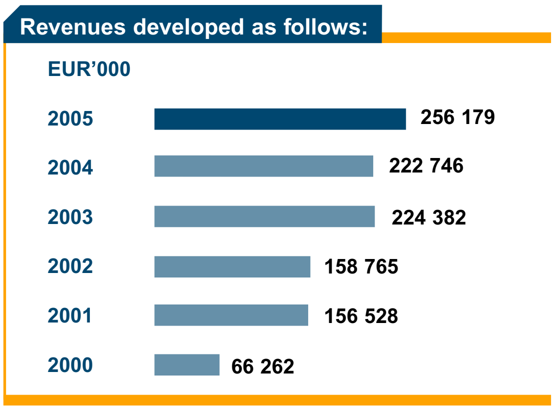
	01.01.-31.12.2005 [EUR'000]	01.01.-31.12.2004 [EUR'000]	Change [EUR'000]	Change in %
Revenues	256,179	222,746	33,433	15.0
Cost of sales	-192,670	-178,914	-13,756	7.7
Gross profit	**63,509**	**43,832**	**19,677**	**44.9**
Selling expenses	-19,503	-13,545	-5,958	44.0
General administrative expenses	-10,894	-9,386	-1,508	16.1
Other operating income	4,157	3,874	283	7.3
Other operating expenses	-4,530	-3,413	-1,117	32.7
Operating profit (EBIT)	**32,739**	**21,362**	**11,377**	**53.3**
Financial result	1,563	529	1,034	195.5
Profit from ordinary business activities (EBT)	**34,302**	**21,891**	**12,411**	**56.7**
Taxes	-13,411	-8,865	-4,546	51.3
Net income for the year	**20,891**	**13,026**	**7,865**	**60.4**
Minority interest	-4,916	-3,966	-950	24.0
Consolidated net income for the year	**15,975**	**9,060**	**6,915**	**76.3**

Group Revenues were increased by EUR 33.433 million from EUR 222.746 million the prior year to EUR 256.179 million in 2005. Revenues (before consolidation of revenues between the segments) break down into EUR 194.643 million in the Live Entertainment segment and EUR 64.267 million in the Ticketing segment. The Group was involved in almost every major performance, either as promoter, ticket marketer or as principal.

The 2005 business year was again characterised by superb performance in the Ticketing segment, particularly in sales via the Internet, and by growth rates greater than average being achieved. Around 100 million music and event fans (prior year: 60 million) visited the www.eventim.de and www.getgo.de Internet ticketing portals and bought around 3.5 million tickets in total (prior year: 2.3 million). This equates to a percentage increase of around 52%. Sales of ConfedCup and World Cup tickets generated revenues of EUR 12.700 million. Thanks to strong attendances at concerts, the Live Entertainment segment achieved an excellent performance in the 2005 business year. The earnings performance in both segments was further improved. The Group was able to exceed its revenue forecast and earnings guidance.

Of the EUR 256.179 million in Group revenues achieved in the reporting year, EUR 238.808 million were generated in Germany, EUR 16.733 million in Austria, EUR 156 thousand in the Netherlands and EUR 482 thousand in Hungary.

The gross profit margin in the fiscal year 2005 for the Group as a whole was increased to 24.8%, compared to 19.7% the previous year. The gross margin in the Ticketing segment rose from 54.7% the year before to 61.9% in 2005. Commission expenses of EUR 4.039 million for the World Cup project were recognised as selling expenses and not as cost of sales. Due to this allocation of commission expenses, the profit margin for the Group as a whole increased by 1.7% from 23.1% originally to 24.8%, and that of the Ticketing segment by 6.4% from 55.5% originally to 61.9%. The gross margin in the Live Entertainment segment was slightly higher at 12.1% (prior year: 11.5%).



The increase in selling expenses is mainly due to EUR 4.039 million in commission expenses relating to the World Cup project.

The increase in general administrative expenses is mainly attributable to greater personnel expenses of diverse projects, at EUR 846 thousand, which were distributed among the general administrative expenses by applying the cost of sales method and an allocation schedule. The increase also results from higher dues and insurance contributions, at EUR 120 thousand, and banking charges of EUR 124 thousand.

The increase in other operating expenses results primarily from expenses relating to costs passed on to third parties, at EUR 820 thousand, and in expenses for third-party services, at EUR 323 thousand.

Earnings before interest and taxes but after amortisation (EBIT) were significantly increased by EUR 11.377 million (53.3%) from EUR 21.362 million in 2004 to EUR 32.739 million in 2005. The reporting year closed with an earnings before interest, taxes, depreciation and amortisation (EBITDA) figure of EUR 37.455 million (prior year: EUR 25.769 million). The improved cash flow due to higher profits in the segments, increased pre-sales and revenues from the special World Cup project led to an increase in interest income and hence to an improvement in the financial result to EUR 1.563 million (prior year: EUR 529 thousand).

Earnings before tax (EBT) improved by EUR 12.411 million from EUR 21.891 million to EUR 34.302 million.

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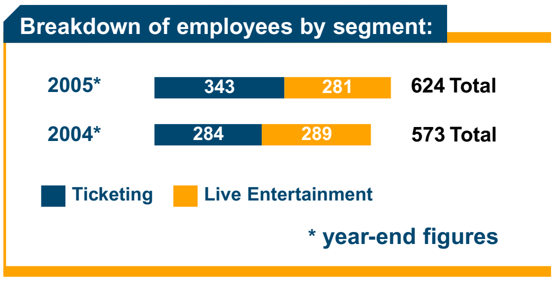
In the tax expenses as disclosed, deferred taxes have been offset against the tax expenses of the separate consolidated companies. Deferred tax assets were formed on the basis of the losses carried forward. Profits lead to deferred tax expenses via reductions in deferred income taxes. The loss carryforward of CTS was offset in full at the end of the 2005 financial year.

After deducting minority interest (EUR 4.916 million) from the net income for the year (EUR 20.891 million), consolidated net income of EUR 15.975 million results (prior year: EUR 9.060 million).

EUR 14.617 million of the consolidated net income is attributed to CTS as a standalone company. The net income for the year for CTS, at EUR 16.047 million, was adjusted in accordance with IFRS by EUR 1.430 million (mainly deferred tax expenses and amortisation of goodwill). The EPS for the Group increased in the 2005 business year to EUR 0.67. The EPS of EUR 0.38 in the prior year, 2004, was calculated for comparison purposes on the basis of 24,000,000 shares.

As a result of the larger workforce, personnel expenses increased year-on-year by EUR 3.399 million from EUR 18.529 million to EUR 21.928 million. This increase in personnel expenses breaks down to EUR 1.176 million in the Live Entertainment segment and EUR 2.223 million in the Ticketing segment. The increase in personnel expenses in the Live Entertainment segment results from higher salaries and special payments, on the one hand, and from personnel expenses that were incurred for the first time throughout the year for Palazzo events. The increase in personnel expenses in the Ticketing segment results from special projects like the Confed-Cup and World Cup in particular.



The Group had 624 employees on its payroll at the end of 2005 (prior year: 573), of whom 486 were employed in Germany, 116 in Austria, 2 in the Netherlands and 20 in Hungary. On average during the year, the Group employed 31 people more in 2005 than in the 2004 business year.

Development of the Ticketing and the Live Entertainment segment

Live Entertainment In the Live Entertainment segment, higher attendance rates and a lower proportional increase in cost of sales led to improved contributions to earnings. Gross profit increased to EUR 23.627 million in the 2005 business year (prior year: EUR 21.000 million). This equates to a gross profit margin of 12.1%, compared to 11.5% in the prior year. The EBITDA figure for 2005 was EUR 13.868 million, up EUR 1.362 million on the prior year (EUR 12.506 million). EBIT improved by EUR 1.333 million from EUR 12.126 million to EUR 13.459 million. The EBIT margin thus rose to 6.9% (prior year: 6.6%).

Live Entertainment:	2001 in EUR million	2002 in EUR million	2003 in EUR million	2004 in EUR million	2005 in EUR million
Revenues	137.2	132.7	191.8	183.4	194.6
Gross profit	15.2	11.3	20.6	21.0	23.6
Gross margin	11.1%	8.5%	10.7%	11.5%	12.1%
EBIT	6.5	4.6	11.2	12.1	13.5
EBITDA	9.3	5.0	11.7	12.5	13.9

Ticketing Ticketing segment revenues grew substantially by EUR 22.117 million from EUR 42.150 million to EUR 64.267 million. Of the total revenues in this segment, EUR 25.004 million (prior year: EUR 14.991 million) were generated via the Internet, equivalent to Internet revenue growth of 66.8%. This means that revenues generated via the Internet increased in 2005 from 36% to 39% of total revenues in the Ticketing segment.

After deduction of EUR 24.498 million in cost of sales, a gross profit of EUR 39.769 million remains, equivalent to a gross margin of 61.9% (prior year: 54.7%). The EBITDA figure for the whole of 2005 was up 77.9% at EUR 23.598 million (prior year: EUR 13.262 million). EBIT rose EUR 10.054 million from EUR 9.237 million to EUR 19.291 million. The fourth quarter of 2005 was very successful, with a EUR 7.315 million share in total EBIT that exceeded the previous year's figure (EUR 4.959 million) by EUR 2.356 million. Profit growth in the Ticketing segment is very encouraging, due especially to growth in Internet ticketing. In the 2005 business year, 3.5 million tickets were sold through the company's own Internet portals, compared to 2.3 million in 2004. The first revenues from pre-sales of World Cup tickets were generated from mid-2005 onwards. Ticketing for the World Cup is expected to generate revenues of around EUR 20 million in 2006.

Ticketing:	2001 in EUR million	2002 in EUR million	2003 in EUR million	2004 in EUR million	2005 in EUR million
Revenues	20.7	28.3	35.2	42.1	64.3
Gross profit	6.8	11.2	16.2	23.1	39.8
Gross margin	33.1%	39.6%	46.3%	54.7%	61.9%
EBIT	-5.9	-1.4	3.9	9.2	19.3
EBITDA	-1.9	2.2	8.3	13.3	23.6

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3.1.2 Earnings performance of CTS (HGB)

	01.01.-31.12.2005 [EUR'000]	01.01.-31.12.2004 [EUR'000]	Change [EUR'000]	Change in %
Revenues	54,037	31,601	22,436	71.0%
Cost of sales	-19,572	-12,508	-7,064	56.5%
Gross profit	**34,465**	**19,093**	**15,372**	**80.5%**
Selling expenses	-14,210	-8,503	-5,707	67.1%
General administrative expenses	-4,272	-3,113	-1,159	37.2%
Other operating income	2,191	1,776	415	23.4%
Other operating expenses	-1,566	-1,029	-537	52.2%
Operating profit (EBIT)	**16,608**	**8,224**	**8,384**	**101.9%**
Financial result	5,319	1,593	3,726	233.9%
Profit from ordinary business activities (EBT)	**21,927**	**9,817**	**12,110**	**123.4%**
Taxes	-5,880	-1,554	-4,326	278.4%
Net income for the year	**16,047**	**8,263**	**7,784**	**94.2%**

CTS revenues increased significantly by EUR 22.436 million (71.0%) to EUR 54.037 million. By achieving this revenue growth, CTS exerts a major influence on the Ticketing segment.

The increase in selling expenses is mostly due to the EUR 4.039 million in commission expenses for the World Cup project.

The increase in general administrative expenses is attributable to greater personnel expenses, at EUR 416 thousand, which were distributed among the general administrative expenses by applying the cost of sales method and an allocation schedule. The increase also results from higher dues and insurance contributions, at EUR 144 thousand, legal and consulting fees of EUR 123 thousand, and EUR 95 thousand in banking charges.

Other operating income increased by EUR 415 thousand from EUR 1.776 million to EUR 2.191 million. The increase was primarily the result of higher income from already recorded write-offs in respect of receivables and liability reversals totalling EUR 354 thousand, income from damages claims, at EUR 358 thousand, and income from charging costs to third parties, at EUR 401 thousand. These were offset by a EUR 727 thousand decline in income relating to other periods.

The increase in other operating expenses is attributable, among other factors, to the EUR 316 thousand increase in third-party services, EUR 226 thousand in expenses relating to costs charged to third parties, expenses for reversing other receivables, at EUR 71 thousand, and project-related consultancy expenses of EUR 172 thousand. These are offset by a EUR 502 thousand decline in expenses relating to other periods.

The EBIT improved by EUR 8.384 million from EUR 8.224 million to EUR 16.608 million. This increase is mainly attributable to revenue growth, especially in Internet sales, and the improvement in profit margin. The volume of tickets sold through the standard box-office channel was further increased. Sales through the Internet channel grew an impressive 52.2%.

The financial result, at EUR 5.319 million, comprises interest expense and interest income as well as other related expenses totalling EUR 524 thousand (prior year: EUR 795 thousand), EUR 1.115 million in income from a profit transfer agreement (prior year: EUR 786 thousand) and EUR 3.680 million income from companies in which participations are held (prior year: EUR 12 thousand).

After adding the positive financial result to the EBIT figure of EUR 16.608 million, the resultant profit from ordinary business activities (EBT) is calculated at EUR 21.927 million (prior year: EUR 9.817 million).

After deducting taxes on income and other taxes totalling EUR 5.880 million (prior year: EUR 1.554 million), the remaining net income for the year is EUR 16.047 million (prior year: EUR 8.263 million).

The EPS figure in the standalone financial statements thus rose in the 2005 business year to EUR 0.67 (prior year: EUR 0.34). For comparison purposes, the EPS for the previous year is shown on the basis of 24,000,000 shares.

At the end of the 2005 financial year, CTS had 171 employees on its payroll (previous year: 120). Compared to the previous year, personnel expenses at CTS increased by EUR 1.662 million from EUR 5.499 million to EUR 7.161 million.

3.2 Financial position

3.2.1 Financial position of the Group (IFRS)

	31.12.2005 [EUR'000]	in %	31.12.2004 [EUR'000]	in %	Change [EUR'000]
Current assets					
Cash and cash equivalents	136,285	58.1	84,609	49.2	51,676
Trade receivables	16,213	6.9	13,456	7.8	2,757
Receivables from affiliated companies	823	0.4	678	0.4	145
Inventories	17,155	7.3	8,058	4.7	9,097
Other assets	8,162	3.5	6,461	3.7	1,701
Total current assets	**178,638**	**76.2**	**113,262**	**65.8**	**65,376**
Non-current assets					
Property, plant and equipment	12,747	5.4	13,769	8.0	-1,022
Goodwill	39,215	16.7	39,142	22.8	73
Deferred tax assets	2,890	1.2	4,913	2.9	-2,023
Other non-current assets	1,117	0.5	814	0.5	303
Total non-current assets	**55,969**	**23.8**	**58,638**	**34.2**	**-2,669**
Total assets	**234,607**	**100.0**	**171,900**	**100.0**	**62,707**

	31.12.2005 [EUR'000]	in %	31.12.2004 [EUR'000]	in %	Change [EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	2,553	1.1	2,575	1.5	-22
Trade payables	21,017	9.0	17,055	9.9	3,962
Advance payments received	57,304	24.4	32,053	18.6	25,251
Provisions	8,285	3.5	9,381	5.5	-1,096
Other current liabilities	59,078	25.3	38,979	22.6	20,099
Total current liabilities	**148,237**	**63.3**	**100,043**	**58.1**	**48,194**
Non-current liabilities					
Medium- and long-term financial liabilities	792	0.3	3,568	2.1	-2,776
Advance payments received	0	0.0	102	0.1	-102
Pension provisions	2,447	1.0	1,858	1.1	589
Total non-current liabilities	**3,239**	**1.3**	**5,528**	**3.3**	**-2,289**
Shareholders' equity					
Share capital	24,000	10.2	12,000	7.0	12,000
Capital reserve	23,302	9.9	35,322	20.5	-12,020
Balance sheet profit	28,525	12.2	12,550	7.3	15,975
Minority interest	7,304	3.1	6,452	3.8	852
Currency differences	0	0.0	5	0.0	-5
Total shareholders' equity	**83,131**	**35.4**	**66,329**	**38.6**	**16,802**
Total shareholders' equity and liabilities	**234,607**	**100.0**	**171,900**	**100.0**	**62,707**

The Group's balance sheet total increased by EUR 62.707 million from EUR 171.900 million to EUR 234.607 million.

Investments in software, fixed assets and financial assets totalled EUR 4.069 million. Taking depreciation on assets (EUR 4.808 million), changes in the scope of consolidation (EUR -16 thousand) and asset disposals (EUR 194 thousand) into account, the carrying value of assets (including goodwill) decreased by EUR 949 thousand as at 31 December 2005. The fixed assets (EUR 51.962 million), including goodwill, are financed with shareholders' equity excluding minority interest (EUR 75.827 million). In addition, the minority interest (EUR 7.304 million) and the long-term provisions for pensions (EUR 2.447 million) are available as unused funds.

In accordance with IAS 36, 'Impairment of Assets', existing intangible assets with an indefinite useful life and goodwill were tested for impairment in the 2005 financial year to determine whether they conform to the new criteria as of the date on which they are first applied. The Group reviewed the useful life and residual value after depreciation of all intangible assets and established that no adjustments to goodwill were necessary.

The Group invested a total of EUR 3.088 million in the Ticketing segment. The main investments related to hardware for box offices, promoters, the Internet portals and investments in projects, and were mostly made by CTS (EUR 1.677 million). Investments in intangible assets amounted to EUR 945 thousand. EUR 53 thousand were invested in financial assets. The investments were financed from free cash flow.

In the Live Entertainment segment, no significant investments were made in intangible assets. Investments in fixed assets amounted to EUR 473 thousand. Additions to financial assets (EUR 453 thousand) related in the main to other loans.

Assets tied up for the short term increased by EUR 65.376 million to EUR 178.638 million. The main increases were in cash and cash equivalents, up EUR 51.676 million, in payments on account for production costs already incurred and recognised as inventories up EUR 8.228 million, and trade receivables up EUR 2.757 million. The cash and cash equivalents include accounts with balances of EUR 5.596 million that are used for handling pre-sales of tickets for the World Cup in Germany. The cash and cash equivalents in the Ticketing segment include EUR 42.570 million in ticket revenues from pre-sales recognised under other liabilities.

The Annual Shareholders' Meeting of the company on 23 August 2005 resolved to increase the share capital of CTS, previously amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The share capital increase was registered at the Munich Local Court on 06 October 2005, and the 12,000,000 new no-par value bearer shares were credited to shareholder depots on 30 October 2005. As at the closing date, the company has thus issued 24,000,000 no-par value bearer shares. Each share represents a computed value of EUR 1.00 share in the share capital.

Shareholders' equity (including minority interest) increased to EUR 83.131 million, mainly due to the EUR 15.975 million consolidated net income for the year.

The increase in advance payments received for pre-sold tickets in the Live Entertainment segment, at EUR 25.149 million, and in liabilities for ticket revenues that have not yet been settled, at EUR 21.988 million, led to a reduction in equity ratio (shareholders' equity excluding minority interest, divided by the balance sheet total) from 34.8% to 32.2%. The return on equity (consolidated net income, divided by shareholders' equity excluding minority interest) improved by contrast from 15.1% to 21.2% in 2005. These two key performance figures underscore the stability and profitability of the company, despite the slight decline in equity ratio.

The minority interest increased from EUR 6.452 million to EUR 7.304 million. This change results from profit distributions to minority interest (EUR -4.058 million) in the 2005 financial year, balanced against proportionate shares in the net income for 2005 (EUR 4.916 million), the acquisition of ÖT SüdOst by TEX (EUR -26 thousand), and the acquisition of the remaining 25% in CTS Nederland B.V. by CTS Eventim Solutions GmbH (EUR 20 thousand).

Long-term pension provisions increased by EUR 589 thousand to EUR 2.447 million. The acceptable discount rates for recognition of pension provisions were lowered as at 31 December 2005. The new 2005 G Heubeck Tables must be used for valuing pension obligations.

Short-term liabilities, including short-term provisions, increased by EUR 48.194 million to EUR 148.237 million. The major part of that increase was due to advance payments received for which a final statement of account had not yet been issued (EUR 25.251 million) and to ticket revenues that had not yet been invoiced (EUR 21.988 million) and that are disclosed under other liabilities.

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3.2.2 Financial position of CTS (HGB)	31.12.2005 [EUR'000]	in %	31.12.2004 [EUR'000]	in %	Change [EUR'000]
Current assets					
Cash and cash equivalents, marketable securities	62,733	52.9	30,234	36.4	32,499
Trade receivables	7,064	6.0	5,272	6.3	1,792
Receivables from affiliated companies	3,459	2.9	20,425	24.6	-16,966
Inventories	996	0.8	446	0.5	550
Prepaid expenses, accrued income and other assets	1,857	1.6	1,274	1.5	583
Total current assets	**76,109**	**64.2**	**57,651**	**69.3**	**18,458**
Non-current assets					
Property, plant and equipment	39,637	33.4	22,385	26.9	17,252
Goodwill	2,780	2.4	3,107	3.8	-327
Total non-current assets	**42,417**	**35.8**	**25,492**	**30.7**	**16,925**
Total assets	**118,526**	**100.0**	**83,143**	**100.0**	**35,383**

	31.12.2005 [EUR'000]	in %	31.12.2004 [EUR'000]	in %	Change [EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	1,568	1.3	1,512	1.8	56
Trade payables	3,943	3.3	2,721	3.3	1,222
Provisions	6,268	5.3	3,753	4.5	2,515
Accrued expenses, deferred income and other current liabilities	42,087	35.5	24,968	30.0	17,119
Total current liabilities	**53,866**	**45.4**	**32,954**	**39.6**	**20,912**
Non-current liabilities					
Medium- and long-term financial liabilities	792	0.7	2,368	2.9	-1,576
Total non-current liabilities	**792**	**0.7**	**2,368**	**2.9**	**-1,576**
Shareholders' equity					
Share capital	24,000	20.3	12,000	14.4	12,000
Capital reserve	23,821	20.1	35,821	43.1	-12,000
Balance sheet profit	16,047	13.5	0	0.0	16,047
Total shareholders' equity	**63,868**	**53.9**	**47,821**	**57.5**	**16,047**
Total shareholders' equity and liabilities	**118,526**	**100.0**	**83,143**	**100.0**	**35,383**

In 2005, CTS made investments totalling EUR 3.143 million. These investments mainly relate in the case of intangible assets to the further refinement of CTS ticketing software and Internet portals (EUR 1.398 million) and in the case of fixed assets to technical equipment for CTS ticketing software, the Internet shop and special projects (EUR 993 thousand). Investments were also made in the computer hardware equipment for the box offices and promoters connected to the CTS ticketing software system (EUR 532 thousand). These hardware components are provided to users on a rental basis. The investments were financed from free cash flow.

Additions to software, fixed assets and financial assets totalled EUR 3.143 million. Taking depreciation on assets (EUR 4.778 million), the merger of Vierte Herrengraben 31 Verwaltungsgesellschaft mbH into CTS (EUR 18.615 million) and asset disposals (EUR 56 thousand) into account, the carrying value of assets increased by EUR 16.924 million as at 31 December 2005.

Assets tied up for the short term increased by EUR 18.458 million to EUR 76.109 million. This change results from increases in cash and cash equivalents and marketable securities (EUR 32.499 million) and inventories (EUR 550 thousand), offset by a reduction in receivables and other assets (EUR 14.591 million). Cash and cash equivalents also include bank balances of EUR 5.596 million that is used to administer the pre-sales of tickets for the World Cup in Germany. Cash and cash equivalents consist mainly of ticket revenues from pre-sales for events in 2006 (tickets not yet invoiced), which are recognised as other liabilities totalling EUR 36.831 million.

Shareholders' equity (pursuant to Commercial Code regulations) increased by the net income for the year, namely by EUR 16.047 million to EUR 63.868 million. Due to the increase in liabilities for ticket revenues that have not yet been invoiced (EUR 18.708 million) the equity ratio dropped slightly to 53.9% (prior year: 57.5%), whereas return on equity increased to 25.1% (prior year: 17.3%).

Short-term liabilities, including short-term provisions, increased by EUR 20.912 million to EUR 53.866 million. This change was mainly the result of the increase in uninvoiced ticket revenues (EUR 18.708 million), provisions (EUR 2.515 million) and trade payables (EUR 1.222 million), offset by a reduction in other current liabilities (EUR 1.728 million).

3.3 Cash flow

3.3.1 Cash flow of the Group (IFRS)

	01.01.-31.12.2005 [EUR'000]	01.01.-31.12.2004 [EUR'000]
Cash flow from:		
Operating activities	**62,777**	**28,324**
Investing activities	**-3,977**	**-5,664**
Financing activities	**-7,154**	**-5,713**
Net increase / decrease in cash and cash equivalents	**51,646**	**16,947**
Cash and cash equivalents at beginning of period	**84,626**	**66,604**
Change in cash and cash equivalents due to consolidation effects	**13**	**1,075**
Cash and cash equivalents at end of period	**136,285**	**84,626**

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The cash flow in the year under review is characterised by a positive operating cash flow.

The flows of funds from business operations are derived indirectly from the consolidated net income for the year. Flows of funds from investing and financing activities are calculated on the basis of payments, in contrast. The financial funds as shown in the cash flow statement are equal to the cash and cash equivalents in the balance sheet for 2005. In the prior year, financial funds included securities amounting to EUR 17 thousand at the end of the period; these securities are allocated to other assets in the 2005 financial year.

The inflow of funds from business operations amounts to EUR 62.777 million in 2005, compared to EUR 28.324 million in the 2004 financial year.

Based on positive net income of EUR 15.975 million, depreciation totalling EUR 4.715 million made a positive contribution to cash flow. Other positive effects on cash flow were produced by the EUR 2.023 million change in deferred taxes, die EUR 25.149 million change in advance payments received, and by revenues of EUR 21.988 million from tickets not yet invoiced. The advance payments received relate to the Live Entertainment segment and will be realised as revenues when the respective events have taken place.

The positive inflow of funds from business operations exceeds the negative outflow of funds for investing and financing activities, with the result that the financial funds increase in total by EUR 51.659 million in the current business year 2005.

As at the balance sheet date, the Group's cash and cash equivalents amounted to EUR 136.285 million. Cash and cash equivalents include bank balances of EUR 5.596 million that are used for handling pre-sales of tickets for the World Cup in Germany.

With its current funds, the Group is able to meet its financial commitments at all times and to finance its planned investments and ongoing business operations from its own funds. Cash and cash equivalents in the Ticketing segment are offset by EUR 42.570 million in liabilities relating to uninvoiced ticketing revenues that are recognised under other liabilities.

3.3.2 Cash flow of CTS (HGB)

	01.01.-31.12.2005 [EUR'000]	01.01.-31.12.2004 [EUR'000]
Cash flow from:		
Operating activities	**39,133**	**13,352**
Investing activities	**-3,088**	**-3,181**
Financing activities	**-3,521**	**-1,660**
Net increase / decrease in cash and cash equivalents	**32,524**	**8,511**
Cash and cash equivalents at beginning of period	**30,234**	**21,723**
Net increase / decrease in cash and cash equivalents due to merger and changes in valuation	**-25**	**0**
Cash and cash equivalents at end of period	**62,733**	**30,234**

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As at the balance sheet date, funds had increased to EUR 62.733 million due to the cash flow from operating activities.

The financial position in the year under review is characterised by a positive operating cash flow. Funds increased during the reporting year due to the increase in ticket revenues that has not yet been fully invoiced and recognised. No new borrowing was necessary to finance investments in fixed assets.

4. General assessment of the Group's business situation

Booming Internet business as well as high-impact tours by national and international pop/rock stars resulted in an excellent business year in 2005. The Group and CTS continued their robust growth. In addition to meeting forecast revenue growth targets, significant improvements in all performance figures and funds were achieved, and the market position was further expanded. The Group EBIT was increased by EUR 11.377 million from EUR 21.362 million to EUR 32.739 million. In the Live Entertainment segment, sold-out tours generated revenues of EUR 194.643 million. Online ticket sales via the Internet continued to be the key revenue and growth drivers in the Ticketing segment. 100 million visitors bought around 3.5 million tickets on the CTS portals, with the result that the Ticketing segment more than doubled its EBIT figure.

5. Appropriation of earnings by CTS EVENTIM AG as a standalone company

The net income of CTS as a standalone company in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB) for the financial year 2005 amounts to EUR 16.047 million. The Management Board proposed, with approval of the Supervisory Board, a distribution to shareholders of EUR 8.160 million (EUR 0.34 per share).

6. Dependencies report for CTS EVENTIM AG as a standalone company

Pursuant to Section 17 AKtG, a dependent relationship exists at the closing date with the majority shareholder, Mr. Klaus-Peter Schulenberg (the controlling company), and with companies with which he is associated. In accordance with Section 312 AktG, we therefore submit a report containing the following statement by the Management Board:

'Judging from the circumstances known to the Management Board at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case. No measures or legal transactions with third-parties requiring disclosure were neither effected or waived in the 2005 business at the behest or in the interest of controlling companies or affiliated companies within the meaning of Section 312 AktG.'

7. Events after the balance sheet date

With effect from 01 January 2006, CTS acquired 100% of the shares in SPORTFIVE Tixx GmbH. The objects of SPORTFIVE Tixx GmbH are the granting of software licences for ticketing and Customer Relationship Management (CRM) to sports clubs, performing services such as the operation of online ticket shops and call centres, as well as associated consultancy services. The contract of sale concluded by CTS and SPORTFIVE GmbH & Co. KG envisages an adjustment of the provisional purchase price according to a contractually agreed minimum EBITDA being reached, as well as contractually agreed minimum revenue as shown in the audited annual financial statements of SPORTFIVE Tixx GmbH for the business year ending on 31 December 2005. The audited annual financial statements of SPORTFIVE Tixx GmbH were not yet available on publication of the consolidated financial statements in 2006. In the estimation of the Management Board, no adjustment in the purchase price will be necessary.

The acquired assets and debts of SPORTFIVE Tixx GmbH and the goodwill have yet to be valued. Work on valuing the separate assets and debts will start once the audited financial statements of SPORTFIVE Tixx GmbH are presented. The main revaluations will probably relate to the intangible assets, and specifically to the trademark rights and customer base acquired through the deal.

Other than this acquisition there have been no other events of particular significance for the earnings performance, financial position and cash flow of the company.

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8. Risks

8.1 Risk management system

The future earnings performance, financial position and cash flow of the Group, with its various subsidiaries in Germany and Europe, are subject to a number of risks, uncertainties and other factors. In order to identify, assess and counteract risks at an early stage, the Group operates an appropriate risk management system that is tightly integrated within business workflows. By applying the internal reporting and planning system within the Group, corporate management is continuously informed about the progress of business operations in the separate enterprises, and any negative business developments are identified in time. The corporate management also receives extensive advice from both internal and external experts when important decisions are being taken. The auditors assess the efficiency of the risk management system and report routinely on its audit findings to the Group Management Board and the Supervisory Board.

8.2 The risks

Of all the identified risks facing the Group, the general and specific risks that, from today's perspective, may have a significant adverse impact on the earnings performance, financial position and cash flow are briefly described below. The success of the Group is mainly rooted in the Live Entertainment field, the efficiency of the company's proprietary ticketing software and the Internet websites.

8.3 Macroeconomic risks

The German Council of Economic Advisers does not expect a strong upswing in the economy in 2006. The price-adjusted GDP increased relative to the prior year by 0.9%. High unemployment, combined with a mood of uncertainty regarding structural reforms and financial policies, continue to have a negative impact on private consumption levels. Domestic demand in Germany, particularly household consumption, remained weak and was adversely influenced by persistent anxieties about the future of the social insurance system. Trends during the last business year have shown that these negative prospects do not necessarily have an impact on the event market.

8.4 Sector, market and competition

The company currently enjoys a leading market position in the pre-selling of tickets for events. It is not certain that this market position can be maintained.

The company competes with regional and supra-regional providers as well as with direct ticket sales by event promoters themselves. However, efforts are being made to further extend the company's position as market leader by providing a range of special services, such as an exclusive pre-sales service on the CTS portals, the option of booking specific seats via the Internet, or implementing the 'ticketdirect' home printing solution.

Risks of a general nature may ensue from intensified globalisation and/or monopolisation on the entertainment market.

8.5 Products, services and innovation

Further development of the CTS ticketing software system occurs in a context of very rapid changes in the information technology field, involving a constant flow of new industry standards, new products and new services. There is no certainty that the company will be able to launch new technologies in a timely manner and without impairing the speed and responsiveness of the system.

The Group's business operations in the Ticketing sector are significantly dependent on promoters selling their entry tickets over the CTS sales network and providing a certain proportion of the available tickets. The Group believes that event promoters will continue to use these services in future on account of the diversified structure of products and their distribution. This risk is minimised by acquiring participations in various well-known concert promoters at regional and supraregional level.

The Group's business operations in the Live Entertainment sector are significantly dependent on promoters being able in the future as well to offer artistic products (content) of national and international renown.

8.6 Personnel

The financial success achieved to date are attributable in large measure to the activity and special commitment of certain employees with key management functions. The financial success of the company will continue to depend on these managers remaining in the employ of the company, and on whether the company can continue to recruit highly skilled personnel.

8.7 Taxes

In 2003, an external fiscal audit was conducted at CTS and its legal predecessors for the years 1996 to 1999. The audit findings resulted in a small amount of retrospective taxes being payable for the 2003 business year. Other audits within the Group did not result in any income changes of any significance. Nevertheless, subsequent tax demands may result from different interpretation of facts by the tax authorities in future fiscal audits, resulting in adverse impacts on the company's financial situation.

8.8 Financial risks / default risks

There is a credit or default risk to the extent that a person owing a debt is no longer able to settle it. The maximum default risk is equal in theory to the present fair value of all receivables minus the liabilities payable to the same debtor if set-off is possible. In the annual financial statements of CTS and the Group, accruals for doubtful accounts were made to cover bad debts.

8.9 Financial risks / cash flow risks

A cash flow risk arises if the payment obligations of the Group cannot be covered with available cash or credit lines. As at the 2005 balance sheet date, the Group had sufficient cash reserves.

The Group has bank liabilities of EUR 3.345 million.

8.10 Other risks and aggregate risk

There are no other currently ascertainable risks of any significance for either the company or for the Group as a whole. The CTS Management Board assumes that risks are limited and controllable in its overall assessment and that they do not jeopardise the company and the Group as a whole as going concerns.

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9. Outlook

Economic and sector development The German Council of Economic Advisers does not expect a strong upswing in the economy in 2006. This means that Germans can expect another year of relative stagnation on the broader economic front. Trends during the last business year have shown that these negative prospects do not necessarily have an impact on the events market. Just when the economy is going through a difficult patch, demand for Live Entertainment has been and continues to be unbroken. The ticketing field will be increasingly dominated by the Internet, because more and more customers now have routine access to the web.

CTS and Group: Continue on successful path For CTS, 2006 will be another year in which growth and expansion will dominate. Strategic decisions will centre on new technologies and innovative products, expansion of sports ticketing activities and the systematic acquisition of ticketing companies in other European countries.

By selling more than 35 million tickets in 2005, CTS has already reached the position of European ticketing market leader. Awareness of the CTS portals will be further enhanced by many attractive themes like the 2006 World Cup, the resale platform and new technologies. The Management Board expects the number of tickets sold to rise to 45 million in the current business year. One priority will be to increase the share of tickets sold via the portals.

In the first half of 2006, CTS will be the first provider in the German market to launch a platform for ticket resales and ticket auctions. Other innovations will include the first print-at-home solution, available throughout Germany (‘ticketdirect’), and eventim.access mobile, an electronic access control system specially tailored to the needs of promoters.

Sports content will play an ever-greater role at CTS in future. In addition to Formula 1, winter sports, handball and many other types of sport, the acquisition of SPORTFIVE Tixx GmbH now means that tickets will be obtainable via CTS systems for two-thirds of matches played by German first-division football clubs, eight regional league clubs and two foreign clubs.

CTS aims to extend its market position in Europe not only through organic growth, but also by acquiring more ticketing companies abroad. The Management Board is therefore optimistic for the next two business years, and expects all the key performance figures to improve still further.

Forward-looking statements

In addition to historical financial data, this report may contain forward-looking statements using terms such as ‘believe’, ‘assume’, ‘expect’ and the like. Such statements may deviate, by their very nature, from actual future events or developments.

Bremen, 14 March 2006

CTS EVENTIM Aktiengesellschaft

The Management Board

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07: CONSOLIDATED FINANCIAL STATEMENTS 2005

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07: CONSOLIDATED FINANCIAL STATEMENTS 2005

Consolidated balance sheet as at 31 December 2005 (IFRS)

Assets		31.12.2005 [EUR]	31.12.2004 [EUR]
Current assets			
Cash and cash equivalents	(1)	136,284,989	84,609,382
Trade receivables	(2)	16,213,035	13,456,129
Receivables from affiliated companies	(3)	823,328	678,035
Inventories	(4)	17,155,222	8,058,109
Other assets	(5)	8,161,921	6,460,647
Total current assets		178,638,495	113,262,302
Non-current assets			
Fixed assets	(6)	4,068,369	3,073,106
Intangible assets	(7)	5,521,783	7,804,973
Financial assets	(8)	946,295	978,255
Investments stated at equity	(9)	10,004	29,186
Loans	(10)	2,200,366	1,883,965
Trade receivables	(11)	26,530	74,648
Receivables from affiliated companies	(12)	346,326	49,069
Other assets	(13)	743,683	689,994
Goodwill	(14)	39,215,076	39,141,544
Deferred taxes	(15)	2,889,766	4,913,239
Total non-current assets		55,968,198	58,637,979
Total assets		**234,606,693**	**171,900,281**

Shareholders' equity and liabilities		31.12.2005 [EUR]	31.12.2004 [EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(16)	2,552,784	2,575,362
Trade payables	(17)	21,016,794	17,054,644
Payables to affiliated companies	(18)	500,300	308,775
Advance payments received	(19)	57,303,948	32,053,043
Other provisions	(20)	963,876	949,266
Tax provisions	(21)	7,321,709	8,431,848
Other liabilities	(22)	58,578,057	38,670,010
Total current liabilities		148,237,468	100,042,948
Non-current liabilities			
Medium- and long-term financial liabilities	(23)	792,058	3,568,418
Advance payments received	(24)	0	101,733
Pension provisions	(25)	2,446,592	1,858,122
Total non-current liabilities		3,238,650	5,528,273
Shareholders' equity	(26)		
Share capital		24,000,000	12,000,000
Capital reserve		23,302,357	35,322,647
Balance sheet profit		28,524,850	12,549,864
Minority interest		7,303,699	6,451,873
Currency differences		-331	4,676
Total shareholders' equity		83,130,575	66,329,060
Total shareholders' equity and liabilities		**234,606,693**	**171,900,281**

Consolidated income statement from 01 January to 31 December 2005 (IFRS)

		01.01.-31.12.2005 [EUR]	01.01.-31.12.2004 [EUR]
Revenues	(1)	256,178,613	222,745,527
Cost of sales	(2)	-192,670,185	-178,913,178
Gross profit		**63,508,428**	**43,832,349**
Selling expenses	(3)	-19,502,741	-13,545,023
General administrative expenses	(4)	-10,893,618	-9,386,144
Other operating income	(5)	4,157,281	3,873,980
Other operating expenses	(6)	-4,529,989	-3,412,787
Operating profit (EBIT)		**32,739,361**	**21,362,375**
Income from companies in which participations are held	(7)	262,240	24,548
Expenses from investments stated at equity	(8)	-19,182	-7,604
Financial income	(9)	2,097,334	1,248,386
Financial expenses	(10)	-777,585	-736,210
Profit from ordinary business activities (EBT)		**34,302,168**	**21,891,495**
Taxes on income and other taxes	(11)	-13,410,750	-8,864,953
Net income for the year		**20,891,418**	**13,026,542**
Net income for minority interest	(12)	-4,916,432	-3,966,127
Consolidated net income for the year		**15,974,986**	**9,060,415**
Earnings per share (in EUR); undiluted (= diluted)		0.67	0.76
Average number of shares in circulation; undiluted (=diluted)		24,000,000	12,000,000
Pro forma earnings per share (in EUR); undiluted (= diluted) after share split (24,000,000 shares)			0.38

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Consolidated statement of changes in shareholders' equity (IFRS)

	Share capital [EUR]	Capital reserve [EUR]	Currency differences [EUR]	Minority interest [EUR]	Balance sheet profit [EUR]	Total sharehol-ders' equity [EUR]
Status 01.01.2004	**12,000,000**	**36,401,753**	**0**	**6,794,256**	**2,347,578**	**57,543,587**
Change in capital reserve	0	-1,079,106	0	0	1,079,106	0
Currency differences	0	0	4,676	0	0	4,676
Change in scope of consolidation	0	0	0	-41,875	62,765	20,890
Distribution in 2004				-4,266,635	0	-4,266,635
Net income for 2004	0	0	0	3,966,127	9,060,415	13,026,542
Status 31.12.2004	**12,000,000**	**35,322,647**	**4,676**	**6,451,873**	**12,549,864**	**66,329,060**
Change in capital reserve	12,000,000	-12,020,290	0	0	0	-20,290
Currency differences	0	0	-5,007	0	0	-5,007
Change in scope of consolidation	0	0	0	-6,315	0	-6,315
Distribution in 2005	0	0	0	-4,058,291	0	-4,058,291
Net income for 2005	0	0	0	4,916,432	15,974,986	20,891,418
Status 31.12.2005	**24,000,000**	**23,302,357**	**-331**	**7,303,699**	**28,524,850**	**83,130,575**

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Consolidated cash flow statement for the period from 01 January to 31 December 2005 (IFRS)

The following cash flow statement states the flows of funds from operating activities, investing activities and financing activities of the Group, and the resultant change in cash and cash equivalents:

		01.01.-31.12.2005 [EUR]	01.01.-31.12.2004 [EUR]
A	**Cash flow from operating activities**		
	Consolidated net income for the year	15,974,986	9,060,415
	Minority interest	4,916,432	3,966,127
	Depreciation on intangible and fixed assets	4,715,761	4,406,390
	Appreciation to intangible and fixed assets	0	-159
	Additions to pension provisions	588,470	128,283
	Deferred tax expense / income	2,023,473	2,012,147
	Cash flow	**28,219,122**	**19,573,203**
	Other cash-neutral expenses / income	100,823	-12,426
	Book profit / loss from disposal of intangible and fixed assets	-16,974	-57,232
	Increase / decrease in inventories; payments on account	-9,097,113	-5,245,169
	Increase / decrease in receivables and other assets	-4,923,135	1,129,608
	Increase / decrease in provisions	-1,095,530	1,785,454
	Increase / decrease in current liabilities	49,590,082	11,151,163
	Cash flow from operating activities	**62,777,275**	**28,324,601**
B	**Cash flow from investing activities**		
	Payments for investments in intangible assets	-1,000,254	-2,588,248
	Payments for investments in fixed assets	-2,563,406	-1,837,216
	Proceeds from sales of fixed and financial assets	168,499	116,886
	Payments for investments in financial assets	-505,530	-1,355,763
	Payments for acquisition of consolidated companies	-76,427	0
	Cash flow from investing activities	**-3,977,118**	**-5,664,341**
C	**Cash flow from financing activities**		
	Payments for redemption of financing loans	-3,120,645	-1,446,049
	Distribution of profits to minority interest	-4,033,371	-4,266,635
	Cash flow from financing activities	**-7,154,016**	**-5,712,684**
D	**Net increase / decrease in cash and cash equivalents**	**51,646,141**	**16,947,576**
	Cash and cash equivalents at beginning of period	84,626,218	66,603,699
	Change in cash and cash equivalents due to consolidation effects	12,630	1,074,943
E	**Cash and cash equivalents at end of period**	**136,284,989**	**84,626,218**
F	**Composition of cash and cash equivalents**		
	Cash and cash equivalents	136,284,989	84,609,382
	Marketable securities	0	16,836
	Cash and cash equivalents at end of financial year	**136,284,989**	**84,626,218**

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Analysis of Group assets for the period from 01 January to 31 December 2005 (IFRS)

	Purchase cost / Cost of sales				
	Status 01.01.2005 [EUR]	Change in consolidated companies [EUR]	Additions [EUR]	Disposals [EUR]	Status 31.12.2005 [EUR]
I Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	20,836,068	0	445,547	79,914	21,201,701
2. Goodwill	44,009,631	0	73,530	882	44,082,279
3. Customer base	1,383,622	0	0	0	1,383,622
4. Payments on account	0	0	481,177	0	481,177
	66,229,321	**0**	**1,000,254**	**80,796**	**67,148,779**
II Fixed assets					
1. Land, land rights and buildings, including buildings on third-party land	176,405	0	99,532	1,237	274,700
2. Technical equipment, plant and machinery	119,804	0	12,964	24,582	108,186
3. Other facilities, operating and office equipment	10,820,601	0	2,450,910	963,048	12,308,463
	11,116,810	**0**	**2,563,406**	**988,867**	**12,691,349**
III Financial assets					
1. Shares in affiliated companies	86,739	-16,203	40,300	0	110,836
2. Companies in which participations are held	1,033,324	0	44,199	9,354	1,068,169
3. Investments stated at equity	29,186	0	0	19,182	10,004
4. Loans due to affiliated companies	140,000	0	0	0	140,000
5. Security investments	33,100	0	0	84	33,016
6. Other loans	1,743,966	0	421,031	104,630	2,060,367
	3,066,315	**-16,203**	**505,530**	**133,250**	**3,422,392**
Total	**80,412,446**	**-16,203**	**4,069,190**	**1,202,913**	**83,262,520**

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Accumulated depreciation					Carrying values	
Status 01.01.2005	Appreciation	Additions	Disposals	Status 31.12.2005	Status 31.12.2005	Status 31.12.2004
[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
13,262,130	0	3,126,441	79,769	16,308,802	4,892,899	7,573,938
4,868,087	0	0	884	4,867,203	39,215,076	39,141,544
1,152,587	0	83,328	0	1,235,915	147,707	231,035
0	0	0	0	0	481,177	0
19,282,804	**0**	**3,209,769**	**80,653**	**22,411,920**	**44,736,859**	**46,946,517**
137,749	0	14,186	919	151,016	123,684	38,656
49,905	0	15,935	15,531	50,309	57,877	69,899
7,856,049	0	1,475,871	910,265	8,421,655	3,886,808	2,964,551
8,043,703	**0**	**1,505,992**	**926,715**	**8,622,980**	**4,068,369**	**3,073,106**
16,365	0	12,499	0	28,864	81,972	70,374
155,802	0	80,000	2	235,800	832,369	877,522
0	0	0	0	0	10,004	29,186
0	0	0	0	0	140,000	140,000
2,741	-1,595	0	84	1,062	31,954	30,359
1	0	0	0	1	2,060,366	1,743,965
174,909	**-1,595**	**92,499**	**86**	**265,727**	**3,156,665**	**2,891,406**
27,501,416	**-1,595**	**4,808,260**	**1,007,454**	**31,300,627**	**51,961,893**	**52,911,029**

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Notes to the consolidated financial statements for the financial year from 01 January to 31 December 2005 (IFRS)

1. Principles

1.1 Structure and business operations of the company

The company is registered as CTS EVENTIM AG (CTS), Dingolfingerstrasse 6, 81673 Munich, Germany, in the Commercial Register at Munich Local Court under HRB 156963. The company's management is domiciled in Bremen.

The objects of the company in the Ticketing segment are the production, sale, brokering, distribution and marketing of tickets for concerts, theatre, art, sports and other events in Germany and abroad, particularly in the Federal Republic of Germany and other European countries, in particular by using electronic data processing and modern communication and data transmission technologies. Further objects of the company are the production, sale, brokering, distribution and marketing of merchandising articles and travel, as well as direct marketing activities of all kinds. The company competes for the provision of its services not only with regional and supraregional providers of similar services, but also with regional enterprises and with direct ticket selling by the respective promoters. The objects of the Live Entertainment segment are the planning, preparation and execution of events, in particular music events and concerts, and the marketing of music productions.

1.2 Accounting principles

The consolidated financial statements of CTS as at 31 December 2005 were prepared in compliance with the IFRS and the interpretations of the IFRIC as applicable in the European Union (EU). All mandatory and applicable statements of the International Accounting Standards Board (IASB) have been complied with, and lead to a true and fair view of earnings performance, financial position and cash flow of CTS.

The consolidated financial statements conform to the accounting directive of the European Union (Directive 83/349/EEC). From the 2005 financial year onwards, CTS is obliged as a publicly traded corporate enterprise domiciled in a Member State of the European Union (EU) to apply Section 315a of the German Commercial Code (HGB) and prepares and publishes its consolidated financial statements in accordance with IFRS and the supplementary commercial law provisions in Section 315a (1) HGB.

The consolidated financial statements are denominated in Euros. The consolidated financial statements are based on historical purchase cost and are prepared in compliance with the following consolidation, accounting and valuation methods. The income statement was compiled in accordance with the 'cost of sales' method.

1.3 New accounting regulations

The IASB and the IFRIC have adopted additional standards and interpretations that are not yet mandatory for the 2005 financial year. Application of these IFRSs is conditional on the EU granting them recognition, which in some cases has yet to occur. IFRS 6 'Exporation for and evaluation of mineral resources' will not have any impacts on the consolidated financial statements of the company when it is first applied.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 4 Insurance Contracts – Financial Guarantee Contracts This amendment of the standard concerns the definition and accounting of financial guarantees. The amendments to IAS 39 also clarify that loan commitments may be voluntarily carried at their fair value as profits. This standard must be used for reporting periods beginning on or after 01 January 2006.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Cash Flow Hedge Accounting of Forecast Intragroup Transactions According to IAS 39, hedging transactions are permissible only with business partners outside the Group. However, the amendment permits hedging transactions for internal Group transactions in certain exceptions, provided that certain conditions are met. This standard must be used for reporting periods beginning on or after 01 January 2006.

Amendment to IAS 19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures This amendment essentially introduces an additional option relating to the recognition of actuarial gains and losses in connection with defined pension benefit plans. According to the amendment, actuarial gains and losses can be disclosed in their entirety in a 'statement of recognised income and expense' separate from the income statement, i.e. as part of the shareholder equity. This standard must be used for reporting periods beginning on or after 01 January 2006.

IFRIC 4: Determining whether an Arrangement contains a Lease Contracts that are not designated as leasing agreements must be examined to determine whether they implicitly grant the receiver of the performance a right of use to one or more assets. Application of this interpretation relates in particular to outsourcing arrangements and 'multi-element arrangements'.

The statement must be used for reporting periods beginning on or after 01 January 2006.

IIFRIC 5: Decommissioning, Restoration and Environmental Rehabilitation Funds This interpretation governs accounting for participations and claims in funds set up for the purpose of fulfilling recultivation or decommissioning obligations. This statement must be applied for reporting periods beginning on or after 01 January 2006.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies This interpretation addresses two particular problems associated with IAS 29, namely determining prior-year figures and restating deferred taxes. The statement must be used for reporting periods beginning on or after 01 March 2006.

IFRS 7 Financial instruments: Disclosure and Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures This statement mainly addresses disclosures and information in notes regarding financial instruments, hitherto governed by IAS 30 and (in some cases) IAS 32. The standard must be applied for reporting period beginning on or after 01 January 2007.

Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures The amendment of IAS 1 addresses the management of an entity's capital, and the disclosure of any non-compliance with certain external restrictions on capital. This standard must be applied for reporting periods beginning on or after 01 January 2007.

1.4 Principles of consolidation

All relevant subsidiaries that CTS directly or indirectly controls are included in the consolidated financial statements. Some smaller regional subsidiaries, in both the Ticketing segment and the Live Entertainment segment, have not been included in the consolidated financial statements because of their insignificance for establishing a fair view in overall terms of the Group's earnings performance, financial position and cash flow.

Participations in companies over which a significant influence can be exercised are valued by the equity method; a significant influence can be exercised if the share of voting rights is between 20% and 50% ('associated companies'). Investments valued at equity are carried at the proportionate adjusted interest in the investee's equity. Changes in the proportionate equity value with effects on net income are included in the income statement as income or expenses from investments stated at equity. The investment in Greensave GmbH, Würzburg, Germany, was valued at equity and included in the consolidated financial statements. The Group holds a 27.7% interest in said company, which discloses a balance sheet total of EUR 311 thousand (prior year: EUR 520 thousand), revenues of EUR 192 thousand (prior year: EUR 289 thousand) and a net loss for the year of EUR 69 thousand (prior year: EUR 27 thousand).

The balance sheet date of the consolidated companies is identical to that of the parent company.

Capital consolidation is effected using the purchase accounting method by offsetting acquisition costs against the shareholder equity accruing to the parent company at the time of acquisition ('purchase accounting'). Initial consolidation was effected in each case as at the time of acquisition, or at the time the companies were included in the scope of consolidation because they exceeded the minimum for significance. The resulting differences are allocated, as far as possible, to the assets and liabilities of the subsidiary. Owing to the balance sheet structure of the Group companies, any net differences that remain are routinely capitalised as goodwill. According to IFRS 3 'Business Combinations' and IAS 36 'Impairment of Assets', goodwill must be reviewed annually with regard to carrying value and any indications of impairment. In the 2005 financial year, the purchase prices for shares in subsidiaries totalled EUR 76 thousand.

Revenues, interim results, expenses and income, as well as receivables and payables are eliminated between consolidated companies.

The following changes in the scope of consolidation occurred in the 2005 financial year:

In the Live Entertainment segment, Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg, was merged into CTS with effect from 01 January 2005, on the basis of a notarial contract dated 04 July 2005. The merger obtained legal effect on 25 August 2005, when the relevant entry was made in the Commercial Register.

In the Ticketing segment, Eventim Sports Consulting GmbH, Bremen, was included in consolidation for the first time. Showsoft GmbH, Bremen, was renamed CTS Eventim Solutions GmbH, Bremen, and the name of Ticknology B.V., Amsterdam, was changed to CTS Eventim Nederland B.V., Amsterdam.

The firm of Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, increased its participation in Ö-Ticket Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, by 16.67pp to 66.67% on the basis of a notarial contract dated 22 December 2005. As at 31 December 2005, the company discloses revenues of EUR 993 thousand (prior year: EUR 1.105 million), net income for the year of EUR 77 thousand (prior year: EUR 34 thousand) and a balance sheet total of EUR 886 thousand (prior year: EUR 2.858 million).

CTS Eventim Solutions GmbH, Bremen, (formerly: Showsoft GmbH) increased its shareholdings in CTS Eventim Nederland B.V., Amsterdam, by 25pp to 100% on the basis of a notarial contract dated 06 April 2005. As at 31 December 2005, the company discloses revenues of EUR 185 thousand (prior year: EUR 158 thousand), a net loss for the year of EUR 100 thousand (prior year: EUR 64 thousand) and a balance sheet total of EUR 81 thousand (prior year: EUR 83 thousand). Revenues generated until 06 April 2005 amounted to EUR 54 thousand.

The following subsidiaries under the legal or de facto control of CTS are included by full consolidation in the consolidated financial statements with the following percentage interests as at 31 December 2005:

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Company	Country	Pertentage interest (held by the respective owning company) 2005	2004
GSO Holding GmbH, Bremen		80.0%	80.0%
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen (GSO KG)		100.0%	100.0%
GSO Verwaltungsgesellschaft mbH, Bremen		100.0%	100.0%
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (TEX)	Austria	75.0%	75.0%
ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg (ÖTS)	Austria	55.0%	55.0%
Ö-Ticket-Südost Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt (ÖT SüdOst)	Austria	66.7%	50.0%
Ö-Ticket-Nord Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Linz (ÖT Nord)	Austria	100.0%	100.0%
Ticket Express Hungary Kft., Budapest (TEX Hungary)	Hungary	51.0%	51.0%
eventim ONLINE Holding GmbH, Bremen		100.0%	100.0%
RP EVENTIM GmbH, Düsseldorf		51.0%	51.0%
CTS Eventim Solutions GmbH, Bremen (CTS Solutions), (formerly: Showsoft GmbH)		100.0%	100.0%
CTS Eventim Nederland B.V., Amsterdam NL, (CTS Nederland B.V.) (formerly: Ticknology B.V., Amsterdam)	Netherlands	100.0%	75.0%
Eventim Sports Consulting GmbH, Bremen		100.0%	100.0%
Vierte Herrengraben 31 Verwaltungsgesellschaft, Hamburg (merged into CTS in 2005)		0%	100.0%
MEDUSA Music Group GmbH, Bremen (Medusa)		92.9%	92.9%
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main		51.0%	51.0%
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main (MLK KG)		100.0%	100.0%
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main		100.0%	100.0%
Peter Rieger Konzertagentur Holding GmbH, Cologne		70.0%	70.0%
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne (PRK KG)		100.0%	100.0%
Peter Rieger Konzertagentur Verwaltungs GmbH, Cologne		100.0%	100.0%
FKP Scorpio Konzertproduktionen GmbH, Hamburg		50.2%	50.2%
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (Semmel)		50.2%	50.2%
ARGO Konzerte GmbH, Würzburg (ARGO)		50.2%	50.2%
Dirk Becker Entertainment GmbH, Cologne (Dirk Becker)		73.0%	73.0%
LS Konzertagentur GmbH, Vienna (LS)	Austria	75.0%	75.0%
Promoters Group Munich Konzertagentur GmbH, Munich (PGM)		100.0%	100.0%
CRP Konzertagentur GmbH, Hamburg (CRP)		50.2%	50.2%
Palazzo Produktionen GmbH, Hamburg (Palazzo Hamburg)		51.0%	51.0%
Palazzo Produktionen GmbH, Vienna (Palazzo Vienna)	Austria	90.0%	90.0%

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1.5 Principles of currency translation

The balance sheet and income statement were denominated in Euro. The financial statements of foreign subsidiaries are translated using the functional method. The functional currency used for those parts of the company outside Germany is the local currency in each case. Accordingly, assets and liabilities of entities outside Germany or outside the Eurozone are translated to Euro using the rate of exchange on the balance sheet date. Revenues and expenses are translated using the average exchange rate for the respective financial year. Currency translation differences are disclosed as a separate shareholders' equity item.

1.6 Principal accounting and valuation methods

The following accounting and valuation principles remained unchanged compared to the year before.

The balance sheet is presented in the layout corresponding to the quarterly company reports required under the rules of Deutsche Börse AG. This balance sheet layout is compliant with IAS 1 'Presentation of Financial Statements'.

When preparing the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that affect the assets and liabilities, the disclosure of contingent liabilities as at the balance sheet date and the statement of income and expenditure during the financial year. The actual amounts may deviate from the respective estimates.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, bank balances and financial assets. Bank balances and cash in hand are valued at the balance sheet date with their nominal value, and financial assets are valued at their fair value.

Receivables Receivables and other assets are carried at nominal value minus adjustments for discernible risks. The company is fundamentally exposed to potential default risks in respect of trade receivables. Adequate consideration was given to these risks by making appropriate allowances for doubtful accounts.

Inventories Inventories are carried at purchase cost, taking ancillary expenses into account and deducting any bonuses or discounts received, or at cost of sale, or at the net realisable value on the balance sheet date.

Financing instruments The stated values of the company's financing instruments, which include cash and cash equivalents, loans, trade receivables, trade payables, other liabilities and long-term loans, are compliant with the accounting principles in IAS 39 'Financial Instruments: Recognition and Measurements' and are recognised at their current purchase cost. Financial assets that are included in cash and cash equivalents are valued at their fair value.

As a basic principle, financial assets are classified into the following categories in accordance with IAS 39:

- financial assets or liabilities held for trading
- loans and receivables originated by the enterprise
- held-to-maturity investments and
- available-for-sale financial assets

Classification depends on the respective purpose for which the financial assets were acquired. Management determines how financial assets are to be classified when they are initially recognised, and reviews this classification at every closing date.

In the reporting year, the Group did not classify any financial instruments as 'financial assets or liabilities held for trading' or 'held-to-maturity investments'. Some financial assets classified as 'loans and receivables originated by the enterprise' and 'available-for-sale financial assets' are held.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor without any intention to trade the receivables. They are considered current assets, with the exception of those which do not mature until twelve months after the balance sheet date. The latter are recognised as non-current assets under other loans and are valued at purchase cost. Short-term loans and receivables are carried in the balance sheet under trade receivables and other assets. Loans and receivables are carried at their current purchase cost.

Shares in affiliated companies and companies in which participations are held which are not included in consolidation due to lack of significance are stated at purchase cost.

Intangible and fixed assets Intangible assets with a determinate useful life and fixed assets are carried at their purchase cost or cost of sales, minus systematic straight-line depreciation. Financing costs were not included. There are no finance lease agreements.

Development costs incurred by the Group (EUR 573 thousand) were capitalised in the financial year 2005 to the extent that they meet the conditions specified in IAS 38 'Intangible Assets'.

Systematic depreciation of intangible assets and fixed assets is mainly based on the following useful lives:

- Software, licences: 3 - 7 years on average
- Trademarks: 10 years
- Customer base: 5 years
- Other property, plant and office equipment: 3 -14 years on average

In accordance with IFRS 3 'Business Combinations', goodwill with an indeterminate useful life is no longer subjected to systematic depreciation. The Group now tests its goodwill for impairment at least once a year on the balance sheet date, or if significant events or changes in circumstances indicate that the fair value of a reporting entity within the Group might be lower than its carrying value. The fair value of each reporting entity of the Group is determined on the basis of the estimated present value of future flows of payments. A discount rate of 9% was applied for this purpose. When determining expected future cash flows, the company took into account current and future likelihoods, business and economic trends, economic development and other circumstances.

In compliance with IAS 36 'Impairment of Assets', the company routinely assesses the carrying values of all assets for possible impairment. If events or changes in circumstances provide grounds for believing that the carrying value of such an asset might no longer reach the fair value, the Group makes a comparison between the recoverable amount and the carrying value of the particular asset (impairment test). If the asset is impaired, the company records an impairment loss so that the asset is written down to the recoverable amount. The management takes the view that no such impairment losses need to be recognised as at the balance sheet date on 31 December 2005.

In no case did the carrying values of reporting entities exceed the respective fair value, so there were no indications of impairments to the stated value of any reporting entity in the past financial year.

Deferred taxes Deferred tax assets are recognised in compliance with IAS 12 'Income Taxes', according to which deferred taxes on income are reported using the balance sheet liabilities method. Deferred tax assets and liabilities are recorded for future tax effects resulting from the difference between the asset and liability amounts stated in the annual financial statements and the respective basis for computing tax. Deferred tax assets and liabilities are valued at the applicable taxation rates that must prospectively be applied to the taxable income in those years in which the temporary differences are expected to be recovered or settled. The impact of a changed taxation rate on deferred tax assets and liabilities is recognised as tax income or expense in the period in which the tax rate change becomes effective.

Liabilities Liabilities are shown at their respective redemption values. Their composition and remaining terms are shown in the analysis of liabilities.

Provisions In accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', other provisions were formed when commitments towards third parties existed that are likely to require settlement. The probable amounts of such obligations were estimated according to the state of knowledge when the balance sheet was prepared.

Pension provisions are calculated in accordance with IAS 19 'Employee Benefits' using the 'projected unit credit method'.

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Revenue recognition Revenues are recognised when a contract has been concluded with legal effect, delivery has been made or the service has been performed, a price is fixed and determinable, and it can be assumed that the price will be paid. Revenues are stated less discounts, price reductions, customer bonuses and rebates. Price reductions reduce revenues as soon as the respective revenues are recognised.

Expense recognition Expenses are recognised as such when they are incurred. Expenses for research and development are included in costs of sales, since these expenses are for continuous improvement in the software. Separate disclosure under research and development has therefore been discontinued. Development costs incurred by the Group (EUR 809 thousand) are expensed if they do not meet the requirements specified in IAS 38 'Intangible Assets'.

Leasing arrangements Leasing instalments for operating leasing arrangements are treated as rental expenses and recognised under administrative expenses for the term of the respective leasing arrangement.

Foreign exchange items Business transactions in currencies other than the functional currency of the Group are translated to Euro at the transaction rate of exchange. At the balance sheet date, adjustments are made on the basis of the exchange rate on the closing date, with any differences being recog-nised in profit or loss.

2. Notes to the consolidated balance sheet

(1) Cash and cash equivalents Cash and cash equivalents of EUR 136.285 million (prior year: EUR 84.609 million) are predominantly bank balances and mainly consist of ticket revenues from pre-sales for events in 2006. They are offset by EUR 42.570 million in liabilities relating to ticketing income that has not yet been invoiced, disclosed under other liabilities. Cash and cash equivalents include EUR 5.596 million on bank accounts that are used to administer pre-sales of tickets for the World Cup 2006 in Germany. Other financial assets amounting to EUR 5.328 million that are allocated as available-for-sale financial assets are disclosed as cash and cash equivalents.

(2) Trade receivables Short-term trade receivables amounting to EUR 16.213 million (prior year: EUR 13.456 million) are payable within one year.

(3) Receivables from affiliated companies The EUR 823 thousand in short-term receivables from affiliated companies (prior year: EUR 678 thousand) relate mainly to receivables from subsidiaries in eastern Europe.

(4) Inventories Inventories comprise the following items:

	31.12.2005 [EUR'000]	31.12.2004 [EUR'000]	Change [EUR'000]
Raw materials and consumables	1,217	249	968
Work in progress	266	22	244
Merchandise	96	439	-343
Advance payments received for events	15,576	7,348	8,228
	17,155	**8,058**	**9,097**

Payments on account for production costs already incurred increased by EUR 8.228 million to EUR 15.576 million in respect of events taking place in 2006.

(5) Other assets Other current assets relate mainly to tax refund claims at EUR 3.086 million (prior year: EUR 2.311 million), short-term loans and personnel debts at EUR 1.553 million (prior year: EUR 604 thousand), and other receivables at EUR 2.751 million (prior year: EUR 2.869 million). Other assets also include prepaid expenses of EUR 756 thousand (prior year: EUR 660 thousand) that mainly relate to maintenance expenses, and costs for events in subsequent business years, and marketable securities amounting to EUR 16 thousand (prior year: EUR 16 thousand) that are allocated as available-for-sale financial assets.

(6) Fixed assets The breakdown and development of fixed assets is shown in the analysis of Group assets. Additions to fixed assets, at EUR 2.563 million (prior year: EUR 1.837 million) relate primarily to hardware for box offices, promoters, the Internet portals and to investments in projects.

(7) Intangible assets The breakdown and development of intangible assets is shown in the analysis of Group assets. Investments in intangible assets, at EUR 1.000 million (prior year: EUR 2.588 million) relate primarily to software. In the 2005 financial year, EUR 573 thousand in development costs for newly developed sales software were capitalised.

By taking over the assets of the 'getgo.de' Internet portal in 2002, the customer base and the trademark rights, in particular, were acquired as intangible assets. The carrying values total EUR 1.482 million (prior year: EUR 1.769 million). The goodwill resulting from this transaction is stated in combination with the goodwill from capital consolidation.

(8) Financial assets The financial assets mainly relate to companies in which participations are held, at EUR 832 thousand (prior year: EUR 878 thousand).

(9) Financial assets stated at equity The adjusted carrying value of the participation in Greensave GmbH, Würzburg, is EUR 10 thousand (prior year: EUR 29 thousand).

(10) Loans The loans include EUR 2.060 million (prior year: EUR 1.744 million) in loans from companies in which participations are held and EUR 140 thousand (prior year: EUR 140 thousand) in loans from affiliated companies that are held to maturity. The loans bear interest at normal market rates.

(11) Trade receivables The long-term trade receivables, at EUR 27 thousand (prior year: EUR 75 thousand), have a remaining term of between one and five years.

(12) Receivables from affiliated companies A significant portion of the receivables from affiliated companies are loans that were issued to subsidiaries in eastern Europe and are payable within one to five years.

(13) Other assets Other assets, at EUR 716 thousand (prior year: EUR 618 thousand), relate to reinsurance claims.

(14) Goodwill The disclosed goodwill totalling EUR 39.215 million (prior year: EUR 39.142 million) breaks down into EUR 12.805 million in the Ticketing segment (prior year: EUR 12.732 million) and EUR 26.410 million in the Live Entertainment segment (prior year: EUR 26.410 million).

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(15) Deferred taxes The deferred tax assets at EUR 2.890 million pertain to the following:

	31.12.2005 [EUR'000]	31.12.2004 [EUR'000]	Change [EUR'000]
Recognised loss carryforwards	2,307	4,585	-2,278
Intangible and fixed assets	309	185	124
Pension provisions	274	149	125
Others	0	-6	6
	2,890	**4,913**	**-2,023**

Since the company currently assumes, in the context of its planning, that all recognised loss carryforwards can be realised in future for municipal trade tax and corporation tax purposes, no impairments were made to the deferred tax assets of EUR 2.307 million formed in this respect (prior year: EUR 4.585 million). Recovery of the deferred tax assets depends on the generation of future taxable income in the periods in which these temporary differences are deductible. As at 31 December 2005, the view of the company is that, in the case of the net deferred tax assets including the assets recognised from use of the recognised loss carryforwards amounting to EUR 2.307 million (prior year: EUR 4.585 million), there is a greater than 50% likelihood that the company will generate profits of at least the same amount in future periods and that no impairment is necessary. The amount of deferred tax assets in loss carryforwards of subsidiaries, recognised in fisical 2005 or earlier, is EUR 1.624 million.

Corporation tax at a rate of 25% was applied when calculating deferred taxes for domestic companies as at 31 December 2005. A solidarity supplement equal to 5.5% of the corporation tax was recognised, as was an effective municipal trade tax rate of around 18%. Recognising the solidarity supplement and the municipal trade tax results in an average tax rate of 39.1% for calculating the deferred taxes. The change of the tax rate from 38.7% in the previous year to 39.1% in 2005 results from the weighted municipal trade tax rates within the group.

(16) Short-term financial liabilities and current portion of long-term financial liabilities The short-term financial liabilities and current portions of long-term financial liabilities relate entirely to liabilities to bank. A general assignment of the receivables of the parent company and CTS Solutions was agreed with a bank in respect of liabilities to banks. The general assignment of the receivables was closed without substitution at the beginning of March 2006. As at the balance sheet date, the total amount of securitised liabilities is EUR 1.684 million (prior year: EUR 2.980 million). The balance of receivables assigned as collateral is EUR 7.064 million (prior year: EUR 5.767 million).

(17) Trade payables Trade payables totalling EUR 21.017 million (prior year: EUR 17.055 million) are payable within one year.

(18) Liabilities to affiliated companies Liabilities to affiliated companies are broken down into EUR 348 thousand in respect of the Ticketing segment (prior year: EUR 161 thousand) and EUR 152 thousand in respect of the Live Entertainment segment (prior year: EUR 148 thousand). The liabilities relate to trade payables.

(19) Advance payments received The advance payments received, at EUR 57.195 million (prior year: EUR 32.155 million), consist of ticket revenues already received for future events and relate to the Live Entertainment segment. The advance payments received are booked to revenues when the respective event takes place.

(20) Other provisions Developments in other provisions are shown in the following table:

	01.01.2005 [EUR'000]	Consumption [EUR'000]	Reversals [EUR'000]	Additions [EUR'000]	31.12.2005 [EUR'000]
Other provisions					
Litigation provision	312	-11	-106	122	317
Others	637	-339	-108	457	647
Total	949	-350	-214	579	964

The other provisions relate in particular to commissions, at EUR 253 thousand and EUR 75 thousand as provisions for litigation. In the prior year, negative market value of EUR 30 thousand in respect of a forward exchange transaction was disclosed under provisions.

(21) Tax provisions Tax provisions ensued as shown in the following table:

	01.01.2005 [EUR'000]	Consumption [EUR'000]	Reversals [EUR'000]	Additions [EUR'000]	31.12.2005 [EUR'000]
Tax provisions					
Municipal trade tax	4,399	-2,752	-12	3,254	4,889
Corporation tax	3,389	-3,306	0	1,581	1,664
Solidary supplement	79	-76	0	76	79
Taxes according to fiscal audit	565	0	0	124	689
Other taxes	0	0	0	1	1
Total	8,432	-6,134	-12	5,036	7,322

Fiscal audits were performed in some subsidiaries during the financial year, but did not lead to any significant changes in results.

(22) Other liabilities Other liabilities comprise EUR 42.570 million (prior year: EUR 20.582 million) in liabilities from ticketing income that have not yet been invoiced, tax liabilities at EUR 5.480 million (prior year: EUR 5.164 million), EUR 3.246 million (prior year: EUR 2.634 million) in liabilities to personnel, EUR 1.984 million (prior year: EUR 980 million) in liabilities resulting from deferrals, social insurance liabilities at EUR 1.643 million (prior year: EUR 1.863 million), liabilities from third-party concerts at EUR 1.420 million (prior year: EUR 3.044 million) and other liabilities at EUR 2.235 (prior year: EUR 4.403 million).

(23) Medium- and long-term financial liabilities Medium- and long-term financial liabilities, at EUR 792 thousand (prior year: EUR 3.568 million) relate to bank loans with remaining terms of between one and five years.

(24) Advance payments received All advance payments received are due within one year.

Liabilities The break-down and remaining term of liabilities as at 31 December 2005 are shown below in the analysis of liabilities:

	Total	Remaining term		
		Up to one year		Between one and five years
		general	1) from taxes 2) for social security	
	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	3,344,842 (2004: EUR 6.143 m)	2,552,784 (2004: EUR 2.575 m)		792,058 (2004: EUR 3.568 m)
Advance payments received for events	57,303,948 (2004: EUR 32.155 m)	57,303,948 (2004: EUR 32.053 m)		0 (2004: EUR 0.102 m)
Trade payables	21,016,794 (2004: EUR 17.055 m)	21,016,794 (2004: EUR 17.055 m)		
Liabilities to affiliated companies	500,300 (2004: EUR 0.309 m)	500,300 (2004: EUR 0.309 m)		
Other liabilities	58,878,057 (2004: EUR 38.670 m)	58,578,057 (2004: EUR 38.670 m)	1) 5,479,663 (2004: EUR 5.164 m) 2) 1,642,638 (2004: EUR 1.863 m)	
	140,743,941	139,951,883	7,122,301	792,058

(25) Pension provisions The MLK KG subsidiary has made direct and individual pension commitments to selected beneficiaries. No benefits were paid out of pension provisions to beneficiaries in the 2005 financial year. Actuarial gains and losses are recognised in the period in which they incur. The valuation of pension provisions is based on the projected unit credit method stipulated in IAS 19 'Employees Benefits'. The acceptable discount rates for recognition of pension provisions were lowered as at 31 December 2005. The new 2005 G Heubeck Tables must be used for valuing pension provisions.

Calculation of pension provisions in accordance with the projected unit credit method was based on the following assumptions:

	31.12.2005	31.12.2004
Baseline interest rate	**4.25%**	**6%**
Inflation rate	**2%**	**2%**
Expectancy growth	**2 - 3%**	**3%**

Changes in pension provisions and eliminated assets in the year under review were as follows:

	31.12.2005 [EUR]	31.12.2004 [EUR]
Present value at beginning of reporting year Defined Benefit Obligation (DBO)	**1,858,122**	**1,729,839**
Service and interest expense	**287,772**	**111,487**
Service and actuarial costs	**0**	**16,796**
Actuarial gains / losses	**300,698**	**0**
Present Value at end of reporting year (DBO)	**2,446,592**	**1,858,122**

As at 31 December 2005, the reinsurance claim of EUR 716 thousand (prior year: EUR 618 thousand) is disclosed under other non-current assets.

(26) Shareholders' equity The parent company of the CTS Group is organised as a public limited company. As a basic principle, the shareholders therefore bear liability only to the amount of their capital contribution. With regard to the change in shareholders' equity, we refer to the statement of changes in shareholders' equity.

The Annual Shareholders' Meeting of the company on 23 August 2005 resolved to increase the share capital of CTS, previously amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The share capital increase was registered at the Munich Local Court on 06 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. As at the closing date, the company has thus issued 24,000,000 no-par value bearer shares. Each share represents a computed value of EUR 1.00 share in the share capital.

Contingent capital As at the balance sheet date, authorised capital amounted to EUR 12,000,000. Authorisation is granted until 09 July 2009. By resolution of the Shareholders' Meeting on 18 August 2004, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 31 July 2009, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 6,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval. At the Shareholders' Meeting on 23 August 2005, the relevant authorisation was extended to EUR 12,000,000 and thus adjusted to the increased share capital. No use has been made so far of this authorisation.

At the Shareholders' Meeting on 21 January 2000, a contingent share capital increase of EUR 180,000 was agreed upon (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management

Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decision on 23 August 2005 to increase the share capital to EUR 24,000,000, this contingent share capital has increased accordingly to EUR 360,000 in accordance with Section 218 sentence 1 AktG.

By resolution of the Shareholders' Meeting on 27 August 2001, the share capital was contingently increased by up to EUR 3,500,000. This contingent increase in capital is for granting shares to the holders of stock options and convertible bonds that were issued by the company in accordance with the authorisation granted on 27 August 2001. The contingent increase in capital is effected only to the extent that the holders exercise their stock option and conversion rights, or fulfil their obligation to convert their bonds to stock. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decision on 23 August 2005 to increase the share capital to EUR 24,000,000, this contingent share capital has increased accordingly to EUR 7,000,000 in accordance with Section 218 sentence 1 AktG.

Authorisation to purchase treasury stock At the Shareholders' Meeting on 18 August 2004, it was resolved to authorise the company, in accordance with Section 71 (1) No. 8 AktG, to purchase up to ten hundredths of the company's share capital as treasury stock in the period up to and including 17 February 2006, except for the purpose of trading in own shares, and in compliance with the restrictions of Section 71 (2) AktG.

The counter-value paid for these shares may not exceed or fall below the traded price by more than ten percent. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before the share purchase.

The volume of the bid may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

Minority interest Minority interest comprises the shares held by third parties in the shareholders' equity of the consolidated subsidiaries. In accordance with IAS 1 'Presentation of Financial Statements' revised in 2005 minority interest is presented within shareholders' equity in a separate line. The minority interest increased from EUR 6.452 million to EUR 7.304 million. This change results from profit distributions to minority interest (EUR -4.058 million) in the 2005 financial year, balanced against proportionate shares in the net income for 2005 (EUR 4.916 million), the acquisition of shares in ÖT Südost by TEX (EUR -26 thousand) and the acquisition of the remaining 25% in CTS Nederland B.V. (EUR 20 thousand).

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3. Notes to the consolidated income statement

(1) Revenues The 2005 business year was characterised by outstanding development in the Ticketing segment, in particular in sales via Internet, with growth rates greater than average being achieved. Revenues were increased by EUR 33.433 million from EUR 222,746 million the prior year to EUR 256.179 million in 2005. Revenues (before consolidation of revenues between the segments) break down into EUR 194.643 million (prior year: EUR 183.404 million) in the Live Entertainment segment and EUR 64.267 million (prior year: EUR 42.150 million) in the Ticketing segment.

(2) Cost of sales Expenditures are stated in the income statement according to function. Additional information about the type of cost that these expenditures involve are shown in the following tables:

Cost of materials (according to cost summary-method)

	2005 [EUR'000]	2004 [EUR'000]
Cost of materials, supplies and purchased merchandise	4,863	2,434
Cost of purchased services	175,323	165,534
	180,186	167,968

The expense items in the income statement take account of the following personnel expenses of the Group companies:

Personnel expenses (according to cost summary-method)

	2005 [EUR'000]	2004 [EUR'000]
Wages and salaries	18,576	15,760
Social insurance contributions and expense for pensions and employee support	3,352	2,769
	21,928	18,529

Depreciation In the 2005 financial year, EUR 4.716 million (prior year: EUR 4.406 million) in systematic depreciation was recognised. The depreciation is distributed according to a predefined schedule as part of the cost summary-method. Depreciation of financial assets amount to EUR 92 thousand (prior year: EUR 0) and is included in the financial result.

(3) Selling expenses Selling expenses include expenditures for sales, advertising and marketing. The increase in selling expenses is mainly due to EUR 4.039 million in commission expenses relating to the World Cup project.

The depreciation on the trademark rights and the customer base of the 'getgo.de' Internet portal amounted in fiscal 2005 to EUR 204 thousand (prior year: EUR 202 thousand) and EUR 83 thousand (prior year: EUR 83 thousand), respectively. 51% of this depreciation on the trademark rights (EUR 104 thousand, prior year: EUR 100 thousand) and the customer base (EUR 42 thousand, prior year: EUR 42 thousand) are included in the selling expenses. The remaining depreciation on these intangible assets (49%) is allocated to cost of sales.

(4) General administrative expenses General administrative expenses total EUR 10.894 million (prior year: EUR 9.386 million) and include those expenses for administration which are not allocated to sales.

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(5) Other operating income Other operating income mainly comprises the following items:

	2005 [EUR'000]	2004 [EUR'000]	Change [EUR'000]
Income from the reversal of provisions	214	516	-302
Incom from insurance compensation	152	311	-159
Marketing	628	676	-48
Income from the reversal of allowances for doubtful accounts	195	68	127
Income from currency translation	265	254	11
Income relating to other periods	157	829	-672
Income from charged expenses	472	0	472
Payments of damages	483	0	483
Other operating income	1,591	1,220	371
	4,157	3,874	283

Other operating income increased from EUR 3.874 million by EUR 283 thousand to EUR 4.157 million. The increase in other operating income is primarily due to income from payments of damages (EUR 483 thousand) and from passing on expenses to third parties (EUR 472 thousand). The increase is offset by a reduction in income relating to other periods totalling EUR 672 thousand.

(6) Other operating expenses Expenditures are stated in the income statement according to function. Additional information about the type of cost that these expenditures involve are shown in the following table:

	2005 [EUR'000]	2004 [EUR'000]	Change [EUR'000]
Legal and consultancy expenses, accounting and auditing expenses, bookkeeping expenses	3,113	2,422	691
Bad debt expenses / Additions to allowances for doubtful accounts	2,360	1,719	641
Rent and ancillary expenses	1,828	1,522	306
Advertising expenses	1,121	1,344	-223
Postage / Telephone / Internet	1,115	1,096	19
Expenditure relating to other periods	134	960	-826
Car expenses	635	633	2
Travel expenses	1,024	541	483
Currency translation expenses	105	381	-276
Dues and insurance contributions	453	333	120
Commission expenses	4,039	0	4,039
Other operating expenses	5,023	3,371	1,652
	20,950	14,322	6,628

The increase in other operating expenses is attributable, among other factors, to the increase in expenses relating to costs passed on to third parties (EUR 821 thousand), and in expenses for third-party services (EUR 323 thousand). These are offset by a EUR 826 thousand decline in expenses relating to other periods.

(7) Income from companies in which participations are held Income from companies in which participations are held, at EUR 237 thousand, relates to income from investments of Semmel.

(8) Expenses from financial assets stated at equity The expenses for financial assets stated at equity relate to Greensave GmbH, Würzburg.

(9) Financial income Financial income relates to EUR 2.043 million in interest (prior year: EUR 1.219 million) and other financial income of EUR 54 thousand (prior year: EUR 29 thousand).

(10) Financial expenses Financial expenses comprise interest expenses, at EUR 652 thousand (prior year: EUR 672 thousand), and EUR 126 thousand (prior year: EUR 64 thousand) other financial expenses.

(11) Taxes on income and other taxes Deferred tax expenses (net) result from the creation and/or reversal of temporary differences between IFRS carrying values and fiscal carrying values. The total tax ratio is 39.1%.

The total disclosed taxes payable are comprised as follows:

	2005 [EUR'000]	2004 [EUR'000]	Change [EUR'000]
Actual income tax	11,379	6,840	4,539
Deferred income tax	2,023	2,012	11
Other taxes	9	13	-4
Total	13,411	8,865	4,546

The following table shows a transitional calculation of the actual tax expense expected in the respective financial year, as disclosed. To determine the expected tax expense, the overall tax rate of 39.1% (prior year: 38.7%) applicable in the 2005 financial year was multiplied by the profit from ordinary business activities.

	2005 [EUR'000]	2004 [EUR'000]
Expected tax expense	13,409	8,267
Difference in municipal tax burden	-74	-205
Unrecognised loss carryforwards	46	256
Other tax-exempted income and non-deductible expenses	137	173
Others	-115	361
Disclosed tax expense	13,403	8,852

(12) Net income for minority interest The minority interest in the net income for the year is EUR 4.916 million (prior year: EUR 3.966 million).

4. Earnings per share

Earnings per share are calculated in accordance with IAS 33 'Earnings per Share' by dividing the consolidated net income, by the quantity of shares issued (basic earnings per share). As at the balance sheet date, there is no dilution as a result of convertible bonds, stock options or similar instruments (potential common stock).

The earnings per share are determined as follows:

	2005 [EUR]	2004 [EUR]
Net income	15,974,986	9,060,415
Qty. of shares	24,000,000	12,000,000
	0.67€/ share	0.76€/ share
Pro forma:		
Net income		9,060,415
Qty. of shares		24,000,000
		0.38€/ share

For comparison purposes, the EPS for the 2004 financial year is shown on the basis of 24,000,000 shares. The earnings per share are EUR 0.67 (diluted = undiluted).

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5. Segment reporting

The Group operates in the leisure event market with its Ticketing and Live Entertainment divisions. CTS, the parent company of the Group, operates in the field of Ticketing and is the one company that sets the pace in this particular segment. Statements made in respect of the Ticketing segment apply in particular to CTS as well, therefore. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) through its leading network platform (eventim.net), the in-house ticketing product (eventim.inhouse), and a solution for ticket sales, admission control and payment in stadiums and arenas (eventim.venue).

The basic object of the Live Entertainment division is organising and executing events.

The Group is segmented in accordance with the internal reporting and includes the components required by IAS 14 'Segment Reporting'. Geographical segmentation was not performed, because the Group does not exceed the thresholds specified by IAS 14.69 in respect of revenues, assets and investments abroad. The prices charged for intra-Group sales are determined in accordance with normal market conditions.

The external and intercompany revenues of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total for segments	
	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]
External revenues	62,113	39,880	194,066	182,866	256,179	222,746
Intercompany revenues	8,447	6,305	36,922	41,418	45,369	47,723
Total revenues	70,560	46,185	230,988	224,284	301,548	270,469
Consolidation within segment	-6,293	-4,035	-36,345	-40,880	-42,638	-44,915
Revenues after consolidation within segment	**64,267**	**42,150**	**194,643**	**183,404**	**258,910**	**225,554**

The Group is divided into the above mentioned two segments, which generated the following figures after consolidation:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]
Revenues	64,267	42,150	194,643	183,404	-2,731	-2,808	256,179	222,746
Operating profit (EBIT)	19,291	9,237	13,459	12,125	-11	0	32,739	21,362
EBITDA	23,598	13,263	13,868	12,506	-11	0	37,455	25,769
Depreciation	-4,307	-4,026	-409	-380	0	0	-4,716	-4,406
Financial result							1,563	529
Profit from ordinary business activities (EBT)							34,302	21,891
Taxes on income / deferred taxes							-13,403	-8,852
Other taxes							-8	-13
Net income for the year							20,891	13,026
Minority interest							-4,916	-3,966
Consolidated net income							15,975	9,060
Average no. of employees	316	283	191	191				
Return on sales*	36.7%	31.5%	7.1%	6.8%				

*The return on sales is calculated by dividing the segment EBITDA by the segment revenues.

The Group invested a total of EUR 3.088 million in the Ticketing segment. Investments in fixed assets related to hardware for box offices, promoters and the Internet portals, investments in projects and in operating and office equipment (EUR 1.991 million) and in leasehold improvements (EUR 100 thousand). Investments in intangible assets amounted to EUR 945 thousand. EUR 53 thousand were invested in financial assets. Depreciation of intangible assets amounted to EUR 3.182 million (prior year: EUR 3.000 million), and EUR 1.125 million (prior year: EUR 1.026 million) in the case of fixed assets.

In the Live Entertainment segment, EUR 55 thousand were invested in software and EUR 473 thousand in fixed assets. The additions to financial assets (EUR 453 thousand) relate primarily to other loans. Depreciation of software amounted to EUR 28 thousand (prior year: EUR 26 thousand) and EUR 381 thousand (prior year: EUR 354) in the case of fixed assets.

The assets and liabilities that can be directly allocated to a specific segment must be disclosed accordingly. Segment assets are the operating assets that are used by a segment to perform its operating activities and which can be either directly attributed to the segment or allocated to the segment on a reasonable basis. Tax refund claims do not form part of segments' assets. Segment liabilities are the operating liabilities that result for a segment from its operating activities and which can be either directly attributed to the segment or allocated to the segment on a reasonable basis. Segment liabilities do not include tax liabilities, pension provisions or minority interest.

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The assets and liabilities as at the closing date are shown in the following table:

	Ticketing		Live Entertainment		Other		Consolidation		Group	
	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]	2005 [EUR'000]	2004 [EUR'000]
Property, plant and equipment	40,411	23,116	25,413	29,821			-13,862	-26	51,962	52,911
Other assets	86,959	66,477	94,850	68,650	3,085	2,312	-2,250	-18,450	182,644	118,989
Liabilities	60,911	40,695	83,428	73,049	17,072	16,742	-2,632	-18,463	158,779	112,023

The liabilities of the Live Entertainment segment include advance payments received amounting to EUR 57.195 million. These payments are booked to revenues when the respective event takes place.

Notes to the segments

As at the end of 2005, the companies operating in the segments were as follows:

Ticketing	Live Entertainment
CTS	MLK KG
TEX	PRK KG
ÖTS	Semmel
ÖT Nord	FKP Scorpio
ÖT SüdOst	ARGO
TEX Hungary	Dirk Becker
GSO KG	LS
CTS Solutions	PGM
CTS Nederland B.V.	CRP
	Palazzo Hamburg
	Palazzo Vienna

The segment-related data were determined in the following way:

Intercompany revenues between the Group companies in a given segment have already been consolidated at segment level. The assets were allocated to the segments in the course of consolidation.

Revenues between the segments were eliminated in the consolidation column. Services were invoiced at the normal market prices charged to third parties.

6. Employees

On average over the year, 507 salaried staff (prior year: 474) were employed by the Group. Of that total, 387 (prior year: 353) were employed in Germany, and 120 (prior year: 121) in foreign countries.

7. Financial obligations

The rental and leasing agreements are allocated to the 'operating lease' category in accordance with IAS 17 'Leases'. The rental obligations relate to rental payments for office premises, and the leasing obligations pertain primarily to vehicles.

The rental and leasing obligations as at 31 December 2005 are shown in the following table:

	31.12.2005			31.12.2004		
	< 1 year [EUR'000]	1-5 years [EUR'000]	> 5 years [EUR'000]	< 1 year [EUR'000]	1-5 years [EUR'000]	> 5 years [EUR'000]
Rental obligations	1,291	2,485	534	832	922	649
Leasing obligations	248	243	0	255	232	0
Other obligations	396	56	0	0	0	0
	1,935	2,784	534	1,087	1,154	649

As at the closing date, there were contingent liabilities amounting to EUR 9.480 million. These commitments relate to a conditional bid of EUR 3.640 million that CTS made in order to acquire additional shares in subsidiaries, and to a purchase price commitment of Medusa. The commitment of Medusa depends on future operating results of a subsidiary and is estimated at EUR 5.340 million as at the balance sheet date. Other contingent liabilities amounting to EUR 500 thousand relate to a contract performance bond for guaranteed artist fees.

8. Events after the balance sheet date

With effect from 01 January 2006, CTS acquired 100% of the shares in SPORTFIVE Tixx GmbH for the provisional sum of EUR 1.900 million. The objects of SPORTFIVE Tixx GmbH are the granting of software licences for ticketing and Customer Relationship Management (CRM) to sports clubs, performing services such as the operation of online ticket shops and call centres, as well as associated consultancy services. The contract of sale concluded by CTS and SPORTFIVE GmbH & Co. KG envisages an adjustment of the provisional purchase price according to a contractually agreed minimum EBITDA being reached, as well as contractually agreed minimum revenue as shown in the audited annual financial statements of SPORTFIVE Tixx GmbH for the business year ending on 31 December 2005. The audited annual financial statements of SPORTFIVE Tixx GmbH were not yet available on publication of the consolidated financial statements in 2006. In the estimation of the Management Board, no adjustment in the purchase price will be necessary.

The acquired assets and debts of SPORTFIVE Tixx GmbH and the goodwill have yet to be valued. Work on valuing the separate assets and debts will start once the audited financial statements of SPORTFIVE Tixx GmbH are presented. The main revaluations will probably relate to the intangible assets, and specifically to the trademark rights and customer base acquired through the deal.

9. Financial risks

Default risks There is a credit or default risk to the extent that a person owing a debt is no longer able to settle it. The maximum default risk is equal in theory to the present fair value of all receivables minus the liabilities payable to the same debtor if set-off is possible. In the annual financial statements of CTS and the Group, allowances for doubtful accounts were made to cover bad debts.

Currency risk A currency risk exists wherever receivables or liabilities exist in a different currency than the functional currency of the consolidated financial statements. Fluctuations in exchange rates can then alter the present fair value in the functional currency, the Euro. The effects of exchange rate variations in the company are minimal.

Interest risk Financial instruments for hedging interest rates are not used. Fixed interest rate agreements are in place for long-term loans, and short-term credit lines are not used continuously throughout the year, with the result that potential interest rate increases do not pose a significant risk to the company.

Cash flow risks A cash flow risk arises if the payment obligations of the Group cannot be covered with available cash or credit lines. As at the 2005 balance sheet date, the CTS Group had sufficient cash reserves.

The Group has bank liabilities of EUR 3.345 million.

10. Appropriation of earnings by CTS as a standalone company

The net income of CTS as a standalone company in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB) for the financial year 2005 amount to EUR 16.047 million. The Management Board proposed, with approval of the Supervisory Board, a distribution to shareholders of EUR 8.160 million (EUR 0.34 per share).

11. Pending proceedings

The company is involved in pending proceedings and litigation as arises in the normal course of business. Several important cases were ended on 08 January 2004 with an extensive settlement. The net effects ensuing from the derecognition of receivables after recognition of impairments made in the prior year, and from the reversal of provisions and liabilities amounted to EUR 29 thousand and are stated under other operating expenses to ensure transparent reporting of the overall effects.

Provisions based on estimates have been formed in respect of cases still pending. In the view of the company's legal representatives, there will no material impact on the earnings performance, financial position and cash flow of the company when these matters are brought to an end.

12. Declaration of compliance

On 22 December 2005, the Management Board and the Supervisory Board of CTS released a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to Section 161 AktG, and made said declaration permanently accessible for shareholders on the company's website.

13. Application of Section 264 (3) HGB and Section 264b HGB

Some corporate enterprises and business partnerships within the meaning of Section 264 a HGB that are affiliated and consolidated CTS companies, and for which the consolidated financial statements of CTS have the effect of discharging obligations to prepare and disclose financial statements, make use of the exemption option provided by Section 264 (3) HGB and Section 264b HGB:

CTS Eventim Solutions GmbH, Bremen

GSO Gesellschaft für Softwareentwicklung
und Organisation mbH & Co. KG, Bremen

Marek Lieberberg Konzertagentur
GmbH & Co. KG, Frankfurt/Main

Peter Rieger Konzertagentur
GmbH & Co. KG, Cologne

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14. Notifiable securities transactions pursuant to Section 15a Securities Trading Act (WpHG)

In the 2005 business year, executive officers of the company conducted the following notifiable securities transactions in shares of the company, and notified the company thereof:

Date	Volume in units	Type	Board member
18.05.2005	102,000	Sale	Volker Bischoff
24.06.2005	1,465	Sale	Dr. Peter Haßkamp
21.06.2005	1,200	Sale	Edmund Hug

All transactions were published in the proper manner.

15. Related party disclosures

According to IAS 24 'Related Party Disclosures', persons or companies that exercise control over, or are controlled by the Group are disclosed if they have not already been included as consolidated companies in the consolidated financial statements of the Group.

CTS transactions with related parties pertain to reciprocal services and were concluded only at the conditions which normally apply between third parties. The majority shareholder of CTS is a controlling shareholder of other companies related to the Group. In the 2005 financial year, there were contractual relations between CTS and the companies affiliated with the controlling shareholder. During the financial year, these contractual relations gave rise to expenses of EUR 6.860 million relating mainly to fulfilment services (EUR 3.955 million), tenancy agreements (EUR 328 thousand), call centre operations (EUR 1.472 million) and business services agreements (EUR 772 thousand). Income totalling EUR 333 thousand was also generated in the 2005 financial year from the supplying of sales software. At the closing date, trade payables to related party companies totalled EUR 1.337 million. Trade receivables amounting to EUR 297 thousand are disclosed.

The remuneration paid to members of management in key positions is disclosed in item 18.

16. Summary of differences between German accounting principles and IFRS

The company keeps its accounts in accordance with the generally accepted German accounting principles as prescribed by the Commercial Code (Handelsgesetzbuch – HGB). German accounting principles differ in some respects from IFRS. All adjustments and disclosures that were necessary for full presentation of the consolidated financial statements of CTS in accordance with IFRS were carried out.

The consolidated annual financial statements according to IFRS were supplemented by a management report on the situation of the company and the Group, as well as additional notes in order to qualify for exemption from preparation of consolidated financial statements in accordance with German accounting legislation.

The following valuation, accounting and consolidation methods deviating from the German Commercial Code (HGB) were applied:

- The layout of the balance sheet is subdivided into current and non-current items in accordance with IAS 1.
- Pension provisions are valued in accordance with IAS 19 using the projected unit credit method.
- Provisions for costs are not made.

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• Certain financing instruments within the meaning of IAS 39 are recognised at fair value.

• The emission costs are deducted from shareholders' equity. According to HGB, these costs are recognised as expenses in the period in which they incur. The tax burden in respect of the emission costs are likewise recognised in shareholders' equity.

• Deferred taxes on temporary differences between assets and liabilities are recognised by applying the balance sheet liability method. Deferred tax assets are recognised if it is likely that the loss carryforwards for fiscal purposes are likely to be used.

• In accordance with IFRS 3, the goodwill arising from corporate acquisitions and from capital consolidation is no longer subjected to systematic amortisation. Instead, annual impairment tests are conducted and extraordinary depreciation on goodwill is recognised where necessary.

17. Section 285 No. 17 HGB: expenses for the auditor

In the 2005 financial year, expenses amounting to EUR 140 thousand in auditing fees, EUR 7 thousand in tax consultancy fees and EUR 130 thousand for other services were recognised.

18. Emoluments of the Management Board

The members of the Management Board in the 2005 financial year were as follows:

- Klaus-Peter Schulenberg, Bremen, Chairman
- Dipl.-Ökonom Volker Bischoff, Stuhr
- Dipl.-Betriebswirt Christian Alexander Ruoff, Bremen
- Dr. Rainer Bartsch, Bremen (until 30 April 2005)

The emoluments of the Management Board in the business year amounted to EUR 1.322 million, of which EUR 312 thousand were variable components.

19. Emoluments of the Supervisory Board

The members of the Supervisory Board in the 2005 financial year were as follows:

Edmund Hug, businessman, Oberstenfeld
Chairman

Other supervisory board positions

- Schlott Sebaldus AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm
- Scholz AG, Aalen

Dr. Peter Haßkamp, lawyer, Bremen
Vice-Chairman

Jacob Kleefass, lawyer, Hamburg
(since 23 August 2005)

Other supervisory board positions

- Otto M. Schröder Bank Aktiengesellschaft, Hamburg

Dr. Peter Versteegen, lawyer, Hamburg
(until 23 August 2005)

Other supervisory board positions

- Höft & Wessel AG, Hanover

The members of the CTS Supervisory Board received emoluments totalling EUR 61 thousand and reimbursed expenses of EUR 2 thousand for the 2005 financial year. Fees amounting to EUR 84 thousand were also incurred through the law firm of Mr. Kleefass.

20. Participating persons

The company received notifications pursuant to Section 21 (1) of the Securities Trading Act (WpHG) concerning participations exceeding 5% and the share of voting rights exceeding 5%.

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 20 December 2005 that it exceeded the 5% threshold on 16 December 2005 and that its share of voting rights in CTS now amounts to 5.81%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 30 November 2005 that it fell below the 5% threshold on 28 November 2005 and that its share of voting rights in CTS now amounts to 2.7%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 10 August 2005 that it exceeded the 5% threshold on 08 August 2005 and that its share of voting rights in CTS Eventim AG now amounts to 5.25%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Mr. Klaus-Peter Schulenberg, Bremen, holds 66.67% of the voting rights in the company as at 31 December 2005.

The Management Board of CTS released the consolidated financial statements on 14 March 2006 for publication.

Bremen, 14 March 2006

CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg

Volker Bischoff

Christian Alexander Ruoff

21. Auditor's Report

We have audited the consolidated financial statements prepared by the CTS EVENTIM AG, Munich comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the CTS EVENTIM AG, Munich, for the business year from 1 January 2005 to 31 December 2005. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Osnabrück, 16 March 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Prof. Dr. N. Winkeljohann)	(G. Stegemann)
(German Public Auditor)	(German Public Auditor)

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08: FINANCIAL STATEMENTS FOR THE AG 2005

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08: FINANCIAL STATEMENTS FOR THE AG 2005

Balance sheet for the AG as at 31 December 2005 (HGB)

Assets	31.12.2005 [EUR]	31.12.2004 [EUR]
A PROPERTY, PLANT AND EQUIPMENT		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	5,124,719	7,402,513
2. Goodwill	2,780,095	3,107,165
3. Payments on account	555,921	454,307
	8,460,735	**10,963,985**
II. Fixed assets		
1. Land, land rights and buildings, including buildings on third-party land	95,386	0
2. Other facilities, operating and office equipment	2,400,887	1,648,751
	2,496,273	**1,648,751**
III. Investments		
1. Shares in affiliated companies	30,884,793	12,879,853
2. Companies in which participations are held	575,000	0
	31,459,793	**12,879,853**
B CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	982,133	413,593
2. Payments on account	13,382	32,117
	995,515	**445,710**
II. Receivables and other assets		
1. Trade receivables	7,064,111	5,271,971
2. Receivables from affiliated companies	3,408,547	20,424,763
3. Receivables from companies in which participations are held	50,010	0
4. Other assets	1,719,263	1,113,112
	12,241,931	**26,809,846**
III. Marketable securities		
1. Other securities	4,989,763	0
IV. Cheques, cash in hand and bank balances	57,743,714	30,234,480
C PREPAID EXPENSES AND ACCRUED INCOME	137,804	160,635
Total assets	**118,525,528**	**83,143,260**

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Shareholders' equity and liabilities	31.12.2005 [EUR]	31.12.2004 [EUR]
A SHAREHOLDERS' EQUITY		
I. Share capital	24,000,000	12,000,000
II. Capital reserve	23,820,894	35,820,894
III. Balance sheet profit	16,046,982	0
	63,867,876	**47,820,894**
B PROVISIONS		
1. Tax provisions	2,909,689	1,452,030
2. Other provisions	3,358,010	2,300,940
	6,267,699	**3,752,970**
C LIABILITIES		
1. Liabilities to banks	2,359,493	3,880,137
2. Trade payables	3,943,132	2,721,012
3. Liabilities to affiliated companies	310,868	1,031,379
4. Other liabilities	39,911,970	23,043,949
	46,525,463	**30,676,477**
D. ACCRUED EXPENSES AND DEFERRED INCOME		
	1,864,490	892,919
Total shareholders' equity and liabilities	**118,525,528**	**83,143,260**

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Income statement for the period from 01 January to 31 December 2005 (HGB)

		01.01.-31.12.2005 [EUR]	01.01.-31.12.2004 [EUR]
1.	Revenues	54,037,137	31,601,263
2.	Cost of sales	-19,572,248	-12,507,601
3.	**Gross profit**	**34,464,889**	**19,093,662**
4.	Selling expenses	-14,210,257	-8,503,442
5.	General administrative expenses	-4,271,619	-3,113,280
6.	Other operating income	2,191,349	1,775,775
7.	Other operating expenses	-1,566,613	-1,028,571
8.	Income from companies in which participations are held	3,680,312	12,148
9.	Income from profit transfer agreements	1,114,508	785,845
10.	Other interest and similar income	1,024,126	1,244,044
11.	Depreciation on current marketable securities	-32,250	0
12.	Interest and similar expenses	-467,694	-449,179
13.	**Profit from ordinary business activities**	**21,926,751**	**9,817,002**
14.	Taxes on income	-5,876,456	-1,552,358
15.	Other taxes	-3,313	-1,719
16.	**Net income for the year**	**16,046,982**	**8,262,925**

Notes to the financial statements for the 2005 business year

1. Preparation of the annual financial statements

The annual financial statements for the 2005 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz) and the Articles of Incorporation. CTS EVENTIM AG (CTS) is a large corporate enterprise within the meaning of Section 267 (3) HGB.

Where options are available, disclosures were made in the notes in order to maintain clarity and transparency.

2. General disclosures on accounting and valuation

2.1 Layout

The figures for the preceding year were retained in unchanged form.

The layout of the balance sheet complies with that specified in Section 266 HGB in conjunction with Section 152 AktG; the income statement conforms to the German form of income statement showing 'type of expenditure', pursuant to Section 275 (3) HGB in conjunction with Section 158 AktG.

Companies in which participations are held amounting to EUR 575 thousand were disclosed in the reporting year that were shown the previous year under shares in affiliated companies.

Marketable securities classed as current assets were no longer disclosed under cash and cash equivalents, but instead as 'marketable securities classed as current assets'. The prior-year disclosures of bank balances include other securities amounting to EUR 2.002 million.

2.2 Valuation

No changes were made to the valuation and depreciation methods applied in the previous year.

Intangible and fixed assets are valued at purchase or cost of sales, including ancillary expenses, minus systematic depreciation.

The software and customer base acquired in the takeover of the 'getgo.de' Internet portal in 2002 will be depreciated over the prospective amortisation period of 5 years. The trademark rights similarly acquired will be depreciated over 10 years.

The recognised goodwill from bringing in the Ticketing business will be subjected to systematic depreciation on the basis of an estimated useful life of 15 years.

Low-value assets involving purchase costs of up to EUR 410 are depreciated in full in the year of purchase, pursuant to the fiscal options provided by Section 6 (2) of the Income Tax Act (EStG).

Shareholdings in affiliated companies are valued at acquisition cost, including ancillary expenses. Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg, was merged into CTS with effect from 01 January 2005, on the basis of a notarial contract dated 04 July 2005. The merger obtained legal effect when it was registered in the Commercial Register on 25 August 2005. The EUR 18.615 million participation in MEDUSA Music Group GmbH results from said merger.

Inventories are valued at purchase cost, taking ancillary expenses into account, or at the lower market prices. The principles of loss-free valuation were observed.

Receivables and other assets are valued at their nominal value minus adjustments for all discernible risks. A sufficient overall value adjustment of 1% was made on the net receivables in order to cover the general default and credit risk.

Shareholders' equity was stated at nominal value.

Provisions were made in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement.

Liabilities are shown at redemption value.

2.3 Currency translation

Receivables and assets are carried at the buying rate applicable on the balance sheet date or at the lower transaction rate. Liabilities are carried at the selling rate on the balance sheet date or at the higher transaction price.

3. Notes and comments on specific items of the annual financial statements

3.1 Balance sheet

The breakdown and development of assets is shown in the following analysis:

Analysis of assets for the period from 01 January 2005 to 31 December 2005 (HGB)

	Purchase cost / Cost of sales					
	Status 01.01.2005 [EUR]	Additions [EUR]	Additions due to merger [EUR]	Disposals [EUR]	Reclassification [EUR]	Status 31.12.2005 [EUR]
I Intangible assets						
1. Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	19,321,952	914,651	0	0	449,499	20,686,102
2. Goodwill	4,906,054	0	0	0	0	4,906,054
3. Payments on account	454,307	551,113	0	0	-449,499	555,921
	24,682,313	**1,465,764**	**0**	**0**	**0**	**26,148,077**
II Fixed assets						
1. Land, land rights and buildings, including buildings on third-party land	33,924	99,533	0	0	0	133,457
2. Other facilities, operating and office equipment	6,512,979	1,577,352	0	613,245	0	7,477,086
	6,546,903	**1,676,885**	**0**	**613,245**	**0**	**7,610,543**
III Financial assets						
1. Shares in affiliated companies	12,879,853	0	18,614,854	34,914	-575,000	30,884,793
2. Companies in which participations are held	0	0	0	0	575,000	575,000
	12,879,853	**0**	**18,614,854**	**34,914**	**0**	**31,459,793**
Total	**44,109,069**	**3,142,649**	**18,614,854**	**648,159**	**0**	**65,218,413**

Accumulative depreciation				Carrying values	
Status 01.01.2005	Additions	Disposals	Status 31.12.2005	Status 31.12.2005	Status 31.12.2004
[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
11,919,439	3,641,944	0	15,561,383	5,124,719	7,402,513
1,798,889	327,070	0	2,125,959	2,780,095	3,107,165
0	0	0	0	555,921	454,307
13,718,328	**3,969,014**	**0**	**17,687,342**	**8,460,735**	**10,963,985**
33,924	4,147	0	38,071	95,386	0
4,864,228	804,789	592,818	5,076,199	2,400,887	1,648,751
4,898,152	**808,936**	**592,818**	**5,114,270**	**2,496,273**	**1,648,751**
0	0	0	0	30,884,793	12,879,853
0	0	0	0	575,000	0
0	**0**	**0**	**0**	**31,459,793**	**12,879,853**
18,616,480	**4,777,950**	**592,818**	**22,801,612**	**42,416,801**	**25,492,589**

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All **receivables and other assets** have a residual term of less than one year.

Receivables from affiliated companies include trade receivables amounting to EUR 1.246 million.

All receivables **from companies in which participations are held** consist of trade receivable.

Prepaid expenses relating to promotion activities and other prepaid expenses relating to the following financial year are stated under **prepaid expenses and accrued income**.

The Annual Shareholders' Meeting of the company on 23 August 2005 resolved to increase the **share capital** of CTS, previously amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The share capital increase was registered at the Munich Local Court on 06 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. As at the closing date, the company has thus issued 24,000,000 no-par value bearer shares. Each share represents a computed EUR 1.00 share in the share capital.

As at the closing date, **authorised capital** amounted to EUR 12,000,000. It is granted until 31 July 2009. By resolution of the Shareholders' Meeting on 18 August 2004, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 31 July 2009, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 6,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval. At the Shareholders' Meeting on 23 August 2005, the relevant authorisation was extended to EUR 12,000,000 and thus adjusted to the increased share capital. No use has been made so far of this authorisation.

At the Shareholders' Meeting of 21 January 2000, a contingent share capital increase of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decision on 23 August 2005 to increase the share capital to EUR 24,000,000, this contingent share capital has increased accordingly to EUR 360,000 in accordance with Section 218 sentence 1 AktG.

By resolution of the Shareholders' Meeting on 27 August 2001, the share capital was contingently increased by up to EUR 3,500,000. This contingent increase in capital is for granting shares to the holders of stock options and convertible bonds that were issued by the company in accordance with the authorisation granted on 27 August 2001. The contingent increase in capital is effected only to the extent that the holders exercise their stock option and conversion rights, or fulfil their obligation to convert their bonds to stock. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decision on 23 August 2005 to increase the share capital to EUR 24,000,000, this contingent share capital has increased accordingly to EUR 7,000,000 in accordance with Section 218 sentence 1 AktG.

By resolution of the Shareholders' Meeting on 18 August 2004, the company was authorised to repurchase own shares as treasury stock. It was authorised in accordance with Section 71 (1) No. 8 AktG to purchase up to ten hundredths of the company's share capital as treasury stock in the period up to and including 17 February 2006, except for the purpose of trading in own shares, and in compliance with the restrictions of Section 71 (2) AktG.

The counter-value paid for these shares may not exceed or fall below the traded price by more than ten percent. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before the share purchase.

The volume of the bid may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

The premium (Section 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed under **capital reserves**. As part of the share capital increase implemented in October 2005, EUR 12,000,000 of the capital reserves were converted to share capital, and 12,000,000 new no-par value bearer shares were issued.

The balance sheet profit developed as follows:

	31.12.2005 [EUR'000]	31.12.2004 [EUR'000]
Retained earnings as at 31 December 2004 / 2003	**0**	**-9,342**
Net income 2005 / 2004	**16,047**	**8,263**
	16,047	**-1,079**
Transfer from capital reserve	**0**	**1,079**
Balance sheet profit as at 31 December 2005 / 2004	**16,047**	**0**

Other provisions include amongst others EUR 1.241 million in provisions for personnel expenses (prior year: EUR 625 thousand), EUR 273 thousand for legal, consultancy and litigation costs (prior year: EUR 300 thousand), EUR 877 thousand for outstanding supplier invoices (prior year: EUR 833 thousand), EUR 253 thousand for outstanding commission (prior year: EUR 254 thousand), EUR 245 thousand outstanding credit notes (prior year: EUR 10 thousand) and EUR 185 thousand for accounting and auditing expenses (prior year: EUR 131 thousand).

Liabilities to affiliated companies consist of trade payables amounting to EUR 194 thousand (prior year: EUR 1.031 million) and EUR 117 thousand in other loans (prior year: EUR 0).

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The residual terms of the liabilities as at 31 December 2005 are shown in the following **statement of liabilities**:

	Total	Remaining term		
		Up to one year		Between one and five years
		general	1) from taxes 2) for social security	
	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	2,359,493 (2004: EUR 3.880 m)	1,567,435 (2004: EUR 1.512 m)		792,058 (2004: EUR 2.368 m)
Trade payables	3,943,132 (2004: EUR 2.721 m)	3,943,132 (2004: EUR 2.721 m)		
Liabilities to affiliated companies	310,868 (2004: EUR 1.031 m)	310,868 (2004: EUR 1.031 m)		
Other liabilities	39,911,970 (2004: EUR 23.044 m)	39,911,970 (2004: EUR 23.044 m)	1) 1,204,039 (2004: EUR 1.152 m) 2) 136,082 (2004: EUR 0.099 m)	
	46,525,463	45,733,405	1,340,121	792,058

Liabilities to banks, amounting to EUR 1.684 million, are secured by a general assignment of the receivables owed to CTS. The general assignment of the receivables was closed without substitution at the beginning of March 2006. The company also bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen, which discloses liabilities to banks of EUR 3 thousand as at the balance sheet date.

Other liabilities, relate mainly to ticket revenues from pre-sales for events in 2006 that have not yet been invoiced at EUR 36.830 million (prior year: EUR 18.122 million). These amounts are covered by corresponding bank balances and marketable securities.

3.2 Income statement

Revenues are broken down as follows:

	2005 [EUR'000]	2004 [EUR'000]
Ticket sales	45,868	25,156
Data line charges	2,740	2,554
System rental, maintenance, installation	2,823	1,917
Sales of merchandise	467	174
Package tours	1,718	1,024
Other	421	776
	54,037	31,601

The revenues were was mainly generated on the domestic German market.

Material expenses comprise the following items pursuant to Section 275 (2) 5 HGB:

	2005 [EUR'000]	2004 [EUR'000]
Cost of purchased merchandise	**1,146**	**630**
Cost of purchased services	**14,702**	**9,104**
	15,848	**9,734**

Personnel expenses comprise the following items pursuant to Section 275 (2) 6 HGB:

	2005 [EUR'000]	2004 [EUR'000]
Wages and salaries	**6,304**	**4,832**
Social security contributions and expenses for pensions and employee support	**857**	**667**
	7,161	**5,499**

The increase in **selling expenses** is mainly due to EUR 4.039 million in commission expenses relating to the World Cup project. The selling expenses for the financial year include EUR 327 thousand in full depreciation of goodwill (prior year: EUR 327 thousand) as well as EUR 104 thousand in depreciation (51%) on the trademark rights (prior year: EUR 100 thousand) and EUR 42 thousand depreciation on the customer base (prior year: EUR 42 thousand) of the 'getgo.de' Internet portal. The remaining depreciation (49%) of these intangible assets is recognised as cost of sales.

Income from companies in which participations are held include income from affiliated companies amounting to EUR 3.669 million.

Interest and similar income include income from affiliated companies amounting to EUR 72 thousand (prior year: EUR 879 thousand).

Interest and similar expenses include interest from affiliated companies amounting to EUR 4 thousand.

EUR 2.919 million in municipal trade tax (prior year: EUR 717 thousand), EUR 2.814 million in corporation tax (prior year: EUR 786 thousand) and EUR 155 thousand in solidarity supplement to corporation tax for the current year (prior year: EUR 43 thousand) are stated under **taxes on income**. This item also includes foreign tax income of EUR 11 thousand (prior year: tax expenses of EUR 9 thousand) as well as EUR 1 thousand in income from tax refunds relating to prior years (prior year: EUR 3 thousand).

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4. Other disclosures

4.1 Contingent liabilities and other financial obligations

As at the closing date, there were contingent liabilities amounting to EUR 8.980 million. These commitments relate to a conditional bid of EUR 3.640 million that CTS made in order to acquire additional shares in subsidiaries, and to a purchase price commitment of MEDUSA Music Group GmbH. The commitment of MEDUSA Music Group GmbH depends on future operating results of a subsidiary and is estimated at EUR 5.340 million as at the balance sheet date.

Other financial obligations relating to short- and medium-term rental and lease contracts and other contractual agreements amount to EUR 2.451 million (prior year: EUR 466 thousand). Of that total, EUR 972 thousand (prior year: EUR 218 thousand) have a maturity of one year or less. Rental obligations amount to EUR 1.914 million (prior year: EUR 271 thousand), leasing obligations to EUR 122 thousand (prior year: EUR 107 thousand) and other obligations to EUR 415 thousand (prior year: EUR 89 thousand).

4.2 Companies in which participations are held

Company	Share in %	Nominal capital [EUR]	31.12.2005 Shareholders' Equity [EUR]	31.12.2005 Net income [EUR]
GSO Holding GmbH, Bremen	**80.0%**	**50,000**	**3,111,738**	**14,283**
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen	**90.0%**	**500,000**	**-1,034,956**	**180,603**
GSO Verwaltungsgesellschaft mbH, Bremen	**90.0%**	**25,000**	**24,038**	**-548**
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, Austria	**75.0%**	**36,336**	**801,226**	**649,119**
ÖTS, Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg, Austria	**41.3%**	**36,336**	**221,590**	**72,251**
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, Austria	**50.0%**	**37,000**	**214,323**	**77,361**
Ö-Ticket Nord, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Linz, Austria	**75.0%**	**36,336**	**222,898**	**154,606**

Company	Share in %	Nominal capital [EUR]	31.12.2005 Sharehol-ders' Equity [EUR]	31.12.2005 Net income [EUR]
Ticket Express Hungary Kft., Budapest, Hungary	38.3%	20,291	77,058	41,727
eventim Online Holding GmbH, Bremen	100.0%	25,000	21,859	-332
RP-Eventim GmbH, Düsseldorf	51.0%	25,000	41,483	9,449
CTS Eventim Solutions GmbH (formerly: Showsoft GmbH), Bremen	100.0%	226,250	231,203	0
CTS Eventim Nederland B.V. (formerly: Ticknolgy B. V.), Amsterdam, Netherlands	100.0%	18,200	-235,031	-100,372
Eventim Sports Consulting GmbH, Bremen	100.0%	25,000	-2,124	-14,908
MEDUSA Music Group GmbH, Bremen	92.9%	11,127,250	20,382,144	4,742,965
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main	47.4%	50,000	15,067,959	3,935,141
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main	47.4%	100,000	7,779,521	5,212,636
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main	47.4%	25,000	28,870	0
LS Konzertagentur GmbH, Vienna, Austria	35.3%	50,000	21,632	47,917
Greensave GmbH, Würzburg	27.7%	25,000	17,274	-69,335
Peter Rieger Konzertagentur Holding GmbH, Cologne	65.0%	50,000	4,054,948	950,361
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne	65.0%	50,000	75,000	1,172,157
Peter Rieger Verwaltungs GmbH, Cologne	65.0%	25,000	27,197	3,799
Scorpio Konzertproduktionen GmbH, Hamburg	46.6%	25,565	655,697	630,132
CRP Konzertagentur GmbH, Hamburg	23.4%	25,000	53,205	161,319
Palazzo Produktionen GmbH, Hamburg	23.8%	50,000	-255,074	407,818
Palazzo Produktionen GmbH, Vienna, Austria	21.4%	35,000	15,562	168,933
Semmel Concerts GmbH, Bayreuth	46.6%	25,565	2,727,620	2,702,055
Argo Konzerte GmbH, Würzburg	46.6%	76,694	540,163	300,088
PGM Promotors Group Munich Konzertagentur GmbH, Munich	46.7%	25,000	416,225	386,236
Dirk Becker Entertainment GmbH, Cologne	72.6%	25,000	247,606	222,606

With CTS Eventim Solutions GmbH, Bremen, a direct control and profit transfer agreement exists. The amount of income generated from the profit transfer agreement in the reporting year was EUR 1.115 million (prior year: EUR 786 thousand).

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4.3 Appropriation of earnings

The net income of CTS as a standalone company in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB) for the 2005 financial year amounts to EUR 16.047 million. The Management Board proposed, with approval of the Supervisory Board, a distribution to shareholders of EUR 8.160 million (EUR 0.34 per share).

4.4 Executive bodies of CTS

The members of the Management Board in the 2005 financial year were as follows:

- Klaus-Peter Schulenberg, Bremen, Chairman
- Dipl.-Ökonom Volker Bischoff, Stuhr
- Dipl.-Betriebswirt Christian Alexander Ruoff, Bremen
- Dr. Rainer Bartsch, Bremen (until 30 April 2005)

The total emoluments paid to the Management Board in the financial year were EUR 1.322 million.

The members of the Supervisory Board in the 2005 financial year were as follows:

Edmund Hug, businessman, Oberstenfeld
Chairman

Other supervisory board positions

- Schlott Sebaldus AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm
- Scholz AG, Aalen

Dr. Peter Haßkamp, lawyer, Bremen,
Vice-Chairman

Jacob Kleefass, lawyer, Hamburg
(since 23 August 2005)

Other supervisory board positions

- Otto M. Schröder Bank Aktiengesellschaft, Hamburg

Dr. Peter Versteegen, lawyer, Hamburg
(until 23 August 2005)

Other supervisory board positions

- Höft & Wessel AG, Hanover

The members of the CTS Supervisory Board received emoluments totalling EUR 61 thousand and reimbursed expenses of EUR 2 thousand for the 2005 financial year. Fees amounting to EUR 84 thousand were also incurred through the law firm of Mr. Kleefass.

4.5 Employees

On average, 150 persons were employed by the company during the year. These were all salaried employees.

4.6 Declaration concerning the Corporate Governance Code

The declaration of the Management Board and the Supervisory Board of the company pursuant to Section 161 AktG, to the effect that the recommendations of the German Corporate Governance Code have been and are being complied with, and which recommendations have been or are not applied, was submitted in the business year and made permanently accessible to the shareholders.

4.7 Participating persons

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 20 December 2005 that it has exceeded the 5% threshold on 16 December 2005 and that its share of voting rights in CTS now amounts to 5.81%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 30 November 2005 that it fell below the 5% threshold on 28 November 2005 and that its share of voting rights in CTS now amounts to 2.7%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Fidelity International Limited, Hamilton HMCX, Bermuda, notified the company on 10 August 2005 that it exceeded the 5% threshold on 08 August 2005 and that its share of voting rights in CTS now amounts to 5.25%, and that these voting rights are attributed to Fidelity International Limited within the meaning of Section 22 (1) 1 No. 6 of the Securities Trading Act (WpHG).

Mr. Klaus-Peter Schulenberg, Bremen, holds 66.67% of the voting rights in the company as at 31 December 2005.

4.8 Expenses for the auditor within the meaning of Section 285 No. 17 of the German Commercial Code (HGB)

In the 2005 financial year, expenses amounting to EUR 90 thousand in auditing fees, EUR 7 thousand in tax consultancy fees and EUR 130 thousand for other services were recognised.

Bremen, 14 March 2006

CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg

Volker Bischoff

Christian Alexander Ruoff

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5 Auditor's Report

We have audited the consolidated financial statements prepared by the CTS EVENTIM AG, Munich comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the CTS EVENTIM AG, Munich, for the business year from 1 January 2005 to 31 December 2005. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Osnabrück, 16 March 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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