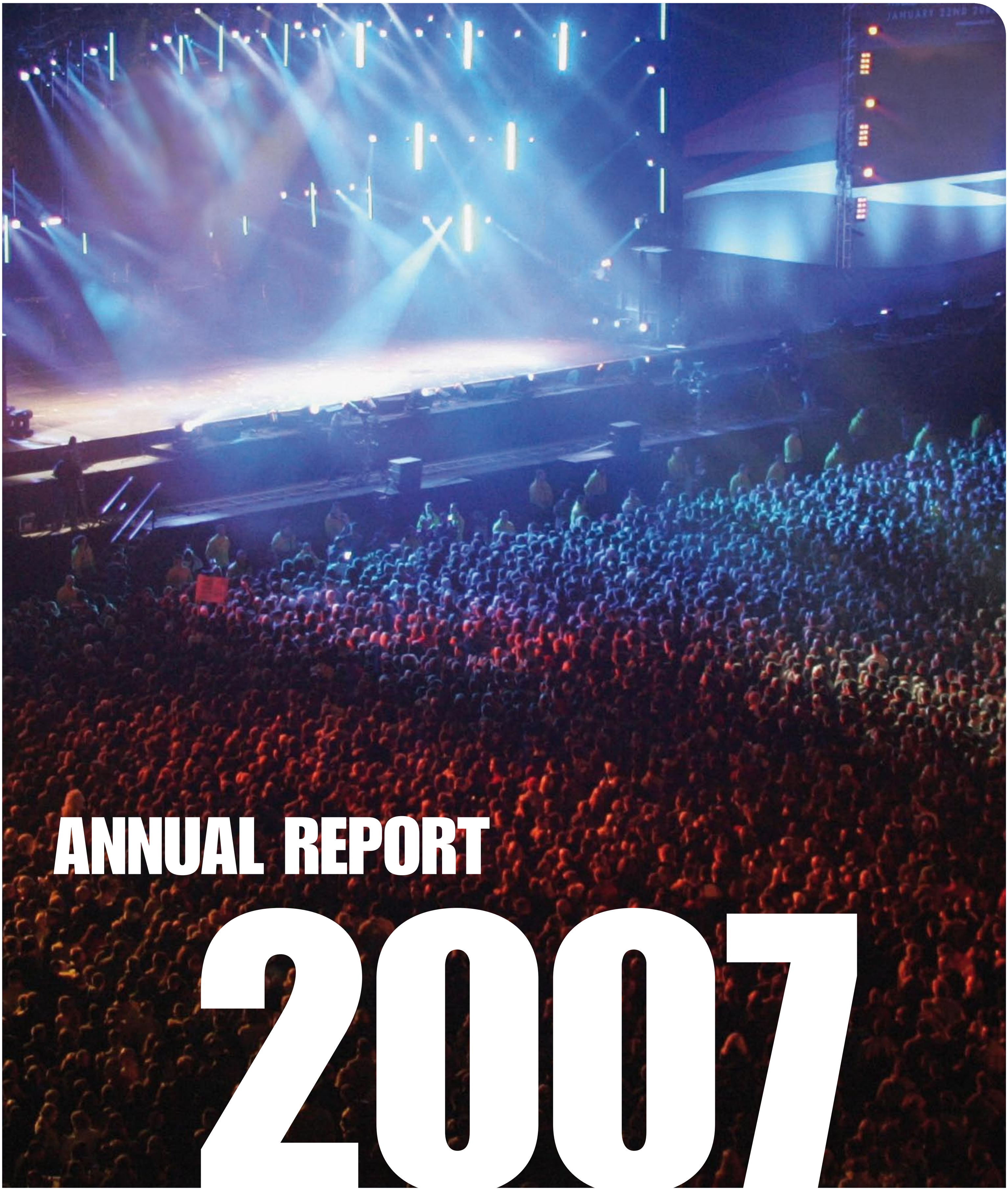


ANNUAL REPORT 2007

eventim

CONTENT

1. OVERVIEW

KEY GROUP FIGURES

	2007 [EUR'000]	2006 [EUR'000]
Revenues	384,375	342,927
Gross profit	83,179	88,957
Personnel expenses	31,759	26,979
Operating profit before depreciation and amortization (EBITDA)	53,895	52,018
Depreciation and amortization	7,134	6,335
Operating profit (EBIT)	46,761	45,683
Profit from ordinary business activities (EBT)	49,981	47,983
Consolidated net income after minority interest	23,414	23,532
Cash flow	38,655	35,392
	[EUR]	[EUR]
Earnings per share*, undiluted (= diluted)	0.98	0.98
	[Qty.]	[Qty.]
Number of employees**	1,007	720
Of which temporary	(148)	(109)

* Number of shares: 24 million
** Number of employees at end of year (active workforce)

2. REPORT OF THE SUPERVISORY BOARD

Edmund Hug
Chairman

Report by the Supervisory Board of CTS EVENTIM AG on the company's annual financial statements, the consolidated financial statements and the combined management report for the company and the Group for the financial year from 1 January 2007 to 31 December 2007.

I. Mr. Edmund Hug (Oberstenfeld), Dr. Peter Haßkamp (Bremen) and Prof. Jobst W. Plog (Hamburg) were the members of the Supervisory Board of the company during the reporting year. During the entire year, Mr. Hug acted as Chairman and Dr. Haßkamp as Vice-Chairman. No committees were formed.

II. 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 planning and strategic development, 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 its Group, and monitored how the company was managed. It ensured that management of the company was lawfully conducted, and 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. The activities of the Supervisory Board during the reporting year also included intensive involvement in acquisitions made by the company, consulting and deciding, where necessary, on consent to such measures. Decisions were also taken using the written procedure, where so required.

The Supervisory Board was kept informed by the Management Board not only at Supervisory Board meetings but also beyond such meetings – for example when transactions of special importance or urgency were being made. In the 2007 reporting year, the Supervisory Board met on 22 March ('financial statements meeting'), 7 June, 15 August and on 18 December. The Management Board of the company also took part at these meetings and had an opportunity to comment on business activities of importance for the company. On the basis of the submitted reports and other information, 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. The Supervisory Board also arranged and conducted an efficiency audit of the work it performs.

III. At the Annual Shareholders' Meeting of the company in Bremen on 8 June 2007, Pricewaterhouse-Coopers AG Wirtschaftsprüfungsgesellschaft in Osnabrück, a firm of public auditors, was chosen to audit the annual financial statements and the consolidated financial statements as at 31 December 2007. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2007 annual financial statements, the 2007 consolidated financial statements, the combined management report and the respective audit reports were submitted by the Management Board of the company to the Supervisory Board in timely manner, and were duly examined by the Supervisory Board.

At the Supervisory Board meeting on 14 March 2008, the annual financial statements and the consolidated financial statements for 2007, as well as the combined management report and the proposal for appropriation of profits by the Management Board, were discussed in detail with the Supervisory 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 issued with an unqualified audit opinion by the auditor.

Having examined the audit report, the Supervisory Board approves the annual financial statements as prepared by the Management Board, which are therefore formally adopted in accordance with § 172 AktG (Stock Corporation Act). The Supervisory Board also approves the consolidated financial statements prepared by the Management Board for the 2007 financial year, to which no objections are raised. The Management Board's proposal for appropriation of the balance sheet profit was reviewed and accepted by the Supervisory Board as according with the interests of the company and its shareholders.

IV. In accordance with § 312 AktG, the Management Board has prepared a report for the 1 January – 31 December 2007 financial year on the relationships to affiliated enterprises, in which it is stated 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 requiring disclosure were either effected or waived in the 2007 business year at the behest or in the interest of affiliated enterprises within the meaning of § 312 AktG.

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

"Having audited and assessed the report in accordance with professional standards, 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 high.'

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.

V. No changes were made to the composition of the Management Board during the reporting year.

VI. On 18 December 2007, the Supervisory Board and the Management Board issued their most recently updated joint declaration of compliance with the German Corporate Governance Code, in accordance with § 161 AktG; this declaration was published on the company`s 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 2007 financial year.

March 2008

Edmund Hug Chairman	Dr. Peter Haßkamp Vice-Chairman	Prof. Jobst W. Plog

3. FOREWORD BY THE MANAGEMENT BOARD

Klaus-Peter Schulenberg
Chairman

Ladies & Gentlemen,

In the 2007 business year, after eight successful years on the Frankfurt stock exchange, CTS EVENTIM AG has definitely established the foundations for a promising international future, in which our software will be deployed on every continent of the world. This quantum leap is made possible by an exclusive partnership with Live Nation Worldwide, Inc. (hereinafter: Live Nation), an American corporation. This strategic alliance will decisively advance the business operations of the CTS Group. Especially Internet ticketing, in recent years a lynchpin of the company's success, will be expanded and boosted as a consequence.

‘GLOBAL PLAYER' IN THE TICKETING INDUSTRY

The partnership with Live Nation, signed towards the end of 2007, means that we will be operating in future as a global player. As a partner of the world's biggest live event organiser, CTS Eventim AG will be positioned with its ticketing software in all the key European markets, in America, Asia, Africa and Australia. This alliance opens up new dimensions for us as Europe's leading ticketing company: we now have an excellent basis from which to extend our existing systems and enter markets on every continent. In addition to the key markets in Europe, we will also be focused on America and Canada. From 2009 onwards, Live Nation will be using the EVENTIM software in North America under an exclusive ten-year licence. In the period until 2014, we expect the partnership and the resultant internationalisation on a broader scale to generate additional ticketing volume of up to 60 million tickets a year.

FOUNDATIONS LAID FOR GLOBAL EXPANSION

CTS EVENTIM AG is well positioned for implementing the strategy for further expansion. In addition to many companies we now own in other European countries, we succeeded in May 2007 in acquiring an interest in the Italian market leader, TicketOne S.p.A.. This Milan-based company markets around 13 million admission tickets a year and handled the entire ticketing operation for the XX. Winter Olympic Games in Turin. In Switzerland, EVENTIM tickets are also available now at Swiss Railways (SBB) ticket offices in around 200 Swiss railway stations, and in Germany, our partnership with the TUI travel organisation has been extended. The TUI travel agencies will continue to sell tickets for concerts, theatre and sports events organised by the CTS Group in the years ahead as well.

2007 BUSINESS YEAR – THE CTS GROUP CONTINUES TO GROW

Growth in the CTS Group continued unabated in the past business year, increasing total Group revenues by 12.1% to EUR 384.4 million. Earnings per share, at EUR 0.98, remained unchanged year-on-year. In the Live Entertainment segment, long-anticipated tours by musical giants like Genesis and The Police for example helped revenues totalling EUR 301.3 million – a 21.9% improvement on the year before. In the Ticketing segment, after adjusting for the effects of the 2006 World Cup in 2006, revenues rose by 31.9% to EUR 87.5 million. A major role was also played here by the highly profitable online business.

INTERNET – OUR CORE COMPETENCE

In 2007, the CTS Group logged around 164 million visitors to its online platforms, especially www.eventim.de and www.getgo.de. We boosted the volume of tickets sold via the Internet by 34% to around 7.1 million in total. Since January 2007, the CTS Group has also been providing Germany's first-ever resale facility for legally and securely swapping or reselling tickets, with its new www.fansale.de platform. A full range of services, such as reservation of specific seats, exclusive presale offers and a newsletter containing information on selected stars and tours, round off the online competence of the CTS Group.

All these activities are enhancing the company's market position and contributing to the successful performance of the shares. The Management Board is therefore optimistic for the 2008 business year as well.

Klaus-Peter Schulenberg
Chairman

4. CTS SHARES

CTS SHARES: CONTINUOUS DIVIDEND POLICY

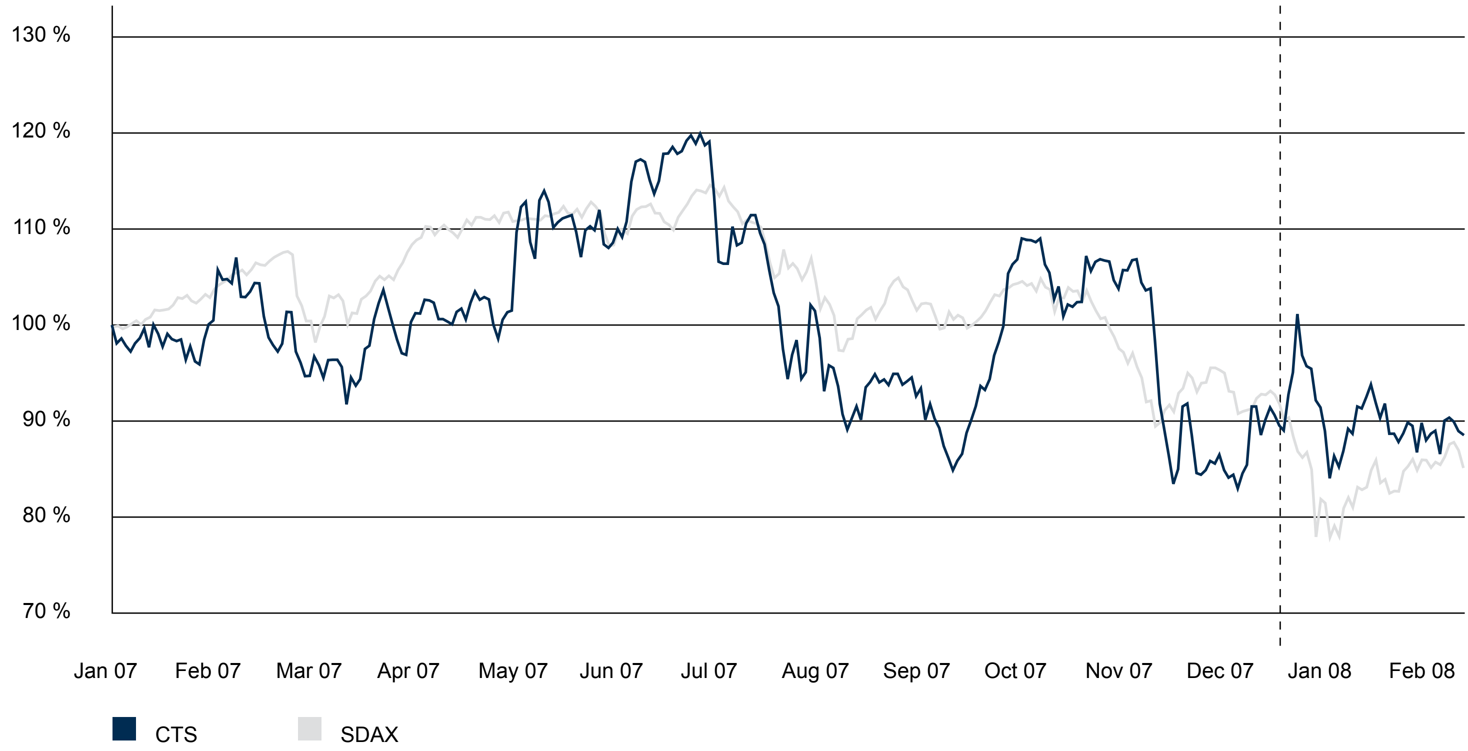
The 2007 financial year was a turbulent one for shares in CTS EVENTIM AG, as indeed for the global capital markets in general. A very successful start in 2007, in the course of which the shares reached a new all-time high of EUR 38.33, was followed by a period of volatility. The SDAX-listed shares suffered above all from the broad downturn in the equity market. At the end of December 2007, the CTS EVENTIM AG share price was EUR 26.50.

CTS EVENTIM AG continued its dividend policy of the previous year in 2007 – the Shareholders' Meeting approved the proposal by Management Board and Supervisory Board to distribute a dividend of EUR 0.49 per share for the 2006 financial year, after EUR 0.34 per share for 2005. With 24 million shares outstanding, this means distribution of around EUR 11.760 million, or approximately 50% of consolidated net income. The remaining EUR 20.110 million in balance sheet profit of CTS EVENTIM AG for the 2006 financial year will be used to finance further international expansion of the CTS Group.

CTS shares enjoy unusually broad coverage – in addition to the Designated Sponsors, namely DZ Bank and Bayerische Landesbank, analyses are also produced by the Berenberg Bank, Crédit Agricole Cheuvreux, Morgan Stanley and Citigroup. In the 2007 reporting year, coverage of CTS shares has also been initiated by analysts at Dresdner Kleinwort, Sal Oppenheim and West LB. CTS shares thus enjoy unusually broad coverage. In its most recent study, analysts at Berenberg Bank recommend the shares with a price target of EUR 36.00.

The partnership concluded at the end of 2007 between CTS EVENTIM AG and Live Nation, the world's biggest organiser of live events, met with considerable resonance among analysts and in the business and financial press. The Frankfurter Allgemeine Zeitung, for example, wrote that "Ticketer CTS aims to conquer the world market". A headline in the Handelsblatt newspaper read "Concert organiser CTS EVENTIM plans globally", another in the Börsenzeitung stated that "CTS expects revenues boost with new partner".

CTS SHARES (01.01.2007 UNTIL 29.02.2008 - INDEXED)



Type of shares	No-par value ordinary bearer shares
Securities code	547030
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

	2007 [EUR]	2006 [EUR]
Consolidated earnings per share	0.98	0.98
Cash flow	38,655,387	35,391,815
High (Xetra)	38.33	31.41
Low (Xetra)	23.40	19.09
Year-ended-price (Xetra)	26.50	29.26
Market capitalisation (based on year-ended-price)	636,000,000	702,240,000
Shares outstanding on 31.12.	24,000,000	24,000,000
Share capital after IPO	12,000,000	12,000,000

5. 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. External directorships held by Management and Supervisory Board members are shown under points 17 and 18 in the notes to the consolidated financial statements. Related party disclosures are made under point 15 in the notes to the consolidated financial statements. 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 (GCGC):

1. CORPORATE GOVERNANCE DECLARATION PURSUANT TO § 161 AKTG

In the matter of compliance with the recommendations contained in the GCGC, the Supervisory Board and Management Board of the company submitted the following updated declaration of compliance in accordance with § 161 AktG on 18 December 2007, and made said declaration permanently available to shareholders on the company's website:

'CTS EVENTIM AG complies with the recommendations issued by the Government Commission on the GCGC, in the version announced in the electronic Federal Gazette (Bundesanzeiger) of 20 July 2007, 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 (GCGC, 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 (GCGC, item 7.1.4).

No Supervisory Board committees are formed because the Board consists of only three members (GCGC, item 5.3.1, 5.3.2 and 5.3.3).

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 (GCGC, item 5.4.5).

An age limit for Management Board members has not been specified by the Supervisory Board as yet (GCGC, 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 (GCGC, item 2.3.1).'

2. 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 2007, 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):

	Number of shares [Qty.]	share [in %]
Members of the Management Board:		
Klaus-Peter Schulenberg (Chairman)	12,016,000	50.067%
Volker Bischoff	0	0.000%
Alexander Ruoff	2,000	0.008%
Members of the Supervisory Board:		
Edmund Hug (Chairman)	4,650	0.019%
Dr. Peter Haßkamp	0	0.000%
Prof. Jobst W. Plog	715	0.003%

3. 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	Number of units
Dr. Peter Haßkamp	Supervisory Board	Sale	07.02.2007	1,000
Prof. Jobst W. Plog	Supervisory Board	Purchase	28.08.2007	715

4. NOTES TO THE MANAGEMENT BOARD COMPENSATION SYSTEM PURSUANT TO ITEM 4.2.3 GCGC AND DISCLOSURES ON THE INDIVIDUAL COMPENSATION OF MANAGEMENT BOARD MEMBERS, IN ACCORDANCE WITH THE LAW GOVERNING SUCH DISCLOSURES (VORSTANDVERGÜTUNGSOFFENLEGUNGSGESETZ)

The total amount of compensation paid to members of the CTS EVENTIM AG Management Board is disclosed annually in the notes to the annual financial statements of the company, and amounted in the 2007 business year to EUR 1.656 million. Compensation consists of fixed annual emoluments and a variable, performance-based payment. The agreed criteria for granting the variable component, and for the amount paid, are both revenues 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. There are no contractual commitments regarding payments when Board membership ends. The amounts of compensation paid to the individual members of the Management Board and which must be disclosed by law are shown in the following table.

Compensation paid to members of the CTS EVENTIM AG Management Board:

Name	Fixed salary [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	600,000	11,161	300,000	911,161
Volker Bischoff	250,000	18,363	105,000	373,363
Christian Alexander Ruoff	250,000	16,949	105,000	371,949
Total	**1,100,000**	**46,473**	**510,000**	**1,656,473**

6. COMBINED MANAGEMENT REPORT

1. PRELIMINARY STATEMENTS

In addition to standalone financial statements for CTS EVENTIM AG (hereinafter: 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), complying thereby with all IFRS and with interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) on the balance sheet date. Consolidated financial statements reflecting applicable HGB principles were not prepared.

The management report of CTS AG and the Group management report have been combined. Unless stated otherwise, the information contained in this combined management report refers to the financial situation and business development of the Group. Information on the financial situation and business development of CTS AG as a standalone company are provided in separate sections of this annual report.

The accounting, valuation and consolidation methods are the same as those applied in the consolidated financial statements as at 31 December 2006. According to IAS 32, agreements obliging a company to purchase its own equity instruments give rise to a liability to the amount of the present value of the purchase price. The CTS Group has applied this principle since 1 January 2006 to equity instruments of minority interests holding put options. A detailed description of the accounting principles is disclosed under point 1.7 in the notes to the consolidated financial statements.

In 2006 CTS AG executed its 2006 World Cup project. In terms of economic importance, the project had a considerable impact in 2006 on the financial position, cash flow and earnings performance of the Ticketing segment and hence of the Group as a whole. For better comparison of the figures for 2007 with those for the prior year, comments are also provided on the changes to figures adjusted for the 2006 World Cup project, in addition to the changes to figures reported in the 2006 annual report.

2. BUSINESS AND ENVIRONMENT

2.1 MACROECONOMIC CLIMATE

After a surprisingly strong upswing in 2006, as reflected in an almost 3% increase in gross domestic product (GDP), the German economy demonstrated continued strength in 2007. This resulted not only from dynamic recovery in the economy generally, but also from intensive adjustment in many industries to the stronger competitive pressures being faced on global product and factor markets. At the end of 2007, Germany is significantly better placed as a centre for business and investment than was the case during the latest upswing phase.

On both sides of the Atlantic, the start to the second half of the year 2007 was characterised by a labile mixture of economic worries and inflation anxiety. However, the second half of 2007 was dominated by the real estate crisis, in the form of a credit squeeze resulting from the sub-prime mortgage market. The bad news from the US real estate market caused some initial corrections on the stock exchanges. Many investors were confronted for the first time with the term ‘sub-prime' mortgage. The virulent crisis afflicting the finance markets by summer 2007 weakened the global economic environment that is the key for the German economy and its traditional strengths in exports. In conjunction with good performance in the current year, GDP is nevertheless expected to grow 1.9% in 2008. This weakening of momentum is not yet an indicator of the upswing coming to an end, or even that a recession is pending. The lower growth rate compared to 2007 is attributable above all to lower export earnings. Domestic demand, especially private consumption, is becoming the main driver of economic growth due to the removal of fiscal constraints. The increase in consumer prices in 2008 is likely to reach 2.0% in Germany; inflationary risks are probably not imminent.

The fact that changing economic data do not necessarily impact the market for live events is shown by the very constant and positive business development of the CTS Group in recent years. Demand for live entertainment was and remains unbroken, even if the economy is going through difficult times.

2.2 INDUSTRY-SPECIFIC ENVIRONMENT

The Group operates in the leisure event market with its Ticketing and Live Entertainment segments. CTS AG, the parent company of the Group, operates in the field of ticketing and is the dominant player in this segment by sheer economic force. Statements made in respect of the Ticketing segment therefore apply in particular to CTS AG as well.

Organising and executing events is the primary object of the Live Entertainment business. The situation in this industry is characterised by accelerated globalisation and monopolisation. Owing to its market position, the Group is confronted in the Live Entertainment segment by very few competitors in Germany, Austria and Switzerland.

Promoters of leisure events consider sales of their tickets to be the critical factor for their success. These sales activities are the basic object of the Ticketing segment, which markets events (tickets) through its leading network platform (eventim.net), its in-house ticketing product (eventim.inhouse), its sports ticketing product (eventim.tixx) and a proprietary solution for ticket sales, admission control and payment in stadiums and arenas. In the year under review, efforts to network and internationalise the ticketing software at network, web and inhouse level led to tickets being offered for the first time in a single, cross-boundary ticketing system (Global Ticketing System).

Besides the German market, the Group also serves the ticketing needs of other European countries (Italy, Croatia, the Netherlands, Austria, Poland, Russia, Switzerland, the Slovak Republic, Slovenia, Hungary, Bulgaria, Romania, Serbia-Montenegro, Bosnia-Herzegovina), where it competes with domestic and foreign network operators and ticketing software providers.

The events for which tickets are sold using the 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 the leading ticket supplier, the CTS Group is superbly positioned in the market. That position has been reinforced and extended in the ticketing field by a broad distribution system 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 strengthened for the future as well.

The CTS Group competes with national and regional network operators. The company enjoys competitive advantages over competitors, in that the CTS Group operates with full geographical coverage 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 the Group's alliances with major promoters of live events, thus allowing a large number of different and attractive events to be marketed though all the Group's sales channels. In future, the situation in this industry will be further enhanced by the ticketing partnership signed in December 2007 with Live Nation Worldwide Inc. (hereinafter: Live Nation), the world market leader in the live entertainment business.

2. 3 GROUP BUSINESS PERFORMANCE

In the past business year, the CTS Group worked successfully in a macroeconomic and industry-specific environment that was encouraging on the whole. Key performance figures improved significantly, as the following table shows:

	2007 [EUR million]	2006 [EUR million]	2006 without WM [EUR million]
Revenues (before consolidation between segments)			
Ticketing	87.5	99.3	66.3
Live Entertainment	301.3	247.2	247.2
Group	384.4	342.9	309.9
EBIT			
Ticketing	26.3	31.1	18.6
Live Entertainment	20.5	14.6	14.6
Group	46.8	45.7	33.1
Cash flow	38.7	35.4	
Number of employees (at end of year)	1,007	720	

In the Ticketing segment, European expansion combined with continued growth in Internet sales produced revenue and earnings growth compared to the adjusted prior-year figures.

In the ‘Corporate Tickets’ business, 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 AG. 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 new resale platform www.fansale.de was launched at the start of 2007. This resale platform is an Internet portal specially developed for swapping and reselling admission tickets.

On the basis of partnership agreements concluded in 2007 by CTS Eventim Schweiz AG, Basle, with the Swiss railways (SBB) and the SBB leisure subsidiary RailAway, the CTS Group also provides its ticketing system to railway stations in Switzerland. SBB has also used the Eventim system for ticket sales via call centres and the Internet, and has marketed attractive package deals comprising tickets for events and cheaper rail tickets.

With effect from 1 January 2007, CTS AG acquired 51% of the shares in Moscow-based Zritel o.o.o. (hereinafter: Zritel). Zritel is Russia’s biggest private-sector provider of ticketing services and operates the Kontramarka and Parter ticketing systems.

In 2007, through an intermediate company, CTS AG acquired shares in TicketOne S.p.A. (hereinafter: TicketOne), an Italian company domiciled in Milan. TicketOne is Italy’s leading provider of ticketing services.

In the Live Entertainment segment, successful festivals, concert tours and events featuring top stars resulted in better use of capacities as well as increased earning power in the 2007 business year. This segment is thus achieving record revenue and earnings figures.

The range of 'Variety-Gastronomy' events (Palazzo events), a mixture of dinner show and varieté on tour, was widened with the establishment of Palazzo Produktionen Berlin GmbH, Hamburg (hereinafter: Palazzo Berlin), with effect from 1 October 2007. Palazzo Berlin is a wholly-owned subsidiary of Palazzo Produktionen GmbH, Hamburg (hereinafter: Palazzo Hamburg).

Show-Factory Entertainment GmbH, Bregenz, Austria (hereinafter: Showfactory), was included in consolidation in the fourth quarter of 2007 because it exceeded the minimum materiality level for inclusion. Semmelconcerts Veranstaltungsservice GmbH, Bayreuth, holds a 51% interest in the Showfactory events company.

The number of employees in the Group likewise reflects the successful course that business is taking. Year-on-year, the workforce grew from 720 to 1,007 employees, especially due to the expanding number of entities included in consolidation.

2.4 ORGANISATION AND CORPORATE STRUCTURE

2.4.1 ORGANISATION

In addition to managing its own operative business, the most important tasks of CTS AG as parent company include the corporate strategy, risk management and in some respects the financing of the CTS Group.

According to the articles of incorporation, CTS AG as parent company has its registered office in Munich; the administrative head office is in Bremen.

The Group companies are classified into two segments, namely Ticketing and Live Entertainment.

The CTS Group is managed decentrally to allow decisions to be made as close as possible to the market. This means that the subsidiaries have considerable discretion in all market- and customer-related activities.

The management and control structures as well as the compensation system are compliant with statutory requirements and are geared to long-term business success. For this reason, the compensation packages for members of the Management Board are comprised of various components, specifically the fixed salary and additional benefits in the form of payments in kind and a performance-based bonus. The fixed salary and benefits are paid monthly. Benefits must be taxed as income by the individual Board member. The bonuses paid to each individual member are decided upon by the Supervisory Board on the basis of performance criteria.

There are no contractual commitments regarding payments when Board membership ends. No loans are granted to Management Board members or their relatives.

Reference is made to point 17 in the notes to the consolidated financial statements and to point 4 in the Corporate Governance report regarding details of individual compensation packages.

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand and reimbursed expenses of EUR 1 thousand for the 2007 financial year.

2.4.2 CHANGES IN GROUP STRUCTURE

Besides CTS AG as parent company, the consolidated financial statements also include all relevant participations.

The following changes occurred during the reporting period and/or in relation to the corresponding period in 2006.

TICKETING

With effect from 1 January 2007, CTS AG acquired 51% of the shares in Zritel for a provisional purchase price of around EUR 3.0 million. The company was included in consolidation with effect from 1 January 2007. Since initial consolidation, Zritel has generated EUR 2.782 million in revenues and earnings of EUR 583 thousand. In addition to the EUR 2.727 million in goodwill arising from initial consolidation, EUR 250 thousand was allocated to the trademark and duly recognised within the purchase price allocation. Goodwill arising from recognition of purchase price obligations in respect of put options is carried at EUR 1.912 million as at the balance sheet date.

TicTec AG in Basle, acquired by CTS AG with a purchase agreement dated 26 July 2006, was renamed CTS Eventim Schweiz AG in the course of the acquisition. The change of name was registered in February 2007.

With a notarial contract dated 22 February 2007 and with effect from the same day, CTS AG acquired the remaining 20% share, previously held by an external shareholder, in the Bremen-based GSO Holding GmbH, and since that date has therefore held 100% of the shares in said company.

In a business combination agreement dated 27 March 2007, CTS AG placed all its shares in CTS Eventim Sports GmbH, Hamburg (hereinafter: CTS Eventim Sports) in the GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen (hereinafter: GSO KG). A profit transfer agreement was simultaneously concluded by CTS Eventim Sports and GSO KG; the changes were registered in the Commercial Register on 30 November 2007.

Through an intermediate company and with contracts concluded with effect from 18 May 2007 and 8 November 2007, CTS AG acquired shares in TicketOne S.p.A. (hereinafter: TicketOne), an Italian company domiciled in Milan. TicketOne is the leading provider of ticketing services in Italy and in 2006 sold more than 13 million tickets through direct sales channels and its inhouse systems. TicketOne also owns majority interests in T.O.S.T Ticketone Sistemi Teatrali S.r.l., Milan, and in Panischi S.r.l., Milan. As a first step, CTS AG acquired a 43.2% share in TicketOne for a purchase price of EUR 14 million. TicketOne and its subsidiaries are fully consolidated. CTS AG exercises control, according to IAS 27, due to legal agreements. An agreed purchase option ensures that CTS AG can increase its shareholding in TicketOne in the medium term. Since initial consolidation (1 June 2007), the TicketOne Group has generated EUR 8.147 million in revenues and EUR -6 thousand in earnings. Within the provisional allocation of the purchase price assets and debts were reported at their fair value at EUR 7.868 million. As at 31 December 2007 the purchase price allocation is preliminary because the effects on distribution rights, in particular, still have to be analysed. Hidden reserves amounting to EUR 6.910 million were identified in respect of distribution rights. Recognition of the assets and debts led, inter alia, to deferred tax liabilities of EUR 2.621 million being carried. Deferred tax assets amounting to EUR 892 thousand were recognised, mainly in respect of loss carryforwards. This results in goodwill of EUR 11.868 million from consolidation being recognised. Goodwill arising from recognition of purchase price obligations in respect of put options is carried at EUR 11.812 million as at the balance sheet date.

With effect from 1 January 2007, TEX Hungary Kft., Budapest – a company spin off from Ticket Express Hungary Kft., Budapest, a company already consolidated in previous years – was included in consolidation for the first time. As at the date of initial consolidation, the Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX), held 51% of the shares in TEX Hungary Kft.. In 2007, the company generated EUR 528 thousand in revenues and a net loss of EUR 21 thousand. In August 2007, TEX acquired a further 20% of the shares in both TEX Hungary Kft. and Ticket Express Hungary Kft., with the result that TEX now holds 71% of the shares in each company.

In the fourth quarter of 2007, TSC EVENTIM Ticket & Touristik-Service-Center GmbH, Bremen (hereinafter: TSC), was included in consolidation for the first time because leading the operating business activities control exists acording to IAS 27. CTS AG holds 50% of the shares in said company, which is fully included in consolidation. Since initial consolidation, the company has generated EUR 831 thousand in revenues and EUR 215 in earnings.

On 20 November 2007, TEX acquired an additional 10% of the shares in ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz (hereinafter: ÖTS), so TEX now holds 65% of the shares in the company.

LIVE ENTERTAINMENT

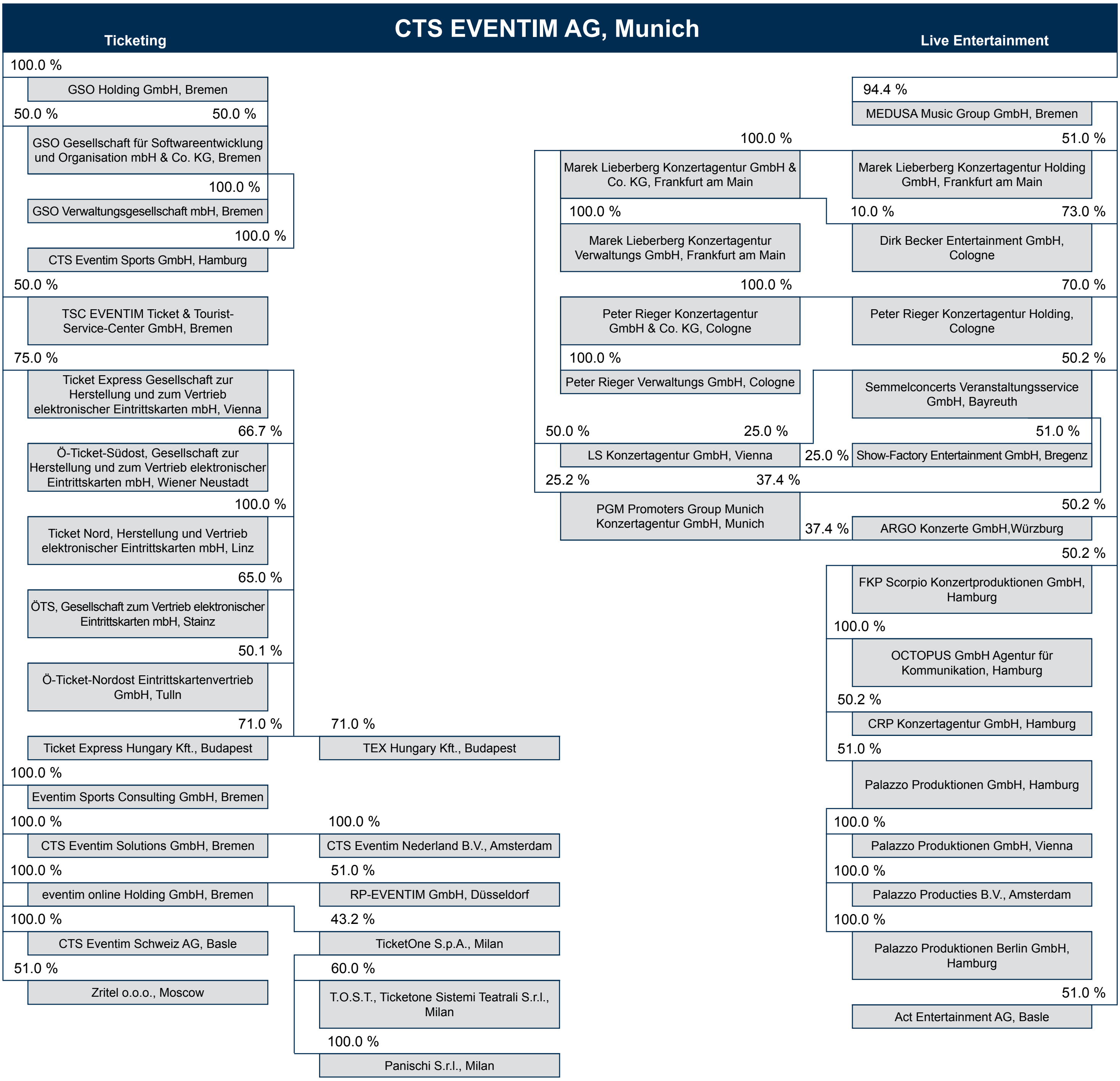
With effect from 1 January 2007, OCTOPUS GmbH Agentur für Kommunikation, Hamburg (hereinafter: Octopus), was included in consolidation for the first time. Octopus is a wholly-owned subsidiary of FKP Scorpio Konzertproduktionen GmbH, Hamburg. In 2007, the company generated revenues of EUR 954 thousand and earnings of EUR 39 thousand.

In a contract concluded on 30 May 2007, CTS AG acquired an additional 1.47% of the shares in the MEDUSA Music Group GmbH, Bremen, based on the capitalised contractual purchase price obligations deriving from put options and recognised (in accordance with IAS 32) in fiscal 2006. CTS AG now holds 94.4% of the shares in said company.

With effect from 1 October 2007, Palazzo Berlin was included in consolidation for the first time. Palazzo Berlin is a wholly-owned subsidiary of Palazzo Hamburg. Since initial consolidation, the company has generated revenues of EUR 1.387 million. Due to advance costs, earnings amounted to only EUR -494 thousand in the 2007 short business year. The events season in Berlin includes the period from December 2007 to March 2008.

Showfactory was included in consolidation in the fourth quarter of 2007 because it exceeded the minimum significance level for inclusion. Semmelconcerts Veranstaltungsservice GmbH, Bayreuth, holds a 51% interest in the Showfactory events company. Since initial consolidation, the company has generated EUR 9.190 million in revenues and EUR 563 thousand in earnings.

The corporate structure as at 31 December 2007 is shown below:



2.5 CORPORATE MANAGEMENT

Value based management forms the basis for sustained profitable growth. The Group's finances are managed on the basis of key figures.

Growth in revenues, and substantive growth, is the basis for the company's income statement. One of the priority goals of the CTS Group is to achieve steady growth of EBIT (earnings before interest and taxes), EPS (earnings per share) and cash flow. The Group's earning power 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 company's performance figures.

In 2007, as a result of its successfully implemented strategy of profitable growth, the Group achieved significant improvements in its key performance figures relative to the previous year. At EUR 46.761 million, Group EBIT was EUR 1.078 million higher than the equivalent figure for the 2006 business year (EUR 45.683 million). After adjustment for the 2006 World Cup, Group EBIT improved by EUR 13.644 million.

The aim of financial management is to ensure solvency and to maintain financial balance within the Group. Cash reserves, in the form of overdraft facilities and cash, are held for this purpose.

The CTS Group manages its capital with the aim of maximising profits for shareholders by optimising the debt-to-equity ratio. The Group companies operate under the going concern premises.

The capital structure of the CTS Group comprises debt, cash and cash equivalents and the equity owed to investors in CTS EVENTIM AG. This shareholders' equity is composed, specifically, of treasury stock, the capital reserve, earnings reserve and minority interest.

One key component used in capital risk management is the gearing ratio (according to IFRS), i.e. the ratio between net consolidated debt and Group equity. Risk considerations mean that the aim must be to have a healthy net debt ratio.

At the end of the year, the net debt ratio was as follows:

	31.12.2007 [EUR'000]	31.12.2006 [EUR'000]
Debts *)	22,743	5,076
Cash and cash equivalents	-141,764	-153,595
Net debts	**-119,021**	**-148,519**
Shareholders' equity **)	109,851	95,245
Net debts to shareholders' equity	-108%	-156%

*) Debts are defined as non-current and current financial liabilities
**) Including minority interest

Net debt indicates the amount of debts a company has after all liabilities have been redeemed with current assets. The CTS Group has more cash and cash equivalents than debt. The negative net debt ratio means that the Group is de facto free of debt. The leverage of loan capital has positive effects on the return on equity.

2.6 RESEARCH AND DEVELOPMENT

In order to broaden the range of ticketing-related services, to tap into additional sources of revenues and to continue meeting the requirements of event 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 departments within the Group. In the field of ticketing and software development, the Group has amassed a wealth of expertise. In order to tap into new markets, the Group is planning further advancements in new technologies, such as chip tickets or mobile ticketing. Research and development expenditure is mostly included in costs of sales, since these costs are for continuous improvement of the software. For this reason, no separate disclosure under research and development has therefore been made.

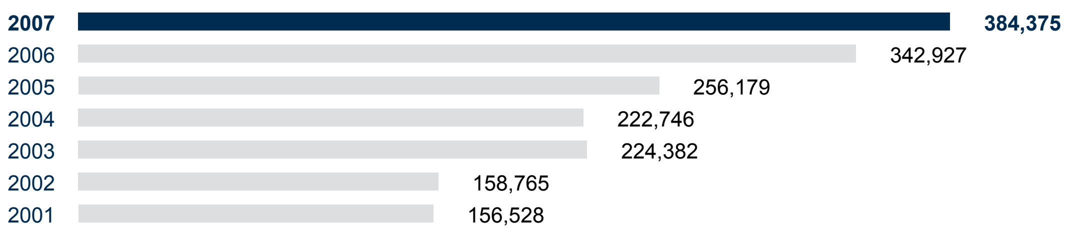
3. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW
3.1 EARNINGS PERFORMANCE
3.1.1 GROUP EARNINGS PERFORMANCE (IFRS)

	01.01.2007-31.12.2007 [EUR'000]	01.01.2006-31.12.2006 [EUR'000]	Change [EUR'000]	Change [in %]
Revenues	384,375	342,927	41,448	12.1
Cost of sales	-301,196	-253,970	-47,226	18.6
Gross profit	**83,179**	**88,957**	**-5,778**	**-6.5**
Selling expenses	-23,397	-31,061	7,664	-24.7
General administrative expenses	-14,268	-13,092	-1,176	9.0
Other operating income	7,492	5,861	1,631	27.8
Other operating expenses	-6,245	-4,982	-1,263	25.4
Operating profit (EBIT)	**46,761**	**45,683**	**1,078**	**2.4**
Financial result	3,220	2,300	920	40.0
Profit from ordinary business activities (EBT)	**49,981**	**47,983**	**1,998**	4.2
Taxes	-19,754	-19,485	-269	1.4
Net income before minority interest	**30,227**	**28,498**	**1,729**	**6.1**
Minority interest	-6,813	-4,966	-1,847	37.2
Net income after minority interest	**23,414**	**23,532**	**-118**	**-0.5**

REVENUES

Group revenue growth over the past seven years is shown in the following table:

in EUR'000



Group revenues were increased by 12.1%, or EUR 41.448 million, from EUR 342.927 million in 2006 to EUR 384.375 million in 2007. Revenues (before consolidation between the segments) break down to EUR 301.281 million in the Live Entertainment segment (prior year: EUR 247.164 million) and EUR 87.449 million in the Ticketing segment (prior year: EUR 99.307).

Growth in the Ticketing segment continued unabated in 2007. Although revenues before intersegment consolidation fell by 11.9% to EUR 87.449 million (prior year: EUR 99.307 million) as expected due to the effects of handling the 2006 World Cup, revenues in this segment actually grew by EUR 21.132 million from EUR 66.317 million to EUR 87.449 million (up 31.9%) after adjustment for those effects. This encouraging trend is caused by a combination of factors, namely fast-growing Internet sales, new business in the sports domain and geographic expansion into other markets. Around 164 million music and event fans (prior year: 136 million) visited the Group's Internet portals in 2007 business year, particularly www.eventim.de and www.getgo.de, and bought around 7.1 million tickets in total (prior year: 5.3 million). This equates to a 34% year-on-year increase in Internet ticket sales.

Following three record years, the 2007 reporting period was again characterised in the Live Entertainment segment by superb business growth in a persistently encouraging market environment, by a large number of events, as well as successful tours, festivals and events, and good attendance at events. The seasonally strong second quarter, especially, boosted revenues to an above-average extent. Tours by Herbert Grönemeyer and Genesis, for example, as well as sold-out festivals led in 2007 to a EUR 54.117 million increase in segment revenues to EUR 301.281 million (up 21.9%).

Of the total Group revenues in the year under review, at EUR 384.375 million, EUR 325.357 million were generated in Germany (prior year: EUR 317.305 million), EUR 33.864 million in Austria (prior year: EUR 19.360 million), EUR 3.940 million in the Netherlands (prior year: EUR 2.413 million), EUR 881 thousand in Hungary (prior year: EUR 436 thousand), EUR 2.782 million in Russia (prior year: EUR 0), EUR 8.147 million in Italy (prior year: EUR 0) and EUR 9.404 million in Switzerland (prior year: EUR 3.413 million).

GROSS PROFIT

The gross margin achieved in the Group as a whole and in the segments developed as follows:

	2007 [in %]	2006 [in %]
Group incl. World Cup project	21.6	25.9
Group without World Cup project	21.6	20.5
Ticketing incl. World Cup project	57.1	63.2
Ticketing without World Cup project	57.1	56.2
Live Entertainment	11.1	10.6

The gross margin in the Ticketing segment, adjusted for the effects of the 2006 World Cup project, increased to 57.1% compared to 56.2% the year before. In the Live Entertainment segment, the gross margin was slightly improved despite higher start-up costs for new products and increased production costs. The gross margin for the Group as a whole, after adjustment for the World Cup project in 2006, is 21.6%, compared to 20.5% the year before.

SELLING EXPENSES

The decrease in selling expenses is principally due to the absence of commission expenses incurred in the previous year in the Ticketing segment for the World Cup project (EUR 10.183 million). This decrease is partially offset by an increase in personnel expenses (EUR 1.832 million) and advertising expenses (EUR 588 thousand). As a percentage of revenues, selling expenses were reduced from 9.1% to 6.1%.

GENERAL ADMINISTRATIVE EXPENSES

The increase in general administrative expenses is mainly attributable to an increase in personnel expenses (EUR 917 thousand) that resulted, in particular, from acquisition-related changes in the entities included in consolidation. As a percentage of revenues, general administrative expenses fell from 3.8% to 3.7%.

OTHER OPERATING INCOME

The increase in other operating income was mainly due to higher income from insurance compensation (EUR 627 thousand), income from the reversal of provisions (EUR 402 thousand) and other income (EUR 1.076 million). This is offset by lower income from the reversal of allowances for doubtful accounts (EUR 559 thousand).

Due to newly consolidated companies in the Ticketing and Live Entertainment segments, EUR 732 thousand in other operating income was posted in the reporting period.

OTHER OPERATING EXPENSES

The increase in other operating expenses relates primarily to expenses for other periods and neutral expenses (EUR 429 thousand), expenses passed on to third parties (EUR 249 thousand) and expenses arising from currency translation (EUR 195 thousand).

Other taxes amounting to EUR 46 thousand are also reported under other operating expenses. Due to newly consolidated companies in the Ticketing and Live Entertainment segments, EUR 745 thousand in other operating expenses were posted in the reporting period.

OPERATING PROFIT (EBIT)

The EBIT figure increased by 2.4% from EUR 45.683 million to EUR 46.761 million. Adjusting for the effects of the World Cup in 2006 improves the EBIT figure by EUR 13.644 million, or 41.2%, from EUR 33.117 million to EUR 46.761 million.

FINANCIAL RESULT

The financial result improved by EUR 920 thousand to EUR 3.220 million. Financial income amounting to EUR 4.475 million (prior year: EUR 2.796 million) is offset by financial expenses of EUR 1.412 million (prior year: EUR 800 thousand). Distribution to minority interest (EUR 187 thousand) and the changes in the present value of purchase price obligations in respect of put options (EUR 365 thousand) are stated as financial expenses in accordance with IAS 32. Income from participations fell by EUR 158 thousand from EUR 298 thousand to EUR 140 thousand. Net income from associated companies rose EUR 6 thousand from EUR 11 thousand to EUR 17 thousand.

TAXES

Deferred taxes are disclosed with taxes of the consolidated standalone companies. Deferred tax income was formed on the basis of loss carryforwards and offset against tax expenses. Positive net income generated by the standalone companies leads to deferred tax expenses via reductions in deferred tax assets. The taxation rate for the Group as a whole decreased slightly in fiscal 2007 to 39.5% (prior year: 40.6%). The increase in financial expenses, which according to IAS 32 is stated in the consolidated financial statements only, therefore causing no decrease in taxes, lead to an increase in the Group taxation rate for fiscal year 2007. This is offset by reductions in the Group taxation rate brought about by geographical expansion into other markets where the applicable taxation rates are lower. The breakdown of taxes is reported under point 4, Taxes (11), in the notes to the consolidated financial statements.

MINORITY INTEREST

Minority interest increased by EUR 1.847 million to EUR 6.813 million. Strong earnings growth in the Live Entertainment segment accounted to a large extent for the increase in minority interest.

According to IAS 32, minority interest need not be recognised in companies with corresponding put options.

NET INCOME AFTER MINORITY INTEREST

The consolidated net income, at EUR 23.414 million, was EUR 118 thousand (-0.5%) lower than the prior-year figure of EUR 23.532 million. The earnings per share (EPS) figure, at EUR 0.98, was unchanged in 2007 in relation to the previous year.

CTS AG, as standalone company, accounts for EUR 19.275 million of the consolidated net income (prior year: EUR 24.460 million, prior year without World Cup: EUR 15.994 million). The CTS AG net income for the year in accordance with HGB, at EUR 18.484 million (prior year: EUR 23.983 million, prior year without World Cup: EUR 15.517 million), was mainly adjusted by goodwill amortization that is eliminated under IFRS. The earnings per share for the CTS AG standalone company were EUR 0.77 in the 2007 business year.

PERSONNEL

Due to the larger workforce, personnel expenses increased by EUR 4.780 million year-on-year, from EUR 26.979 million to EUR 31.759 million. This increase in personnel expenses breaks down into EUR 3.409 million in the Ticketing segment and EUR 1.371 million in the Live Entertainment segment. Changes in the scope of consolidation accounted for EUR 3.472 million of the increase in personnel expenses 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 changes the scope of consolidation, on the other hand.

Breakdown of employees by segment (year-end figures):

	2007 [Qty.]	2006 [Qty.]
Ticketing	654	353
Live Entertainment	353	367
Total	**1,007**	**720**

At the end of the business year, the Group had a total of 1,007 employees (prior year: 720); this figures breaks down into 543 employees in Germany (prior year: 545), 160 employees in Austria (prior year: 137), 2 employees in the Netherlands (prior year: 2), 15 employees in Switzerland (prior year: 18), 166 employees in Russia (prior year: 0), 108 employees in Italy (prior year: 0) and 13 employees in Hungary (prior year: 18). The extended number of companies included in consolidation resulted in the Group workforce comprising 326 employees more on 31 December 2007 than a year before.

On average during the year 2007, the Group had 263 more employees than in 2006.

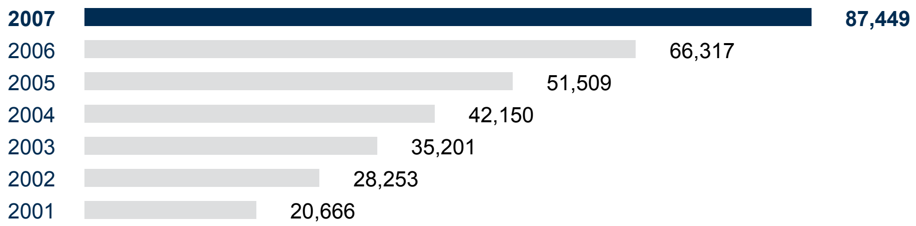
DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

Ticketing	2003 [EUR million]	2004 [EUR million]	2005 [EUR million]	2006 [EUR million]	2007 [EUR million]
Revenues	35.2	42.1	64.3	99.3	87.5
Gross profit	16.2	23.1	39.8	62.8	50.0
Gross margin	46.3%	54.7%	61.9%	63.2%	57.1%
EBIT	3.9	9.2	19.3	31.1	26.3
EBITDA	8.3	13.3	23.6	36.8	32.0

After adjustment for the effect of the 2006 World Cup project including the Confederations Cup 2005, revenues developed as follows:

in EUR'000



After adjusting for the effects of the special 2006 World Cup project, the revenues for the Ticketing segment in the 2007 business year saw a year-on-year increase of 31.9% to EUR 87.449 million. This revenue growth derives from all areas of activity, with Internet sales making a special contribution. Changes in the scope of consolidation also had a positive impact on revenue growth.

Of the total revenues in this segment, EUR 43.047 million (prior year: EUR 34.200 million) were generated on the Internet; this equates to Internet revenue growth of 25.9%. The revenues generated via the Internet accounted for 49.2% of the Ticketing segment total in the 2007 business year, slightly below the 51.6% figure after adjustment for the World Cup, and attributable to the extended scope of consolidation.

After adjustment for the effect of the World Cup in 2006, the EBIT figure improved in the year under review to EUR 26.292 million (prior year: EUR 18.558 million). Profits were curtailed by approximately EUR 1.4 million in integration expenses resulting from initial consolidation of foreign subsidiaries.

The EBIT margin of 30.1% (prior year after adjustment for the 2006 World Cup: 28.0%) is accounted for to a major degree by the Internet sales channel.

LIVE ENTERTAINMENT

Live Entertainment	2003	2004	2005	2006	2007
	[EUR million]	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenues	191.8	183.4	194.6	247.2	301.3
Gross profit	20.6	21.0	23.6	26.2	33.4
Gross margin	10.7%	11.5%	12.1%	10.6%	11.1%
EBIT	11.2	12.1	13.5	14.6	20.5
EBITDA	11.7	12.5	13.9	15.2	21.8

In the Live Entertainment segment, the 2007 business year continued the trend established in three record years previously and achieved a superb 21.9% increase in revenues to EUR 301.281 million. This success was attributable to further increases in the number of events and to even greater attendance rates. The EBIT figure for the segment was increased by EUR 5.897 million to EUR 20.459 million, following a very successful business year in 2006. The new record includes approximately EUR 1.5 million in higher preproduction costs for new tour products, relative to the equivalent figure on the previous closing date. The EBIT margin improved from 5.9% in 2006 to 6.8% in 2007.

3.1.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	01.01.2007-31.12.2007 [EUR'000]	01.01.2006-31.12.2006 [EUR'000]	Change [EUR'000]	Change [in %]
Revenues	54,882	82,886	-28,004	-33.8%
Cost of sales	-21,968	-28,738	6,770	-23.6%
Gross profit	**32,914**	**54,148**	**-21,234**	**-39.2%**
Selling expenses	-10,235	-22,762	12,527	-55.0%
General administrative expenses	-4,218	-5,142	924	-18.0%
Other operating income	3,734	2,729	1,005	36.8%
Other operating expenses	-2,430	-2,081	-349	16.8%
Operating profit (EBIT)	**19,765**	**26,892**	**-7,127**	**-26.5%**
Financial result	8,362	9,137	-775	-8.5%
Profit from ordinary business activities (EBT)	**28,127**	**36,029**	**-7,902**	**-21.9%**
Taxes	-9,643	-12,046	2,403	-19.9%
Net income for the year	**18,484**	**23,983**	**-5,499**	**-22.9%**

Revenues decreased by EUR 28.004 million (down 33.8%) to EUR 54.882 million. This decline in revenues, a result of handling the 2006 World Cup in the prior year, is offset in the reporting year by positive revenue growth in the highly profitable Internet sales channel. After adjustment for the 2006 World Cup, revenues grew in the 2007 business year by EUR 4.987 million to EUR 54.882 million.

The gross margin is 60.0% (prior year: 65.3%, prior year after adjustment for 2006 World Cup: 57.4%).

Selling expenses fell substantially by EUR 12.527 million to EUR 10.235 million. In the prior year, a large proportion of the reported selling expenses were commissions relating to the 2006 World Cup. This means that selling expenses as a percentage of revenues fell from 27.5% in 2006 to 18.6% in 2007.

The EUR 924 thousand decrease in general administrative expenses in the year under review is also mainly attributable to the absence of the costs incurred for the 2006 World Cup project.

The EUR 1.005 million increase in other operating income is primarily the result of higher income from the reversal of provisions (EUR 429 thousand) and allowances for doubtful accounts (EUR 286 thousand), in addition to higher income from charged expenses (EUR 234 thousand), insurance claims (EUR 121 thousand) and currency translation gains (EUR 64 thousand). In contrast, income in the form of damages fell by EUR 202 thousand.

The EUR 349 thousand rise in other operating expenses is attributable, inter alia, to temporary use of a guarantee (EUR 300 thousand) and to higher expenses for passing on operating expenses to third parties (EUR 206 thousand). These increases are offset by reduced expenses for asset disposals (EUR 135 thousand).

The operating profit (EBIT) amounts to EUR 19.765 million (prior year: EUR 26.892 million; prior year after adjustment for 2006 World Cup: EUR 14.326 million).

The financial result fell by EUR 775 thousand to EUR 8.362 million due to retention of earnings in the Live Entertainment segment. The main components of the financial result for the reporting year are EUR 6.746 million in dividend income from participating interests and profit transfer agreements, and EUR 1.662 million in interest income.

Tax expenses fell EUR 2.403 million from EUR 12.046 million to EUR 9.643 million.

At the end of the 2007 financial year, CTS AG had 137 employees on its payroll (prior year: 142). Personnel expenses decreased by EUR 934 thousand from EUR 8.668 million in 2006 to EUR 7.734 million in 2007. The figure for personnel expenses in the prior year was significantly affected by handling the 2006 World Cup.

3.2 FINANCIAL POSITION

3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2007		31.12.2006		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	141,764	45.0	153,595	56.1	-11,831
Trade receivables	24,202	7.6	19,130	7.0	5,072
Receivables from affiliated companies	1,198	0.4	774	0.3	424
Inventories	13,194	4.2	18,654	6.8	-5,460
Other assets	22,511	7.1	16,382	6.0	6,129
Total current assets	**202,869**	**64.3**	**208,535**	**76.2**	**-5,666**
Non-current assets					
Property, plant and equipment	33,605	10.7	17,918	6.6	15,687
Goodwill	74,095	23.5	44,711	16.3	29,384
Deferred tax assets	4,046	1.3	2,305	0.8	1,741
Trade receivables and other assets	713	0.2	368	0.1	345
Total non-current assets	**112,459**	**35.7**	**65,302**	**23.8**	**47,157**
Total assets	**315,328**	**100.0**	**273,837**	**100.0**	**41,491**

	31.12.2007		31.12.2006		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	2,932	1.0	5,076	1.9	-2,144
Trade payables	26,324	8.3	22,897	8.4	3,427
Advance payments received	52,746	16.7	78,055	28.5	-25,309
Provisions	11,265	3.6	9,525	3.4	1,740
Other liabilities	85,408	27.1	58,071	21.2	27,337
Total current liabilities	**178,675**	**56.7**	**173,624**	**63.4**	**5,051**
Non-current liabilities					
Medium- and long-term financial liabilities	19,811	6.3	0	0.0	19,811
Other liabilities	2,102	0.7	3,153	1.2	-1,051
Pension provisions	2,521	0.8	1,815	0.6	706
Deferred tax liabilities	2,368	0.7	0	0.0	2,368
Total non-current liabilities	**26,802**	**8.5**	**4,968**	**1.8**	**21,834**
Shareholders' equity					
Share capital	24,000	7.6	24,000	8.8	0
Capital reserve	23,307	7.4	23,302	8.5	5
Earnings reserve	22	0.0	0	0.0	22
Balance sheet profit	55,467	17.6	43,813	16.0	11,654
Treasury stock	-58	0.0	0	0.0	-58
Minority interest	7,153	2.2	4,129	1.5	3,024
Currency differences	-40	0.0	1	0.0	-41
Total shareholders' equity	**109,851**	**34.8**	**95,245**	**34.8**	**14,606**
Total shareholders' equity and liabilities	**315,328**	**100.0**	**273,837**	**100.0**	**41,491**

The balance sheet total of the CTS Group increased year-on-year by EUR 41.491 million (up 15,2%) to EUR 315.328 million. Important balance sheet items, especially property, plant and equipment, goodwill, other assets and liabilities, financial liabilities and shareholders' equity increased in relation to the prior year. This is principally the result of internal and external growth of the CTS Group.

Current assets were EUR 5.666 million lower. This is attributable above all to a decrease in cash and cash equivalents and in inventories (including payments on account). These are offset by an increase in trade receivables and in other assets. In addition to the EUR 5.460 million decline in inventories, there were also reductions in the amount of cash and cash equivalents on the closing date (EUR 11.831 million lower at EUR 141.764 million) due to less inflows of funds from ongoing business activities, due in turn to a change in liabilities, and cash outflows for investing activities (mainly for acquisitions) and financing activities (mainly dividend payment). In the Ticketing segment, cash and cash equivalents consist mainly of ticket revenues from pre-sales for events in 2008 (tickets not yet invoiced), which are reported under other liabilities at EUR 60.482 million (prior year: EUR 38.217 million). The increase in ticket revenues that have not yet been invoiced by the balance sheet date is partly due to consolidation effects and to staggered disbursement dates. On the balance sheet date, trade receivables were EUR 5.072 million higher and other assets were EUR 6.129 million higher year-on-year (mainly due to a EUR 4.185 million increase in ticket monies and to a EUR 1.353 million increase in receivables in the form of a security deposit for a particular event). The increase is the result of higher segment revenues and changes in the scope of consolidation.

Non-current assets increased by EUR 47.157 million to EUR 112.459 million, especially in respect of property, plant and equipment and goodwill.

The EUR 15.687 million increase in the carrying amounts of property, plant and equipment is the result of EUR 30.647 million in additions (including changes in the scope of consolidation), which exceeded depreciation and amortization, at EUR 14.141 million, write-ups, at EUR 130 thousand, and disposals, at EUR 949 thousand. Of the EUR 26.388 million in additions (including changes in the scope of consolidation) in the Ticketing segment, EUR 22.764 million were for intangible assets (customer base EUR 18.490 million, software EUR 3.836 million, trademark rights EUR 438 thousand), EUR 3.602 million for fixed assets (IT hardware) and EUR 22 thousand for financial assets. In the Live Entertainment segment, additions (including changes in the scope of consolidation) amounted to EUR 4.259 million, of which EUR 807 thousand were for intangible assets (including software, distribution rights and trademark rights), EUR 2.655 million for fixed assets and EUR 797 thousand for financial assets. All investments within the Group were financed from free cash flow.

The EUR 29.384 million change in goodwill, within non-current assets, mainly comprises the additions in the Ticketing segment due to acquisitions during the 2007 business year. Of the change within the Group, EUR 12.820 million relate to put options recognised in accordance with IAS 32.

In accordance with IAS 36, existing intangible assets of indeterminate useful life and goodwill were reviewed in the 2007 financial year to determine whether they come under the new criteria as of the date on which they are first used. The review of useful lives and residual carrying values of all intangible assets led to the conclusion that no adjustments to goodwill were necessary.

Assets tied up for the long term account for 35.7% of the balance sheet total (prior year: 23.8%) and is financed almost entirely with shareholders' equity.

Current liabilities increased by EUR 5.051 million (up 2.9%). The main changes in current liabilities result from additions to other liabilities (EUR 27.337 million), especially in the Ticketing segment due to increased liabilities relating to ticketing revenues that have not yet been invoiced (EUR 22.286 million), and to trade payables (EUR 3.427 million). These amounts were offset by advanced payments received, mainly in the Live Entertainment segment (EUR 25.309 million). Financial liabilities decreased by EUR 2.144 million. This decrease was caused by redemption of loans (EUR 1.704 million), reduced overdrafts (EUR 703 thousand) and put options within the meaning of IAS 32 (EUR 1.734 million); it was offset by an increase in loans resulting from an addition based on a change in the scope of consolidation (EUR 1.998 million). The increase in provisions was mainly due to higher provisions for taxation.

Non-current liabilities rose by EUR 21.834 million, mainly due to an increase in medium- and long-term financial liabilities (EUR 19.811 million). This change in medium- and long-term financial liabilities is caused in the Ticketing segment by additions to acquisition-related put options pursuant to IAS 32 (EUR 19.291 million), and an increase in liabilities to banks (EUR 520 thousand). These liabilities owed to banks changed due to an acquisition-based addition to loans (EUR 1.525 million), of which EUR 1.005 million has been repaid since initial consolidation. In addition to the above, deferred taxes rose by EUR 2.368 million and long-term pension provisions by EUR 706 thousand. The discount interest rates applied when accounting for pension provisions were higher than during the prior year. The current 2005 G Heubeck Tables must be used when accounting for pension obligations. Other liabilities decreased by EUR 1.051 million, in contrast, due to partial redemption of distribution rights acquired in 2006.

Shareholders' equity rose by EUR 14.606 million (cf. consolidated statement of changes in shareholders' equity). The main factor behind this increase was the EUR 11.654 million increase in balance sheet profit resulting from the EUR 23.414 million in net income for 2007 and the EUR 11.760 million dividend payment, which reduced shareholders' equity accordingly. Minority interest increased by EUR 3.024 million from EUR 4.129 million to EUR 7.153 million. This change results from proportionate shares in the net income for 2007, minus distributions to minority interest, as well as effects of capital consolidation of the companies newly consolidated in 2007. In accordance with IAS 32, the CTS Group has applied the standard to equity instruments of minority shareholders holding put options. The put options held by certain minority shareholders are therefore disclosed under financial liabilities and reduce the amount of minority interest.

The equity ratio (shareholders' equity minus minority interest, divided by the balance sheet total) fell slightly from 33.3% to 32.6%. The change in equity ratio is influenced by the initial consolidation of acquired companies in the Ticketing segment.

3.2.2 FINANCIAL POSITION OF CTS (HGB)

	31.12.2007 [EUR'000]	31.12.2007 [in %]	31.12.2006 [EUR'000]	31.12.2006 [in %]	Change [EUR'000]
Current assets					
Cash and cash equivalents, marketable securities	61,778	42.3	65,983	50.9	-4,205
Treasury stock	58	0.0	0	0.0	58
Trade receivables	9,241	6.3	8,205	6.3	1,036
Receivables from affiliated companies	7,309	5.0	3,931	3.0	3,378
Inventories	588	0.4	603	0.5	-15
Prepaid expenses, accrued income and other assets	1,630	1.2	2,649	2.1	-1,019
Total current assets	**80,604**	**55.2**	**81,371**	**62.8**	**-767**
Non-current assets					
Property, plant and equipment	63,205	43.3	45,685	35.3	17,520
Goodwill	2,126	1.5	2,453	1.9	-327
Total non-current assets	**65,331**	**44.8**	**48,138**	**37.2**	**17,193**
Total assetst	**145,935**	**100.0**	**129,509**	**100.0**	**16,426**

	31.12.2007 [EUR'000]	31.12.2007 [in %]	31.12.2006 [EUR'000]	31.12.2006 [in %]	Change [EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	0	0.0	343	0.3	-343
Trade payables	3,690	2.5	3,268	2.5	422
Provisions	7,867	5.4	8,387	6.5	-520
Other liabilities	45,861	31.5	34,667	26.8	11,194
Total current liabilities	**57,418**	**39.4**	**46,665**	**36.0**	**10,753**
Non-current liabilities					
Other liabilities	2,102	1.4	3,153	2.4	-1,051
Total non-current liabilities	**2,102**	**1.4**	**3,153**	**2.4**	**-1,051**
Shareholders' equity					
Share capital	24,000	16.4	24,000	18.5	0
Capital reserve	23,821	16.4	23,821	18.4	0
Treasury stock reserve	58	0.0	0	0.0	58
Balance sheet profit	38,536	26.4	31,870	24.6	6,666
Total shareholders' equity	**86,415**	**59.2**	**79,691**	**61.5**	**6,724**
Total shareholders' equity and liabilities	**145,935**	**100.0**	**129,509**	**100.0**	**16,426**

The balance sheet total of CTS AG increased year-on-year by EUR 16.426 million (up 12.7%) to EUR 145.935 million. Important balance sheet items, especially property, plant and equipment, other liabilities and shareholders' equity, rose in relation to the prior year.

Current assets decreased slightly by EUR 767 thousand (down 0.9%) to EUR 80.604 million. The increase in trade receivables (EUR 1.036 million) and receivables from affiliated companies (EUR 3.378 million) was offset by decreases in other assets (EUR 1.019 million) and in cash and cash equivalents (EUR 4.205 million). The main reason for the decline in cash and cash equivalents was the outflows of cash for investing activities (mainly financing of acquisitions) and financing activities (mainly payment of dividends). Cash and cash equivalents consist mainly of ticket revenues from pre-sales for events in 2008 (tickets not yet invoiced), which amount to EUR 40.368 million (prior year: EUR 30.275 million), and are stated under other liabilities. The increase in uninvoiced ticket revenues results from staggered disbursement dates.

Non-current assets increased by EUR 17.193 million (up 35.7%). Additions to property, plant and equipment, at EUR 22.996 million, are offset by EUR 3.546 million in depreciation and amortization and EUR 1.930 million in disposals. Of the additions, EUR 21.134 million relate to investments in financial assets, mainly for acquisitions of shares in newly consolidated companies (EUR 18.104 million), investments in intangible assets (EUR 1.757 million, especially for further development of the Global Ticketing System) and investments in operating and office equipment (EUR 105 thousand). These cash outflows for investments were financed from free cash flow. The decrease in the goodwill stated under non-current assets relates to linear amortization in accordance with HGB.

Current liabilities increased by EUR 10.753 million, which mainly related to other liabilities arising from higher ticket revenues from advance ticket sales for events (EUR 10.093 million). Trade payables similarly rose by EUR 422 thousand, whereas financial liabilities fell by EUR 343 thousand due to repayments, and provisions by EUR 520 thousand, mainly because of less provisions for taxation for the 2007 assessment period.

As at the balance sheet date, liabilities relating to the acquisition of distribution rights are stated under non-current liabilities (EUR 2.102 million). The decrease relative to the prior year results from the budgeted redemption of this debt.

Shareholders' equity rose to EUR 86.415 million. The reserves for treasury stock, included under shareholders' equity and amounting to EUR 58 thousand, is for the purchase of treasury shares by the company in accordance with the authorisation granted by the Shareholders' Meeting in June 2007. The balance sheet profit increased in the 2007 financial year by EUR 6.666 million from EUR 31.870 million to EUR 38.536 million. The net income for the year, at EUR 18.484 million, produced an increase in shareholders' equity. This increase was reduced by the EUR 11.760 million dividend payments for the 2006 financial year in accordance with a resolution adopted at the Shareholders' Meeting in 2007, and by the formation of a EUR 58 thousand reserve for treasury stock, which was taken from the balance sheet profit for 2006. Due to the increase in financial assets, the equity ratio is now 59.2% compared to 61.5% the previous year; the return on equity is 21.4%, compared to 30.1% in 2006.

3.3 CASH FLOW

3.3.1 CASH FLOW OF THE GROUP (IFRS)

	01.01.2007-31.12.2007 [EUR'000]	01.01.2006-31.12.2006 [EUR'000]
Cash flow from:		
Operating activities	23,962	47,516
Investing activities	-18,757	-12,891
Financing activities	-17,036	-17,315
Net increase / decrease in cash and cash equivalents	**-11,831**	**17,310**
Cash and cash equivalents at beginning of period	153,595	136,285
Cash and cash equivalents at end of period	**141,764**	**153,595**

The amount of cash and cash equivalents shown in the cash flow statement are equal to the cash and cash equivalents in the balance sheet.

In the reporting year, the financial position was characterised by positive cash flow (cf. consolidated cash flow statement). Cash flow from operating activities is derived indirectly from the consolidated net income, whereas cash flow from investing and financing activities is calculated on the basis of payments.

Cash inflow from operating activities decreased year-on-year by EUR 23.554 million to EUR 23.962 million, even though operative cash flow increased by EUR 3.264 million. This decline in cash flow from operating activities is mainly attributable to the change in liabilities, which mainly results from a reduced level of advance payments received in the Live Entertainment segment. The latter is compounded by a change in the Ticketing segment resulting from a higher amount of other liabilities, primarily in relation to ticket monies received from ticket pre-sales for events in the current 2008 business year.

Cash outflow for investing activities increased by EUR 5.866 million to EUR 18.757 million; this increase reflects the growth strategy of the CTS Group. This cash outflow mainly pertains to the acquisition of consolidated companies (EUR 11.222 million; investments are set-off against additions to cash and cash equivalents relating to the scope of consolidation), to intangible assets (EUR 3.498 million) and to investments in fixed assets (EUR 3.891 million).

The cash outflow for financing activities (EUR 17.036 million) is almost unchanged in relation to the prior year (EUR 17.315 million). Of total outflows, EUR 16.503 million (prior year: EUR 15.299 million) were payments to shareholders and minority interests, and for payments for treasury stock, while EUR 2.710 million (prior year: EUR 2.016 million) were for redemption of financial liabilities. These outflows were offset by EUR 2.177 million in cash inflows for additions to shareholders' equity in connection with the acquisition of newly consolidated companies.

As at the balance sheet date, the CTS Group had EUR 141.764 million in cash and cash equivalents (prior year: EUR 153.595 million). Cash and cash equivalents in the Ticketing segment are offset by EUR 60.482 million in payment obligations for ticket revenues that have not yet been invoiced (prior year: EUR 38.217 million), which are reported under other liabilities.

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.

3.3.2 CASH FLOW OF CTS AG (HGB)

	01.01.2007-31.12.2007 [EUR'000]	01.01.2006-31.12.2006 [EUR'000]
Cash flow from:		
Operating activities	29,051	24,948
Investing activities	-21,095	-11,521
Financing activities	-12,161	-10,177
Net increase / decrease in cash and cash equivalents	**-4,205**	**3,250**
Cash and cash equivalents at beginning of period	65,983	62,733
Cash and cash equivalents at end of period	**61,778**	**65,983**

Cash flow from operating activities is EUR 29.051 million, compared to EUR 24.948 million in the prior year. This year-on-year increase in cash flow in 2007 resulted mainly from a higher amount of other liabilities relating to ticket monies for advance ticket sales for events in the current 2008 business year.

In addition to investments in intangible assets (further development of the Global Ticketing System), investing activities in the year under review mainly involved financial assets (principally acquisitions).

The net cash outflow for financing activities increased year-on-year by EUR 1.984 million. This increase was caused by the disbursement of EUR 11.760 million in dividends, offset by EUR 1.674 million less in payments for reducing financial liabilities. In the year under review, the financial liabilities (liabilities to banks) were completely redeemed (prior year: EUR 343 thousand).

As at the balance sheet date, the cash and cash equivalents held by CTS AG totalled EUR 61.778 million (prior year: EUR 65.983 million). Cash and cash equivalents consist mainly of ticket revenues from pre-sales for events in 2008 (tickets not yet invoiced), which amount to EUR 40.368 million (prior year: EUR 30.275 million), and are stated under other liabilities.

4. BRIEF ASSESSMENT OF THE BUSINESS YEAR

CTS AG and the Group as a whole were able to finish the reporting year successfully, even in the absence of the effects of the World Cup. The key group figures improved still further. The Ticketing and Live Entertainment segments succeeded in reinforcing and expanding their market position.

The Group and CTS AG continued to implement their growth strategy continuously through organic growth, targeted acquisitions and a broader portfolio of services. This positive trend in the operative business was spurred by the growth in Internet business, combined with tours by pop and rock stars of national and international fame that attracted both public and media attention.

In the Live Entertainment segment, a large number of events and well-attended concerts led to an excellent revenue figure of EUR 301.281 million, and to yet another record year in terms of operating profit as well.

Online ticket sales via the Internet, combined with European expansion, were once again the key revenue and growth drivers in the Ticketing segment. 164 million visitors bought around 7.1 million tickets on the Internet portals of the CTS Group, boosting the Ticketing segment EBIT by more than 41% compared to the prior-year figure after adjustment for the World Cup effects. Compared to the adjusted prior-year figure, the Group EBIT was increased by EUR 13.644 million from EUR 33.117 million to EUR 46.761 million.

5. APPROPRIATION OF EARNINGS BY CTS AG

In the 2006 financial year, CTS AG generated a net income (according to HGB) of EUR 23.983 million. The Shareholders' Meeting on 8 June 2007 passed a resolution to distribute a dividend of EUR 11.760 million (EUR 0.49 per share) to shareholders. Distribution was effected on 11 June 2007, and the residual amount was carried forward on new account.

In the 2007 financial year, CTS AG generated EUR 18.484 million in net income (HGB). The Management Board and Supervisory Board are proposing that an identical dividend of EUR 11.760 million (EUR 0.49 per share) be distributed and that the remaining EUR 6.724 million be carried forward on new account.

6. DEPENDENCIES REPORT FOR CTS AG

According to § 17 (1) 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 § 312 AktG, a report was submitted which was also presented for review to the Supervisory Board and the auditor.

The report pursuant to § 312 AktG finishes with 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 either effected or waived in the business at the behest of or in the interest of the controlling company or an affiliated company within the meaning of § 312 AktG.'

7. EVENTS AFTER BALANCE SHEET DATE

The following events have occurred after the balance sheet date:

In December 2007, CTS AG concluded long-term and largely exclusive partnership agreements in the ticketing field with Live Nation. Live Nation, which is listed on the New York stock exchange (NYSE: LYV), is the world's biggest live events company. The partnership creates synergies and options for the future. In Europe, the CTS Group will therefore be present in additional key countries from 2009 onwards and will also achieve entry to the North American market.

The partnership with Live Nation and the accompanying investments in entering the market in new countries will initially involve a net burden in the 2008 business year. From the 2009 business year onwards, the Group expects the partnership to have a positive impact on its financial position, cash flow and earnings performance.

There are no other events requiring disclosure.

8. RISK REPORT

8.1 RISK POLICIES AND RISK MANAGEMENT SYSTEM

The Group's risk policy is geared towards systematic and continuous growth in shareholder value. The reputation of CTS AG and the Group, as well as the individual brands are of great importance for the Group.

Reasonable, transparent and manageable risks are accepted if these are related to the expansion and exploitation of the Group's core competencies. The associated rewards must entail an appropriate increase in shareholder value.

The Management Board is broadly guided by the following principles of risk policy:

a) achieving business success invariably involves risk,

b) no action or decision may involve a risk to the company as a going concern,

c) risks in respect of earnings must be associated with corresponding returns,

d) risks, to the extent that they are economically acceptable, must be hedged accordingly and

e) residual risks must be controlled by means of the risk management system.

In order to identify, assess, manage and document risks at an early stage, the Group operates a systematic and appropriate risk management system that covers all companies within the Group and which is tightly integrated with business workflows.

Quarterly risk reports and an internal reporting system ensure that top management is promptly informed about potential risks affecting future development. Risk management instruments, such as a reporting system with consolidated budget calculations, monthly financial statements and regular review meetings, are also used to identify and analyse the various risks, and to inform top management about the course of business in the individual entities. The risk management process is supported systemically by dedicated software – the 'risk compass'.

Thus, the risk management system operated by CTS AG not only serves the purpose of detecting existential risks at an early stage, as required by the German law governing enterprise control and transparency (KonTraG), but also detects any risks which might materially impair the earnings performance of the Group. In preparing the annual consolidated financial statements, sufficient precautions were taken to cover for all discernible risks in the ongoing business, to the extent that the conditions for taking account of such risks in the financial statements have been met.

Risk is transferred to insurers by taking out insurance policies with appropriate amounts of coverage. These policies mainly cover property damages and third-party liability claims. Some specific operational risks are also covered by insurance policies.

In addition, corporate management receives extensive advice from both internal and external experts when important decisions are being taken.

The auditor evaluates the efficiency of the risk management system and reports on his findings to the Management Board and the Supervisory Board after completing his audit of the annual financial statements. These findings are then used to further improve the early detection and management of risks.

8.2 RISK CATEGORIES

The CTS Group classifies risks into four categories:

1. Strategic risks
2. Market risks
3. Performance risks
4. Financial market 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 financial position, cash flow and earnings performance are briefly described below.

8.2.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

The German Council of Economic Advisers does not expect Eurozone growth to falter in 2008, despite a number of adverse economic factors. This optimism is based on a revival of private-sector consumption, which will gain momentum in the year ahead. The main factors behind this growth will be a further decline in unemployment in the EU Member States and an increase in disposable income. This forecast is supported above all by the indicator for consumer confidence, which is rising steadily. On the whole, the economy in the Eurozone will show signs of cooling in 2008.

Business trends in the past have shown that such macroeconomic prospects do not necessarily have an impact on the live entertainment market.

INDUSTRY, MARKET AND COMPETITION

The Group currently commands a leading market position in ticket sales. It is not certain that this market position can be maintained. In providing their services, the Group companies compete with regional and supraregional providers as well as with direct ticket sales by event promoters. However, efforts are being made to expand on the company's position as market leader by offering a range of special services, such as an exclusive pre-sale service on the Group's Internet portals, the option of booking specific seats via the Internet, or by launching the new 'ticketdirect' home printing solution.

Risks may also ensue from intensified globalisation and/or monopolisation on the entertainment market.

8.2.2 MARKET RISKS

PRODUCTS, SERVICES AND INNOVATION

Further development of the CTS ticketing software (Global Ticketing 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 CTS Group 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 and the shareholder value of its assets in the ticketing sector depend significantly on promoters selling their admission tickets via 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 interests in various well-known concert promoters at regional and supraregional level.

The Group's business operations and the shareholder value of its assets in the live entertainment sector are significantly dependent on promoters continuing to offer artists (content) of national and international renown, thus ensuring high attendance rates at events.

The CTS Group will respond to any competitive and price-related pressure arising by new industry-specific or customer-specific services and sales initiatives.

8.2.3 PERFORMANCE RISKS

STABILITY AND SECURITY OF THE IT INFRASTRUCTURE BEING USED

The availability and security of the software and hardware used in Germany and other countries is a key prerequisite for business success, in that any malfunctioning or failures may cause sustained damage to the Group's internal and external processes or to the services it performs for its customers.

These risks are countered with many measures that are extensively defined in a security policy and guidelines adopted by the Management Board.

PURCHASING

Being an IT-based service provider, operator and supplier of ticketing systems and a promoter of live events, the CTS Group works together with very different suppliers. Potential risks in this area are encountered by establishing quality standards in the supply and procurement process, and by procedures for tendering and project costing.

PERSONNEL RISKS

The financial successes achieved to date are attributable in large measure to the activity and special commitment of certain key people with important leadership roles. Financial success will continue to depend on these managers remaining in the employ of the company, and on whether the company can continue to recruit new, highly skilled personnel in Germany and abroad. The management development programme provides dedicated support for, and advancement of management potential as well as incentive systems.

8.2.4 FINANCIAL MARKET RISKS

CASH FLOW RISK

Cash flow is planned and managed to ensure permanent solvency and financial flexibility. Monies generated by advance ticket sales are deposited in separate service accounts until accounting for the respect event has been completed. There are also standard credit agreements with various banks. The extension risk is minimised by varying credit terms.

DEFAULT RISKS

There are credit or default risks to the extent that a debtor is no longer able to settle an outstanding bill. The maximum default risk is equal in theory to the fair value of all receivables, minus payables owed to the same debtor if set-off is possible. In the annual financial statements of CTS AG and the Group, allowances for doubtful accounts were made to offset identified default risks.

FOREIGN EXCHANGE RISKS

Foreign exchange risks to which the Group is exposed result from investments, financing activities and operating activities. Within the Group, some contracts with artists as well as licensing agreements are transacted in foreign currencies.

TAXES

Different opinions on fiscal matters may lead to subsequent tax demands being imposed that have adverse impacts on the financial situation. A fiscal audit of the Group is currently being conducted in respect of the years 2000 to 2004.

LITIGATION AND CLAIMS FOR DAMAGES

Pending litigation and damages claims are reported under point 11 of the notes to the consolidated financial statements.

8.3 NO RISKS TO THE CONTINUED EXISTENCE OF CTS AG AND THE GROUP AS GOING CONCERN

An overview of risks shows that the Group is mainly exposed to market and performance risks. The Management Board currently assumes that risks are limited and transparent on the whole and that they do not jeopardise CTS AG and the Group as going concern. Nor are there any identifiable risks that might jeopardise their continued existence as going concern.

9. MANAGEMENT BOARD REPORT PURSUANT TO § 120 (3) SENTENCE 2 AKTG, ON THE DISCLOSURES MADE IN ACCORDANCE WITH §§ 289 (4) AND 315 (4) HGB

The registered capital of CTS AG is EUR 24,000,000, divided into 24,000,000 no-par bearer shares. Each share entitles the bearer to one vote.

The Management Board of the Company is not aware of any restrictions on voting rights or on the transfer of shares.

Mr. Klaus-Peter Schulenberg, Bremen, holds 50.067% of the voting rights. The Company has no knowledge of any other shareholdings, direct or indirect, that exceed 10% of the voting rights.

Shares with special controlling rights (‘golden shares’) do not exist.

There are no special forms of monitoring voting rights in the event that employees holds shares in the company’s capital.

Appointment and dismissal of Management Board members is governed by § 84 and 85 AktG and by § 5 III 3 of the Company’s articles of incorporation. According to which the members of the Management Board are appointed (and dismissed) by the Supervisory Board for a maximum of five years. Re-appointments are permissible. According to § 5 I of the articles, the Management Board comprises two or more persons; the number of members is determined by the Supervisory Board, which may also nominate a member of the Management Board as its Chairperson pursuant to § 84 AktG.

According to § 179 (1) AktG, the articles of incorporation may be amended by a shareholder resolution, which requires a majority equal to at least three-quarters of the registered capital present at voting (§ 179 (2) AktG). § 8 (8) of the CTS AG articles of incorporation avail of the option provided for in § 179 (2) AktG, and defines that resolutions may be adopted with a simple majority of votes as far as allowed and, if a majority of share capital is required, with a simple majority of the share capital. Shareholder resolutions for which a qualified majority of votes or share capital is required by law, are adopted at the Shareholders’ Meeting by a two-thirds majority unless otherwise stipulated by mandatory statutory provisions.

The Management Board has been authorised to increase the registered capital by up to EUR 12,000,000 by 31 July 2009, contingent on Supervisory Board approval, by issuing up to 12,000,000 new bearer shares against cash contributions or contributions in kind (approved capital 2004).

The Management Board has also been authorised to increase the share capital by up to EUR 360,000, contingent on Supervisory Board approval, by issuing up to 360,000 bearer shares to holders exercising options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000.

In a shareholder resolution adopted on 8 June 2007, the Company was authorised to purchase, as treasury stock, up to 10% of the 24,000,000 outstanding shares in the Company's subscribed capital as of the resolution date, in the period up to and including 8 December 2008, except for the purpose of trading in treasury stock, and in compliance with the restrictions of § 71 (2) AktG. The counter value paid for these shares may not exceed or fall below the traded price by more than 10%. 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 publication of the offer to purchase the shares. 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 treasury stock may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

No disclosures need to be made regarding material agreements concluded by the Company which are contingent on a change of control following a takeover bid, or regarding the effects ensuing there from.

There are no compensation agreements with members of the Management Board or employees that shall take effect in the event of a takeover bid.

10. OUTLOOK

The CTS Group will maintain its basic strategic direction as leader of the European ticketing market.

Of the many opportunities available, some of those which are especially important for both CTS AG and the Group are highlighted below.

2008 is expected to provide some encouraging stimuli, irrespective of the less optimistic outlook for the economy as a whole. Even though when the economy is going through a rather difficult patch, demand for live entertainment has been and continues to be unbroken. Another aspect is that the ticketing field will be increasingly dominated by the Internet, as a form of home shopping, because more and more customers now have routine access to the web.

For the CTS Group, 2008 will be another year marked by growth and expansion. Strategic decisions will continue to centre on new technologies and innovative products, on expanding the sports business, on integrating newly acquired companies into the Group and on further developing the highly profitable Internet business. Implementing our partnership with Live Nation will also play a key role in 2008.

If business expectations and strategic plans come to fruition, 2008 and 2009 will be business years with continued growth and progress. Based on budget fundamentals, the Management Board is confident that the key performance figures for steering the company will be met or even exceeded in the current and following business years. The amount of dividend will be based on earnings and on the strategic development of the Group.

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, 10 March 2008

CTS EVENTIM Aktiengesellschaft

The Management Board

7. CONSOLIDATED FINANCIAL STATEMENTS 2007

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 (IFRS)

ASSETS		31.12.2007 [EUR]	31.12.2006 [EUR]
Current assets			
Cash and cash equivalents	(1)	141,764,029	153,594,858
Trade receivables	(2)	24,202,044	19,130,037
Receivables from affiliated companies	(3)	1,197,624	773,665
Inventories	(4)	13,193,872	18,654,618
Receivables from income tax	(5)	3,991,762	3,841,524
Other assets	(6)	18,519,660	12,540,433
Total current assets		**202,868,991**	**208,535,135**
Non-current assets			
Fixed assets	(7)	7,795,323	5,544,962
Intangible assets	(8)	22,480,202	8,442,733
Financial assets	(9)	998,334	1,295,822
Investments stated at equity	(10)	32,816	15,552
Loans	(11)	2,298,373	2,618,563
Trade receivables	(12)	602	879
Receivables from affiliated companies	(13)	662,784	339,076
Other assets	(14)	49,347	27,410
Goodwill	(15)	74,095,038	44,711,238
Deferred tax assets	(16)	4,046,233	2,305,230
Total non-current assets		**112,459,052**	**65,301,465**
Total assets		**315,328,043**	**273,836,600**

eventim

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2007 [EUR]	31.12.2006 [EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(17)	2,932,391	5,075,994
Trade payables	(18)	26,036,589	22,357,589
Payables to affiliated companies	(19)	286,860	539,768
Advance payments received	(20)	52,746,177	78,055,238
Other provisions	(21)	1,121,725	1,001,536
Tax provisions	(22)	10,143,003	8,523,048
Other liabilities	(23)	85,408,291	58,070,769
Total current liabilities		**178,675,036**	**173,623,942**
Non-current liabilities			
Medium- and long-term financial liabilities	(24)	19,810,751	0
Other liabilities	(25)	2,102,000	3,153,000
Pension provisions	(26)	2,521,589	1,814,605
Deferred tax liabilities	(27)	2,367,659	0
Total non-current liabilities		**26,801,999**	**4,967,605**
Shareholders' equity	(28)		
Share capital		24,000,000	24,000,000
Capital reserve		23,306,832	23,302,357
Earnings reserve		22,296	0
Balance sheet profit		55,467,128	43,813,348
Treasury stock		-57,638	0
Minority interest		7,152,876	4,128,607
Currency differences		-40,486	741
Total shareholders' equity		**109,851,008**	**95,245,053**
Total shareholders' equity and liabilities		**315,328,043**	**273,836,600**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007 (IFRS)

		01.01.2007-31.12.2007 [EUR]	01.01.2006-31.12.2006 [EUR]
Revenues	(1)	384,375,097	342,927,262
Cost of sales	(2)	-301,196,213	-253,970,711
Gross profit		**83,178,884**	**88,956,551**
Selling expenses	(3)	-23,396,952	-31,060,888
General administrative expenses	(4)	-14,268,085	-13,091,830
Other operating income	(5)	7,492,475	5,861,427
Other operating expenses	(6)	-6,245,170	-4,982,150
Operating profit (EBIT)		**46,761,152**	**45,683,110**
Income / expenses from companies in which participations are held	(7)	139,917	297,944
Income / expenses from investments stated at equity	(8)	17,263	5,548
Financial income	(9)	4,475,296	2,795,817
Financial expenses	(10)	-1,412,572	-799,641
Profit from ordinary business activities (EBT)		**49,981,056**	**47,982,778**
Taxes	(11)	-19,754,092	-19,485,022
Net income before minority interest		**30,226,964**	**28,497,756**
Minority interest	(12)	-6,813,184	-4,965,326
Net income after minority interest		**23,413,780**	**23,532,430**
Earnings per share (in EUR); undiluted (= diluted)		0,98	0,98
Average number of shares in circulation; undiluted (= diluted)		24,000,000	24,000,000

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

	Share capital	Capital reserve	Earnings reserve	Balance sheet profit	Treasury stock	Minority interest	Currency differences	Total share-holders' equity
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Status 01.01.2006	**24,000,000**	**23,302,357**	**0**	**28,440,918**	**0**	**6,327,698**	**-331**	**82,070,642**
Currency differences	0	0	0	0	0	0	1,072	1,072
Change in scope of consolidation	0	0	0	0	0	-14,920	0	-14,920
Distribution in 2006	0	0	0	-8,160,000	0	-7,149,497	0	-15,309,497
Net income after minority interest for 2006	0	0	0	23,532,430	0	4,965,326	0	28,497,756
Status 31.12.2006	**24,000,000**	**23,302,357**	**0**	**43,813,348**	**0**	**4,128,607**	**741**	**95,245,053**
Currency differences	0	0	0	0	0	0	-41,227	-41,227
Change in scope of consolidation	0	4,475	0	0	0	89,508	0	93,983
Purchase treasury stock	0	0	0	0	-57,638	0	0	-57,638
Allocation to earnings reserve	0	0	22,296	0	0	0	0	22,296
Change in minority interest put option	0	0	0	0	0	620,704	0	620,704
Distribution in 2007	0	0	0	-11,760,000	0	-4,499,127	0	-16,259,127
Net income after minority interest for 2007	0	0	0	23,413,780	0	6,813,184	0	30,226,964
Status 31.12.2007	**24,000,000**	**23,306,832**	**22,296**	**55,467,128**	**-57,638**	**7,152,876**	**-40,486**	**109,851,008**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007 (IFRS)

The following cash flow statement states the flow of funds from operating activities, investing activities and financing activities of the Group, and the resultant change in cash and cash equivalents:	01.01.2007-31.12.2007 [EUR]	01.01.2006-31.12.2006 [EUR]
A. Cash flow from operating activities		
Net income after minority interest	23,413,780	23,532,430
Minority interest	6,813,184	4,965,326
Depreciation and amortization on property, plant and equipment	7,627,595	6,334,998
Appreciation on property, plant and equipment	-129,850	-97,289
Additions to pension provisions	144,614	20,800
Deferred tax expenses / income	786,064	635,550
Cash flow	**38,655,387**	**35,391,815**
Other cash-neutral expenses / income	125,537	5,300
Book profit / loss from disposal of intangible and fixed assets	-13,191	35,391
Interest income	-3,899,093	-2,717,531
Interest expenses	903,464	799,249
Income tax expenses	18,968,028	18,849,472
Interest received	3,749,071	2,597,717
Interest paid	-240,720	-101,013
Income taxes paid	-16,327,252	-19,364,349
Decrease / increase in inventories; payments on account	5,468,350	-658,541
Decrease / increase in receivables and other assets	-6,201,567	-6,979,249
Decrease / increase in provisions	-2,339,059	1,624,487
Decrease / increase in current liabilities	-14,886,694	18,033,552
Cash flow from operating activities	**23,962,261**	**47,516,300**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-3,497,987	-6,504,896
Payments for investments in fixed assets	-3,891,186	-3,672,260
Proceeds from sales of fixed assets	36,363	248,414
Proceeds from sales of financial assets	606,871	319,533
Payments for investments in financial assets	-789,667	-864,312
Payments for acquisition of consolddidated companies	-11,221,506	-2,417,553
Cash flow from investing activities	**-18,757,112**	**-12,891,074**
C. Cash flow from financing activities		
Proceeds from additions to shareholders‘ equity by minority interest (share capital increase)	2,177,030	0
Payments for redemption of financing loans	-2,709,745	-2,016,540
Distribution of profits to minority interest	-16,503,263	-15,298,817
Cash flow from financing activities	**-17,035,978**	**-17,315,357**
D. Net increase / decrease in cash and cash equivalents	**-11,830,829**	**17,309,869**
Cash and cash equivalents at beginning of period	153,594,858	136,284,989
E. Cash and cash equivalents at end of period	**141,764,029**	**153,594,858**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	141,764,029	153,594,858
Cash and cash equivalents at end of period	**141,764,029**	**153,594,858**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL BUSINESS YEAR FROM 1 JANUARY – 31 DECEMBER 2007 (IFRS)

1. PRINCIPLES

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

The company is registered as CTS EVENTIM AG (hereinafter: CTS AG), Dingolfingerstrasse 6, D-81673 Munich, Germany, in the Commercial Register at Munich Local Court under no. HRB 156963. The company's head office is in Bremen, Germany. Shares in CTS AG are traded under securities code 547030 in the SDAX segment of the Frankfurt Stock Exchange.

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 with 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 organisers. The objects of the Live Entertainment segment, in addition, are the planning, preparation and execution of events, in particular music events and concerts, and the marketing of music productions.

The annual financial statements of CTS AG and the consolidated financial statements of CTS AG, which have in unqualified audit opinion from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Osnabrück, are published in the electronic Federal Gazette (Bundesanzeiger).

These consolidated financial statements and the combined management report were approved by the Management Board of CTS AG on 10 March 2008, for presentation to the Supervisory Board.

1.2 ACCOUNTING PRINCIPLES

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), in the form applicable within the European Union (EU), and in accordance with the supplementary accounting regulations pursuant to § 315a (1) HGB. All IFRSs issued by the International Accounting Standards Board (IASB) and applicable when these consolidated financial statements were prepared have been adopted by the European Commission for use in the EU. The consolidated financial statements were prepared on the basis of historical purchase and production costs, limited by the recognition of financial assets at fair value through profit or loss, which are carried at fair value.

The layout of the balance sheet conforms to IAS 1. A distinction is made in the balance sheet between current and non-current assets and liabilities, some of which are disclosed in detail in the notes, according to time to recovery or settlement. The layout of the income statement is based on the 'cost of sales' method. Expenses incurred are set in relation to the revenues generated and are classified according to their function as costs of sales, selling or general administrative expenses. The consolidated financial statements as at 31 December 2007 are prepared in euros.

1.3 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued additional standards and interpretations that are not yet mandatory for the 2007 financial year and which have not been applied to the consolidated financial statements as at 31 December 2007. Application of these IFRSs is conditional on the EU granting them recognition, which in some cases has yet to occur.

- IFRIC 12 'Service Concession Arrangements' (applicable on or after 1 January 2008)
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (applicable on or after 1 January 2008)
- IFRIC 13 'Customer Loyalty Programmes' (applicable on or after 1 July 2008)
- IFRS 8 'Operating Segments' (applicable on or after 1 January 2009)
- IAS 23 'Borrowing costs' (applicable on or after 1 January 2009)

In February 2008, the IASB adopted the amended IAS 32 'Financial Instruments: Presentation' and the amendment of IAS 1 'Presentation of Financial Statements' in respect of 'Puttable Financial Instruments and Obligations Arising on Liquidation'. The new version of IAS 32 is of central importance for separating between shareholders' equity and liabilities, and under certain conditions allows puttable instruments based on a contract under company law to be classified as shareholders' equity. The new version provides for shares in German partnerships to be classified as shareholders' equity if the holder is entitled by virtue of these shares to a pro rata share of the entity's net assets in the event of the entity's liquidation. The changes must be applied to business years beginning on or after 1 January 2009.

Standards that are not applicable until after the balance sheet date have not been prematurely applied. There were therefore no material impacts on the financial position, cash flow and earnings performance of the Group as a result of such premature application of standards.

1.4 INTERPRETATIONS AND AMENDMENTS OF PUBLISHED STANDARDS WITH MANDATORY APPLICATION IN 2007

The IFRS 7 published by IASB in 2005 was applied for the first time in the reporting year. Although there are no resultant impacts on the financial position, cash flow and earnings performance of the CTS Group, extensive comments and additional details on financial instruments are required in the notes section. The amendment of IAS 1 'Presentation of Financial Instruments - Capital Disclosures', which was likewise adopted by the IASB in 2005, was also applied for the first time. The amendment of IAS 1 requires additional disclosures to be made concerning the classification and management of the business capital of the CTS Group (cf point 2.5 at the combined management report).

1.5 DISCLOSURES CONCERNING THE GROUP OF CONSOLIDATED ENTITIES AND THE PRINCIPLES OF CONSOLIDATION

All relevant subsidiaries 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 of the Group's overall financial position, cash flow and earnings performance. The revenues of capitalised participations not included in the consolidated financial statements due to insignificance is less than 1% of the Group's total revenues.

The financial statements of companies included in the consolidated financial statements are prepared as a basic principle in accordance with uniform accounting and valuation methods.

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 the carrying amount of the participation against the revalued shareholders' equity of the subsidiary at the time of acquisition ('purchase accounting'). The purchase costs of the acquisition are equal to the fair value of the transferred assets and debts assumed at the time of transaction, plus the costs directly attributable to the acquisition. Assets, debts and contingent liabilities which can be identified in the context of a business combination are recognised at their respective fair values when first included in consolidation. Any amount by which the purchase costs exceed the Group's share in the fair value of net assets is recognised as goodwill. According to IFRS 3 and IAS 36, goodwill must be reviewed annually with regard to carrying value and any indications of impairment. Puchase costs amounting to EUR 19.652 million were incurred in purchase costs, including contributions to capital, for shares in subsidiaries newly consolidated in 2007.

As a basic principle, consolidation is effected as at the time of acquisition, when control is acquired, or when the minimum materiality levels for inclusion in consolidation are exceeded.

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 loss from investments stated at equity. If the Group's share in losses from an associated company is equal to or greater that the Group's share in that company, the Group does not post any further losses unless it has entered into obligations in respect of the associated company, or has made payments for the associated company. The investment in Greensave GmbH, Würzburg, was valued at equity and included in the consolidated financial statements. Due to an increase in shares held in MEDUSA Music Group GmbH, Bremen, the Group's interest in said company increased to 28.1% (prior year: 27.7%).

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 2007 financial year:

TICKETING SEGMENT

With effect from 1 January 2007, CTS AG acquired 51% of the shares in Zritel o.o.o., Moscow (hereinafter: Zritel), for a provisional purchase price of around EUR 3.0 million. Zritel is Russia's biggest private-sector provider of ticketing services and operates the Kontramarka and Parter ticketing systems. Zritel is also the operator of the two major Russian Internet ticketing portals, www.parter.ru and www.kontramarka.ru. The company was included in consolidation for the first time as from 1 January 2007. Since initial consolidation, Zritel has generated EUR 2.782 million in revenues and earnings of EUR 583 thousand. In addition to the EUR 2.727 million in goodwill arising from initial consolidation, EUR 250 thousand was allocated to the trademark rights and duly recognised within the purchase price allocation. Goodwill arising from recognition of purchase price obligations in respect of put options is carried at EUR 1.912 million as at the balance sheet date.

With a notarial contract dated 22 February 2007 and with effect from the same day, CTS AG acquired the remaining 20% share, previously held by an external shareholder, in the Bremen-based GSO Holding GmbH; since that date, CTS AG has therefore held 100% of the shares in said company. The purchase price paid for the shares was EUR 0.4 million.

On the basis of contracts concluded on 18 May 2007 and 8 November 2007, CTS AG acquired shares in the TicketOne S.p.A. (hereinafter: TicketOne), an Italian company domiciled in Milan through an intermediate company. TicketOne is the leader provider of ticketing services in Italy and in 2006 sold more than 13 million tickets through direct sales channels and its inhouse systems. TicketOne also owns majority interests in T.O.S.T Ticketone Sistemi Teatrali S.r.l., Milan, and in Panischi S.r.l., Milan. As a first step, CTS AG acquired a 43.2% share in TicketOne for a purchase price of around EUR 14 million. TicketOne and its subsidiaries are fully consolidated. CTS AG exercises control, according to IAS 27, due to legal agreements. An agreed purchase option ensures that CTS AG can increase its shareholding in TicketOne in the medium term. Since initial consolidation (1 June 2007), the TicketOne Group has generated EUR 8.147 million in revenues and EUR -6 thousand in earnings. Assets and debts were recognised at fair value in the provisional purchase price allocation. Within the purchase price allocation assets and liabilities were recorded at their fair value, at EUR 7.868 million. As at 31 December 2007 the purchase price allocation is preliminary because the effects on distribution rights, in particular, still have to be analysed. Hidden reserves amounting to EUR 6.910 million were identified in respect of distribution rights. Recognition of the assets and debts led, among other things, to deferred tax liabilities of EUR 2.621 million being carried. Deferred tax assets amounting to EUR 892 thousand were recognised, mainly in respect of loss carry-forwards. This results in goodwill of EUR 11.868 million being recognised during consolidation. Goodwill arising from recognition of purchase price obligations in respect of put options is carried at EUR 11.812 million as at the balance sheet date.

With effect from 1 January 2007, TEX Hungary Kft., Budapest – a company spin off from Ticket Express Hungary Kft., Budapest, a company already consolidated in previous years – was included in consolidation for the first time. As at the date of initial consolidation, the Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH (hereinafter: TEX), Vienna, held 51% of the shares in TEX Hungary Kft.. In 2007, the company generated EUR 528 thousand in revenues and a net loss of EUR 21 thousand. In August 2007, TEX acquired a further 20% of the shares in TEX Hungary Kft. as well as in Ticket Express Hungary Kft., with the result that TEX now holds 71% of the shares in each company. The purchase price paid for the increase in shareholdings totalled EUR 0.1 million.

In the fourth quarter of 2007, TSC EVENTIM Ticket & Touristik-Service-Center GmbH, Bremen (hereinafter: TSC), was included in consolidation for the first time because leading the operating business activities control exists according to IAS 27. CTS AG holds 50% of the shares in said company, which is fully included in consolidation. The purchase price for the shares was EUR 1.0 million. Since initial consolidation, the company has generated EUR 831 thousand in revenues and EUR 215 thousand in earnings.

On 20 November 2007, TEX acquired an additional 10% of the shares in ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz (hereinafter: ÖTS), so TEX now holds 65% of the shares in the company. The purchase price paid for the increase in shareholdings was EUR 0.1 million.

LIVE ENTERTAINMENT SEGMENT

With effect from 1 January 2007, OCTOPUS GmbH Agentur für Kommunikation, Hamburg (hereinafter: Octopus), was included in consolidation for the first time. Octopus is a wholly-owned subsidiary of FKP Scorpio Konzertproduktionen GmbH, Hamburg. In 2007, the company generated revenues amounting to EUR 954 thousand and earnings of EUR 39 thousand.

In a contract concluded on 30 May 2007, CTS AG acquired an additional 1.47% of the shares in the MEDUSA Music Group GmbH, Bremen, based on the capitalised contractual purchase price obligations deriving from put options already recognised (in accordance with IAS 32) in fiscal 2006. CTS AG now holds 94.4% of the shares in said company.

With effect from 1 October 2007, Palazzo Produktionen Berlin GmbH, Hamburg (hereinafter: Palazzo Berlin), was included in consolidation for the first time. Palazzo Berlin is a wholly-owned subsidiary of Palazzo Produktionen GmbH, Hamburg. Since initial consolidation, the company has generated EUR 1.387 million in revenues. In the short business year, a net loss of EUR 494 thousand was realized because of preproduction costs. The events season in Berlin comprises the period between December 2007 and March 2008.

Show-Factory Entertainment GmbH, Bregenz, Austria (hereinafter: Showfactory), was included in consolidation because it exceeded the minimum materiality level for inclusion. As at initial consolidation, Semmelconcerts Veranstaltungsservice GmbH, Bayreuth, held a 51% interest in Showfactory. Since initial consolidation, the company has generated EUR 9.190 million in revenues and EUR 563 thousand in earnings.

See point 2, Goodwill (15) in the notes to the consolidated financial statements for disclosure of the assets and liabilities taken over in connection with changes to the group of consolidated entities.

	Country	Percentage interest (held by the respective owning company) 2007	2006
GSO Holding GmbH, Bremen		100.0%	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, Stainz (ÖTS)	Austria	65.0%	55.0%
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt (ÖT SüdOst)	Austria	66.7%	66.7%
Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Linz (ÖT Nord)	Austria	100.0%	100.0%
Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH, Tulln (ÖT Nordost)	Austria	50.1%	50.1%
Ticket Express Hungary Kft., Budapest (TEX Ungarn)	Hungary	71.0%	51.0%
TEX Hungary Kft., Budapest	Hungary	71.0%	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)		100.0%	100.0%
CTS Eventim Nederland B.V., Amsterdam (CTS Nederland B.V.)	Netherlands	100.0%	100.0%
CTS Eventim Sports GmbH, Hamburg (CTS Eventim Sports)		100.0%	100.0%
Eventim Sports Consulting GmbH, Bremen		100.0%	100.0%
CTS Eventim Schweiz AG, Basle (CTS Eventim Schweiz) (formerly: TicTec AG)	Switzerland	100.0%	100.0%
Zritel o.o.o. Moscow (Zritel)	Russia	51.0%	0.0%
Ticketone S.p.A., Mailand (TicketOne)	Italy	43.2%	0.0%
Panischi S.r.l, Milan (Panischi)	Italy	100.0%	0.0%
T.O.S.T. Ticketone Sistemi Teatrali S.r.l., Milan (TOST)	Italy	60.0%	0.0%
TSC EVENTIM Ticket & Tourist-Service-Center GmbH, Bremen (TSC)		50.0%	50.0%
MEDUSA Music Group GmbH, Bremen (Medusa)		94.4%	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 Verwaltungs GmbH, Cologne		100.0%	100.0%
FKP Scorpio Konzertproduktionen GmbH, Hamburg (FKP Scorpio)		50.2%	50.2%
Semmelconcerts Veranstaltungsservice GmbH, Bayreuth (Semmel)		50.2%	50.2%
ARGO Konzerte GmbH, Würzburg (ARGO)		50.2%	50.2%
Dirk Becker Entertainment GmbH, Cologne (Dirk Becker)		83.0%	83.0%
LS Konzertagentur GmbH, Vienna (LS)	Austria	100.0%	75.0%
PGM 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 Wien)	Austria	100.0%	100.0%
Palazzo Producties B.V., Amsterdam (Palazzo Amsterdam)	Netherlands	100.0%	100.0%
Palazzo Produktionen Berlin GmbH, Hamburg (Palazzo Berlin)		100.0%	0.0%
Act Entertainment AG, Basle (Act Entertainment)	Switzerland	51.0%	51.0%
Show-Factory Entertainment GmbH, Bregenz (Showfactory)	Austria	51.0%	51.0%
OCTOPUS GmbH Agentur für Kommunikation, Hamburg (Octopus)		100.0%	100.0%

1.6 PRINCIPLES OF CURRENCY TRANSLATION

Business transactions which are made by Group companies in currencies other than the local currency are translated at the rate applying on the date of transaction.

The financial statements of foreign subsidiaries whose currency is not the Euro 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 item in shareholders' equity.

1.7 PRINCIPAL ACCOUNTING AND VALUATION METHODS

ACCOUNTING AND VALUATION METHODS

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

In accordance with IAS 32, contracts which obligate a company to purchase its own equity instruments are recognised as financial liabilities carried at the present value of the purchase price. This principle also applies when the obligation to purchase such instruments is conditional on the contractual partner exercising an option, and is independent of the probability of such option being exercised. In compliance with changes in international accounting practice, this principle is also applicable to the forward purchase of minority interest and put options granted to the minority interest of the CTS Group. In order to calculate the potential purchase price commitments, it was necessary to reclassify these minority interest as liabilities rather than shareholders' equity. In addition, goodwill is capitalised to the amount of difference between the present value of the liabilities and the carrying amount of the minority interest, provided that the purchase price obligations resulting from put options are for a fixed strike price and all the opportunities and risks deriving from the put option are kept within the CTS Group.

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 include bank balances, cash in hand and securities. Bank balances and cash in hand are valued at the balance sheet date with their nominal value, and securities are valued at their fair value.

RECEIVABLES

Receivables and other assets are carried at nominal value minus adjustments for discernible risks. The Group 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 cost, taking ancillary expenses into account and deducting any bonuses or discounts received, or at cost of sales, or at the net realisable value on the balance sheet date. Borrowing costs for loan capital are not capitalised.

FINANCIAL INSTRUMENTS

The stated values of the Group's financing instruments, which include cash and cash equivalents, loans, financial assets, trade receivables and payables, receivables and payables from/to affiliated companies, other assets and liabilities as well as financial liabilities, are compliant with the accounting principles in IAS 39.

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

- loans and receivables,
- financial assets at fair value through profit or loss,
- held-to-maturity investments,
- 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 'held-to-maturity investments'. Some financial assets classified as 'loans and receivables', 'financial assets at fair value through profit or loss' 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 serves directly to a debtor without any intention to trade the receivables. Loans and receivables are carried in the balance sheet under loans, trade receivables, receivables from affiliated companies and other receivables.

Loans and receivables are carried at their current purchase cost. At each closing date, the carrying amounts of any financial assets which are not carried at fair value through profit or loss are reviewed to determine whether there are any objective material indications of impairment. Any impairment expense is carried through profit or loss.

The financial assets carried at fair value through profit or loss are short-term monetary investments reported under cash and cash equivalents.

The available-for-sale financial assets include participations in other companies. These are stated at their respective purchase costs because there is no active market for these companies, and because present fair values cannot reasonably be calculated with any reliability. If there are any indications that fair values are lower, these are applied accordingly.

INTANGIBLE AND FIXED ASSETS

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

Development costs for proprietary software are recognised as assets if they meet the criteria specified in IAS 38.

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

- Software, licences: 3 - 12 years on average
- Trademarks: 5 - 10 years
- Customer base: 5 years
- Other property, plant and office equipment: 3 - 14 years

Due to the extensive networking and internationalisation of the CTS ticketing software, the ‘Global Ticketing System’ asset had to be capitalised in the business year. The basis for recognition of the ticketing system is the carrying value of the ‘Ticketing Distribution Layer’ as at 31 December 2006, which has been carried hitherto as an intangible asset. Further advancements of the CTS ticketing software achieved by networking additional software systems (network, web, in-house) and implementing systems meeting international requirements resulted in this new intangible asset ‘Global Ticketing System’. The asset will be amortized over a useful economic life of 12 years.

In accordance with IFRS 3, goodwill with an indefinite useful life is not amortized systematically, but reviewed for impairment on the basis of the recoverable amount for the entity generating cash flow to which the goodwill is allocated. For the impairment test, the goodwill is subdivided and allocated to the entities generating cash flow. The goodwill is allocated to those cash-generating entities expected to derive benefits from the business combination in which the goodwill arose.

The Group 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 amount. Impairments of goodwill may not be reversed.

In compliance with IAS 36, the Group 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 applicable amount, 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. 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 and liabilities are recognised in compliance with IAS 12, according to which deferred taxes are reported using the balance sheet liabilities method. Deferred tax assets and liabilities are recognised 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.

LIABILITIES

Liabilities are measured at amortized cost using the effective interest method. Their composition and remaining terms are shown in the statement of liabilities.

PROVISIONS

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

Provisions for pensions and similar obligations are formed for defined benefit and defined contribution plans. These are obligations on the part of the company resulting from pension expectancies and ongoing benefits paid to active employees who are eligible to benefits. Pension obligations depend on years of service and the pay level of the respective employee.

Provisions for defined benefit plans are calculated using the projected unit credit method. This latter method takes account not only of the pensions and acquired benefits known on the reporting date, but also any anticipated increases in salaries and pensions. The calculation is based on actuarial expertises, taking biometric factors into account.

Actuarial gains and losses resulting from adjustments and amendments of actuarial assumptions in line with experience are included in the income statement.

If reinsurance policies exist for pension commitments and can only be used to cover the benefits due under the pension commitments, and the insurance policy is pledged to the beneficiary employee, these are treated as qualifying insurance policies in accordance with IAS 19. The coverage values are treated as plan assets and offset against the respective pension provisions in the balance sheet.

RECOGNITION OF REVENUES

Revenues and other operating income 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. Research and development expenditures are mostly included in costs of sales, since these costs are for continuous improvement of the software. Separate disclosure under research and development therefore does not apply. Development costs incurred by the Group are expensed if they do not meet the requirements specified in IAS 38.

LEASING ARRANGEMENTS

Leasing instalments for operating leasing arrangements are recognised under other operating expenses for the term of the respective leasing arrangement.

2. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

The cash and cash equivalents of EUR 141.764 million (prior year: EUR 153.595 million) are predominantly bank balances and mainly relate to ticket revenues from pre-sales for events in 2008. They are offset by EUR 60.506 million (prior year: EUR 38.217 million) in liabilities accruing from ticket revenues that have not yet been invoiced. Cash and cash equivalents include EUR 13.840 million in securities (institutional money market funds) (prior year: EUR 5.641 million), which are classified as financial assets at fair value through profit or loss.

Cash and cash equivalents also include a sum of EUR 495 thousand that was pledged to receive a guaranteed loan.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 24.202 million (prior year: EUR 19.130 million) are payable within one year.

RECEIVABLES FROM AFFILIATED COMPANIES (CURRENT) (3)

The EUR 1.198 million in current receivables from affiliated companies (prior year: EUR 774 thousand) relate primarily to receivables from subsidiaries in eastern Europe that are not consolidated due to insignificance, and include EUR 2 thousand in receivables from associated companies (prior year: EUR 12 thousand).

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2007 [EUR'000]	31.12.2006 [EUR'000]	Change [EUR'000]
Raw materials and consumables	284	259	25
Work in progress	0	13	-13
Merchandise	855	629	226
Payments on account for events	12,055	17,754	-5,699
	13,194	**18,655**	**-5,461**

No impairments of inventories have been made. Payments on account pertain to prepaid production costs (e.g. artists' fees) for events taking place in 2008.

RECEIVABLES FROM INCOME TAX (CURRENT) (5)

The receivables from income tax relate to tax refund entitlements amounting to EUR 3.992 million (prior year: EUR 3.842 million).

OTHER ASSETS (CURRENT) (6)

Other assets, at EUR 18.520 million (prior year: EUR 12.540 million) comprise financial assets (EUR 14.176 million, prior year: EUR 8.427 million) and non-financial assets (EUR 4.344 million, prior year: EUR 4.113 million).

Other financial assets mainly relate to short-term loans and personnel debts at EUR 1.999 million (prior year: EUR 2.373 million), receivables from ticket pre-sales at EUR 7.627 million (pprior year: EUR 3.442 million) and other receivables at EUR 4.550 million (prior year: EUR 2.612 million).

The other, non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 1.533 million (prior year: EUR 1.289 million), and other receivables amounting to EUR 1.196 million (prior year: EUR 890 thousand). Other, non-financial assets also include a deferred expense item at EUR 1.615 million (prior year: EUR 1.934 million) that mainly relates to maintenance expenses and costs for events in subsequent business years.

In the 2007 business year, collaterals amounting to EUR 846 thousand (prior year: EUR 470 thousand) were provided by Group companies, in particular for rental deposits (EUR 291 thousand).

FIXED ASSETS (7)

The composition and development is shown in the following table:

	Land, land rights and buildings, including buildings on third-party land	Technical equipment, plant and machinery	Other facilities, operating and office equipment	Payments on account	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Purchase cost					
Status 1 January 2006	274,700	108,186	12,308,463	0	12,691,349
Change in consolidated companies	0	0	490,071	0	490,071
Additions	8,354	572,445	3,091,460	0	3,672,260
Disposals	-101,040	-794	-2,225,410	0	-2,327,244
Status 31 December 2006	182,014	679,837	13,664,584	0	14,526,436
Change in consolidated companies	4,690	0	2,351,354	665	2,356,709
Additions	0	69,470	2,184,211	1,637,505	3,891,186
Disposals	-33,903	1	-389,206	0	-423,108
Reclassification	0	0	-259,700	259,700	0
Adjustments due to tax audit	0	0	10,197	0	10,197
Status 31 December 2007	**152,801**	**749,308**	**17,561,441**	**1,897,870**	**20,361,420**
Accumulated depreciation and amortization					
Status 1 January 2006	151,016	50,309	8,421,655	0	8,622,980
Change in consolidated companies	0	0	327,806	0	327,806
Additions	15,958	102,956	1,999,305	0	2,118,219
Disposals	-101,040	0	-1,986,491	0	-2,087,531
Status 31 December 2006	65,934	153,265	8,762,275	0	8,981,474
Change in consolidated companies	3,048	0	1,633,549	0	1,636,597
Appreciation	0	0	0	-129,850	-129,850
Additions	16,503	161,829	2,308,832	0	2,487,164
Disposals	-20,334	-1	-388,650	-303	-409,288
Reclassification	0	0	-129,850	129,850	0
Status 31 December 2007	**65,151**	**315,093**	**12,186,156**	**-303**	**12,566,097**
Carrying values					
Status 1 January 2006	123,684	57,877	3,886,808	0	4,068,369
Status 31 December 2006	116,080	526,572	4,902,310	0	5,544,962
Status 31 December 2007	**87,650**	**434,215**	**5,375,285**	**1,898,173**	**7,795,323**

INTANGIBLE ASSETS (8), GOODWILL (15)

The breakdown and development is shown in the following table:

	Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	Goodwill *	Customer base	Payments on account	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Purchase cost					
Status 1 January 2006	21,201,701	46,539,379	1,383,622	481,177	69,605,879
Change in consolidated companies	661,905	0	0	0	661,905
Additions	6,446,775	3,039,062	0	357,120	9,842,957
Disposals	-203,074	0	0	0	-203,074
Reclassification	481,178	0	0	-481,178	0
Status 31 December 2006	28,588,485	49,578,441	1,383,622	357,119	79,907,667
Change in consolidated companies	1,582,074	0	18,490,008	0	20,072,082
Additions	2,853,609	29,746,694	0	644,379	33,244,682
Disposals	-25,285	-362,894	0	0	-388,179
Reclassification	637,705	0	0	-637,705	0
Status 31 December 2007	**33,636,588**	**78,962,241**	**19,873,630**	**363,793**	**132,836,252**
Accumulated depreciation and amortization					
Status 1 January 2006	16,308,802	4,867,203	1,235,915	0	22,411,920
Change in consolidated companies	268,907	0	0	0	268,907
Appreciation	-923	0	0	0	-923
Additions	4,133,171	0	83,216	0	4,216,387
Disposals	-142,595	0	0	0	-142,595
Status 31 December 2006	20,567,362	4,867,203	1,319,131	0	26,753,696
Change in consolidated companies	1,089,460	0	3,787,009	0	4,876,469
Appreciation	0	0	0	0	0
Additions	3,553,821	0	1,092,959	0	4,646,780
Disposals	-15,933	0	0	0	-15,933
Status 31 December 2007	**25,194,710**	**4,867,203**	**6,199,099**	**0**	**36,261,012**
Carrying values					
Status 1 January 2006	4,892,899	41,672,176	147,707	481,177	47,193,959
Status 31 December 2006	8,021,123	44,711,238	64,491	357,119	53,153,971
Status 31 December 2007	**8,441,878**	**74,095,038**	**13,674,531**	**363,793**	**96,575,240**

* Goodwill according to IAS 32: additions in 2007 EUR 13.724 million, disposals in 2007 EUR 363 thousand

Investments in intangible assets, at EUR 33.245 million (prior year: EUR 9.843 million) relate to additions for software and licences (EUR 601 thousand), proprietary software development (EUR 2.595 million) and trademark (EUR 302 thousand) as well as goodwill (EUR 29.747 million). Additions to goodwill include EUR 13.724 million in put options.

The disposals of goodwill in connection with put options, in accordance with IAS 32, amounts in the reporting year to EUR 904 thousand. Of that total, EUR 363 thousand relate to expired put options within the meaning of IAS 32. The remaining EUR 541 thousand relate to exercised put options within the meaning of IAS 32, but this does not lead to any change in the total amount of goodwill carried.

With the exception of goodwill, there are no intangible assets with unlimited useful life.

FINANCIAL ASSETS (9), FINANCIAL ASSETS STATED AT EQUITY (10), LOANS (11)

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

	Shares in affiliated companies	Companies in which participations are held	Investments stated at equity	Loans due to affiliated companies	Security investments	Other loans	Total
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Purchase cost							
Status 1 January 2006	110,836	1,068,169	10,004	140,000	33,016	2,060,367	3,422,392
Change in consolidated companies	0	0	0	151,056	0	0	151,056
Additions	271,135	956	5,548	243,448	0	343,225	864,312
Disposals	0	0	0	-140,000	0	-179,533	-319,533
Reclassification	0	-18,537	0	127,736	0	-127,736	-18,537
Status 31 December 2006	381,971	1,050,588	15,552	522,240	33,016	2,096,323	4,099,690
Change in consolidated companies	303	0	9,000	0	0	3,384	12,687
Additions	89,479	250	17,264	451,338	0	248,600	806,931
Disposals	0	-11,448	-9,000	-88,875	0	-497,550	-606,873
Reclassification	-145,551	-173,957	0	0	0	0	-319,508
Status 31 December 2007	**326,202**	**1,033,190**	**32,816**	**884,703**	**33,016**	**1,850,757**	**3,992,927**
Accumulated depreciation and amortization							
Status 1 January 2006	28,864	235,800	0	0	1,062	1	265,727
Appreciation	-16,366	-80,000	0	0	0	0	-96,366
Additions	392	0	0	0	0	0	392
Disposals	0	0	0	0	0	-1	-1
Status 31 December 2006	12,891	155,800	0	0	1,062	0	169,752
Additions	56,059	0	0	437,087	505	0	493,651
Status 31 December 2007	**68,950**	**155,800**	**0**	**437,087**	**1,567**	**0**	**663,404**
Carrying values							
Status 1 January 2006	81,972	832,369	10,004	140,000	31,954	2,060,366	3,156,665
Status 31 December 2006	369,080	894,788	15,552	522,240	31,954	2,096,323	3,929,938
Status 31 December 2007	**257,252**	**709,633**	**32,816**	**447,616**	**31,449**	**1,850,757**	**3,329,523**

FINANCIAL ASSETS (9)

Financial assets, at EUR 710 thousand (prior year: EUR 895 thousand) relate predominantly to participating interests.

INVESTMENTS STATED AT EQUITY (10)

The adjusted carrying value of the participation in Greensave GmbH, Würzburg, is EUR 33 thousand (prior year: EUR 16 thousand). As at 31 December 2007, this company discloses a balance sheet total of EUR 256 thousand (prior year: EUR 271 thousand), revenues of EUR 503 thousand (prior year: EUR 376 thousand) and net income of EUR 61 thousand (prior year: of EUR 20 thousand). The Group's share in the assets of Greensave GmbH is carried at EUR 72 thousand (prior year: EUR 75 thousand), and the share in debts at EUR 44 thousand (prior year: EUR 65 thousand).

LOANS (11)

Loans include loan receivables from companies in which participations are held, at EUR 362 thousand (prior year: EUR 279 thousand), from affiliated companies, at EUR 0 (prior year: EUR 115 thousand) and from associated companies, at EUR 85 thousand (prior year: EUR 128 thousand). Loans to third parties amount to EUR 1.851 million (prior year: EUR 2.096 million).

TRADE RECEIVABLES (NON-CURRENT) (12)

Non-current trade receivables, at EUR 1 thousand (prior year: EUR 1 thousand), have a remaining term of between one and five years.

Non-current trade receivables are neither impaired nor overdue as at the closing date.

RECEIVABLES FROM AFFILIATED COMPANIES (NON-CURRENT) (13)

Non-current receivables from affiliated companies include loans granted to subsidiaries in eastern Europe, at EUR 640 thousand (prior year: EUR 315 thousand), and a receivable from associated companies amounting to EUR 23 thousand (prior year: EUR 24). These receivables have a maturity of between one and five years.

OTHER ASSETS (NON-CURRENT) (14)

Non-current assets, at EUR 49 thousand (prior year: EUR 27 thousand) consist entirely of financial assets and mainly relate to loans, at EUR 11 thousand (prior year: EUR 0), and to capitalised reinsurance assets, at EUR 31 thousand (prior year: EUR 27 thousand), which have not been pledged to employees. Reinsurance benefits which have been pledged to beneficiary employees on the basis of pension commitments are recognised as plan assets and offset against pension provisions.

GOODWILL (15)

The disclosed goodwill totalling EUR 74.095 million (prior year: EUR 44.711 million) breaks down into EUR 45.202 million in the Ticketing segment (prior year: EUR 15.553 million) and EUR 28.893 million in the Live Entertainment segment (prior year: EUR 29.158 million). Of that disclosed goodwill, EUR 15.277 million (prior year: EUR 2.457 million) relates to goodwill from put options; the latter figure breaks down into EUR 13.724 million in the Ticketing segment (prior year: EUR 0) and EUR 1.553 million in the Live Entertainment segment (prior year: EUR 2.457 million).

In the Ticketing segment, goodwill increased by EUR 29.648 million in the reporting year. This increase was mainly attributable to the newly consolidated subsidiaries TicketOne (EUR 23.680 million) and Zritel (EUR 4.639 million). This includes EUR 13.724 million in put options which were recognised in accordance with IAS 32.

The changes in goodwill in the Live Entertainment segment (EUR -265 thousand) are mainly the result of expired option agreements (EUR -363 thousand) and additions due to newly consolidated companies (EUR 98 thousand).

The goodwill is allocated to the cash generating units (CGUs) of the Group. Impairment tests on goodwill are performed to determine the recoverable amount of a CGU, equal to the fair value minus costs of sale. The fair value is the best possible estimate of the amount for which an independent third party would acquire the cash generating unit on the balance sheet date, minus the costs of sale. The fair value is calculated on the basis of a company valuation model. This procedure and the basic assumptions apply to all CGUs with goodwill that is subject to impairment tests. These calculations are based on forecast cash flows derived from five-year planning. When determining budget figures, the management took into account current and future likelihoods, business and economic trends, economic development and other circumstances. The cash flows in the year of perpetuity correspond to the cash flow in the last year of five-year planning. A discount rate of 10.1% was applied for this purpose. The discount rates used are interest rates after tax and reflect the specific risks to which the respective CGUs are exposed. The Group applies constant growth rates of 1% to extrapolate cash flows. This growth rate is derived from past experience and does not exceed the long-term growth of the respective markets in which the entity operates. No impairment of goodwill was required for the 2007 financial year.

The following table shows the fair values at the time of initial consolidation and the carrying values immediately before purchase:

	Zritel z.o.o., Moscow		TicketOne S.p.A., Milan		TSC, Bremen	
	Fair value at the time of initial consolidation	Carrying value immediately before purchase	Fair value at the time of initial consolidation	Carrying value immediately before purchase	Fair value at the time of initial consolidation	Carrying value immediately before purchase
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Current assets	2,048	2,050	9,163	7,248	1,184	1,184
Non-current assets	328	78	17,251	9,813	17	17
Total assets	**2,376**	**2,128**	**26,414**	**17,061**	**1,201**	**1,201**
Current liabilities	2,107	1,879	15,363	13,995	1,369	1,369
Non-current liabilities	0	0	3,183	699	0	0
Shareholders' equity	269	249	7,868	2,367	-168	-168
Total shareholders' equity and liabilities	**2,376**	**2,128**	**26,414**	**17,061**	**1,201**	**1,201**

	TEX Hungary Kft., Budapest		Showfactory, Bregenz		Octopus, Hamburg	
	Fair value at the time of initial consolidation	Carrying value immediately before purchase	Fair value at the time of initial consolidation	Carrying value immediately before purchase	Fair value at the time of initial consolidation	Carrying value immediately before purchase
	[EUR‘000]	[EUR‘000]	[EUR‘000]	[EUR‘000]	[EUR‘000]	[EUR‘000]
Current assets	873	873	2,718	2,718	366	366
Non-current assets	5	5	68	68	2	2
Total assets	**878**	**878**	**2,786**	**2,786**	**368**	**368**
Current liabilities	844	844	2,494	2,494	214	214
Non-current liabilities	0	0	0	0	0	0
Shareholders’ equity	34	34	292	292	154	154
Total shareholders’ equity and liabilities	**878**	**878**	**2,786**	**2,786**	**368**	**368**

DEFERRED TAXES (16)

	31.12.2007	31.12.2006	Change
	[EUR‘000]	[EUR‘000]	[EUR‘000]
Recognised loss carryforwards	3,808	2,020	1,788
Property, plant and equipment	4	12	-8
Pension provisions	234	273	-39
	4,046	**2,305**	**1,741**

Since the Group companies currently assume, in the context of their budgeting, that all carried-forward losses can be used in future. Deferred tax assets are recognised to the extent that their utilization is probable. 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 2007, the view of the Group companies is that, in the case of the net deferred tax assets including the assets recognised from use of the loss carryforwards amounting to EUR 3.808 million (prior year: EUR 2.020 million), there is a likelihood that the company will generate profits of least the same amount in future periods and that no impairment is necessary. In the 2007 financial year, deferred taxes amounting to EUR 786 thousand (prior year: EUR 636 thousand) were reversed through profit or loss, and EUR 799 thousand in deferred tax assets were recognised in connection with the initial consolidation of subsidiaries.

On account of the reduction in corporation tax to a uniform rate of 15%, as announced in the tax reform and now in effect, the rate of deferred domestic taxation had to be reduced from an average of 39.5% to 32,1%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and an average 16% rate of municipal trade tax. The respectively applicable tax rates were applied to foreign subsidiaries. Deferred tax assets and tax liabilities were adjusted accordingly as profit or loss.

SHORT-TERM FINANCIAL LIABILITIES AND CURRENT PORTION OF LONG-TERM FINANCIAL LIABILITIES (17)

Short-term financial liabilities and current portions of long-term financial liabilities relate to liabilities to banks, at EUR 1.026 million (prior year: EUR 1.436 million) and EUR 1.906 million in short-term purchase price obligations deriving from put options granted (prior year: EUR 3.640 million), which had to be recognised in accordance with IAS 32.

The liabilities to banks were subject to interest at normal market rates. The interest effects of the discounted short-term purchase price obligations deriving from put options were included in the financial result.

TRADE PAYABLES (18)

Trade payables totalling EUR 26.037 million (prior year: EUR 22.358 million) are payable within one year.

LIABILITIES TO AFFILIATED COMPANIES (19)

Liabilities to affiliated companies result from supplies and services and are broken down into EUR 122 thousand in respect of the Ticketing segment (prior year: EUR 98 thousand) and EUR 165 thousand in respect of the Live Entertainment segment (prior year: EUR 442 thousand).

ADVANCE PAYMENTS RECEIVED (20)

The advance payments received, amounting to EUR 52.746 million (prior year: EUR 78.043 million), consist of ticket money already received for future events in the Live Entertainment segment. These advance payments received are posted to revenues after the respective events have taken place and accounts have been settled.

OTHER PROVISIONS (21)

Changes in other provisions are shown in the following table:

	01.01.2007	Change in consolidated companies	Consumption	Reversals	Additions	31.12.2007
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Other provisions						
Litigation provision	260	19	0	-115	61	225
Others	742	469	-436	-380	502	897
Total	**1,002**	**488**	**-436**	**-495**	**563**	**1,122**

Provisions for litigation costs were formed to cover procedural costs, court costs and lawyers' fees.

TAX PROVISIONS (22)

Tax provisions ensued as shown in the following table:

	01.01.2007 [EUR'000]	Change in consolidated companies [EUR'000]	Consumption [EUR'000]	Reversal [EUR'000]	Additions [EUR'000]	31.12.2007 [EUR'000]
Tax provisions						
Municipal trade tax	4,176	0	-1,818	-5	3,305	5,658
Corporation tax	4,144	274	-3,777	-115	3,724	4,250
Solidarity supplement	195	0	-184	0	145	156
Taxes according to fiscal audit	0	0	0	0	76	76
Other taxes	8	1	-8	0	2	3
Total	**8,523**	**275**	**-5,787**	**-120**	**7,252**	**10,143**

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

OTHER LIABILITIES (CURRENT) (23)

Other liabilities comprise EUR 60.506 million (prior year: EUR 38.217 million) in liabilities from ticketing income that has not yet been invoiced, tax liabilities at EUR 7.504 million (prior year: EUR 8.924 million), EUR 4.580 million (prior year: EUR 2.771 million) in liabilities to personnel, EUR 407 thousand (prior year: EUR 696 thousand) in deferrals, social insurance liabilities at EUR 2.372 million (prior year: EUR 2.081 million), EUR 383 thousand in liabilities from third-party concerts (prior year: EUR 583 thousand), liabilities in respect of purchase price commitments, at EUR 1.875 million (prior year: EUR 1.051 million) and other liabilities amounting to EUR 7.781 million (prior year: EUR 3.748 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (24)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 19.811 million were disclosed. Of that total, EUR 19.291 million (prior year: EUR 0) relate to purchase price obligations deriving from put options recognised at present value, and EUR 520 thousand to bank loans (prior year: EUR 0).

The interest effects of the discounted short-term purchase price obligations deriving from put options were included in the financial result.

OTHER LIABILITIES (NON-CURRENT) (25)

Other non-current liabilities include liabilities relating to acquired distribution rights, at EUR 2.102 million (prior year: 3.153 million) and have maturities of between one and five years.

The composition and remaining term of the liabilities as at 31 December 2007 are shown below in the following statement of liabilities:

Statement of liabilities	Total	Remaining term		
		up to one year	1) from taxes 2) for social security	Between one and five years
	[EUR]	[EUR]	[EUR]	[EUR]
Financial liabilities	22,743,142 (2006: EUR 5.076 m)	2,932,391 (2006: EUR 5.076 m)		19,810,751 (2006: EUR 1 m)
Advance payments received for events	52,746,177 (2006: EUR 78.055 m)	52,746,177 (2006: EUR 78.055 m)		
Trade payables	26,036,589 (2006: EUR 22.358 m)	26,036,589 (2006: EUR 22.358 m)		
Liabilities to affiliated companies	286,860 (2006: EUR 0.54 m)	286,860 (2006: EUR 0.54 m)		
Other liabilities	87,510,291 (2006: EUR 61.224 m)	85,408,291 (2006: EUR 58.071 m)	1) 7,503,618 (2006: EUR 8.924 m) 2) 2,371,606 (2006: EUR 2.081 m)	2,102,000 (2006: EUR 3.153 m)
Liabilities, total	**189,323,059**	**167,410,308**	**9,875,224**	**21,912,751**

PENSION PROVISIONS (26)

The MLK KG, TicketOne, TOST und CTS Eventim Sports subsidiaries have made direct and individual pension commitments to selected beneficiaries. Benefits amounting to EUR 113 thousand were paid out of pension obligations to beneficiaries in the 2007 financial year. A reform of the company pension scheme in Italy caused a change in the pension plan composition from defined benefit to defined contribution plan. Due to this restructuring the impact of increases in salaries are not applicable anymore. The positive effects of plan curtailments on the income statement amount up to EUR 40 thousand. The current 2005 G Heubeck Tables must be used for valuing pension obligations. Reinsurance benefits which have been pledged to beneficiary employees on the basis of pension commitments are recognised as plan assets and offset against pension provisions.

	31.12.2007 [EUR]	31.12.2006 [EUR]
The provision amount in the balance sheet is as follows:		
Current market value of the plan assets to be attributed	-856,803	-775,061
Cash value of the non-fund-financed obligations	3,378,392	2,589,666
Balanced provisions	**2,521,589**	**1,814,605**
The following amounts were included in the income statement:		
Regular service costs	169,815	143,086
Interest expenses	173,374	115,902
Actuarial gains / losses in the current year	-69,159	-284,212
Expected expenses / income from plan assets	24,200	0
Plan curtailments	-40,200	0
Overall amount included in personnel expenses	**258,030**	**-25,224**
The amount included in the provisions in the balance sheet developed as follows:		
Beginning of the year	1,814,605	1,754,823
Obligations acquired as part of company purchase	562,370	85,006
Amounts paid	-113,416	0
Overall expense included in the income statement	258,030	-25,224
End of the year	**2,521,589**	**1,814,605**
The following essential acturial assumptions were made:		
Discount rate	5.7%	4.5%
Expected income from plan assets	4.2%	4.2%
Future salary increases	2% - 3.5%	2.0%
Future pension increases	1.9% - 3.0%	1.75% - 3.0%

Changes in plan assets are shown in the table below. Plan assets are reinsurance policies used to cover pension obligations. In combination with the income generated in past years and the associated expectations regarding future gains, an average of 5.5% is taken as the expected long-term rate of return.

	2007 [EUR]	2006 [EUR]
Plan assets 1 January	775,061	691,769
Expected income from plan assets	81,742	83,292
Plan assets 31 December	**856,803**	**775,061**

DEFERRED TAX LIABILITIES (27)

Deferred tax liabilities, at EUR 2.368 million (prior year: EUR 0), result mainly from the initial consolidation of TicketOne. The revaluation at fair value of the assets and debts led in the course of preliminary purchase price allocation to deferred tax liabilities of EUR 2.621 million being carried. A change in the applicable taxation rate in Italy from 33% to 27.5% resulted in EUR 429 thousand in deferred tax liability being reversed.

SHAREHOLDERS' EQUITY (28)

The parent company of the Group is organised as a public limited company. As a basic principle, the shareholders therefore bear liability only to the amount of their capital share.

Reference is made to the consolidated 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 AG, 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 6 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. As at the reporting date, the company had thus issued 24,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

CONTINGENT CAPITAL

As at the balance sheet date, authorised capital amounted to EUR 12,000,000. Authorisation 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 on 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' resolution 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 § 218 sentence 1 AktG.

AUTHORISATION TO PURCHASE TREASURY STOCK

By resolution of the Shareholders' Meeting on 8 June 2007, the company was authorised to repurchase own shares as treasury stock. It was authorised in accordance with § 71 (1) No. 8 AktG to purchase up to 10% of the company's share capital as treasury stock in the period up to and including 7 December 2008, except for the purpose of trading in own shares, and in compliance with the restrictions of § 71 (2) AktG.

The counter value paid for these shares may not exceed or fall below the traded price by more than 10%. 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 publication of the offer to purchase the shares.

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

MINORITY INTEREST

Minority interests comprise the shares held by third parties in the shareholders' equity of the consolidated subsidiaries. In accordance with IAS 1, minority interest is separately disclosed under shareholders' equity. Minority interest increased from EUR 4.129 million to EUR 7.153 million. This change results from profit distributions to minority interest (EUR -4.499 million) in the 2007 financial year, balanced against proportionate shares in the consolidated net income for 2007 (EUR 6.813 million), the change in put options of certain minority shareholders (EUR 621 thousand) and the effects of capital consolidation of the companies newly consolidated in 2007 (EUR 89 thousand).

In accordance with IAS 32, the CTS Group has applied the standard to equity instruments of minority shareholders holding put options. The put options held by certain minority shareholders are therefore disclosed under financial liabilities and reduce the amount of minority interest.

3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS (IFRS 7)

3.1 FINANCIAL ASSETS

The financial assets as at 31 December 2007 are shown in the table below:

	Carrying value 31.12.2007	thereof: neither impaired and nor overdue at the balance sheet date	thereof: not impaired but overdue at the balance sheet date			
			less than 30 days	between 30 - 90 days	between 90 - 180 days	more that 180 days
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Trade receivables	24,203	19,923	1,268	1,050	1,125	394
Receivables from affiliated companies	1,860	257	49	12	101	775
Other assets	14,225	11,967	751	509	123	755
Loans	2,298	2,291	0	0	0	0
	42,586	**34,438**	**2,068**	**1,571**	**1,349**	**1,924**

The financial assets as at 31 December 2006 are shown in the table below:

	Carrying value 31.12.2006	thereof: neither impaired and nor overdue at the balance sheet date	thereof: not impaired but overdue at the balance sheet date			
			less than 30 days	between 30 - 90 days	between 90 - 180 days	more that 180 days
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Trade receivables	19,131	16,717	815	514	779	199
Receivables from affiliated companies	1,113	740	0	0	0	10
Other assets	8,454	5,680	661	119	74	1,493
Loans	2,619	2,504	0	0	115	0
	31,317	**25,641**	**1,476**	**633**	**968**	**1,702**

With regard to receivables that are neither impaired nor overdue, there are no indications as at the closing date that the debtors will not honour their obligations.

Impairments of financial assets changed as follows:

	2007 [EUR'000]	2006 [EUR'000]
Allowances for doubtful accounts as at 1 January	2,254	2,743
Change in consolidated companies	1,471	47
Consumption	-225	-414
Reversal	-424	-983
Additions	618	861
Allowances for doubtful accounts as at 31 December	**3,694**	**2,254**

3.2 FINANCIAL LIABILITIES

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original financial liabilities, as at 31 December 2007:

	Carrying value 31.12.2007 [EUR'000]	Cash flow < 1 year [EUR'000]	Cash flow 1 -2 years [EUR'000]	Cash flow 3 - 4 years [EUR'000]
Financial liabilities	22,743	-3,206	-19,428	-109
Trade payables	26,037	-26,037	0	0
Payables to affiliated companies	287	-287	0	0
Other liabilities	69,852	-67,750	-2,102	0
	118,919	**-97,280**	**-21,530**	**-109**

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original financial liabilities, as at 31 December 2006:

	Carrying value 31.12.2006 [EUR'000]	Cash flow < 1 year [EUR'000]	Cash flow 1 -2 years [EUR'000]	Cash flow 3 - 4 years [EUR'000]
Financial liabilities	5,076	-5,076	0	0
Trade payables	22,358	-22,358	0	0
Payables to affiliated companies	540	-540	0	0
Other liabilities	44,996	-41,843	-2,102	-1,051
	72,970	**-69,818**	**-2,102**	**-1,051**

All instruments in place as at the balance sheet date and for which payments had already been contractually agreed are included in the above. Budget figures for future liabilities are not included. Foreign currency amounts are converted at the spot rates applying on the closing date. The variable interest payments in respect of the financial instruments were calculated using the interest rates fixed most recently prior to 31 December 2007. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, recognition and fair values for the 2007 business year are shown in the following table according to recognition categories:

	Carrying value 31.12.2007	Balance sheet value according to IAS 39		Fair value
		At amortized costs	At fair value through profit and loss	
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	141,764	127,924	13,840	141,764
Trade receivables	24,203	24,203		24,203
Receivables from affiliated companies	1,860	1,860		2,085
Other assets	14,225	14,225		14,349
Financial assets	998	998		998
Investments stated at equity	33	33		33
Loans	2,298	2,298		2,367
LIABILITIES				
Short-term financial liabilities and current portion of long-term financial liabilities	2,932	2,932		2,932
Medium- and long-term financial liabilities	19,811	19,811		19,811
Trade payables	26,037	26,037		26,037
Payables to affiliated companies	287	287		415
Other liabilities	69,852	69,852		70,007
Categories according to IAS 39:				
Loans and receivables	170,510	170,510		170,928
Financial assets at fair value through profit and loss	13,840		13,840	13,840
Available-for-sale financial assets	1,031	1,031		1,031
Financial liabilities	118,919	118,919		119,202

Carrying amounts, recognition and fair values for the 2006 business year are shown in the following table according to recognition categories:

		Balance sheet value according to IAS 39		
	Carrying value 31.12.2006	At amortized costs	At fair value through profit and loss	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	153,595	147,954	5,641	153,595
Trade receivables	19,131	19,131		19,131
Receivables from affiliated companies	1,113	1,113		1,149
Other assets	8,454	8,454		8,497
Financial assets	1,296	1,296		1,296
Investments stated at equity	16	16		16
Loans	2,619	2,619		2,724
LIABILITIES				
Short-term financial liabilities and current portion of long-term financial liabilities	5,076	5,076		5,076
Trade payables	22,358	22,358		22,358
Payables to affiliated companies	540	540		550
Other liabilities	44,996	44,996		45,101
Categories according to IAS 39:				
Loans and receivables	179,271	179,271		179,455
Financial assets at fair value through profit and loss	5,641		5,641	5,641
Available-for-sale financial assets	1,312	1,312		2,740
Financial liabilities	72,970	72,970		73,085

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

If financial instruments are listed on an active market, like fund shares, in particular, the respective listed price signifies the fair value on that market. In the case of unlisted bonds, liabilities to banks, promissory note bonds and other non-current financial liabilities, the fair value is calculated as the present value of the future cash flows, taking interest rate curves and the rating-dependent credit risk premium of the CTS Group into account.

For cash funds, current trade receivables and other assets, current trade payables and other liabilities, the carrying amounts are assumed to be the fair value, given their short remaining term. The fair values of non-current trade receivables and other assets are equal to the present value of the cash flows associated with these assets.

NET INCOME/LOSS FROM FINANCIAL INSTRUMENTS

	2007 [EUR'000]	2006 [EUR'000]
Loans and receivables	3,804	3,273
Financial assets at fair value through profit and loss	206	30
Available-for-sale financial assets	833	303
Financial liabilities	-1,125	-984
	3,718	**2,622**

The net result in the recognition category loans and receivables mainly includes interest income. Gains and losses from the disposal of available-for-sale financial assets are reported under other operating income and other operating expenses as well as under financial result. The net result also includes interest income and expense from adjusting the fair value of securities.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUES (1)

Group revenues were increased by 12.1% or EUR 41.448 million, from EUR 342.927 million in 2006 to EUR 384.375 million in 2007. Revenue (before consolidation between the segments) breaks down to EUR 301.281 million in the Live Entertainment segment (prior year: EUR 247.164 million) and EUR 87.449 million in the Ticketing segment (prior year: EUR 99.307 million).

Growth in the Ticketing segment continued unabated in the 2007. Although revenues before inter-segment consolidation fell by 11.9% to EUR 87.449 million (prior year: EUR 99.307 million), as could only be expected after handling the Football World Cup in 2006, revenues in this segment actually grew substantially by EUR 21,132 million from EUR 66,317 million to EUR 87,449 million (up 31.9%) after adjustment for the effects of the 2006 World Cup project.

COST OF SALES (2)

Expenditures are stated in the income statement according to function. Cost of sales comprises all material expenses as well as proportional personnel expenses, depreciation and amortization and other operating expenses.

In the following, material expenses, personnel expenses, depreciation and amortization and other operating expenses are presented using the cost summary-method. Costs recognised using the cost summary-method are distributed according to predefined codes when applying the cost of sales method.

Material expenses (according to cost summary-method)	2007	2006	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of materials, supplies and purchased merchandise	2,760	7,000	-4,240
Cost of purchased services	279,899	232,193	47,706
	282,659	**239,193**	**43,466**

Material expenses calculated using the cost summary-method are allocated in full to cost of sales using the cost of sales method.

Personnel expenses (according to cost summary-method)	2007	2006	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	27,172	22,749	4,423
Social insurance contributions and expenses for pensions and employee support	4,587	4,230	357
	31,759	**26,979**	**4,780**

Personnel expenses calculated using the cost summary-method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Employer contributions to pension insurance were 9.95% in the 2007 financial year.

Depreciation and amortization (according to cost summary-method)	2007	2006	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortization on intangible and fixed assets	7,134	6,335	799
	7,134	**6,335**	**799**

Depreciation and amortization calculated using the cost summary-method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Cost of sales included EUR 2.671 million in depreciation and amortization (prior year: EUR 1.679 million), selling expenses included EUR 3.062 million (prior year: EUR 3.109 million) and administrative expenses included EUR 1.401 million in depreciation and amortization (prior year: EUR 1.547 million). Depreciation and amortization of financial assets amounted to EUR 494 thousand (prior year: EUR 0) and were included in the financial result.

Other operating expenses (according to cost summary-method)	2007	2006	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	23,512	30,589	-7,077
	23,512	**30,589**	**-7,077**

Other operating expenses calculated using the cost summary-method are allocated on a percentage basis to cost of sales, selling expenses, general administrative expenses and other operating expenses, using the cost of sales method.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The decrease in selling expenses is mainly due to the absence of commission expenses incurred the previous year for the World Cup project (EUR 10.183 million). This decrease was partially offset by an increase in personnel expenses (EUR 1.832 million) and advertising expenses (EUR 588 thousand).

GENERAL ADMINISTRATIVE EXPENSES (4)

The increase in general administrative expenses is mainly attributable to increased personnel expenses (EUR 917 thousand) resulting specifically from acquisition-related changes in the scope of consolidation. General administrative expenses include those expenses for administration which are not allocated to cost of sales.

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Income from the reversal of provisions	495	93	402
Income from insurance compensation	801	174	627
Marketing	774	764	10
Income from the reversal of allowances for doubtful accounts	424	983	-559
Income from currency translation	355	149	206
Income relating to other periods	204	251	-47
Income from charged expenses	392	535	-143
Payments of damages	562	474	88
Income from written off liabilities / written off receivables	601	630	-29
Other operating income	2,884	1,808	1,076
	7,492	**5,861**	**1,631**

Due to newly consolidated companies in the Ticketing and Live Entertainment segments, EUR 732 thousand in other operating income were posted in the reporting period.

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Expenses for third-party services	1,038	921	117
Loss from disposal of intangible and fixed assets	11	203	-192
Maintenance expenses	265	194	71
Currency translation expenses	511	316	195
Donations	80	110	-30
Cost for the supply of goods sold	96	139	-43
Leases / Rent	448	288	160
Expenses passed on to third parties	1,035	786	249
Expenses relating to other periods / non-operating costs	805	376	429
Other operating expenses	1,956	1,649	307
	6,245	**4,982**	**1,263**

Due to newly consolidated companies in the Ticketing and Live Entertainment segments, EUR 745 thousand in other operating expenses were posted in the reporting period.

INCOME / EXPENSES FROM COMPANIES IN WHICH PARTICIPATIONS ARE HELD (7)

Income from participating interests relates primarily to an investment held by Semmel at EUR 89 thousand (prior year: EUR 178 thousand).

INCOME / EXPENSES FROM INVESTMENTS STATED AT EQUITY (8)

The income from investments stated at equity relates to Greensave GmbH, Würzburg.

FINANCIAL INCOME (9)

Financial income consists of EUR 3.899 million in interest (prior year: EUR 2.718 million) and other financial income of EUR 576 thousand (prior year: EUR 78 thousand); these amounts are mainly the result of adjusting the fair value of financial assets at fair value through profit or loss and posted under cash and cash equivalents.

FINANCIAL EXPENSES (10)

Distributions to minority interest, at EUR 187 thousand (prior year: EUR 488 thousand), and the increase in the present value of purchase price obligations in respect of put options pursuant to IAS 32, at EUR 365 thousand (prior year: EUR 123 thousand), were stated as financial expenses.

Financial expenses also relate in the main to interest expense of EUR 352 thousand (prior year: EUR 188 thousand).

TAXES (11)

The total disclosed taxes payable are comprised as follows:

	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Income tax	18,968	18,849	119
Deferred tax	786	636	150
	19,754	**19,485**	**269**

Deferred tax expenses (net) result from the creation and/or reversal of temporary differences between IFRS carrying values and fiscal carrying values.

The following table shows a transitional calculation of the expected tax expense to the actual tax expense in the respective financial year, as disclosed. To determine the expected tax expense for fiscal 2007, an average tax rate of 39.4% (prior year: 39.5%) was multiplied by the pre-tax profit. The financial expenses within the meaning of IAS 32 are merely an adjustment at Group level, so there are no tax-reducing effects in fiscal 2007 or the preceding year.

	2007 [EUR'000]	2006 [EUR'000]
Expected tax expense	19,683	18,953
Difference in municipal tax burden	0	-144
Unrecognised loss carryforwards	0	59
Other tax-exempted income and non-deductable expenses	161	394
Changes in tax rate	171	0
Others	-261	223
Disclosed tax expenses	**19,754**	**19,485**

MINORITY INTEREST (12)

The minority interest in the net income for the year 2007 is EUR 6.813 million (prior year: EUR 4.966 million).

According to IAS 32, minority interest need not be recognised in companies with corresponding put options.

5. EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 by dividing the consolidated net income after minority interest, by the number of shares outstanding (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:

	2007 [EUR]	2006 [EUR]
Net income after minority interest	23,413,780	23,532,430
Qty. of shares	24,000,000	24,000,000
Earnings per share	**0.98**	**0.98**

6. SEGMENT REPORTING

The Group operates in the leisure events market with its Ticketing and Live Entertainment divisions. CTS AG, 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 AG as well. 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), the sport ticketing product (eventim.tixx) and a solution for ticket sales, admission control and payment in stadiums and arenas.

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

The Group is segmented in accordance with internal reporting and includes the components required by IAS 14.

Transfer prices for intercompany services are determined in accordance with normal market conditions.

NOTES TO THE SEGMENTS

As at the end of 2007, the companies operating in the segments were as follows:

TICKETING

• CTS AG • TEX • ÖTS • ÖT Nord • ÖT SüdOst • ÖT Nordost • TEX Ungarn • TEX Hungary Kft.
• GSO KG • CTS Solutions • CTS Eventim Sports • CTS Nederland B.V. • CTS Eventim Schweiz
• Zritel • TicketOne • Panischi • TOST • TSC

LIVE ENTERTAINMENT

- MLK KG • PRK KG • Semmel • FKP Scorpio • ARGO • Dirk Becker • LS • PGM • CRP
- Palazzo Hamburg • Palazzo Wien • Palazzo Amsterdam • Act Entertainment • Palazzo Berlin
- Octopus • Showfactory

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.

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

	Ticketing		Live Entertainment		Total for segment	
	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]
External revenues	84,220	96,610	300,155	246,317	384,375	342,927
Intercompany revenues	10,916	8,523	60,307	44,805	71,223	53,328
Total revenues	**95,136**	**105,133**	**360,462**	**291,122**	**455,598**	**396,255**
Consolidation within segment	-7,687	-5,826	-59,181	-43,958	-66,868	-49,784
Revenues after consolidation within segment	**87,449**	**99,307**	**301,281**	**247,164**	**388,730**	**346,471**

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

	Ticketing		Live Entertainment		Intersegment consoldidation		Group	
	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]
Revenues	87,449	99,307	301,281	247,164	-4,355	-3,544	384,375	342,927
Operating profit (EBIT)	26,292	31,124	20,459	14,562	10	-3	46,761	45,683
EBITDA	32,043	36,786	21,841	15,235	11	-3	53,895	52,018
Depreciation and amortization	-5,752	-5,662	-1,382	-673	0	0	-7,134	-6,335
Financial result							3,220	2,300
Profit from ordinary business activities (EBT)							49,981	47,983
Taxes							-19,754	-19,485
Net income for the year							30,227	28,498
Minority interest							-6,813	-4,966
Consolidated income							23,414	23,532
Average no. of employees	616	386	277	236			893	622
Return on sales*	36.6%	37.0%	7.2%	6.2%			14.0%	15.2%

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

The Group invested a total of EUR 56.037 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 3.602 million). Investments in intangible assets (including goodwill) amounted to EUR 52.413 million, thereof EUR 20.068 million due to changes in the scope of consolidation, and EUR 13.724 million from recorded put options according to IAS 32. EUR 22 thousand were invested in financial assets. Depreciation and amortization of intangible assets amounted to EUR 4.099 million (prior year: EUR 4.177 million), and EUR 1.653 million (prior year: EUR 1.485 million) in the case of fixed assets.

In the Live Entertainment segment, the Group invested a total of EUR 4.357 million. EUR 2.655 million were invested in fixed assets and EUR 905 thousand in intangible assets (including goodwill). The additions to financial assets (EUR 797 thousand) relate primarily to loans. Depreciation and amortization of intangible assets amounted to EUR 548 thousand (prior year: EUR 40 thousand), and EUR 834 thousand (prior year: EUR 633 thousand) in the case of fixed assets.

The total investments in the Ticketing and Live Entertainment segments (change in consolidated companies and additions) are shown in detail in the analysis of assets for the Group.

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. Income 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 income tax liabilities, pension provisions or minority interest. Other items comprise all assets and liabilities which are not allocated to the assets or liabilities of the segments.

The assets and liabilities as at the balance date are as follows:

	Ticketing		Live Entertainment		Other items		Consolidation between segments		Group	
	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]	2007 [EUR'000]	2006 [EUR'000]
Property, plant and equipment	91,146	46,584	31,225	29,929	0	0	-14,671	-13,884	107,700	62,629
Other assets	115,765	99,336	92,035	108,704	3,992	5,131	-4,164	-1,963	207,628	211,208
Liabilities	109,990	58,775	88,207	111,821	12,585	10,338	-5,305	-2,342	205,477	178,592

The liabilities of the Live Entertainment segment include advance payments received amounting to EUR 52.746 million that are booked as revenue after the respective events have taken place and accounts have been settled.

GEOGRAPHICAL SEGMENTS

The following table shows the revenues, carrying value of segment assets and investments in fixed assets and intangible assets in the 2007 business year, broken down by geographical segment:

	Revenues [EUR'000]	Carrying value of segment assets [EUR'000]	Investments in fixed assets and intangible assets [EUR'000]
Germany	325,357	231,825	6,145
Italy	8,147	44,825	45,928
Other countries	50,871	38,678	7,502
	384,375	**315,328**	**59,575***

* Thereof EUR 22.429 million result from changes in the scope of consolidation and EUR 12.820 million from recorded put options according to IAS 32.

7. EMPLOYEES

On average over the year, 893 salaried staff (prior year: 622) were employed by the Group. Of that total, 487 employees (prior year: 478) were employed in Germany, and 406 employees (prior year: 144) in foreign countries.

8. FINANCIAL OBLIGATIONS

The rental and leasing agreements must be allocated to the ‘operating lease’ category in accordance with IAS 17. The rental obligations relate to rental payments for office premises, and the leasing obligations pertain primarily to vehicles.

The rental and leasing obligations are shown in the following table:

	31.12.2007			31.12.2006		
	< 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	1,792	2,894	326	1,947	3,872	400
Leasing obligations	260	311	0	238	274	0
Other obligations	461	9	0	1,754	30	0
	2,513	**3,214**	**326**	**3,939**	**4,176**	**400**

As at the reporting date, there were contingent liabilities amounting to EUR 5.614 million. The contingent liabilities relating to the acquisition of additional shares in a subsidiary consist of a purchase price obligation on the part of Medusa. This commitment depends on future operating results of the subsidiary and is carried at EUR 5.614 million as at the balance sheet date.

CTS AG also bears liability for debts owed to banks by CTS Solutions. As at the balance sheet date, CTS Solutions has no liabilities to banks.

9. EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date were as follows:

In December 2007, CTS AG concluded long-term and largely exclusive partnership agreements in the ticketing field with Live Nation Worldwide Inc. (hereinafter: Live Nation). Live Nation, which is listed on the New York stock exchange (NYSE: LYV), is the world's biggest live events company. The partnership creates synergies and options for the future. In Europe, the CTS Group will therefore be present in additional key countries from 2009 onwards and will also achieve entry to the North American market.

The partnership with Live Nation and the concomitant investments in entering the market in new countries will initially involve a net burden in the 2008 business year. From the 2009 business onwards, the Group expects the partnership to have a positive impact on its financial position, cash flow and earnings performance.

There are no other events requiring disclosure.

10 FINANCIAL RISKS

DEFAULT RISKS

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

In the 2007 business year, securities amounting to EUR 4.813 million (prior year: EUR 3.141 million) was provided for Group companies, mainly to hedge the risks in ticket pre-sales by various box offices (EUR 4.190 million, prior year: EUR 2.265 million).

FOREIGN EXCHANGE RISKS

The foreign exchange risks to which the Group is exposed result from investments, financing activities and operating activities. Foreign exchange risks which do not affect the cash flow of the Group (i.e. the risks which result from translating the assets and liabilities of foreign entities into the Group reporting currency) remain unsecured.

A currency risk can also arise, when intercompany receivables or liabilities exist in a currency other than the functional currency of the consolidated financial statements. The effects of exchange rate variations within the Group are minimal.

IFRS 7 requires that financial risk exposure be presented in the form of sensitivity analyses showing the effects that hypothetical changes in relevant risk variables will have on earnings and shareholders' equity. The CTS Group is exposed to risks associated with changes in foreign exchange and interest rates. The periodic effects are determined by relating the hypothetical changes in risk variables to the financial instruments in place at the closing date. It is assumed that the volume of such instruments at the closing date is representative for the year as a whole. Foreign exchange risks within the meaning of IFRS 7 ensue when financial instruments are denominated in a currency other than the functional currency and are of a monetary nature; currency translations differences relating to the translation of financial statements into the functional currency of the Group are ignored in this regard. All non-functional currencies in which the CTS Group enters into financial instruments are deemed relevant risk variables.

If the euro had appreciated (or decreased) in value by 10% against all other currencies as at 31 December 2007, consolidated income after tax would have been EUR 152 thousand higher (or lower, respectively) (previous year: EUR 67 thousand higher (lower)). The hypothetical effect on consolidated income after tax, at EUR 152 thousand, results specifically from the currency sensitivities EUR/USD (EUR 99 thousand), and EUR/CHF (EUR 53 thousand).

INTEREST RISKS

Derivative financial instruments for hedging interest rates are not used. Fixed and variable interest rate agreements are in place for long-term loans and liabilities, 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 Group.

Changes in the market interest rates of original financial instruments with fixed interest rates affect earnings only when these are recognised at fair value. Accordingly, all financial instruments with fixed interest rates and recognised at current purchase costs are not exposed to any interest risks within the meaning of IFRS 7.

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2007, consolidated income after tax would have been EUR 8 thousand lower (higher) (previous year: EUR 0). The hypothetical EUR 8 thousand effect on consolidated income after tax results from the potential effects of original financial liabilities of EUR 1.928 million with variable interest rates.

CASH FLOW RISKS

Cash flow risks arise if the payment obligations of the Group cannot be covered with available cash or credit lines. However, the Group had sufficient cash reserves at the 2007 balance sheet date.

The Group has bank liabilities of EUR 1.546 million (prior year: EUR 1.436 million).

11. PENDING COURT PROCEEDINGS

The Group is involved in pending proceedings and litigation as arises in the normal course of business. In the view of the company's legal representatives, there will be no material impact on the financial position, cash flow and earnings performance of the Group when these matters are brought to an end. Provisions amounting to EUR 225 thousand were recorded as at the balance sheet date to cover litigation expenses.

12. DECLARATION OF COMPLIANCE

On 18 December 2007, the Management Board and the Supervisory Board of CTS AG released a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to § 161 AktG, and made said declaration permanently available to shareholders on the company's website.

13. APPLICATION OF § 264 (3) AND § 264B HGB

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

14. NOTIFIABLE SECURITIES TRANSACTIONS PURSUANT TO § 15A SECURITIES TRADING ACT (WPHG)

In the 2007 business year, executive officers of CTS AG conducted the following notifiable securities transactions in shares of the company, and notified the company thereof:

Name	Position	Transaction	Trading day	Quantity
Dr. Peter Haßkamp	Supervisory Board	Sale	07.02.2007	1,000
Prof. Jobst W. Plog	Supervisory Board	Purchase	28.08.2007	715

All transactions were published by CTS AG in the proper manner.

15. RELATED PARTY DISCLOSURES

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

CTS AG 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 AG is a controlling shareholder of other companies associated with the Group. In the 2007 financial year, there were contractual relations between CTS AG and the companies affiliated with the controlling shareholder. During the financial year, these contractual relations gave rise to expenses of EUR 9.013 million relating mainly to fulfilment services (EUR 5.519 million), tenancy agreements (EUR 395 thousand), call centre operations (EUR 1.820 million) and business services agreements (EUR 934 thousand). These were offset in fiscal 2007 by EUR 255 thousand in income from the supply of ticketing software and EUR 124 thousand from passing on operating expenses to other entities. Trade payables to these related parties totalled EUR 1.747 million on the reporting date. Trade receivables amounting to EUR 178 thousand were disclosed.

Affiliated companies not included in consolidation due to insignficance account for EUR 1.668 million in trade receivables, and EUR 97 thousand in trade payables. The income generated from these affiliated companies (EUR 238 thousand) results mainly from licence fees charged on to these companies. Expenses incurred (EUR 124 thousand) were principally in the form of marketing and advertising expenses.

Compensation paid to managers in key positions are disclosed under point 17 in the notes to the consolidated financial statements.

16. § 285 NO. 17 HGB EXPENSES FOR THE AUDITOR

In the 2007 financial year, auditing expenses of EUR 200 thousand (prior year: EUR 225 thousand) and EUR 99 thousand (prior year: EUR 9 thousand) for other services were recognised.

17. MANDATES AND EMOLUMENTS OF THE MANAGEMENT BOARD

During the 2007 financial year the members of the Management Board were not members of any supervisory boards.

The amounts of compensation paid to individual members of the Management Board were as follows:

Member	Fixed salary [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	600,000	11,161	300,000	911,161
Volker Bischoff	250,000	18,363	105,000	373,363
Christian Alexander Ruoff	250,000	16,949	105,000	371,949
Total	**1,100,000**	**46,473**	**510,000**	**1,656,473**

18. MANDATES AND EMOLUMENTS OF THE SUPERVISORY BOARD

The members of the Supervisory Board in the 2007 financial year were as follows:

Edmund Hug, businessman, Oberstenfeld
-Chairman -
other supervisory board memberships:
- schlott gruppe AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm
- Scholz AG, Aalen

Dr. Peter Haßkamp, lawyer, Bremen
-Vice-Chairman -
other supervisory board memberships:
- Friedrich Schiefer Emissionshaus AG, Landshut

Prof. Jobst W. Plog, director, Hamburg
no other supervisory board memberships

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand and reimbursed expenses of EUR 1 thousand for the 2007 financial year.

19. PARTICIPATING PERSONS

The company received notifications under § 21 (1) WpHG concerning participations exceeding 3% or 5% of the voting rights, and participations increasing beyond or falling below 3% or 5% of the voting rights.

Brett Barakett, USA, notified the company on 29 January 2007 that he exceeded the 3% threshold on 24 January 2007, that his share of voting rights in CTS AG now amounts to 3.211% and that these voting rights are allocated to Mr. Barakett in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Tremblant Capital LP, c/o Tremblant Capital Group, New York, USA, notified the company on 1 February 2007 that it exceeded the 3% threshold on 29 January 2007, that its share of voting rights in CTS AG now amounts to 3.002% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 1 February 2007 that it exceeded the 3% threshold on 29 January 2007, that its share of voting rights in CTS AG now amounts to 3.002% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner of Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Brett Barakett, USA, notified the company on 7 March 2007 that he exceeded the 5% threshold on 1 March 2007, that his share of voting rights in CTS AG now amounts to 5.004% and that these voting rights are allocated to Mr. Barakett in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. This includes a 3.625% share in voting rights that are allocated to Mr. Barakett as Managing Member of Tremblant Capital LLC, which in turn is the General Partner of Tremblant Capital LP.

Threadneedle Asset Management Limited, London, UK, Threadneedle Asset Management Holdings Limited, London, UK, and Ameriprise Financial Inc., Minneapolis, USA, notified the company on 26 April 2007 that they exceeded the 3% threshold on 19 March 2007, that their share of the voting rights in CTS AG now amounts to 3.025% and that these voting rights are allocated to Threadneedle Asset Management Limited in accordance with § 22 (1) 1 No. 6 WpHG and to Threadneedle Asset Management Holdings Limited and Ameriprise Financial Inc. in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 and 3 WpHG.

Threadneedle Asset Management Limited, London, UK, Threadneedle Asset Management Holdings Limited, London, UK, and Ameriprise Financial Inc., Minneapolis, USA, notified the company on 23 May 2007 that they fell below the 3% threshold on 21 May 2007, that their share of the voting rights in CTS AG now amounts to 1.999% and that these voting rights are allocated to Threadneedle Asset Management Limited in accordance with § 22 (1) 1 No. 6 WpHG and to Threadneedle Asset Management Holdings Limited and Ameriprise Financial Inc. in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 and 3 WpHG.

Tremblant Partners Ltd., c/o Citco Fund Services (Cayman Islands) Limited, Cayman Islands, notified the company on 17 July 2007 that they exceeded the 3% threshold on 20 March 2007, that their share of voting rights in CTS AG now amounts to 3.011% and that said Tremblant Partners Ltd. then exceeded the 5% threshold on 4 April 2007, that their share of voting rights in CTS AG now amounts to 5.031%. They also notified the company that their share of voting rights as at 17 July 2007 was 5.063%.

Tremblant Capital LP, c/o Tremblant Capital Group, New York, USA, notified the company on 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in CTS AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 3.916% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands. They also notified the company that on 17 July 2007 its share in voting rights was 6.707% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 5.031% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in CTS AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. The company was also notified that the share of voting rights was 6.707% on 17 July 2007, all of which is allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Tremblant LP, c/o Tremblant Capital Group, New York, USA, notified the company on 20 July 2007 correcting its notification of 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 3.916% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands. They also notified the company that on 17 July 2007 its share of voting rights in CTS AG now amounts to 6.707% and that all of these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 5.063% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 20 July 2007, correcting its notification of 18 July 2007, that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, that in turn is the management company of Tremblant Partners Ltd., Cayman Islands, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. They also notified the company that on 17 July 2007 its share of voting rights in AG now amounts to 6.707% and that all of these voting rights are allocated to Tremblant Capital LLC as the sole General Partner of Tremblant Capital LP, New York, that in turn is the management company of Tremblant Partners Ltd., Cayman Islands, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Columbia Acorn International Fund, Chicago, USA, notified the company on 20 July 2007 that it exceeded the 3% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 3.23% and that these voting rights are allocated to Columbia Acorn International Fund in accordance with § 22 (1) 1 No. 2 WpHG.

Columbia Wanger Asset Management L.P., Chicago, USA, notified the company on 20 July 2007 that it exceeded the 5% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 5.59% and that these voting rights are allocated to Columbia Wanger Asset Management L.P., Chicago, in accordance with § 22 (1) 1 No. 6 WpHG.

WAM Acquisition GP Inc., Chicago, USA, notified the company on 20 July 2007 that it exceeded the 5% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 5.59% and that these voting rights are allocated to WAM Acquisition GP Inc. via Columbia Wanger Asset Management L.P., in accordance with § 22 (1) 2 WpHG.

Harris Associates Inc., Chicago, USA, notified the company on 14 November 2007 that it fell below the 3% threshold on 9 November 2007, that its share of voting rights in CTS AG now amounts to 2.71% and that these voting rights are allocated within the meaning of § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG to Harris Associates Inc..

Harris Associates L.P., Chicago, USA, notified the company on 14 November 2007 that it fell below the 3% threshold on 9 November 2007, that its share of voting rights in CTS AG now amounts to 2.71% and that these voting rights are allocated within the meaning of § 22 (1) 1 No. 6 WpHG.

Highbridge Capital Management LLC, New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 26 October 2007, that its share of voting rights in CTS AG now amounts to 3.02% and that these voting rights are allocated to Highbridge Capital Management LLC in accordance with § 22 (1) 1 No. 6 WpHG.

JPMorgan Chase & Co., New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 24 October 2007, that its share of voting rights in CTS AG now amounts to 3.0% and that, of these voting rights, a 2.916% share is allocated to JPMorgan Chase & Co. via JPMorgan Asset Management Holdings Inc., New York, USA, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG, and a 0.087% share of the voting rights in accordance with § 22 (1) 1 WpHG.

JPMorgan Asset Management Holdings Inc., New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 26 October 2007, that its share of voting rights in CTS AG now amounts to 3.02% and that these voting rights are allocated to Asset Management Holdings Inc. in accordance with § 22 (1) 1 No. 6 WpHG, via Highbridge Capital Management LLC.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 26 November 2007 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of the voting rights in CTS AG now amounts to 5.15% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of voting rights in CTS AG now amounts to 5.75% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG, wherein the chain of controlled companies holding more than 3% of the voting rights, and through which the shares are held, consists of Morgan Stanley & Co. Inc..

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 28 November 2007 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 22 November 2007, that its share of the voting rights in CTS AG now amounts to 0% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds on 22 November 2007 and that its share of voting rights in CTS AG now amounts to 0%.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 30 November 2007 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of the voting rights in CTS AG now amounts to 5.33% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of voting rights in CTS AG now amounts to 6.0% and that, of these voting rights, a 5.33% share is allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG, wherein the chain of controlled companies holding more than 3% of the voting rights, and through which the shares are held, consists of Morgan Stanley & Co. Inc..

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 10 December 2007 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 4 December 2007, that its share of the voting rights in CTS AG now amounts to 0% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds on 4 December 2007 and that its share of voting rights in CTS AG now amounts to 0%.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 30 November 2007, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of the voting rights in CTS AG on that date was 5.33% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds, likewise on 27 November 2007, that its share of voting rights in CTS AG on that date was 5.33% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 4 December 2007, that its share of the voting rights in CTS AG on that date was 2.67% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds, likewise on 4 December 2007, that its share of voting rights in CTS AG on that date was 2.67% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% threshold on 5 December 2007, that its share of the voting rights in CTS AG on that date was 4.34% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% threshold, likewise on 5 December 2007, that its share of voting rights in CTS AG on that date was 4.34% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 6 December 2007, that its share of the voting rights in CTS AG on that date was 0.38% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 6 December 2007, that its share of voting rights in CTS AG on that date was 0.38% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% threshold on 27 December 2007, that its share of the voting rights in CTS AG on that date was 3.03% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% threshold, likewise on 27 December 2007, that its share of voting rights in CTS AG on that date was 3.03% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008, correcting previous notifications of voting rights, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of the voting rights in CTS AG on that date was 5.15% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds, likewise on 20 November 2007, that its share of voting rights in CTS AG on that date was 5.15% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008, correcting previous notifications of voting rights, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and

5% thresholds on 22 November 2007, that its share of the voting rights in CTS AG on that date was 2.73% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds, likewise on 22 November 2007, that its share of voting rights in CTS AG on that date was 2.73%.

William Blair & Company LLC, Chicago, USA, notified the company on 23 January 2008 that it exceeded the 3% threshold on 15 January 2008, that its share of voting rights in CTS AG now amounts to 3.37% and that the voting rights are allocated to William Blair & Company LLC in accordance with § 22 (1) 1 No. 6 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 25 January 2008 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 22 November 2007, that its share of the voting rights in CTS AG on that date was 2.93% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 22 November 2007, that its share of voting rights in CTS AG on that date was 2.93% and that the voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 25 January 2008 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 21 January 2008, that its share of the voting rights in CTS AG on that date was 2.93% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 21 January 2008, that its share of voting rights in CTS AG on that date was 2.93% and that the voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.07% of the voting rights in the company as at 31 December 2007.

The Management Board of CTS AG submitted the consolidated financial statements on 10 March 2008 to the Supervisory Board.

20. ASSURANCE OF LEGAL REPRESENTATIVES

To the best of our knowledge, the consolidated financial statements accurately reflect the true and fair view of the Group's earnings performance, financial position and cash flow in accordance with applicable reporting principles, that the combined management report presents a true and fair view of the Group's operating results and situation, together with a description of the principal opportunities and risks associated with the expected developments of the Group.

Bremen, 10 March 2008

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 Aktiengesellschaft, Munich, comprising the balance sheet, the income statement, the statement of changes in equity, the 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 company, for the business year from 1 January to 31 December 2007. 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 (1) of the German Commercial Code (Handelsgesetzbuch – HGB) are the responsibility of the Company's Board of Management. 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 Article 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). 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 the those entities included in consolidation, the determination of those entities included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Management Board, 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 did not lead 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 and with the additional requirements of German commercial law pursuant to Article 315a (1) HGB, and gives 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, 12 March 2008

PRICEWATERHOUSECOOPERS

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

8. FINANCIAL STATEMENTS CTS AG 2007

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2007 (HGB)

ASSETS	31.12.2007 [EUR]	31.12.2006 [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	7,013,926	7,547,836
2. Goodwill	2,125,953	2,453,025
3. Payments on account	383,076	660,811
	9,522,955	**10,661,672**
II. Fixed assets		
1. Land, land rights and buildings, including buildings on third-party land	75,484	85,433
2. Technical equipment, plant and machinery	372,085	486,577
3. Other facilities, operating and office equipment	1,390,309	2,168,891
	1,837,878	**2,740,901**
III. Investments		
1. Shares in affilitated companies	53,394,293	34,159,991
2. Companies in which participations are held	575,956	575,956
	53,970,249	**34,735,947**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	575,589	553,157
2. Payments on account	12,422	50,146
	588,011	**603,303**
II. Receivables and other assets		
1. Trade receivables	9,241,197	8,205,162
2. Receivables from affiliated companies	7,267,978	3,900,201
3. Receivables from companies in which participations are held	40,965	31,109
4. Other assets	1,416,690	2,268,258
	17,966,830	**14,404,730**
III. Marketable securities		
1. Treasury stock	57,638	0
2. Other securities	13,634,312	5,585,826
	13,691,950	**5,585,826**
IV. Cheques, cash in hand and bank balances	**48,143,389**	**60,396,904**
C. PREPAID EXPENSES AND ACCRUED INCOME	**214,108**	**380,193**
Total assets	**145,935,370**	**129,509,476**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2007 [EUR]	31.12.2006 [EUR]
A. SHAREHOLDERS' EQUITY		
I. Share capital	24,000,000	24,000,000
II. Capital reserve	23,820,894	23,820,894
III. Reserve for treasury stock	57,638	0
IV. Balance sheet profit	38,536,936	31,870,143
	86,415,468	**79,691,037**
B. PROVISONS		
1. Tax provisions	5,150,562	5,643,132
2. Other provisions	2,716,936	2,743,510
	7,867,498	**8,386,642**
C. LIABILITIES		
1. Liabilities to banks	0	342,952
2. Trade payables	3,338,579	3,267,848
3. Liabilities to affiliated companies	351,714	542,303
4. Other liabilities	47,962,111	37,278,694
	51,652,404	**41,431,797**
Total shareholders' equity and liabilities	**145,935,370**	**129,509,476**

INCOME STATEMENT CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007 (HGB)

		2007 [EUR]	2006 [EUR]
1.	Revenues	54,881,636	82,885,506
2.	Cost of sales	-21,967,607	-28,737,699
3.	**Gross profit**	**32,914,029**	**54,147,807**
4.	Selling expenses	-10,234,809	-22,762,113
5.	General administrative expenses	-4,217,695	-5,142,216
6.	Other operating income	3,734,238	2,728,832
7.	Other operating expenses	-2,430,033	-2,080,358
8.	Income from companies in which participations are held	4,876,930	6,401,605
9.	Income from profit transfer agreements	1,868,923	1,474,703
10.	Other interest and similar income	1,662,377	1,384,998
11.	Depreciation on current marketable securities	-5,435	0
12.	Interest and similar expenses	-41,044	-123,969
13.	**Profit from ordinary business acitivities**	**28,127,481**	**36,029,289**
14.	Taxes on income	-9,640,187	-12,117,900
15.	Other taxes	-2,863	71,773
16.	**Net income for the year**	**18,484,431**	**23,983,162**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2007 BUSINESS YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statement for the 2007 financial year was prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz – AktG) and the Articles of Incorporation. CTS EVENTIM AG (hereinafter: CTS AG) is a large corporate enterprise within the meaning of § 267 (3) HGB.

Optional disclosures are made in the notes in order to maintain clarity and transparency. All amounts are rounded to the nearest euro.

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 § 266 HGB in conjunction with § 152 AktG; the income statement conforms to the ‘cost of sales’ method, pursuant to § 275 (3) HGB in conjunction with § 158 AktG.

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 cost or cost of sales, including ancillary expenses, minus systematic depreciation and amortization.

The software and customer base acquired in the takeover of the ‘getgo.de’ Internet portal in the business year 2002 are being amortized over the prospective amortization period of 5 years. The trademark rights similarly acquired are being amortized over 10 years.

The distribution rights obtained in 2006 by acquiring CTS Eventim Sports GmbH, Hamburg, are amortized over a period of 5 years.

Due to the extensive networking and internationalisation of the CTS ticketing software, the ‘Global Ticketing System’ asset had to be capitalised in the business year 2007. The basis for recognition of the ticketing system is the carrying value of the ‘Ticketing Distribution Layer’ as at 31 December 2006, which has been carried hitherto as an intangible asset. Further advancements of the CTS ticketing software achieved by networking additional software systems (network, web, in-house) and implementing systems meeting international requirements resulted in this new intangible asset ‘Global Ticketing System’. The asset will be amortized over a useful economic life of 12 years.

The recognised goodwill from bringing in the Ticketing business is subject to systematic amortization based on 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 § 6 (2) of the Income Tax Act (EStG).

Shares in affiliated companies are valued at acquisition cost, including ancillary costs.

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

3. NOTES AND COMMENTS ON SPECIFIC ITEMS OF THE ANNUAL FINANCIAL STATEMENT

3.1 BALANCE SHEET

Analysis of assets for the period from 1 January to 31 December 2007 (HGB)

	Purchase cost / Cost of sales				
	Status 01.01.2007 [EUR]	Additions [EUR]	Disposals [EUR]	Reclassifications [EUR]	Status 31.12.2007 [EUR]
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	27,460,941	1,397,219	720	637,705	29,495,145
2. Goodwill	4,906,054	0	0	0	4,906,054
3. Payments on account	660,811	359,970	0	-637,705	383,076
	33,027,806	**1,757,189**	**720**	**0**	**34,784,275**
II. Fixed assets					
1. Land, land rights and buildings, including buildings on third-party land	99,533	0	0	0	99,533
2. Technical equipment, plant and machinery	572,445	0	0	0	572,445
3. Other facilities, operating and office equipment	7,022,501	104,448	173,334	0	6,953,615
	7,694,479	**104,448**	**173,334**	**0**	**7,625,593**
III. Investments					
1. Shares in affiliated companies	34,159,991	21,134,302	1,900,000	0	53,394,293
2. Companies in which participations are held	575,956	0	0	0	575,956
	34,735,947	**21,134,302**	**1,900,000**	**0**	**53,970,249**
Total	**75,458,232**	**22,995,939**	**2,074,054**	**0**	**96,380,117**

Accumulative depreciation and amortization				Carrying values	
Status 01.01.2007 [EUR]	Additions [EUR]	Disposals [EUR]	Status 31.12.2007 [EUR]	Status 31.12.2007 [EUR]	Status 31.12.2006 [EUR]
19,913,105	2,568,154	40	22,481,219	7,013,926	7,547,836
2,453,029	327,072	0	2,780,101	2,125,953	2,453,025
0	0	0	0	383,076	660,811
22,366,134	**2,895,226**	**40**	**25,261,320**	**9,522,955**	**10,661,672**
14,100	9,949	0	24,049	75,484	85,433
85,868	114,492	0	200,360	372,085	486,577
4,853,610	853,387	143,691	5,563,306	1,390,309	2,168,891
4,953,578	**977,828**	**143,691**	**5,787,715**	**1,837,878**	**2,740,901**
0	0	0	0	53,394,293	34,159,991
0	0	0	0	575,956	575,956
0	**0**	**0**	**0**	**53,970,249**	**34,735,947**
27,319,712	**3,873,054**	**143,731**	**31,049,035**	**65,331,082**	**48,138,520**

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

Receivables from affiliated companies include trade receivables amounting to EUR 919 thousand.

Receivables from companies in which participations are held consist solely of trade receivables.

The **treasury stock** included in marketable securities amount to 2,175 shares. These shares were purchased on 31 July 2007 at a price of EUR 28.99 per share. They represent 0.009% of the share capital. The nominal amount of share capital they represent is EUR 2,175. This treasury stock was purchased on the basis of authorisation by the Shareholders' Meeting, to serve as invested capital or for payment of purchase prices in the event of mergers, business acquisitions or the acquisition of holdings in other companies.

Prepaid expenses and accrued income mainly comprise EUR 76 thousand in prepaid commission expenses (prior year: EUR 245 thousand), EUR 58 thousand in maintenance expenses (prior year: EUR 37 thousand), EUR 17 thousand in insurance premiums (prior year: EUR 52 thousand) and EUR 25 thousand in promotion expenses (prior year: EUR 25 thousand).

The Annual Shareholders' Meeting of the company on 23 August 2005 resolved to increase the **share capital** of CTS AG, 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 6 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. As at the reporting date, the company had thus issued 24,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

As at the balance sheet date, **authorised capital** amounted to EUR 12,000,000. Authorisation 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 on 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' resolution 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 § 218 sentence 1 AktG.

By resolution of the Shareholders' Meeting on 8 June 2007, the company was authorised to repurchase **own shares** as treasury stock. It was authorised in accordance with § 71 (1) No. 8 AktG to purchase up to 10% of the company's share capital as treasury stock in the period up to and including 7 December 2008, except for the purpose of trading in own shares, and in compliance with the restrictions of § 71 (2) AktG.

The counter-value paid for these shares may not exceed or fall below the traded price by more than 10%. 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 publication of the offer to purchase the shares.

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 (§ 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:

	31.12.2007 [EUR'000]	**31.12.2006 [EUR'000]**
Balance sheet profit as at 31 December 2006/2005	31,870	16,047
Reserves for treasury stock	-58	0
Net income for the year 2007/2006	18,484	23,983
	50,296	**40,030**
Distributions in 2007/2006	-11,760	-8.160
Balance sheet profit as at 31 December 2007/2006	**38,536**	**31,870**

Other provisions include EUR 1.098 million in provisions for personnel expenses (prior year: EUR 631 thousand), EUR 189 thousand for legal, consultancy and litigation expenses (prior year: EUR 257 thousand), EUR 350 thousand for outstanding supplier invoices (prior year: EUR 634 thousand), EUR 562 thousand for outstanding commission (prior year: EUR 653 thousand), EUR 26 thousand for outstanding credit notes (prior year: EUR 97 thousand), EUR 80 thousand for compensation of the Supervisory Board members (prior year: EUR 67 thousand), and EUR 241 thousand for accounting and auditing expenses (prior year: EUR 225 thousand).

Liabilities to affiliated companies consist solely of trade payables.

The remaining terms of the **liabilities** as at 31 December 2007 are shown in the following statement of liabilities:

Statement of liabilities	Total	Remaining term		
		up to one year	1) from taxes 2) for social securities	between one and five years
	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	0 (2006: EUR 0.343 m)	0 (2006: EUR 0.343 m)		
Trade payables	3,338,579 (2006: EUR 3.268 m)	3,338,579 (2006: EUR 3.268 m)		
Liabilities to affiliated companies	351,714 (2006: EUR 0.542 m)	351.714 (2006: EUR 0.542 m)		
Other liabilities	47,962,111 (2006: EUR 37.279 m)	45,860,111 (2006: EUR 34.126 m)	1) 2,155,008 (2006: EUR 1.850 m) 2) 8,726 (2006: EUR 0.01 m)	2,102,000 (2006: EUR 3.153 m)
Liabilities, total	**51,652,404**	**49,550,404**	**2,163,734**	**2,102,000**

Other liabilities, at EUR 40.368 million (prior year: EUR 30.275 million) result from ticket revenues that have not yet been invoiced. These amounts are covered by equivalent bank balances.

3.2 INCOME STATEMENT

Revenues are broken down as follows:

	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Ticket revenues	46,689	72,687	-25,998
Other ticket revenues			
Data line charges	2,869	2,827	42
System rental / maintenance / installation	2,571	5,227	-2,656
Sales of merchandise	380	315	65
Package tours	1,227	1,323	-96
Other	1,146	507	639
	54,882	**82,886**	**-28,004**

Revenues were mainly generated on the domestic German market. The revenues in the prior year, adjusted for revenues from 2006 World Cup, amounted to EUR 49.895 million.

Material expenses comprise the following items, pursuant to § 275 (2) No. 5 HGB:

Material expenses (according to cost summary-method)	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Cost of purchased merchandise	809	2,070	-1,261
Cost of purchased services	17,518	22,288	-4,770
	18,327	**24,358**	**-6,031**

Personnel expenses comprise the following items, pursuant to § 275 (2) No. 6 HGB:

Personnel expenses (according to cost summary-method)	2007 [EUR'000]	2006 [EUR'000]	Change [EUR'000]
Wages and salaries	6,830	7,585	-755
Social security contributions and expenses for pensions and employee support	904	1,083	-179
	7,734	**8,668**	**-934**

The decrease in **selling expenses** mainly results from their having increased the year before due to commission expenses for the World Cup project. The selling expenses for the 2007 financial year include EUR 327 thousand in full amortization of goodwill (prior year: EUR 327 thousand) as well as EUR 99 thousand in amortization (51%) on trademark rights (prior year: EUR 104 thousand) and EUR 33 thousand in amortization on the customer base (prior year: EUR 42 thousand) of the 'getgo.de' Internet portal, as well as depreciation and amortization of 51% on distribution rights (EUR 536 thousand), software (EUR 641 thousand) and fixed assets (EUR 499 thousand). The remaining amount of proportionate depreciation and amortization (49%) on these intangible and fixed assets is allocated to cost of sales or administration expenses.

Other operating income includes EUR 682 thousand in non-periodic income from the reversal of provisions (prior year: EUR 253 thousand) and EUR 313 thousand in income from written-off liabilities (prior year: EUR 249 thousand).

Other operating expenses include EUR 99 thousand in non-periodic expenses from follow-up invoices.

Income from companies in which participations are held includes EUR 4.841 million (prior year: 6.362 million) in income from affiliated companies. Income from participations decreased due to retention of earnings in the Live Entertainment segment.

Other interest and similar income include EUR 126 thousand in income from affiliated companies (prior year: EUR 67 thousand).

Interest and similar expenses do not include any interest expenses paid to affiliated companies (prior year: EUR 2 thousand).

Taxes on income include EUR 4.330 million in municipal trade tax (prior year: EUR 5.600 million), EUR 5.034 million in corporation tax (prior year: EUR 6.204 million) and EUR 277 thousand in solidarity supplement to corporation tax for the 2007 financial year (prior year: EUR 341 thousand). Also included in this item are EUR 3 thousand in tax refunds for previous years (prior year: EUR 21 thousand) and EUR 2 thousand in retrospective tax payments for previous years (prior year: EUR 0).

Other taxes include EUR 2 thousand in vehicle tax expenses and other taxes on consumption (prior year: EUR 16 thousand).

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

As at the reporting date, there were contingent liabilities amounting to EUR 26.811 million (prior year: EUR 8.982 million).

The contingent liabilities consist partly of conditional bids of EUR 4.209 million (prior year: EUR 3.640 million) which CTS AG has made in order to acquire additional shares in subsidiaries. The increased commitments in respect of bids relate primarily to one of the foreign participating interests acquired in the course of the reporting year.

Another contingent liability concerns a purchase-price commitment made by eventim online Holding GmbH, Bremen. The commitment depends on future operating results of the subsidiary and is estimated at EUR 16.988 million (prior year: EUR 0) as at the balance sheet date.

A further contingent liability relates to a purchase-price commitment on the part of the MEDUSA Music Group GmbH, Bremen. The commitment depends on future operating results of the subsidiary and is estimated at EUR 5.614 million (prior year: EUR 5.342 million) as at the balance sheet date.

The company also bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the balance sheet date, CTS Eventim Solutions GmbH has no liabilities to banks.

Other financial obligations relating to short- and medium-term rental and lease contracts and other contractual agreements amount to EUR 1.729 million (prior year: EUR 2.120 million). Of that total, EUR 999 thousand (prior year: EUR 985 thousand) have a maturity of one year or less. Rental obligations amount to EUR 1.150 million (prior year: EUR 1.504 million), leasing obligations to EUR 143 thousand (prior year: EUR 164 thousand) and other obligations to EUR 436 thousand (prior year EUR 452 thousand).

4. 2 APPROPRIATION OF EARNINGS

In the 2007 financial year, CTS AG generated EUR 18.484 million in net income (according to HGB). The Management Board therefore proposes, with the approval of the Supervisory Board, that EUR 11.760 million (EUR 0.49 per share) be distributed to shareholders.

4.3 PARTICIPATIONS HELD

	Share [in %]	Share capital [EUR]	31.12.2007 Shareholders' capital [EUR]	31.12.2007 Net income for the year [EUR]
GSO Holding GmbH, Bremen	100.0%	50,000	3,258,453	140,085
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen	100.0%	501,000	*	*
GSO Verwaltungsgesellschaft mbH, Bremen	100.0%	25,000	28,339	1,091
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	75.0%	36,336	1,980,556	529,795
ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz, Austria	65.0%	36,336	608,318	326,120
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, Austria	66.7%	37,000	487,786	345,401
Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Linz, Austria	100.0%	36,336	362,938	59,261
Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH, Tulln, Austria	50.1%	37,000	5,957	-3,547
Ticket Express Hungary Kft., Budapest, Hungary	71.0%	20,291	10,033	-66,351
TEX Hungary Kft., Budapest, Hungary	71.0%	59,354	33,607	-26,285
eventim Online Holding GmbH, Bremen	100.0%	25,000	14,001,931	-19,595
RP-Eventim GmbH, Düsseldorf	51.0%	25,000	48,127	883
CTS Eventim Solutions GmbH, Bremen	100.0%	226,250	*	*
CTS Eventim Nederland B.V., Amsterdam, Netherlands	100.0%	18,200	-272,117	-103,430
CTS Eventim Sports GmbH, Hamburg (CTS Eventim Sports)	100.0%	25,000	725,826	-2,861
Eventim Sports Consulting GmbH, Bremen	100.0%	25,000	-9,489	-6,989
CTS Eventim Schweiz AG, Basle, Switzerland (formerly: TicTec AG)	100.0%	63,068	26,404	-49,564
Zritel o.o.o. Moscow, Russia	51.0%	375,463	929,200	337,934
TicketOne S.p.A., Milan, Italy	43.2%	4,998,719	4,575,727	-422,990
Panischi S.r.l, Milan, Italy	100.0%	10,200	49,966	22,576
T.O.S.T. Ticketone Sistemi Teatrali S.r.l. Milan, Italy	60.0%	90,000	211,743	69,694
TSC EVENTIM Ticket & Tourist-Service-Center GmbH, Bremen (TSC)	50.0%	125,000	45,508	315,976
MEDUSA Music Group GmbH, Bremen	94.4%	11,127,250	21,650,833	5,111,882
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main	51.0%	50,000	13,312,396	5,909,490
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main	100.0%	100,000	*	*
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main	100.0%	25,000	28,870	0
LS Konzertagentur GmbH, Wien, Austria	100.0%	50,000	428,815	96,016
Greensave GmbH, Würzburg	49.0%	25,000	98,725	61,396
Peter Rieger Konzertagentur Holding GmbH, Cologne	70.0%	50,000	5,611,049	2,317,283
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne	100.0%	50,000	*	*
Peter Rieger Verwaltungs GmbH, Cologne	100.0%	25,000	29,372	623
FKP Scorpio Konzertproduktionen GmbH, Hamburg	50.2%	25,565	-818,149	-539,720
CRP Konzertagentur GmbH, Hamburg	50.2%	25,000	-59,368	103,373
Palazzo Produktionen GmbH, Hamburg	51.0%	50,000	26,935	178,745
Palazzo Produktionen GmbH, Wien, Austria	100.0%	35,000	143,832	108,832
Palazzo Producties B.V., Amsterdam, Netherlands	100.0%	18,000	-299,279	-77,078
Palazzo Produktionen Berlin GmbH, Hamburg	100.0%	25,000	-561,519	-586,519
Semmelconcerts GmbH, Bayreuth	50.2%	25,565	331,033	2,776,286
Argo Konzerte GmbH, Würzburg	50.2%	76,694	1,171,507	708,558
PGM Promotors Group Munich Konzertagentur GmbH, Munich	100.0%	25,000	1,120,137	692,256
Dirk Becker Entertainment GmbH, Cologne	83.0%	25,000	1,052,816	1,027,816
Act Entertainment AG, Basle, Switzerland	51.0%	124,250	108,111	23,370
Show-Factory Entertainment GmbH, Bregenz, Austria	51.0%	35,000	655,152	562,959
OCTOPUS GmbH Agentur für Kommunikation, Hamburg	100.0%	25,000	153,532	38,151

* According to § 286 (3) 2 No. 2 HGB the disclosure of shareholders' equity and net income is omitted for 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, and CTS Eventim Solutions GmbH, Bremen. These companies make use of the exemption option provided by § 264 (3) HGB and § 264b HGB regarding to the publication of the financial statements.

A control and profit transfer agreement exists with CTS Eventim Solutions GmbH, Bremen. The amount of income generated from the profit transfer agreement in the reporting year was EUR 1.869 million (prior year: EUR 1.475 million).

A profit transfer agreement was also concluded in the 2007 business year by CTS Eventim Sports GmbH, Hamburg, and GSO Gesellschaft für Softwareentwicklung und Organisation GmbH & Co. KG, Bremen. The earnings hereof generated by GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG amounted to EUR 1.268 million in the reporting year.

4.4 EXECUTIVE BODIES OF CTS AG

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

Klaus-Peter Schulenberg, Bremen
-Chairman-

Dipl.-Ökonom Volker Bischoff, Stuhr

Dipl.-Betriebswirt Christian Alexander Ruoff, Bremen

The amounts of compensation paid to individual members of the Management Board were as follows:

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	600,000	11,161	300,000	911,161
Volker Bischoff	250,000	18,363	105,000	373,363
Christian Alexander Ruoff	250,000	16,949	105,000	371,949
Total	**1,100,000**	**46,473**	**510,000**	**1,656,473**

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

Edmund Hug, businessman, Oberstenfeld
-Chairman-
Other supervisory board positions:
- schlott gruppe AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm
- Scholz AG, Aalen

Dr. Peter Haßkamp, lawyer, Bremen
-Vice-Chairman -
Other supervisory board positions:
- Friedrich Schiefer Emissionshaus AG, Landshut

Prof. Jobst W. Plog, director, Hamburg
No other supervisory board memberships.

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand and reimbursed expenses of EUR 1 thousand for the 2007 financial year.

4.5 EMPLOYEES

On average, 139 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 § 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 on the company's website.

4.7 PARTICIPATING PERSONS

The company received notifications under § 21 (1) of the Securities Trading Act (WpHG) concerning participations exceeding 3% or 5% of the voting rights, and participations increasing beyond or falling below 3% or 5% of the voting rights.

Brett Barakett, USA, notified the company on 29 January 2007 that he exceeded the 3% threshold on 24 January 2007, that his share of voting rights in CTS AG now amounts to 3.211% and that these voting rights are allocated to Mr. Barakett in accordance with § 22 (1) 1 No. 6 WpHG, in combination with § 22 (1) 2 WpHG.

Tremblant Capital LP, c/o Tremblant Capital Group, New York, USA, notified the company on 1 February 2007 that it exceeded the 3% threshold on 29 January 2007, that its share of voting rights in CTS AG now amounts to 3.002% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 1 February 2007 that it exceeded the 3% threshold on 29 January 2007, that its share of voting rights in CTS AG now amounts to 3.002% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner of Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Brett Barakett, USA, notified the company on 7 March 2007 that he exceeded the 5% threshold on 1 March 2007, that his share of voting rights in CTS AG now amounts to 5.004% and that these voting rights are allocated to Mr. Barakett in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. This includes a 3.625% share in voting rights that are allocated to Mr. Barakett as Managing Member of Tremblant Capital LLC, which in turn is the General Partner of Tremblant Capital LP.

Threadneedle Asset Management Limited, London, UK, Threadneedle Asset Management Holdings Limited, London, UK, and Ameriprise Financial Inc., Minneapolis, USA, notified the company on 26 April 2007 that they exceeded the 3% threshold on 19 March 2007, that their share of the voting rights in CTS AG now amounts to 3.025% and that these voting rights are allocated to Threadneedle Asset Management Limited in accordance with § 22 (1) 1 No. 6 WpHG and to Threadneedle Asset Management Holdings Limited and Ameriprise Financial Inc. in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 and 3 WpHG.

Threadneedle Asset Management Limited, London, UK, Threadneedle Asset Management Holdings Limited, London, UK, and Ameriprise Financial Inc., Minneapolis, USA, notified the company on 23 May 2007 that they fell below the 3% threshold on 21 May 2007, that their share of the voting rights in CTS AG now amounts to 1.999% and that these voting rights are allocated to Threadneedle Asset Management Limited in accordance with § 22 (1) 1 No. 6 WpHG and to Threadneedle Asset Management Holdings Limited and Ameriprise Financial Inc. in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 and 3 WpHG.

Tremblant Partners Ltd., c/o Citco Fund Services (Cayman Islands) Limited, Cayman Islands, notified the company on 17 July 2007 that they exceeded the 3% threshold on 20 March 2007, that their share of voting rights in CTS AG now amounts to 3.011% and that said Tremblant Partners Ltd. then exceeded the 5% threshold on 4 April 2007, that their share of voting rights in CTS AG now amounts to 5.031%. They also notified the company that their share of voting rights as at 17 July 2007 was 5.063%.

Tremblant Capital LP, c/o Tremblant Capital Group, New York, USA, notified the company on 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in CTS AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 3.916% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands. They also notified the company that on 17 July 2007 its share in voting rights was 6.707% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 5.031% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in CTS AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. The company was also notified that the share of voting rights was 6.707% on 17 July 2007, all of which is allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Tremblant LP, c/o Tremblant Capital Group, New York, USA, notified the company on 20 July 2007 correcting its notification of 18 July 2007 that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 3.916% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands. They also notified the company that on 17 July 2007 its share of voting rights in CTS AG now amounts to 6.707% and that all of these voting rights are allocated to Tremblant Capital LP in accordance with § 22 (1) 1 No. 6 WpHG. This includes a 5.063% share in voting rights that is allocated to Tremblant Capital LP as the management company of Tremblant Partners Ltd., Cayman Islands.

Tremblant Capital LLC, c/o Tremblant Capital Group, New York, USA, notified the company on 20 July 2007, correcting its notification of 18 July 2007, that it exceeded the 5% threshold on 26 March 2007, that its share of voting rights in AG now amounts to 5.19% and that these voting rights are allocated to Tremblant Capital LLC as the sole General Partner in Tremblant Capital LP, New York, that in turn is the management company of Tremblant Partners Ltd., Cayman Islands, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG. They also notified the company that on 17 July 2007 its share of voting rights in AG now amounts to 6.707% and that all of these voting rights are allocated to Tremblant Capital LLC as the sole General Partner of Tremblant Capital LP, New York, that in turn is the management company of Tremblant Partners Ltd., Cayman Islands, in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

Columbia Acorn International Fund, Chicago, USA, notified the company on 20 July 2007 that it exceeded the 3% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 3.23% and that these voting rights are allocated to Columbia Acorn International Fund in accordance with § 22 (1) 1 No. 2 WpHG.

Columbia Wanger Asset Management L.P., Chicago, USA, notified the company on 20 July 2007 that it exceeded the 5% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 5.59% and that these voting rights are allocated to Columbia Wanger Asset Management L.P., Chicago, in accordance with § 22 (1) 1 No. 6 WpHG.

WAM Acquisition GP Inc., Chicago, USA, notified the company on 20 July 2007 that it exceeded the 5% threshold on 13 July 2007, that its share of voting rights in CTS AG now amounts to 5.59% and that these voting rights are allocated to WAM Acquisition GP Inc. via Columbia Wanger Asset Management L.P., in accordance with § 22 (1) 2 WpHG.

Harris Associates Inc., Chicago, USA, notified the company on 14 November 2007 that it fell below the 3% threshold on 9 November 2007, that its share of voting rights in CTS AG now amounts to 2.71% and that these voting rights are allocated within the meaning of § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG to Harris Associates Inc..

Harris Associates L.P., Chicago, USA, notified the company on 14 November 2007 that it fell below the 3% threshold on 9 November 2007, that its share of voting rights in CTS AG now amounts to 2.71% and that these voting rights are allocated within the meaning of § 22 (1) 1 No. 6 WpHG.

Highbridge Capital Management LLC, New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 26 October 2007, that its share of voting rights in CTS AG now amounts to 3.02% and that these voting rights are allocated to Highbridge Capital Management LLC in accordance with § 22 (1) 1 No. 6 WpHG.

JPMorgan Chase & Co., New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 24 October 2007, that its share of voting rights in CTS AG now amounts to 3.0% and that, of these voting rights, a 2.916% share is allocated to JPMorgan Chase & Co. via JPMorgan Asset Management Holdings Inc., in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG, and a 0.087% share of the voting rights in accordance with § 22 (1) 1 WpHG.

JPMorgan Asset Management Holdings Inc., New York, USA, notified the company on 16 November 2007 that it exceeded the 3% threshold on 26 October 2007, that its share of voting rights in CTS AG now amounts to 3.02% and that these voting rights are allocated to Asset Management Holdings Inc. in accordance with § 22 (1) 1 No. 6 WpHG, via Highbridge Capital Management LLC.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 26 November 2007 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of the voting rights in CTS AG now amounts to 5.15% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of voting rights in CTS AG now amounts to 5.75% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG, wherein the chain of controlled companies holding more than 3% of the voting rights, and through which the shares are held, consists of Morgan Stanley & Co. Inc..

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 28 November 2007 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 22 November 2007, that its share of the voting rights in CTS AG now amounts to 0% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds on 22 November 2007 and that its share of voting rights in CTS AG now amounts to 0%.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 30 November 2007 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of the voting rights in CTS AG now amounts to 5.33% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of voting rights in CTS AG now amounts to 6.0% and that, of these voting rights, a 5.33% share is allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG, wherein the chain of controlled companies holding more than 3% of the voting rights, and through which the shares are held, consists of Morgan Stanley & Co. Inc..

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 10 December 2007 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 4 December 2007, that its share of the voting rights in CTS AG now amounts to 0% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds on 4 December 2007 and that its share of voting rights in CTS AG now amounts to 0%.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 30 November 2007, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 27 November 2007, that its share of the voting rights in CTS AG on that date was 5.33% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds, likewise on 27 November 2007, that its share of voting rights in CTS AG on that date was 5.33% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 4 December 2007, that its share of the voting rights in CTS AG on that date was 2.67% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds, likewise on 4 December 2007, that its share of voting rights in CTS AG on that date was 2.67% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% threshold on 5 December 2007, that its share of the voting rights in CTS AG on that date was 4.34% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% threshold, likewise on 5 December 2007, that its share of voting rights in CTS AG on that date was 4.34% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 21 December 2007, correcting its notification of 10 December 2007, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 6 December 2007, that its share of the voting rights in CTS AG on that date was 0.38% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 6 December 2007, that its share of voting rights in CTS AG on that date was 0.38% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008 that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% threshold on 27 December 2007, that its share of the voting rights in CTS AG on that date was 3.03% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% threshold, likewise on 27 December 2007, that its share of voting rights in CTS AG on that date was 3.03% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008, correcting previous notifications of voting rights, that Morgan Stanley & Co. Inc., New York, USA, exceeded the 3% and 5% thresholds on 20 November 2007, that its share of the voting rights in CTS AG on that date was 5.15% and that Morgan Stanley, Wilmington, Delaware, USA, exceeded the 3% and 5% thresholds, likewise on 20 November 2007, that its share of voting rights in CTS AG on that date was 5.15% and that these voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 3 January 2008, correcting previous notifications of voting rights, that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% and 5% thresholds on 22 November 2007, that its share of the voting rights in CTS AG on that date was 2.73% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% and 5% thresholds, likewise on 22 November 2007, that its share of voting rights in CTS AG on that date was 2.73%.

William Blair & Company LLC, Chicago, USA, notified the company on 23 January 2008 that it exceeded the 3% threshold on 15 January 2008, that its share of voting rights in CTS AG now amounts to 3.37% and that the voting rights are allocated to William Blair & Company LLC in accordance with § 22 (1) 1 No. 6 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 25 January 2008 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 22 November 2007, that its share of the voting rights in CTS AG on that date was 2.93% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 22 November 2007, that its share of voting rights in CTS AG on that date was 2.93% and that the voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Morgan Stanley, Wilmington, Delaware, USA, notified the company on 25 January 2008 that Morgan Stanley & Co. Inc., New York, USA, fell below the 3% threshold on 21 January 2008, that its share of the voting rights in CTS AG on that date was 2.93% and that Morgan Stanley, Wilmington, Delaware, USA, fell below the 3% threshold, likewise on 21 January 2008, that its share of voting rights in CTS AG on that date was 2.93% and that the voting rights are allocated to Morgan Stanley in accordance with § 22 (1) 1 No. 1 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.07% of the voting rights in the company as at 31 December 2007.

4.8 EXPENSES FOR THE AUDITOR WITHIN THE MEANING OF § 285 NO. 17 HGB

In the 2007 financial year, expenses amounting to EUR 120 thousand in auditing fees and EUR 99 thousand for other services were recognised.

4.9. ASSURANCE OF LEGAL REPRESENTATIVES

To the best of our knowledge, the financial statements accurately reflect the true and fair view of the company's earnings performance, financial position and cash flow in accordance with applicable reporting principles, that the combined management report presents a true and fair view of the company's operating results and situation, together with a description of the principal opportunities and risks associated with the expected developments.

Bremen, 10 March 2008

CTS EVENTIM AG

Klaus-Peter Schulenberg	Volker Bischoff	Christian Alexander Ruoff

5. AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the management report of CTS EVENTIM Aktiengesellschaft, Munich, which is combined with the Group management report, for the business year from 1 January to 31 December 2007. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based of our audit.

We conducted our audit on the annual financial statements in accordance with § 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW- Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the representation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and of the economic and legal environment of the Company, 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 annual financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Osnabrück, 12 March 2008

PRICEWATERHOUSECOOPERS

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Prof. Dr. N. Winkeljohann) (G. Stegemann)
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