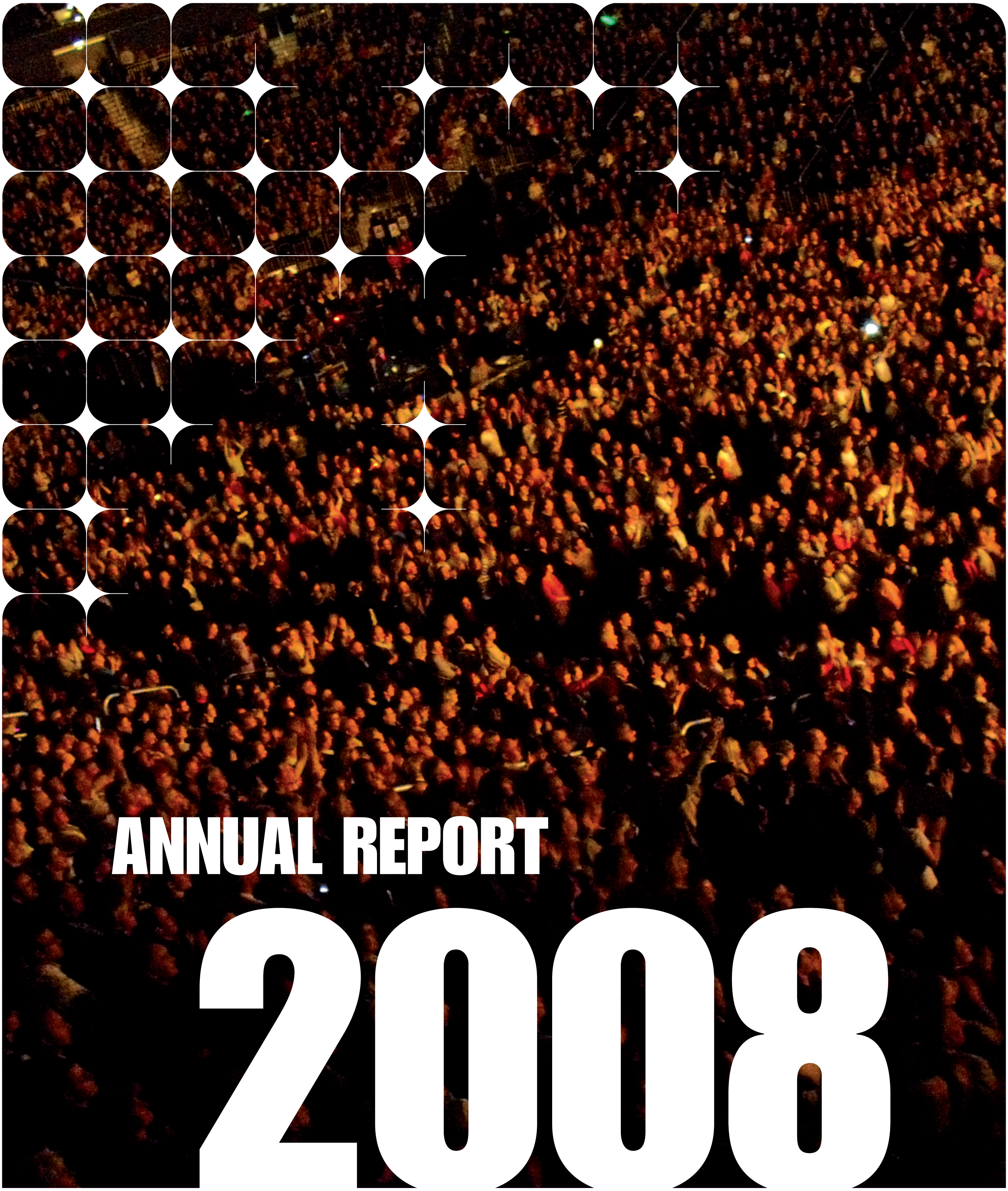


ANNUAL REPORT 2008

eventim

CONTENTS

1. OVERVIEW

KEY GROUP FIGURES

	2008 [EUR`000]	2007 [EUR`000]
Revenue	404,348	384,375
Gross profit	97,447	83,342*
Personnel expenses	39,484	31,759
Operating profit before depreciation and amortization (EBITDA)	57,830	53,895
Depreciation and amortization	7,547	6,793*
Operating profit (EBIT)	50,282	47,102*
Profit from ordinary business activities (EBT)	53,377	50,322*
Net income after minority interest	29,207	23,010*
Cash flow	44,396	38,655
	[EUR]	[EUR]
Earnings per share**, undiluted (= diluted)	1.22	0.96*
	[Qty.]	[Qty.]
Number of employees***	1,111	1,007
Of which temporary	(155)	(148)

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)
** Number of shares: 24 million
*** Number of employees at end of year (active workforce)

2. REPORT BY THE SUPERVISORY BOARD

Edmund Hug
Chairman

Report by the Supervisory Board of CTS EVENTIM AG on the annual financial statements, the consolidated financial statements and the management report for the company and the Group as a whole for the financial year from 1 January 2008 to 31 December 2008.

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 monitored how the company and its Group were 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 prepared and the resolutions proposed by 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 giving consent to such measures. Decisions were also taken using the written procedure, when 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 conducted. In the 2008 reporting year, the Supervisory Board met on 14 March (‘financial statements meeting’), 14 May, 3 September and on 13 November. 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.

III. At the Annual Shareholders’ Meeting of the company held in Bremen on 15 May 2008, PricewaterhouseCoopers 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 2008. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2008 annual financial statements, the 2008 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 24 March 2009, the annual financial statements and the consolidated financial statements for 2008, as well as the combined management report and the Management Board’s proposal for appropriation of profits, 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 auditor's 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 2008 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 2008 financial year on the relationships to affiliated companies, 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 2008 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 13 November 2008, 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 website at www.eventim.de.

The Supervisory Board would like to thank the Management Board and all employees of the company for the work they performed during the 2008 financial year.

March 2009

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

3. FOREWORD BY THE MANAGEMENT BOARD

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

2008 was our ninth year on the Frankfurt stock exchange and was characterised by a very difficult business climate. At present we are experiencing one of the worst financial crises of recent decades, the impacts of which have long been felt in the ‘real’ economy, and in which governments are compelled to put together enormous bail-out and fiscal stimulus packages. Despite the crisis, CTS Group managed even to exceed the record performance of the previous year and present the best figures ever achieved in the company’s history.

MORE TICKETS SOLD THAN EVER BEFORE

The ticketing business for music, cultural and sports events is booming even in the midst of financial crises, or, indeed, perhaps because of them. In total, more than 70 million tickets were sold in 2008 using the systems developed and operated by the EVENTIM Group – more tickets than ever before, in other words. We generated EUR 404.4 million in revenue, an EBIT of EUR 50.3 million and an EBITDA of EUR 57.8 million, and are very satisfied with these results.

232 MILLION VISITORS TO OUR WEBSITES

Our unique business model remains the cornerstone of our success – on the one hand, we are one of the major promoters of live entertainment, while on the other hand we are the leader of the European ticketing market. These two segments enable us to benefit from high synergy levels, an aspect that for years already has made CTS EVENTIM into a peerless success story. For anyone in Germany and Europe who is interested or involved in today’s entertainment industry, CTS EVENTIM is the dominant player that there is no getting around. Once again, our positive performance and growth is owed to our highly profitable ticket sales via the Internet. In our view, this trend will also be the main driver of growth in the years ahead. We had over 232 million visitors to our websites in total last year, and the trend points clearly upwards.

ACTIVITIES IN 18 COUNTRIES

Our aim is to extend the strong market position we have meanwhile established in 18 countries, so we attach strong priority not only to organic growth, but also to geographic market expansion by making acquisitions and entering new partnerships. Three examples from the year 2008 provide impressive confirmation of this strategy. We concluded a partnership agreement with the Netherlands retail chain Totaal Gemak, with the Anschutz Entertainment Group in Germany, one of the world's biggest concert and tour promoters, we signed an exclusive ticketing partnership, and with Lippupiste Oy we took over one of the leading ticketing companies in Finland.

2009 WILL AGAIN SEE INTERNATIONAL STARS PLAYING IN SOLD-OUT VENUES

We are confident that we will continue to report encouraging news throughout the current year, because we expect a constantly high level of ticket demand for the concerts and tours offered by CTS EVENTIM. In 2009, a bevy of international stars, such as Bruce Springsteen, Depeche Mode, Madonna, Pink, AC/DC, Elton John, Tina Turner and Coldplay, will be performing what are sure to be sold-out concerts in German halls and stadiums. Our programme is filled not only with numerous sports and cultural events, but also with major festivals that we ourselves organise.

TARGETS REMAIN AMBITIOUS

These events are the best foundation for setting ever-ambitious targets – the company is focused on rigorous expansion of Internet ticketing and international expansion. I would like to thank you for the loyalty you have shown towards CTS EVENTIM along this exciting path and look forward to the 2009 business year, which we are tackling with an optimistic frame of mind despite the current financial and economic crises.

Klaus-Peter Schulenberg
Chief Executive Officer

4. CTS SHARES

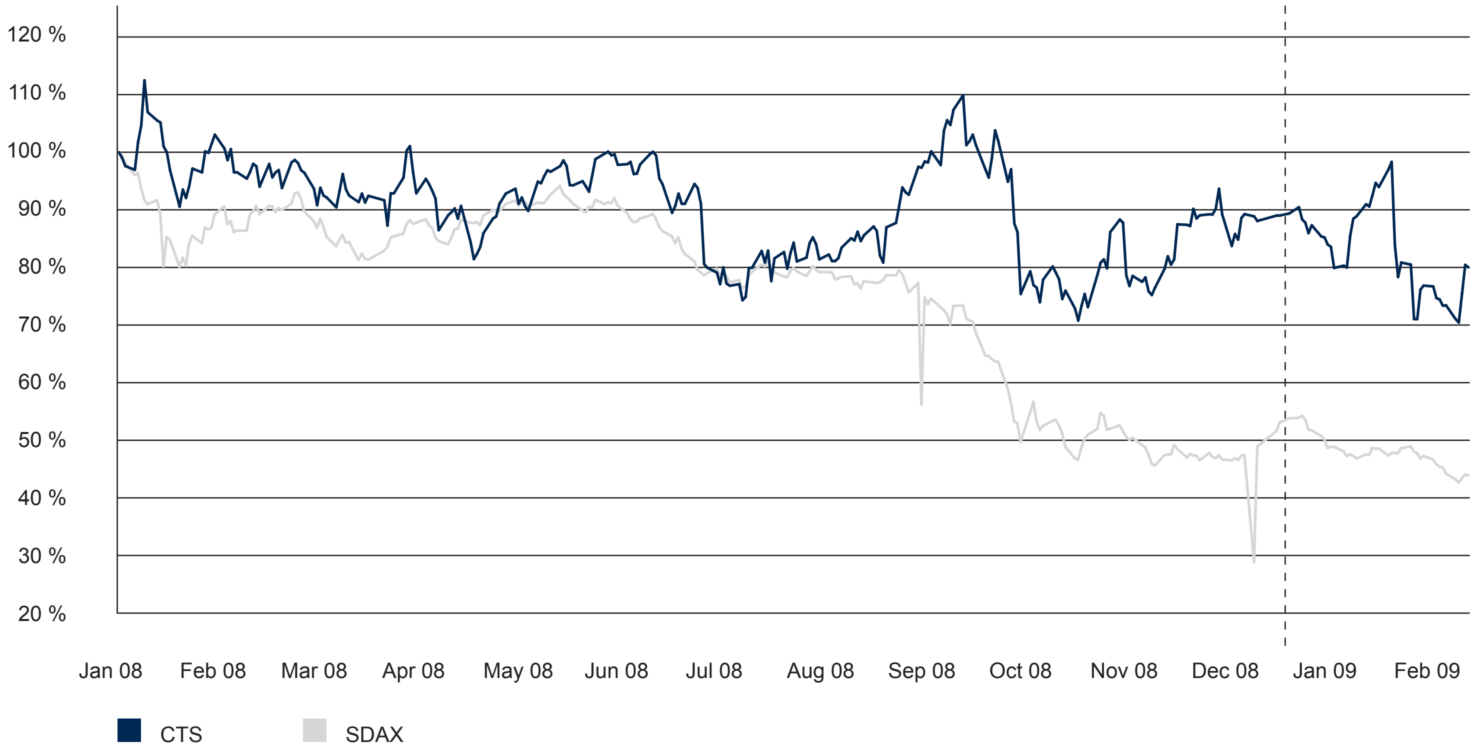
CTS SHARES – A SOLID INVESTMENT IN DIFFICULT TIMES

The 2008 business year was a volatile one for CTS EVENTIM AG shares, not least on account of the various impacts of the international subprime crisis. As early as January, CTS shares reached just over EUR 30. The interim high of more than EUR 29 at the end of September was flanked by the two lows of around EUR 20 and EUR 19 that were seen in mid-July and late October, respectively. At the end of the year, the share price stabilised at just under EUR 24. In the last analysis, however, CTS EVENTIM AG shares performed better than the SDAX index; in the last four months of 2008, especially, the shares managed to out-perform the index.

The CTS Group maintained its consistent dividend policy in 2008 also. At the Shareholders' Meeting on 15 May 2008, the Management Board and Supervisory Board proposed that the same dividend of EUR 0.49 per share be paid again, as in 2007. This equates to a total distribution of EUR 11.759 million for 24 million no-par value bearer shares.

Analyses of CTS EVENTIM AG are produced not only by the Designated Sponsors – ICF Kursmakler AG on behalf of the DZ Bank and BayernLB – but also by the Berenberg Bank, Crédit Agricole Cheuvreux, Morgan Stanley, Dresdner Kleinwort, Sal Oppenheim, WestLB, Deutsche Bank and Citigroup. This means that CTS shares have unusually broad coverage. In the view of many analysts, the unique business model as well as the new, attractive and long-term partnerships make the shares an interesting and profitable investment.

CTS SHARES (01.01.2008 UNTIL 28.02.2009 - 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

	2008 [EUR]	2007 [EUR]
Consolidated earnings per share	1.22	0.96*
Cash flow	44,395,549	38,655,387
High (Xetra)	31.00	38.33
Low (Xetra)	17.00	23.40
Year-ended-price (Xetra)	23.94	26.50
Market capitalisation (based on year-ended-price)	574,560,000	636,000,000
Shares outstanding on 31.12.	24,000,000	24,000,000
Share capital after IPO	12,000,000	12,000,000

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

5. CORPORATE GOVERNANCE REPORT FOR 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 18 and 19 in the notes to the consolidated financial statements. Related party disclosures are made under point 16 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 13 November 2008, 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 dated 6 June 2008, 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 is 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, items 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 2008, 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 (Chief Executive Officer)	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	0	0.000%

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
Prof. Jobst W. Plog	Supervisory Board	Sale	22.01.2008	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 2008 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 revenue and EBIT (earnings before interest and taxes), i.e. clearly defined, auditable and relevant success criteria that are continuously monitored by the Supervisory Board. The members of the Management Board also receive payments in kind, specifically in the form of an appropriate company car.

Stock options or similar components of compensation have not been contractually agreed and are not granted to members of the CTS EVENTIM AG Management Board, so no disclosures in this regard need 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	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	600,000	10,951	300,000	910,951
Volker Bischoff	250,000	18,152	105,000	373,152
Christian Alexander Ruoff	250,000	16,549	105,000	371,549
Total	**1,100,000**	**45,652**	**510,000**	**1,655,652**

6. COMBINED MANAGEMENT REPORT

1. PRELIMINARY STATEMENTS

In addition to standalone financial statements for CTS EVENTIM AG (hereinafter 'CTS AG') 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 IFRSs 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 as a whole. Information on the financial situation and business development of CTS AG as a standalone company are provided in separate sections or are shown by a reference to 'CTS AG'. The accounting, valuation and consolidation methods are the same as those applied in the consolidated financial statements as at 31 December 2007.

As at 31 May 2008, the purchase-price allocation relating to the acquisition of shares in TicketOne S.p.A., Milan, was finally completed within the stipulated 12-month period in accordance with IFRS 3.62. According to IFRS rules, the comparative figures for the reporting periods must be presented as if initial consolidation was already based on the final figures for the purchase price allocation. As a consequence, the comparative figures were adjusted with retroactive effect (refer to item 1.6.1 in the notes to the consolidated financial statements). The comparative figures in the income statement and the balance sheet relate to the adjusted consolidated financial statements as at 31 December 2007.

2. BUSINESS AND MACROENVIRONMENT

2.1 MACROECONOMIC CLIMATE

In the course of 2008, the pressures being exerted on the German economy intensified significantly. A surprisingly strong first quarter was the only reason why the gross domestic product for 2008 still showed a price-adjusted increase of 1.3%. In the second half of 2008 the deceleration was mainly attributable to the financial crisis.

Due to the fact that Germany has shown considerable export strength over the present decade, while domestic demand has largely stagnated, the export ratio rose to just under 50% – a higher level than in other major economies. Germany's most important trading partners are especially hard hit by global recessionary trends, so their economic downturns are having adverse impacts on the German economy as a result of export weakness. The cooling of the global economy will lead to a substantial and possibly prolonged decline in the foreign demand so essential to the export-oriented German economy.

The economic recession and the turbulence prevailing on the international financial markets have started to affect the employment market. In December 2008, an increase in the seasonally adjusted unemployment figures was observed for the first time since February 2006.

The downturn that took root in 2008 is set to continue in 2009. Given the unfavourable climate for foreign trade, the real economy in Germany is expected to suffer severe setbacks in the short term at least. A slight recovery is not anticipated until later in the year, although growth in the German economy will be weaker than its potential might suggest, thus leading to further declines in capacity utilisation.

Business output is expected to stagnate in 2009. The level of uncertainty in such forecasts is very high, with downward risks prevailing.

The current financial crisis had no noticeable impact on the performance of the CTS Group in the fourth quarter of 2008. Despite widespread consumer restraint, the Ticketing segment, in particular, achieved revenue and EBIT growth in the seasonally strong fourth quarter, just as in previous years. Demand for live entertainment seems to be unbroken, even or precisely when the economy is going through difficult times.

2.2 INDUSTRY-SPECIFIC ENVIRONMENT

The Group operates in the leisure events 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 that segment on account of its sheer importance for the Ticketing segment. 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), a sports ticketing product (eventim.tixx) and a proprietary solution for ticket sales and admission control in stadiums and arenas. Due to the networking and internationalisation of ticketing software at network, web and inhouse level, implemented in 2007, it has been possible since the preceding year that tickets are offered across national boundaries in a standardised global ticketing system (Global Ticketing System).

Besides the German market, the Group also operates in the Ticketing segment in other European countries (Italy, Sweden, Croatia, the Netherlands, Austria, Finland, Poland, Russia, Switzerland, the Slovak Republic, Slovenia, Hungary, Bulgaria, Romania, Bosnia-Herzegovina and Serbia-Montenegro), 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 holding participations 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 both in Germany and abroad. The company enjoys competitive advantages over competitors, in that the CTS Group operates with full geographic 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. These competitive strengths were further enhanced in the 2008 business year by establishing and growing ticketing companies in other countries – also on the basis of the ticketing partnership deal 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 spite of the difficult economic climate, the CTS Group grew with undiminished intensity during the past business year. Key performance figures are shown in the table below:

	2008 [EUR million]	2007 [EUR million]
Revenue (before consolidation between segments)		
Ticketing	120.1	87.5
Live Entertainment	288.0	301.3
Group	404.3	384.4
EBIT		
Ticketing	34.6	26.6
Live Entertainment	15.7	20.5
Group	50.3	47.1
Cash flow	44.4	38.7
Number of employees (at end of year)	1,111	1,007

Ticketing segment operations expanded both in Germany and abroad during the 2008 reporting year, accompanied by substantial growth in Internet sales, thus leading to the anticipated growth in revenue and earnings.

Hertha BSC, the German First-Division football club, was acquired as a customer in the first half of 2008. Under the deal, the CTS Group will manage the entire admission ticket system of that venerable club.

Totaal Gemak, the Netherlands chain of retail stores, signed a partnership deal with a member company of the CTS Group. The link-up to the CTS platform means that consumers in the Netherlands can now have access to CTS events throughout Europe. Tickets are also available in numerous Totaal Gemak stores.

In the second half of 2008, CTS AG concluded a partnership agreement with the Anschutz Entertainment Group in Germany (hereinafter: AEG). The American AEG is one of the world's biggest tour and concert promoter, and the operator of numerous venues in the USA and Europe. The German operations of the AEG include major arenas (O2 World in Berlin and the Color Line Arena in Hamburg), two teams in the German ice hockey league (DEL), namely Eisbären Berlin and the Hamburg Freezers, as well as the organisation and execution of events. Since August 2008, AEG has been selling tickets on a long-term basis and almost entirely via the systems provided by the CTS Group.

European expansion included the establishment of CTS Eventim Schweden AB, the Stockholm-based ticketing company. In Finland, shares in Lippupiste Oy, Tampere, were acquired.

In late September 2008, CTS AG extended the partnership it originally forged in 2002 with DERTICKET-SERVICE KT GmbH (DTS), a subsidiary of the M. DuMont Schauberg group of companies and owner of the KölnTicket and RP-Ticket brands. The long-term basis of the new agreement also gives both parties considerable scope for joint acquisition of major new customers in their respective additional segments. The partnership also secures market leadership for CTS in a key regional market in Germany.

In October 2008, the CTS Group was awarded the contract to provide ticketing services for the 'Van Gogh and the colours of the night' exhibition in Amsterdam. From February to June 2009, the exhibition will show a unique selection of 55 works by the Dutch painter, with Amsterdam the only venue in Europe where they can be seen.

In the Live Entertainment segment, profits and margins were curtailed in comparison to the prior year not only by the fact that the 2007 business year was exceptionally successful, but also by start-up costs for new and wider-ranging types of events. Notwithstanding these factors, however, the Live Entertainment segment still managed to achieve its second-best net income for the year since the IPO in 2000.

The first quarter of 2008 saw the opening of the 'Tutankhamun – His Grave and its Treasures' exhibition in Zurich. The exhibition represents a new type of 'edutainment' event, or entertainment married with a high level of academic information. In this case, the Group is covering the entire value chain: namely the exhibition itself, the ticketing operation, the merchandise, catering, audio guides and the special events. Zurich was followed in the fourth quarter of 2008 by Brünn; other European venues are scheduled for the exhibition.

In the third quarter of 2008, CTS AG signed a leasehold for 'Waldbühne Berlin', one of Europe's best-known open-air arenas. The contract commenced on 1 January 2009 for an initial four-year term. CTS AG has been one of the most important users of the venue for many years. In addition to the rock, pop and classical music events that are already successfully established there, the Waldbühne will also be hosting new types of event and will significantly increase the total number of events per year.

CTS AG, in a joint initiative with Free and Hanseatic City of Hamburg, Frank Otto and the Hamburger Sparkasse AG (Haspa), is supporting the continued existence of the Kontaktstudiengang Popularmusik, a part-time higher degree course in pop music at the Hamburg College of Music and Theatre, commonly referred to as the 'pop course'. In future, the 'pop course' will bear the name 'EVENTIM Popkurs Hamburg'.

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 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 oversight 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 non-performance-based 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 18 in the notes to the consolidated financial statements and to point 4 in the Corporate Governance report regarding details of individual compensation packages.

For the 2008 business year, the members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand, as well as reimbursed expenses of EUR 1 thousand.

2.4.2 CHANGES IN GROUP STRUCTURE

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

In the 2008 reporting period, the following changes occurred in the group of entities included in consolidation.

TICKETING

In March 2008, the firm of Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten GmbH, Vienna, was renamed Ö-Ticket Nord West GmbH, Vienna, and the firm of Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX), sold a 49% interest in Ö-Ticket Nord West GmbH, Vienna (formerly: Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten GmbH, Vienna). Since then, TEX has held only 51% of the shares in that company.

In March and December 2008, CTS AG acquired in total 11% of shares in TEX held by external shareholders, and now holds 86% of the shares in said company.

In April and May 2008, CTS AG acquired an additional 6.6% of the shares in TicketOne S.p.A. (hereinafter: TicketOne), an Italian company domiciled in Milan, through an intermediate company and now holds 49.8% of the shares in TicketOne.

In May 2008, CTS AG acquired the remaining 50% of shares in TSC EVENTIM Ticket & Touristik-Service-Center GmbH, Bremen (hereinafter: TSC) and since then has held 100% of the shares in TSC.

In June 2008 CTS Eventim Schweden AB was established on the basis of a shelf company and with its registered office in Stockholm. CTS AG holds 100% of the shares in this Swedish company.

In July and November 2008, TEX acquired an additional 12.5% of the shares in ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz, with the result that TEX now holds 77.5% of the shares in said company.

In September 2008, CTS AG acquired 70% of the shares in Lippupiste Oy (hereinafter: Lippupiste), a Finnish company domiciled in Tampere.

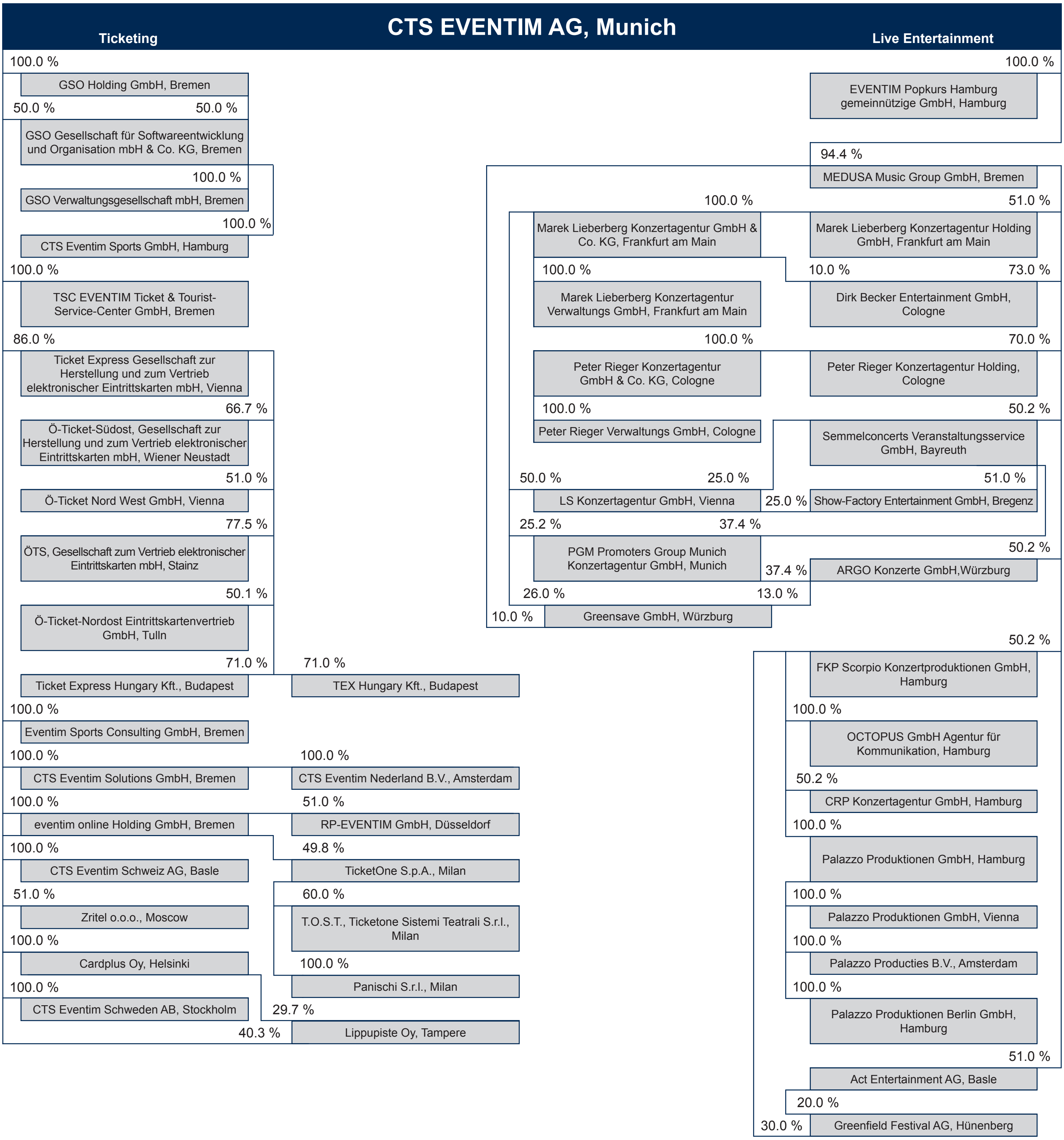
LIVE ENTERTAINMENT

In March 2008, FKP Scorpio Konzertproduktionen GmbH, Hamburg, acquired the remaining 49% of shares in Palazzo Produktionen GmbH, Hamburg (hereinafter: Palazzo Hamburg), and now owns 100% of that company.

In May 2008, EVENTIM Popkurs Hamburg gemeinnützige GmbH, a nonprofitmaking limited company, was established with its registered office in Hamburg. CTS AG holds 100% of the shares in said company.

Due to its significant influence, Greenfield Festival AG, Hünenberg, was included in consolidation for the first time. In view of the 50% interest held by the Group, the company is included at equity as an associated company in the consolidated financial statements.

The corporate structure as at 31 December 2008 is shown in the following table:



2.5 CORPORATE MANAGEMENT

Company policy is focused on sustained growth in the value of the company. In order to manage the company according to value-based principles, a system of performance indicators is used to ensure efficient use of funds.

The key criteria for assessing the value growth of the operating business are the sustained increase 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.

In 2008, as a result of its successfully implemented strategy of profitable growth, the Group again achieved significant improvements in its key performance indicators relative to the prior year. At EUR 50.282 million, the Group EBIT was EUR 3.180 million higher that the equivalent figure for the 2007 business year (EUR 47.102 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.

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 premise.

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

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

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

	31.12.2008 [EUR`000]	31.12.2007 [EUR`000]
Debts *)	30,016	22,743
Cash and cash equivalents	-213,072	-141,764
Net debts	**-183,056**	**-119,021**
Shareholders‘ equity **)	125,437	109,448
Net debts to shareholders‘ equity	-146%	-109%

*) 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/equity 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 revenue and to continue meeting the requirements of event promoters, box offices and Internet customers, the ticket sales system is being constantly improved and expanded. The software development is predominantly carried out by development 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 been made.

3. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW

3.1 EFFECTS OF THE FINANCIAL CRISIS ON THE EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW OF THE CTS GROUP AND OF CTS AG

In the 2008 financial year, no significant negative impacts of the financial crisis were identified either in the CTS Group or in CTS AG. Consumer demand for live entertainment seems to be unbroken, even or precisely when the economy is going through difficult times. Due to the low requirement for external borrowing, changes in banks’ lending practices have not had any effects on the Group. Since the CTS Group and CTS AG pursue a very conservative strategy for monetary investments, there were no negative effects on earnings performance, cash flow or financial position.

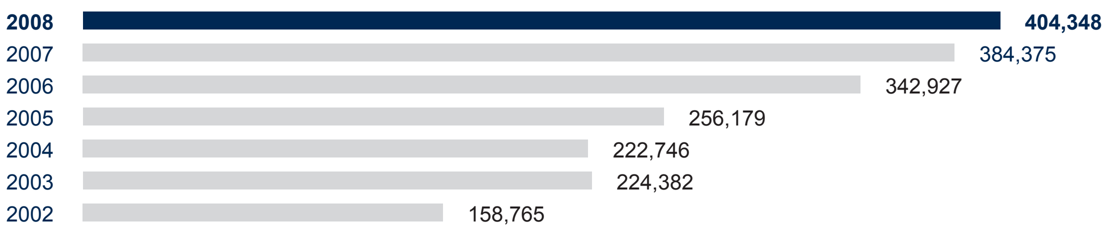
3.2 EARNINGS PERFORMANCE
3.2.1 GROUP EARNINGS PERFORMANCE (IFRS)

	01.01.2008-31.12.2008 [EUR`000]	01.01.2007-31.12.2007 [EUR`000]	Change [EUR`000]	Change [in %]
Revenue	404,348	384,375	19,973	5.2
Cost of sales	-306,900	-301,033	-5,867	1.9
Gross profit	**97,448**	**83,342**	**14,106**	**16.9**
Selling expenses	-29,915	-23,250	-6,665	28.7
General administrative expenses	-17,146	-14,237	-2,909	20.4
Other operating income	6,941	7,492	-551	-7.4
Other operating expenses	-7,046	-6,245	-801	12.8
Operating profit (EBIT)	**50,282**	**47,102**	**3,180**	**6.8**
Financial result	3,096	3,220	-124	-3.9
Profit from ordinary business activities (EBT)	**53,378**	**50,322**	**3,056**	**6.1**
Taxes	-17,835	-20,499	2,664	-13.0
Net income before minority interest	**35,543**	**29,823**	**5,720**	**19.2**
Minority interest	-6,336	-6,813	477	-7.0
Net income after minority interest	**29,207**	**23,010**	**6,197**	**26.9**

REVENUE

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

in EUR`000



Group revenue increased by EUR 19.973 million, or 5.2%, from EUR 384.375 million in 2007 to EUR 404.348 million in 2008. Revenue (before consolidation between segments) breaks down into EUR 120.130 million in the Ticketing segment (prior year: EUR 87.449 million) and EUR 287.994 million in the Live Entertainment segment (prior year: 301.281 million).

The Ticketing segment boosted revenue by 37.4% to EUR 120.130 million (prior year: EUR 87.449 million), thus continuing its continuous growth in the 2008 business year. In the seasonally strong fourth quarter, especially, revenue significantly increased (by 50.6%) year-on-year owing to the launch, during the Christmas period, of pre-sales for major forthcoming tours (e.g. AC/DC). The encouraging trend in this segment is powered not only by fast-growing Internet sales but also by geographic expansion into other markets both in Germany and abroad. Around 232 million music and event fans (prior year: 164 million) visited the Group's Internet portals in 2008, particularly www.eventim.de and www.getgo.de, and bought around 9.6 million tickets in total (prior year: 7.1 million). This equates to a 35% year-on-year increase in Internet ticket sales.

The Live Entertainment segment was highly successful in the 2008 reporting year. Compared to the previous record established in 2007, revenue decreased as expected by EUR 13.287 million to EUR 287.994 million (down 4.4%). The prior year, 2007, saw an exceptionally strong boost to sales due to tours by Herbert Grönemeyer and Genesis. In the 2008 business year, the absence of such mega-tours was somewhat compensated by better use of festival capacities and by concerts given by Madonna and Coldplay.

Of the EUR 404.348 million in total Group revenue in the reporting year, EUR 325.686 million were generated in Germany (prior year: EUR 325.357 million), EUR 39.163 million in Austria (prior year: EUR 33.864 million), EUR 4.992 million in the Netherlands (prior year: EUR 3.940 million), EUR 641 thousand in Hungary (prior year: EUR 881 thousand), EUR 3.219 million in Russia (prior year: EUR 2.782 million), EUR 16.517 million in Italy (prior year: EUR 8.147 million), EUR 12.880 million in Switzerland (prior year: EUR 9.404 million) and EUR 1.250 million in Finland (prior year: EUR 0).

GROSS PROFIT

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

	2008 [in %]	2007 [in %]
Group	24.1%	21.7%
Ticketing	55.9%	57.3%
Live Entertainment	10.6%	11.1%

The consolidated gross margin increased as a result of the higher percentage share in consolidated gross profit now generated by the high-margin Ticketing segment. Gross margin in the Ticketing segment showed a year-on-year decrease due, among other factors, to the implementation of the Live Nation project and to enlargement of the group of entities included in consolidation. In the Live Entertainment segment, costs for new and wider-ranging types of event caused a reduction in margin in the 2008 reporting period.

SELLING EXPENSES

The increase in selling expenses is mainly due to higher personnel expenses (up EUR 2.522 million), to higher expenses for legal and consultancy services (up EUR 777 thousand), to losses on receivables and allowances for doubtful accounts (up EUR 1.030 million) and to advertising expenses (up EUR 416 thousand). As a percentage of revenue, selling expenses increased from 6.1% to 7.4%.

GENERAL ADMINISTRATIVE EXPENSES

The increase in general administrative expenses is mainly attributable to increased personnel expenses (up EUR 1.307 million), legal and consultancy costs (up EUR 254 thousand) and costs for temporary workers (up EUR 206 thousand). The higher personnel expenses are particularly the result of acquisition-related changes in the scope of consolidation, of additional personnel recruited to implement the Live Nation project, and in the Live Entertainment segment from additional venues for events organised by the Palazzo companies. As a percentage of revenue, general administrative expenses rose from 3.7% to 4.2%.

OTHER OPERATING INCOME

Other operating income decreased, mainly due to lower revenue from insurance compensation (down EUR 615 thousand) and less other operating income (down EUR 1.422 million). These decreases are offset by an increase in income from written-off liabilities (up EUR 1.496 million).

OTHER OPERATING EXPENSES

The increase in other operating expenses relates predominantly to expenses arising from currency translation (up EUR 511 thousand) and expenses for third-party services (up EUR 288 thousand).

OPERATING PROFIT (EBIT)

With an EBIT margin of 12.4%, Group EBIT improved 6.8% from EUR 47.102 million to EUR 50.282 million.

In the Ticketing segment, the EBIT figure rose significantly by EUR 7.957 million from EUR 26.633 million to EUR 34.590 million. A major contribution to earnings was again made by the further increase in ticket volumes sold through the Internet platforms of the CTS Group. The EBIT margin fell slightly from 30.5% to 28.8%, primarily due to additional companies being included in consolidation and to expenses incurred in implementing the partnership with Live Nation.

The Live Entertainment segment achieved an EBIT of EUR 15.695 million (prior year: EUR 20.459 million), its second-best earnings figure since the IPO. The EBIT margin came in at 5.5%, compared to 6.8% the year before. Other factors accounting for this year-on-year drop in earnings and profit margin during the 2008 reporting period, besides the exceptional success achieved in the 2007 business year, were the start-up costs for new (‘edutainment’ event) and more wide-ranging types of events (expansion of event locations).

FINANCIAL RESULT

The financial result, at EUR 3.096 million (prior year: EUR 3.220 million) includes EUR 44 thousand in income from participations (prior year: EUR 140 thousand), EUR 172 thousand income from participations in associated companies (prior year: EUR 17 thousand), EUR 4.673 million in financial income (prior year: EUR 4.475 million) and EUR 1.793 million in financial expenses (prior year: EUR 1.412 million). Distribution to minority interest (EUR 93 thousand, prior year: EUR 187 thousand) and the change in the present value of purchase price obligations in respect of put options (EUR 904 thousand, prior year: EUR 365 thousand) are stated as financial expenses in accordance with IAS 32.

TAXES

Tax expenses fell in the 2008 business year by EUR 2.664 million to EUR 17.835 million. Tax expenses comprise deferred taxes (EUR 1.577 million, prior year: EUR 1.531 million) and the tax expenses of the consolidated standalone companies (EUR 16.258 million, prior year: EUR 18.968 million). Deferred tax income and tax expenses were formed on the basis of existing loss carry forwards and for temporary differences, and set-off against within 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 2008 to 33.4% (prior year: 40.7%), partly due to the tax reform in Germany. 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 2008. The composition of taxes is shown in the notes to the consolidated financial statements under point 4, Taxes (11).

MINORITY INTEREST

Minority interest decreased by EUR 477 thousand to EUR 6.336 million. Lower earnings in the Live Entertainment segment were responsible for this decrease in minority interest.

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

NET INCOME AFTER MINORITY INTEREST

The net income for the year increased by EUR 6.197 million (up 26.9%) from EUR 23.010 million to EUR 29.207 million. The Group earnings per share (EPS) figure for the 2008 business year was EUR 1.22, up from EUR 0.96 for the prior year. CTS AG, as a standalone company, accounts for EUR 23.819 million of the consolidated net income (prior year: EUR 19.275 million).

The CTS AG net income for the year in accordance with HGB, at EUR 23.199 million (prior year: EUR 18.485 million), was adjusted, inter alia, by goodwill amortization that is eliminated under IFRS. The distributable earnings per share for the CTS AG standalone company were EUR 0.97 in the 2008 business year (prior year: EUR 0.77).

PERSONNEL

Due to larger workforces, personnel expenses increased by EUR 7.725 million year-on-year from EUR 31.759 million to EUR 39.484 million. This increase in personnel expenses breaks down into EUR 5.643 million in the Ticketing segment and EUR 2.082 million in the Live Entertainment segment. The increase in personnel expenses in the Ticketing segment results, inter alia, from changes in the scope of consolidation and from implementation of the Live Nation project. The increase in personnel expenses in the Live Entertainment segment is mainly attributable to additional venues for events organised by the Palazzo companies.

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

	2008 [Qty.]	2007 [Qty.]
Ticketing	671	654
Live Entertainment	440	353
Total	**1,111**	**1,007**

At the end of the business year, the Group had a total of 1,111 employees (prior year: 1,007), of whom 654 were employed in Germany (prior year: 543), 165 in Austria (prior year: 160), 11 in the Netherlands (prior year: 2), 23 in Switzerland (prior year: 15), 126 in Russia (prior year: 166), 98 in Italy (prior year: 108), 11 in Hungary (prior year: 13), 16 in Finland (prior year: 0) and 7 in Sweden (prior year: 0). Due to the greater number of companies included in consolidation, the size of the Group workforce as at 31 December 2008 was 23 more than a year before.

On average during 2008, the Group had 76 more employees than in the 2007 business year.

DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

Ticketing	2004 [EUR million]	2005 [EUR million]	2006 [EUR million]	2007 [EUR million]	2008 [EUR million]
Revenue	42.1	64.3	99.3	87.4	120.1
Gross profit	23.1	39.8	62.8	50.1	67.1
Gross margin	54.7%	61.9%	63.2%	57.3%	55.9%
EBIT	9.2	19.3	31.1	26.6	34.6
EBITDA	13.3	23.6	36.8	32.0	40.1

Of the total revenue in this segment, EUR 61.939 million (prior year: EUR 43.047 million) were generated via the Internet; this equates to Internet revenue growth of 44%. Revenue generated via the Internet accounted for 52% of total Ticketing segment revenue in the 2008 business year (prior year: 49%).

LIVE ENTERTAINMENT

Live Entertainment	2004	2005	2006	2007	2008
	[EUR million]	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	183.4	194.6	247.2	301.3	288.0
Gross profit	21.0	23.6	26.2	33.4	30.4
Gross margin	11.5%	12.1%	10.6%	11.1%	10.6%
EBIT	12.1	13.5	14.6	20.5	15.7
EBITDA	12.5	13.9	15.2	21.8	17.7

In the Live Entertainment segment, the second-best result since the IPO in 2000 was achieved, after the record performance in 2007. Increased start-up costs for new and wider-ranging types of event led in the past business year to lower earnings and margin figures.

3.2.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	01.01.2008-31.12.2008	01.01.2007-31.12.2007	Change	
	[EUR`000]	[EUR`000]	[EUR`000]	[in %]
Revenue	71,862	54,882	16,980	30.9%
Cost of sales	-30,503	-21,968	-8,535	38.9%
Gross profit	**41,359**	**32,914**	**8,445**	**25.7%**
Selling expenses	-11,056	-10,235	-821	8.0%
General administrative expenses	-4,625	-4,218	-407	9.6%
Other operating income	2,821	3,734	-913	-24.4%
Other operating expenses	-2,794	-2,430	-364	15.0%
Operating profit (EBIT)	**25,705**	**19,765**	**5,940**	**30.1%**
Financial result	6,812	8,362	-1,550	-18.5%
Profit from ordinary business activities (EBT)	**32,517**	**28,127**	**4,390**	**15.6%**
Taxes	-9,318	-9,642	324	-3.4%
Net income for the year	**23,199**	**18,485**	**4,714**	**25.5%**

In the 2008 business year, CTS AG revenue increased markedly by EUR 16.980 million, from EUR 54.882 million to EUR 71.862 million. Continued fast growth in Internet sales and a seasonally very strong fourth quarter were the key factors behind this encouraging revenue growth.

The gross margin came in at 57.6% (prior year: 60.0%). Margins were reduced by expenditures on implementing the partnership deal with Live Nation.

Selling expenses rose slightly by EUR 821 thousand from EUR 10.235 million to EUR 11.056 million. This means that selling expenses fell from 18.6% of revenue in 2007 to 15.4% in 2008.

The EUR 407 thousand increase in general administrative expenses in the reporting year, to EUR 4.625 million, is attributable, inter alia, to higher personnel expenses and to legal and consultancy costs in connection with the Live Nation project.

The EUR 913 thousand decrease in other operating income, to EUR 2.821 million, was mainly due to lower income from the reversal of provisions (down EUR 513 thousand), the reversal of allowances for doubtful accounts (down EUR 193 thousand), from cancellation of liabilities and written-off receivables (down EUR 142 thousand), from insurance compensation (down by EUR 108 thousand) and from foreign exchange gains (down by EUR 81 thousand). The decrease is offset by EUR 332 thousand in additional operating expenses passed on to third parties.

The EUR 364 thousand increase in other operating expenses to EUR 2.794 million results primarily from higher expenses for donations and third-party services. These are offset by a decline in transferred expenses and foreign exchange losses.

Earnings before interest and taxes (EBIT) amounted to EUR 25.705 million (prior year: EUR 19.765 million). The EBIT margin fell slightly to 35.8% (prior year: 36.0%).

The financial result dropped by EUR 1.550 million from EUR 8.362 million in 2007 to EUR 6.812 million in 2008. The financial result includes EUR 5.100 million in income in the form of dividends and transferred profits from participations (prior year: EUR 6.746 million), EUR 2.155 million in interest income (prior year: EUR 1.662 million) and interest expenses of EUR 442 thousand (prior year: EUR 41 thousand). Interest expenses relate to long-term loans, the discounting of long-term loan receivables, and other financial expenses.

Tax expenses fell by EUR 324 thousand from EUR 9.642 million to EUR 9.318 million. The tax reform in Germany led to a reduced taxation ratio.

At the end of the 2008 financial year, CTS AG had 142 employees on its payroll (prior year: 137). Compared to the previous year, personnel expenses increased by EUR 453 thousand from EUR 7.734 million to EUR 8.187 million, mainly due to implementation of the Live Nation project.

3.3 FINANCIAL POSITION

3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2008		31.12.2007		Change
	[EUR`000]	[in %]	[EUR`000]	[in %]	[EUR`000]
Current assets					
Cash and cash equivalents	213,072	52.6	141,764	45.3	71,308
Trade receivables	27,236	6.7	24,202	7.7	3,034
Receivables from affiliated companies	1,711	0.4	1,198	0.4	513
Inventories	12,733	3.1	13,194	4.2	-461
Other assets	21,792	5.4	22,511	7.2	-719
Total current assets	**276,544**	**68.2**	**202,869**	**64.8**	**73,675**
Non-current assets					
Property, plant and equipment	33,586	8.3	26,176	8.4	7,410
Goodwill	89,918	22.2	79,489	25.4	10,429
Deferred tax assets	1,929	0.5	3,968	1.2	-2,039
Trade receivables and other assets	3,110	0.8	713	0.2	2,397
Total non-current assets	**128,543**	**31.8**	**110,346**	**35.2**	**18,197**
Total assets	**405,087**	**100.0**	**313,215**	**100.0**	**91,872**

	31.12.2008 [EUR`000]	[in %]	31.12.2007 [EUR`000]	[in %]	Change [EUR`000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	5,026	1.2	2,932	0.9	2,094
Trade payables	33,126	8.1	26,324	8.4	6,802
Advance payments received	84,086	20.8	52,746	16.8	31,340
Provisions	8,425	2.1	11,265	3.6	-2,840
Other liabilities	119,874	29.6	85,408	27.3	34,466
Total current liabilities	**250,537**	**61.8**	**178,675**	**57.0**	**71,862**
Non-current liabilities					
Medium- and long-term financial liabilities	24,990	6.2	19,811	6.3	5,179
Other liabilities	1,052	0.2	2,102	0.7	-1,050
Pension provisions	2,247	0.6	2,521	0.8	-274
Deferred tax liabilities	824	0.2	658	0.2	166
Total non-current liabilities	**29,113**	**7.2**	**25,092**	**8.0**	**4,021**
Shareholders' equity					
Share capital	24,000	5.9	24,000	7.7	0
Capital reserve	23,311	5.8	23,307	7.4	4
Earnings reserve	119	0.0	22	0.0	97
Balance sheet profit	72,445	17.9	55,064	17.6	17,381
Treasury stock	-52	0.0	-58	0.0	6
Minority interest	5,795	1.4	7,153	2.3	-1,358
Currency differences	-181	0.0	-40	0.0	-141
Total shareholders' equity	**125,437**	**31.0**	**109,448**	**35.0**	**15,989**
Total shareholders' equity and liabilities	**405,087**	**100.0**	**313,215**	**100.0**	**91,872**

The balance sheet total of the CTS Group increased year-on-year by EUR 91.872 million (up 29.3%) to EUR 405.087 million. Important balance sheet items, especially cash and cash equivalents, goodwill, advance payments received, other liabilities and shareholders' equity increased relative to the prior year.

Current assets rose by EUR 73.675 million. This is attributable above all to a EUR 71.308 million increase in cash and cash equivalents to EUR 213.072 million. In the Ticketing segment, the EUR 41.526 million increase in cash and cash equivalents consists mainly of ticket revenue from pre-sales for events in 2009 (ticket monies not yet invoiced), which are reported under other liabilities. Liabilities from ticket revenue that have not yet been invoiced by the balance sheet date increased by EUR 32.126 million to EUR 92.608 million. The EUR 29.782 million increase in cash and cash equivalents in the Live Entertainment segment resulted primarily from pre-sales ticket revenues.

Non-current assets, mainly property, plant and equipment and goodwill, rose EUR 18.197 million to EUR 128.543 million.

The EUR 7.410 million increase in the carrying amounts of property, plant and equipment are attributable to EUR 15.591 million in additions (including changes in the scope of consolidation) and EUR 11 thousand in foreign exchange differences, which exceeded depreciation and amortization, at EUR 7.551 million, and disposals, at EUR 641 thousand. The EUR 10.349 million in additions in the Ticketing segment, (including changes in the scope of consolidation) are broken down into EUR 8.086 million for intangible assets (customer base EUR 1.595 million, software EUR 5.495 million, trademark EUR 996 thousand), EUR 2.091 million for fixed assets (mainly IT hardware) and EUR 172 thousand for financial assets. In the Live Entertainment segment, additions (including changes in the scope of consolidation) amounted to EUR 5.242 million, of which EUR 2.278 million were for intangible assets (including software, distribution rights and trademark rights), EUR 2.760 million for fixed assets and EUR 204 thousand for financial assets. Investments made within the Group were mainly financed from free cash flow and to a small extent by long-term loans.

The EUR 10.429 million change in goodwill, within non-current assets, relates mainly to additions in the Ticketing segment due to acquisitions during the 2008 business year. Of the change within the Group, EUR 1.391 million relates to put options recognised in accordance with IAS 32, which mainly result from a change in valuation on the balance-sheet date based on variable purchase price obligations. Investments within the Group were financed from free cash flow.

In accordance with IAS 36, existing intangible assets of indeterminate useful life and goodwill were reviewed in the 2008 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 31.7% of the balance sheet total (prior year: 35.2%) and is financed almost entirely with shareholders' equity.

Current liabilities increased by EUR 71.862 million (up 40.2%). The main changes in current liabilities result from additions to trade liabilities (up EUR 6.802 million), to advance payments received (up EUR 31.340 million) and to other liabilities (up EUR 34.466 million). Advance payments received by the Live Entertainment segment are reclassified to revenue when the respective events have taken place. The increased amount of other liabilities mainly include the liabilities, recorded in the Ticketing segment, for ticket monies that have not yet been invoiced.

Non-current liabilities rose by EUR 4.021 million, mainly due to an increase in medium- and long-term financial liabilities (up EUR 5.179 million). The change in medium- and long-term financial liabilities results from increased external loans (up EUR 4.095 million) in the Ticketing segment, and from a variable purchase price obligation, stated at present value, in connection with the acquisition of a newly consolidated subsidiary (up EUR 3.701 million). This is offset by reduced liabilities from the recognition of put options (down EUR 2.617 million). The decline in liabilities from the recognition of put options results from reclassification as current financial liabilities (down EUR 2.304 million), since the put options may be exercised as from mid-2009. On the other hand, the liabilities from the recognition of put options were reduced by an acquisition of shares (down EUR 1.379 million), which is offset, in turn, by an increase in the purchase price obligation from put options revalued at the balance sheet date (up EUR 237 thousand) and by compounding the liabilities from put options (up EUR 829 thousand).

Shareholders' equity rose by EUR 15.989 million (refer to consolidated statement of changes in shareholders' equity), mainly due to the EUR 17.381 million change in balance sheet profit. The latter increased due to the EUR 29.207 million in consolidated earnings in 2008, offset by the reduction in shareholders' equity on account of the EUR 11.759 million paid out as dividend. Minority interest decreased by EUR 1.358 million from EUR 7.153 million to EUR 5.795 million. This change mainly results from proportional shares in the net income for 2008, minus distributions to minority interest in the 2008 business year, and from the effects of capital consolidation of companies newly consolidated in 2008. In accordance with IAS 32, the CTS Group has applied said 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 not as minority interest.

The equity ratio (shareholders' equity minus minority interest, divided by the balance sheet total) decreased from 32.7% to 29.5%. The main factor accounting for this lower equity ratio is the increase in the balance sheet total, due primarily to increased cash and cash equivalents resulting from advance payments received and ticket monies that have not yet been invoiced.

3.3.2 FINANCIAL POSITION OF CTS AG (HGB)

	31.12.2008		31.12.2007		Change
	[EUR`000]	[in %]	[EUR`000]	[in %]	[EUR`000]
Current assets					
Cash and cash equivalents	88,573	47.7	61,778	42.3	26,795
Treasury stock	52	0.0	58	0.0	-6
Trade receivables	10,925	5.9	9,241	6.3	1,684
Receivables from affiliated companies	8,899	4.8	7,309	5.0	1,590
Inventories	1,270	0.7	588	0.4	682
Prepaid expenses, accrued income and other assets	1,486	0.8	1,630	1.2	-144
Total current assets	**111,205**	**59.9**	**80,604**	**55.2**	**30,601**
Non-current assets					
Property, plant and equipment	71,693	38.5	63,205	43.3	8,488
Goodwill	1,799	1.0	2,126	1.5	-327
Receivables from affiliated companies	1,107	0.6	0	0.0	1,107
Total non-current assets	**74,599**	**40.1**	**65,331**	**44.8**	**9,268**
Total assets	**185,804**	**100.0**	**145,935**	**100.0**	**39,869**

	31.12.2008		31.12.2007		Change
	[EUR`000]	[in %]	[EUR`000]	[in %]	[EUR`000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	500	0.3	0	0.0	500
Trade payables	5,455	2.9	3,690	2.5	1,765
Provisions	9,671	5.2	7,867	5.4	1,804
Accrued expenses, deferred income and other liabilities	66,771	35.9	45,860	31.5	20,911
Total current liabilities	**82,397**	**44.3**	**57,417**	**39.4**	**24,980**
Non-current liabilities					
Medium- and long-term financial liabilities	4,500	2.4	0	0.0	4,500
Other liabilities	1,051	0.6	2,102	1.4	-1,051
Total non-current liabilities	**5,551**	**3.0**	**2,102**	**1.4**	**3,449**
Shareholders' equity					
Share capital	24,000	12.9	24,000	16.4	0
Capital reserve	23,821	12.8	23,821	16.4	0
Treasury stock reserve	52	0.0	58	0.0	-6
Balance sheet profit	49,983	27.0	38,537	26.4	11,446
Total shareholders' equity	**97,856**	**52.7**	**86,416**	**59.2**	**11,440**
Total shareholders' equity and liabilities	**185,804**	**100.0**	**145,935**	**100.0**	**39,869**

The balance sheet total of CTS AG increased year-on-year by EUR 39.869 million (up 27.3%) to EUR 185.804 million. The main changes on the assets side were the rise in cash and cash equivalents and property, plant and equipment, whereas the main changes on the equity and liabilities side concerned increases in other liabilities and shareholders' equity.

Current assets increased by EUR 30.601 million, or 38.0%, to EUR 111.205 million. This change mainly arises from the EUR 26.795 million increase in cash and cash equivalents. Cash and cash equivalents consist to a large degree of ticket revenue from pre-sales for events in 2009 (ticket monies not yet invoiced), which are stated under other liabilities at EUR 60.951 million (prior year: EUR 40.368 million). The increase in ticket monies not yet invoiced is due to the pre-sales that were commenced in December 2008 for some major tours, but for which the ticket monies will not be paid out until 2009.

Non-current assets increased by EUR 9.268 million or 14.2%, of which EUR 8.488 million are property, plant and equipment. Additions to property, plant and equipment, at EUR 11.181 million, are offset by EUR 2.683 million in depreciation and amortization and EUR 10 thousand in disposals. Of the additions to property, plant and equipment, EUR 6.589 million relate to investments in financial assets involving the acquisition of shares in subsidiaries. Additions to intangible assets amount to EUR 4.083 million and result primarily from further development of the Global Ticketing System (EUR 3.162 million). Investments in operating and office equipment amounted to EUR 509 thousand, of which EUR 274 thousand were for IT hardware for the box offices connected to the CTS ticketing software system. The cash outflows for investments in property, plant and equipment were financed from free cash flow and by long-term loans.

Current liabilities rose by EUR 24.980 million, mainly due to an increase in other liabilities relating to ticket monies not yet invoiced (up EUR 20.584 million). In addition, trade liabilities rose by EUR 1.765 million and provisions by EUR 1.804 million.

Long-term liabilities increased by EUR 3.449 million. A EUR 4.500 million increase in medium- and long-term financial obligations is offset by a reduction in liabilities relating to the acquisition of distribution rights, on account of scheduled repayment of EUR 1.051 million.

Shareholders' equity rose by EUR 11.440 million to EUR 97.856 million. This increase resulted from the net income for the year, at EUR 23.199 million, offset by the EUR 11.759 million dividend for the 2007 business year that was adopted at the Annual Shareholders' Meeting in 2008.

The equity ratio was 52.7%, compared to 59.2% the previous year. The main factor behind this lower equity ratio is the increase in the balance sheet total, due primarily to increased cash and cash equivalents resulting from ticket monies that have not yet been invoiced.

The return on equity (net income for the year divided by shareholders' equity) is 23.7%, compared to 21.4% in 2007.

3.4 FINANCIAL POSITION
3.4.1 GROUP FINANCIAL POSITION (IFRS)

	01.01.2008-31.12.2008 [EUR`000]	01.01.2007-31.12.2007 [EUR`000]	Change [EUR`000]
Cash flow from:			
Operating activities	105,778	23,962	81,816
Investing activities	-19,374	-18,757	-617
Financing activities	-15,096	-17,036	1,940
Net increase / decrease in cash and cash equivalents	**71,308**	**-11,831**	**83,139**
Cash and cash equivalents at beginning of period	141,764	153,595	-11,831
Cash and cash equivalents at end of period	**213,072**	**141,764**	**71,308**

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

Cash flow from operating activities is derived indirectly from the consolidated net income for the year, whereas cash flow from investing and financing activities is calculated on the basis of payments.

Cash flow from operating activities increased year-on-year by EUR 81.816 million from EUR 23.962 million to EUR 105.778 million. This increase in cash flow from operating activities results primarily from the EUR 79.914 million change in liabilities. The increase in liabilities is attributable, above all, to the increase in advance payments received by the Live Entertainment segment, at EUR 58.372 million, in Ticketing segment liabilities for ticket monies that have not yet been invoiced, at EUR 9.824 million, and in other liabilities, at EUR 7.766 million.

Cash outflow for investing activities increased by EUR 617 thousand to EUR 19.374 million and reflects the growth strategy of the CTS Group. The EUR 617 thousand increase mainly results from higher investments in intangible assets (software and rights), at EUR 4.340 million, and in fixed assets (for new types of event), at EUR 824 thousand; these increases were offset by reduced investment in connection with the acquisition of consolidated companies, at EUR 3.935 million.

Cash outflow for financing activities decreased year-on-year by EUR 1.940 million to EUR 15.096 million. This reduced cash outflow was principally due to external borrowing and less redemption of financial loans (up EUR 6.799 million). These effects were offset by an absence of proceeds from additions to shareholders' equity by minority interest and by larger distributions of profit to minority interest (down EUR 4.860 million). The dividend paid to shareholders was about the same as the year before, at EUR 11.759 million.

As at the balance sheet date, the CTS Group had EUR 213.072 million in cash and cash equivalents (prior year: EUR 141.764 million). Cash and cash equivalents in the Ticketing segment are offset by EUR 92.608 million in payment obligations for ticket monies that have not yet been invoiced (prior year: EUR 60.482 million), and 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.

3.4.2 FINANCIAL POSITION CTS AG (HGB)

	01.01.2008-31.12.2008 [EUR`000]	01.01.2007-31.12.2007 [EUR`000]	Change [EUR`000]
Cash flow from:			
Operating activities	44,214	29,051	15,163
Investing activities	-10,660	-21,095	10,435
Financing activities	-6,759	-12,161	5,402
Net increase / decrease in cash and cash equivalents	**26,795**	**-4,205**	**31,000**
Cash and cash equivalents at beginning of period	61,778	65,983	-4,205
Cash and cash equivalents at end of period	**88,573**	**61,778**	**26,795**

Cash flow from operating activities amounts to EUR 44.214 million, compared to EUR 29.051 million in the prior year. This year-on-year increase in cash flow in the 2008 business year resulted mainly from a higher amount of other liabilities in respect of ticket monies for advance ticket sales for events in 2009 (up EUR 10.190 million) and from greater net income for the year (up EUR 4.714 million).

Cash outflow for financing activities fell EUR 10.435 million to EUR 10.660 million. This fall of EUR 10.435 million is mainly the result of EUR 13.145 million less investment in acquiring shares in subsidiaries.

Cash outflow for financing activities decreased year-on-year by EUR 5.402 million to EUR 6.759 million, principally due to external borrowing (up EUR 5.0 million).

As at the balance sheet date, the cash and cash equivalents held by CTS AG total EUR 88.573 million (prior year: EUR 61.778 million). Cash and cash equivalents consist mainly of ticket revenue from pre-sales for events in 2009 (tickets monies not yet invoiced), which amount to EUR 60.951 million (prior year: EUR 40.368 million) and are stated under other liabilities.

4. BRIEF ASSESSMENT OF THE BUSINESS YEAR

CTS AG and the Group as a whole achieved very successful results in the year under review. The key figures in the Ticketing segment once again reached even better values. As expected, the Live Entertainment segment fell behind the record figures of the year before, but was still able to achieve the second-best result since the IPO. With these segment results, the CTS Group fully fulfilled the target of improving on the prior year's performance. This means that, even in times of economic and financial crisis, the CTS Group achieved yet another improvement in its financial figures.

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.

5. APPROPRIATION OF EARNINGS BY CTS AG

In the 2007 financial year, CTS AG generated net income (according to HGB) of EUR 18.485 million. The Shareholders' Meeting on 15 May 2008 passed a resolution to distribute a total dividend of EUR 11.759 million (EUR 0.49 per share) to the shareholders. Distribution was effected on 16 May 2008, and the remaining balance sheet profit of EUR 26.778 million was carried forward to the new account.

In the 2008 financial year, CTS AG generated EUR 23.199 million in net income (calculated according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 14.639 million (EUR 0.61 per share) be distributed and that the remaining EUR 8.560 million be carried forward to the 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 shall be submitted which shall also be 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 THE BALANCE SHEET DATE

The following special events have occurred since the balance sheet date:

In October 2008, the CTS Group was awarded the contract to provide ticketing services for the 'Van Gogh and the colours of the night' exhibition in Amsterdam. From February to June 2009, the exhibition will show a unique selection of 55 works by the Dutch painter, with Amsterdam the only venue in Europe where they can be seen. The Van Gogh Museum expects at least 800,000 visitors, two thirds of them from abroad.

At the end of 2008, the CTS Group signed a leasehold for 'Waldbühne Berlin', one of Europe's best-known open-air arenas. The contract will commence on 1 January 2009 for an initial four-year term.

In mid-February 2009, the planned merger of Live Nation and Ticketmaster Entertainment was announced. This merger is subject to approval by the antitrust agency and to the granting of consent by the shareholders. It is currently assumed that the planned merger in case of realization will not have any material impact on the existing ticketing partnership agreements between Live Nation and the CTS Group.

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 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 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 damage 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

Given the current financial crisis, weaker global economic growth must be expected for the foreseeable future. The German Council of Economic Advisers expects the German economy to stagnate in 2009, or even to suffer a decline in economic output. If the turbulence on the financial markets does not abate and decisive action is not taken to combat the global downturn, the financial situation of private households and hence the demand for leisure events may be adversely affected.

However, past business trends have shown that such macroeconomic outlooks do not necessarily have an impact on the events 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 both in Germany and abroad, 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 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 supra-regional level.

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

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

8.2.3 PERFORMANCE RISKS

STABILITY AND RELIABILITY OF THE IT INFRASTRUCTURE BEING USED

The availability and reliability 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 defined in a security policy 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 countered 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 Group, and on whether the Group 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 RISKS

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 respective event has been completed. Standard credit agreements with various banks are in place, but to a minor extent only. The extension risk is minimised by varying credit terms. Due to the global banking crisis, taking out loans will be more difficult in the future, or will involve substantial surcharges, even when creditworthiness is excellent.

DEFAULT RISKS

There are credit or default risks to the extent that a debtor is no longer able to settle the debt. 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

The foreign exchange risks to which the Group is exposed ensue from investments, financing activities and operating activities. Within the Group, some contracts with performers 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 12 in the notes to the consolidated financial statements.

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

An overview of risks shows that the Group is mainly exposed to market and performance risks. The Management Board currently assumes that the risks are limited and transparent on the whole and that they do not jeopardise CTS AG and the Group as a going concern. Nor are there any identifiable risks that might jeopardise their continued existence as a 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 value 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 procedures for monitoring voting rights in the event that employees hold 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 Chairman 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 cast 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 ('contingent capital 2001/1').

The Management Board has also been authorised to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 11,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 11,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, an additional EUR 11,000,000 in contingent capital has been created ('contingent capital 2008').

The company is authorised to purchase, by 14 November 2009 and as treasury stock, up to 10% of the 24,000,000 no-par value bearer shares forming the registered share capital of the company, at the price and subject to the conditions defined in the authorisation resolution dated 15 May 2008, and to use these treasury shares for certain purposes, partially also with exclusion of subscription rights for shareholders.

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 therefrom.

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

In the years ahead, the CTS Group will continue to 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.

Priorities are the development of new technologies and products, expansion of Internet ticketing, organic growth and the systematic acquisition of companies in other European countries. Despite anticipated consumer restraint in 2009, it is still expected that there will be positive stimuli for business growth and further improvements in performance figures. Just when the economy is going through a difficult patch, demand for top-class live entertainment seems to be unbroken. There is also a continuous increase in demand for online ticket buying.

The unique CTS business model is a key success factor. The combination of Live Entertainment and Ticketing safeguards the Group's market leadership. In the Live Entertainment segment, the Group has an excellent basis in its subsidiaries and participations. With world-class tours and events, this segment will continue to profit from the marketing operations of the Ticketing segment, which leads the field, and vice versa.

With its exclusive presales service, reservation of specific seats via the Internet, print-at-home solutions, the mobile access control system 'eventim.access mobile', and tailored products for corporate customers, among other products, the CTS Group is already an acknowledged leader. The Group is superbly positioned throughout Europe and see various opportunities for intensifying its growth.

If business expectations and strategic plans based on an event market that is independent of ups and downs in the economy come to fruition, further business advancement can be expected in 2009 and 2010. Global uncertainties brought about by the financial and economic crises may nevertheless have negative impacts on the event market and hence on the business development of the CTS Group.

The amount of dividend in the future 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, 13 March 2009

CTS EVENTIM Aktiengesellschaft

The Management Board

7. CONSOLIDATED FINANCIAL STATEMENTS 2008

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008 (IFRS)

ASSETS		31.12.2008 [EUR]	31.12.2007 [EUR]
Current assets			
Cash and cash equivalents	(1)	213,072,414	141,764,029
Trade receivables	(2)	27,235,993	24,202,044
Receivables from affiliated companies	(3)	1,710,616	1,197,624
Inventories	(4)	12,732,614	13,193,872
Receivables from income tax	(5)	6,974,903	3,991,762
Other assets	(6)	14,817,696	18,519,660
Total current assets		**276,544,236**	**202,868,991**
Non-current assets			
Fixed assets	(7)	9,165,178	7,795,323
Intangible assets	(8)	21,176,175	15,051,394*
Financial assets	(9)	1,155,619	998,334
Investments stated at equity	(10)	224,484	32,816
Loans	(11)	1,864,798	2,298,373
Trade receivables	(12)	1,329,820	602
Receivables from affiliated companies	(13)	1,716,063	662,784
Other assets	(14)	63,704	49,347
Goodwill	(15)	89,917,550	79,488,696*
Deferred tax assets	(16)	1,929,144	3,968,358*
Total non-current assets		**128,542,535**	**110,346,027**
Total assets		**405,086,771**	**313,215,018**

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2008	31.12.2007
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(17)	5,026,156	2,932,391
Trade payables	(18)	31,692,689	26,036,589
Payables to affiliated companies	(19)	1,432,502	286,860
Advance payments received	(20)	84,085,940	52,746,177
Other provisions	(21)	1,159,968	1,121,725
Tax provisions	(22)	7,265,149	10,143,003
Other liabilities	(23)	119,874,519	85,408,291
Total current liabilities		**250,536,923**	**178,675,036**
Non-current liabilities			
Medium- and long-term financial liabilities	(24)	24,989,406	19,810,751
Other liabilities	(25)	1,052,324	2,102,000
Pension provisions	(26)	2,247,016	2,521,589
Deferred tax liabilities	(27)	824,047	658,180*
Total non-current liabilities		**29,112,793**	**25,092,520**
Shareholders' equity	(28)		
Share capital		24,000,000	24,000,000
Capital reserve		23,310,940	23,306,832
Earnings reserve		118,626	22,296
Balance sheet profit		72,445,380	55,063,582*
Treasury stock		-52,070	-57,638
Minority interest		5,794,783	7,152,876
Currency differences		-180,604	-40,486
Total shareholders' equity		**125,437,055**	**109,447,462**
Total shareholders' equity and liabilities		**405,086,771**	**313,215,018**

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (IFRS)

		01.01.2008-31.12.2008 [EUR]	01.01.2007-31.12.2007 [EUR]
Revenue	(1)	404,347,753	384,375,097
Cost of sales	(2)	-306,900,351	-301,032,724*
Gross profit		**97,447,402**	**83,342,373**
Selling expenses	(3)	-29,914,455	-23,249,929*
General administrative expenses	(4)	-17,146,159	-14,237,453*
Other operating income	(5)	6,941,325	7,492,475
Other operating expenses	(6)	-7,045,616	-6,245,170
Operating profit (EBIT)		**50,282,497**	**47,102,296**
Income / expenses from companies in which participations are held	(7)	44,080	139,917
Income / expenses from investments stated at equity	(8)	172,206	17,263
Financial income	(9)	4,671,834	4,475,296
Financial expenses	(10)	-1,793,434	-1,412,572
Profit from ordinary business activities (EBT)		**53,377,183**	**50,322,200**
Taxes	(11)	-17,834,712	-20,498,781*
Net income before minority interest		**35,542,471**	**29,823,419**
Minority interest	(12)	-6,335,823	-6,813,184
Net income after minority interest		**29,206,648**	**23,010,235**
Earnings per share (in EUR); undiluted (= diluted)		1,22	0,96*
Average number of shares in circulation; undiluted (= diluted)		24,000,000	24,000,000

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

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 01.01.2007	**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	0	0	0	-11,760,000	0	-4,499,127	0	-16,259,127
Net income	0	0	0	23,010,235*	0	6,813,184	0	29,823,419
Status 31.12.2007	**24,000,000**	**23,306,832**	**22,296**	**55,063,582***	**-57,638**	**7,152,876**	**-40,486**	**109,447,462**
Currency differences	0	0	0	0	0	0	-140,118	-140,118
Change in scope of consolidation	0	0	0	0	0	-429,600	0	-429,600
Change in treasury stock	0	0	0	0	5,568	0	0	5,568
Allocation to capital reserve	0	4,108	0	0	0	0	0	4,108
Allocation to earnings reserve	0	0	96,330	-65,916	0	0	0	30,414
Change in minority interest put option	0	0	0	0	0	74,744	0	74,744
Distribution	0	0	0	-11,758,934	0	-7,339,060	0	-19,097,994
Net income	0	0	0	29,206,648	0	6,335,823	0	35,542,471
Status 31.12.2008	**24,000,000**	**23,310,940**	**118,626**	**72,445,380**	**-52,070**	**5,794,783**	**-180,604**	**125,437,055**

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (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:

		01.01.2008-31.12.2008 [EUR]	01.01.2007-31.12.2007 [EUR]
A. Cash flow from operating activities			
Net income after minority interest		29,206,648	23,010,235*
Minority interest		6,335,823	6,813,184
Depreciation and amortization on property, plant and equipment		7,550,677	7,286,448*
Appreciation on property, plant and equipment		0	-129,850
Additions to pension provisions		-274,573	144,614
Deferred tax expenses / income		1,576,974	1,530,756*
Cash flow		**44,395,549**	**38,655,387**
Other cash-neutral expenses / income		712,133	125,537
Book profit / loss from disposal of intangible and fixed assets		-14,701	-13,191
Interest income		-4,246,173	-3,899,093
Interest expenses		1,790,202	903,464
Income tax expenses		16,257,737	18,968,028
Interest received		4,182,477	3,749,071
Interest paid		-755,600	-240,720
Income taxes paid		-22,000,608	-16,327,252
Increase / decrease in inventories; payments on account		492,090	5,468,350
Increase / decrease in receivables and other assets		-3,231,658	-6,479,850*
Increase / decrease in provisions		2,891,488	-2,339,059
Increase / decrease in liabilities		65,305,742	-14,608,411*
Cash flow from operating activities	**(1)**	**105,778,678**	**23,962,261**
B. Cash flow from investing activities			
Payments for investments in intangible assets		-7,837,667	-3,497,987
Payments for investments in fixed assets		-4,715,219	-3,891,186
Payments for investments in financial assets		-204,885	-789,667
Proceeds from sales of fixed assets		176,800	36,363
Proceeds from sales of financial assets		475,323	606,871
Proceeds from sales of shares in consolidated companies		17,805	0
Payments for acquisition of consolidated companies		-7,286,325	-11,221,506
Cash flow from investing activities	**(2)**	**-19,374,168**	**-18,757,112**
C. Cash flow from financing activities			
Proceeds from equity increase by minority interest		0	2,177,030
Payments for redemption of financing loans		-910,449	-2,709,745
Proceeds from borrowing financing loans		5,000,000	0
Distribution of profits to minority interest		-7,426,742	-4,743,263
Distribution of profits to shareholders		-11,758,934	-11,760,000
Cash flow from financing activities	**(3)**	**-15,096,125**	**-17,035,978**
D. Net increase / decrease in cash and cash equivalents		**71,308,385**	**-11,830,829**
Cash and cash equivalents at beginning of period		141,764,029	153,594,858
E. Cash and cash equivalents at end of period		**213,072,414**	**141,764,029**
F. Composition of cash and cash equivalents			
Cash and cash equivalents		213,072,414	141,764,029
Cash and cash equivalents at end of period		**213,072,414**	**141,764,029**

* Adjusted prior-year figures (see point 1.6.1 in notes to the consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL BUSINESS YEAR FROM 1 JANUARY – 31 DECEMBER 2008 (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 for the provision of its services not only with regional and supraregional providers of similar services in Germany and other countries, but also with regional enterprises and with direct ticket selling by the respective promoters. 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, bearing the unqualified audit opinion of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Osnabrück, are published in the electronic Federal Gazette (Bundesanzeiger).

These consolidated financial statements and the summarised combined management report were approved by the Management Board of CTS AG on 13 March 2009, 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) of the German Commercial Code (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 expenses or general administrative expenses.

The consolidated financial statements are denominated in Euros.

1.3 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLICABLE

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations that are not yet mandatory for the 2008 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2008. Application of these IFRSs is conditional on the EU granting them recognition, which in some cases has yet to occur.

- Amendments to IAS 1 'Presentation of Financial Statements: Capital Disclosures' (applicable on or after 1 January 2009)
- IAS 23 'Borrowing costs' (applicable on or after 1 January 2009)
- IAS 27 'Consolidated and separate financial statements' (applicable on or after 1 July 2009)
- Amendments to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Assets' (applicable on or after 1 January 2009)
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' (applicable on or after 1 July 2009)
- IFRS 1 'First time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and separate financial statements' (applicable on or after 1 January 2009)
- IFRS 1 'First time Adoption of International Financial Reporting Standards' (applicable on or after 1 July 2009)
- IFRS 2 'Share-based Payment – Vesting conditions and cancellation' (applicable on or after 1 January 2009)
- IFRS 3 'Business Combinations' (applicable on or after 1 July 2009)
- IFRS 8 'Operating Segments' (applicable on or after 1 January 2009)
- Various - Annual Improvement Projects 2008 (applicable on or after 1 January and 1 July 2009)
- IFRIC 12 'Service Concession Arrangements' (applicable on or after 1 January 2010)
- IFRIC 13 'Customer Loyalty Programmes' (applicable on or after 1 July 2008)
- IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (applicable on or after 1 January 2009)
- IFRIC 15 'Agreements for the Construction of Real Estate' (applicable on or after 1 January 2009)
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (applicable on or after 1 October 2008)

- IFRIC 17 'Distributions of Non-cash Assets to Owners' (applicable on or after 1 July 2009)

- IFRIC 18 'Transfer of Assets from Customers' (applicable on or after 1 July 2009)

Standards that are not applicable until after the balance sheet date have not been prematurely applied. The impacts on the financial position, cash flow and earnings performance of the CTS Group as a result of such premature application of standards are under examination.

1.4 INTERPRETATIONS AND AMENDMENTS OF PUBLISHED STANDARDS WITH MANDATORY APPLICATION IN 2008

The following interpretations and amendments are applicable for the first time to the 2008 financial year:

- Amendments to IFRS 7 'Financial Instruments: Disclosures' and IAS 39 'Financial Instruments: Recognition and Measurement': 'Reclassification of Financial Assets'

- IFRIC 11: 'IFRS 2 – Group and Treasury Share Transactions'

In the 2008 financial year, there were no items or transactions that come under the newly applicable accounting standards referred to above. The application of these standards therefore has no impacts on the financial position, cash flow and earnings performance of the CTS Group.

1.5 DISCLOSURES CONCERNING CONSOLIDATION PRINCIPLES

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 revenue of capitalised participations not included in the consolidated financial statements due to insignificance are less than 1% of Group revenue.

As a basic principle, the financial statements of the companies included in the consolidated financial statements are prepared 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 corporate merger 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. Purchase costs for shares in subsidiaries newly consolidated in 2008, including contributions to capital, amounted to EUR 8.209 million.

Consolidation is carried out as at the time of acquisition, when control is acquired, or when the minimum significance 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.

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

1.6 BUSINESS COMBINATIONS

1.6.1 BUSINESS COMBINATIONS IN THE TICKETING SEGMENT

CHANGES IN THE GROUP OF CONSOLIDATED ENTITIES

In March 2008, Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten GmbH, Vienna, changed its name to Ö-Ticket Nord West GmbH, Vienna. In a share purchase agreement concluded on 6 March 2008, the firm of Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX), sold a 49% interest in Ö-Ticket Nord West GmbH, Vienna (formerly: Ticket Nord, Herstellung und Vertrieb elektronischer Eintrittskarten GmbH, Vienna), for EUR 15 thousand. Since then, TEX has held only 51% of the shares in that company. The inclusion of the new shareholder will lead to an expansion of ticketing operations in the Tyrol and Vorarlberg region.

With notarial contracts dated 19 March 2008 and 23 December 2008, CTS AG acquired in total 11% of shares in TEX, previously held by external shareholders, and since that date has therefore held 86% of the shares in said company. The price paid for the shares was EUR 400 thousand.

In contracts concluded on 28 April 2008 and 6 May 2008, CTS AG acquired a further 6.6% of the shares in TicketOne S.p.A. (hereinafter: TicketOne), through an intermediate company from two minority shareholders, for EUR 2.280 million, and now holds 49.8% of the shares in that company.

In a share acquisition agreement dated 22 May 2008, CTS AG acquired the remaining 50% of shares in TSC EVENTIM Ticket & Touristik-Service-Center GmbH, Bremen (hereinafter: TSC) for EUR 1.00 and since then has held 100% of the shares in said company.

Stockholm-based CTS Eventim Schweden AB (hereinafter: Eventim Schweden) was established on the basis of a shelf company with effect from 11 June 2008. Eventim Schweden was formed in the course of implementing the partnership with Live Nation. CTS AG holds 100% of the shares in Eventim Schweden. Since initial consolidation, the company has generated no significant revenues as yet, and negative earnings of EUR 337 thousand.

In contracts dated 25 July and 14 November 2008, TEX acquired an additional 12.5% of the shares in ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz, for EUR 59 thousand, with the result that TEX now holds 77.5% of the shares in that company.

In a contract dated 22 September 2008, CTS AG acquired 40.35% of the shares in Lippupiste Oy (hereinafter: Lippupiste), a Finnish company domiciled in Tampere. Concurrently, in another contract dated 22 September 2008, 100% of the shares in Cardplus Oy (hereinafter: Cardplus) were acquired, a Helsinki-based holding company whose investments are confined to a 29.65% stake in Lippupiste. This means that CTS AG holds a total 70% of the shares in Lippupiste, for an investment of EUR 5.156 million. In the year 2012, CTS AG will take over the remaining 30% of shares at a variable purchase price; as at the balance sheet date, this variable purchase price obligation was carried at EUR 3.701 million. Established in 2002, Lippupiste ('Ticket Point') is one of Finland's two leading providers of ticketing services. In 2007, Lippupiste sold more than three million tickets through direct sales channels and in-house systems. Lippupiste's customer base includes more than 400 event promoters, theatres and concert halls, as well as numerous Finnish sports clubs and federations. Since initial consolidation, the company has generated EUR 1.250 million in revenue and earnings of EUR 261 thousand. If the business combination had taken place on 1 January 2008, revenue would have been EUR 2.789 million higher and net income would have been EUR 174 thousand more than the revenue and net income figures actually generated. As a result of acquiring these companies, cash equivalents of EUR 1.838 million and EUR 16 thousand were acquired from Lippupiste and Cardplus, respectively.

FINAL PURCHASE PRICE ALLOCATION FOR LIPPUPISTE

Based on the final purchase price allocation, the following table shows the present values at the time of initial consolidation and the carrying values immediately before acquisition of Lippupiste:

	30.09.2008 Lippupiste Oy, Tampere	
	Fair value at time of initial consolidation [EUR`000]	Carrying value immediately before purchase [EUR`000]
Cash and cash equivalents	1,838	1,838
Inventories	31	31
Trade receivables	1,372	1,372
Other assets	203	203
Total current assets	**3,444**	**3,444**
Fixed assets	106	106
Intangible assets	2,526	645
Goodwill	0	289
Total non-current assets	**2,632**	**1,040**
Total assets	**6,076**	**4,484**
Trade payables	3,039	3,039
Other liabilities	823	823
Total current liabilities	**3,862**	**3,862**
Deferred tax liabilities	489	0
Total non-current liabilities	**489**	**0**
Shareholders' equity	**1,725**	**622**
Total shareholders' equity and liabilities	**6,076**	**4,484**

Assets and debts were recognised at fair value in the final purchase price allocation. In the case of intangible assets, recognition at present values led to recognition of a customer base (EUR 1.595 million) and a trademark (EUR 286 thousand). Deferred tax liabilities of EUR 489 thousand were formed on the temporary difference arising from the revaluation of intangible assets. Goodwill arising from the standalone financial statements of Lippupiste was recognised at consolidated group level.

The final purchase price allocation as at 31 December 2008 results at group level in EUR 3.945 million in goodwill from capital consolidation. Additional goodwill arising from recognition of variable purchase price obligations is carried at EUR 3.128 million.

FINAL PURCHASE PRICE ALLOCATION FOR TICKETONE S.P.A., MILAN

As at 31 May 2008, the purchase price allocation relating to the acquisition of shares in TicketOne was finally completed within the stipulated 12-month period, in accordance with IFRS 3.62. The provisional present values on initial consolidation were shown in the Notes section of the 2007 Annual Report, on page 69 under 'Notes to the consolidated financial statements'. According to IFRS 3.62, the comparative figures for the reporting period must be presented as if initial consolidation was already based on the final values.

Based on the final purchase price allocation, the following table shows the present values at the time of initial consolidation and the carrying values immediately before acquisition of the companies in the TicketOne Group:

	31.05.2007 TicketOne Group, Milan	
	Fair value at time of initial consolidation [EUR`000]	Carrying value immediately before purchase [EUR`000]
Cash and cash equivalents	2,045	2,045
Trade receivables	2,556	2,721
Other assets	983	894
Total current assets	**5,584**	**5,660**
Financial assets	13	13
Fixed assets	573	573
Intangible assets	7,170	8,394
Goodwill	0	833
Deferred tax assets	2,898	1,588
Total non-current assets	**10,654**	**11,401**
Total assets	**16,238**	**17,061**
Financial liabilities	5,073	5,073
Trade payables	2,333	2,333
Provisions	1,373	292
Other liabilities	6,661	6,297
Total non-current liabilities	**15,440**	**13,995**
Deferred tax liabilities	663	0
Pension provisions	562	699
Total non-current liabilities	**1,225**	**699**
Shareholders' equity	**-427**	**2,367**
Total shareholders' equity and liabilities	**16,238**	**17,061**

Assets and debts were recognised at fair value in the final purchase price allocation. Recognition led to a reduction in the carrying value of intangible assets. Goodwill from creation of the TicketOne subgroup has been recognised at consolidated group level. The revaluation of intangible assets and provisions resulted in additions to deferred tax assets. Any additional obligations were recognised by forming additional provisions. Revaluation of trademarks and customer base, under intangible assets, as well as provisions for pensions led to recognition of deferred tax liabilities.

At group level, the final purchase price allocation as at 31 May 2007 results in EUR 14.958 million in goodwill from capital consolidation. TicketOne and its subsidiaries are fully consolidated. CTS AG exercises control, according to IAS 27, due to legal agreements. Additional goodwill arising from recognition of purchase price obligations in respect of put options is carried at EUR 14.134 million.

In the context of this final purchase price allocation, a lower fair value was recognised for some individual intangible assets compared to the provisional recognition of present values at the time of initial consolidation, due to application of a more broadly-based calculation method. This led at group level to changes in the recognition of deferred taxes and to a higher carrying value for goodwill.

The following table provides an overview of the changes resulting from the final purchase price allocation in the consolidated balance sheet as at 31 December 2007:

	Consolidated balance sheet - interim purchase price allocation 31.12.2007 [EUR`000]	Consolidated balance sheet - final purchase price allocation 31.12.2007 [EUR`000]	Change [EUR`000]
Assets			
Intangible assets	22,480	15,051	-7,429
Goodwill	74,095	79,489	5,394
Deferred tax assets	4,046	3,968	-78
	100,621	**98,508**	**-2,113**
Shareholders' equity and liabilities			
Deferred tax liabilities	2,368	658	-1,710
Balance sheet profit	55,467	55,064	-403
	57,835	**55,722**	**-2,113**

The following tables provide an overview of changes affecting key financial figures in the consolidated income statement as at 31 December 2007, as a result of the final purchase price allocation:

	Consolidated balance sheet - interim purchase price allocation 01.01.2007- 31.12.2007 [EUR`000]	Consolidated balance sheet - final purchase price allocation 01.01.2007 31.12.2007 [EUR`000]	Change [EUR`000]
Operating profit (EBIT)	46,761	47,102	341
Profit from ordinary business activities (EBT)	49,981	50,322	341
Taxes	-19,754	-20,499	-745
Net income after minority interest	23,414	23,010	-404
EPS	0.98	0.96	

Due to revaluation of intangible assets, adjustments were made to amortization (EUR 341 thousand) in the income statement for the 2007 financial year. Taxes increased by EUR 745 thousand due to the final purchase price allocation, inter alia because of the different use of fiscal loss carry forwards.

In the consolidated income statement as at 31 March 2008, the final purchase price allocation had further effects on amortization of intangible assets (EUR 146 thousand) and on taxes (EUR 181 thousand). Consolidated net income after minority interest thus increased as at 31 March 2008 from the initial figure of EUR 4.850 million (EPS: EUR 0.20) to EUR 5.177 million (EPS: EUR 0.22).

1.6.2 BUSINESS COMBINATIONS IN THE LIVE ENTERTAINMENT SEGMENT

CHANGES IN THE GROUP OF CONSOLIDATED ENTITIES

In a contract dated 14 March 2008, FKP Scorpio Konzertproduktionen GmbH, Hamburg, acquired the remaining 49% of shares in Palazzo Produktionen GmbH, Hamburg (hereinafter: Palazzo Hamburg), and now owns 100% of said company. The purchase price was EUR 314 thousand.

In a contract dated 29 May 2008, EVENTIM Popkurs Hamburg gemeinnützige GmbH was established with the aim of sponsoring young artists. CTS AG holds 100% of the shares in said company. Since initial consolidation, the company has generated no significant revenues as yet, and negative earnings of EUR 2 thousand.

Due to its significant influence, Greenfield Festival AG, Hünenberg, was included in consolidation for the first time. In view of the 50% interest held by the Group, the company is included at equity as an associated company in the consolidated financial statements.

1.7 LIST OF SUBSIDIARIES

	Country	Percentage interest (held by the respective owning company) 2008	2007
GSO Holding GmbH, Bremen		100.0%	100.0%
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	86.0%	75.0%
ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg (ÖTS)	Austria	77.5%	65.0%
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt (ÖT SüdOst)	Austria	66.7%	66.7%
Ö-Ticket Nord West GmbH, Vienna (ÖT Nord-West) (formerly: ÖT Nord)	Austria	51.0%	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%	71.0%
TEX Hungary Kft., Budapest	Hungary	71.0%	71.0%
EVENTIM YU d.o.o., Belgrade	Serbia	100.0%*	100.0%*
EVENTIM SI d.o.o., Ljubljana	Slovenia	100.0%*	100.0%*
EVENTIM d.o.o., Zagreb	Croatia	100.0%*	100.0%*
EVENTIM SK s.r.o., Bratislava	Slovakia	100.0%*	100.0%*
EVENTIM BA d.o.o., Sarajewo	Bosnia-Herzegovina	76.0%*	76.0%*
EVENITM BG o.o.d., Sofia	Bulgaria	62.0%*	62.0%*
Eventim ru SRL, Bukarest	Rumania	59.0%*	59.0%*
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)	Switzerland	100.0%	100.0%
Zritel o.o.o. Moscow (Zritel)	Russia	51.0%	51.0%
TicketOne S.p.A., Milan (TicketOne)	Italy	49.8%	43.2%
Panischi S.r.l., Milan (Panischi)	Italy	100.0%	100.0%
T.O.S.T. Ticketone Sistemi Teatrali S.r.l., Milan (TOST)	Italy	60.0%	60.0%
TSC EVENTIM Ticket & Tourist-Service-Center GmbH, Bremen (TSC)		100.0%	50.0%
Lippupiste Oy, Tampere	Finland	70.0%	0.0%
Cardplus Oy, Helsinki	Finland	100.0%	0.0%
CTS Eventim Schweden AB, Stockholm	Sweden	100.0%	0.0%
MEDUSA Music Group GmbH, Bremen (Medusa)		94.4%	94.4%
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%
Marek Lieberberg Presents, Hawaii	USA	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%

	Country	Percentage interest (held by the respective owning company) 2008	2007
Semmelconcerts Veranstaltungsservice GmbH, Bayreuth (Semmel)		50.2%	50.2%
wild & frei - Gesellschaft für Promotion und Marketing mbH, Cologne		75.2%*	75.2%*
tour-house Veranstaltungs-, Konzert-, TV- und Media-Consulting GmbH, Hamburg		90.0%*	90.0%*
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%	100.0%
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)		100.0%	51.0%
Palazzo Produktionen GmbH, Vienna (Palazzo Vienna)	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%	100.0%
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%
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg		100.0%	0.0%
Greensave GmbH, Würzburg		49.0%	49.0%
Greenfield Festival AG, Hünenberg	Switzerland	50.0%	50.0%

* Not included in consolidation due to insignificance.

1.8 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.

1.9 PRINCIPAL ACCOUNTING AND VALUATION METHODS

ACCOUNTING AND VALUATION METHODS

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

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.

NOTE CONCERNING RECOGNITION IN ACCORDANCE WITH IAS 32

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 shares and put options granted to the minority interest of the CTS Group. In order to calculate the potential purchase price obligations, it was necessary to reclassify these minority shares as liabilities rather than as 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 shares, 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances, cash in hand and (in the prior year) securities. Bank balances and cash in hand are recognised at the balance sheet date at their nominal value, while in the previous year securities are recognised 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 purchase 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.

FINANCING INSTRUMENTS

The stated values of the Group's financing instruments, which include cash and cash equivalents, loans, financial investments, trade receivables and payables, receivables from and payables to affiliated companies, other assets and liabilities, and 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 carried 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.

As at the closing date, the Group did not classify any financial instruments as ‘held-to-maturity investments’ or ‘financial assets carried at fair value through profit or loss’. Some financial assets classified as ‘loans and receivables’ and as ‘available-for-sale financial assets’ are held.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor without any intention to trade the receivables. Loans and receivables are carried in the balance sheet under loans, trade receivables, receivables from affiliated companies and under other assets. Loans and receivables are carried at their current purchase cost. At each reporting date, the carrying values of financial assets are reviewed to determine whether there are any objective material indications of impairment. Any impairment expense is carried through profit or loss.

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: between 3 - 12 years
- Trademarks: between 5 - 10 years
- Customer base: between 4 - 10 years
- Other property, plant and office equipment: between 3 - 14 years

In accordance with IFRS 3, goodwill with an indeterminate 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 Group 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 2008.

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 formed for temporary differences between the carrying amounts in the consolidated balance sheet and in the fiscal balance sheet, as well as for fiscal loss carry forwards. Deferred tax assets are recognised if it is likely that taxable earnings will be available against which the deductible temporary difference can be applied. Deferred tax assets were formed on existing loss carry forwards only to the extent that it is likely, taking current budgeting into account, that these deferred assets can be realised. Deferred tax assets and liabilities are recognised 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 assets and liabilities is carried as tax income or expense.

LIABILITIES

Liabilities are recognised at amortised purchase cost using the effective interest method where applicable. Their composition and remaining terms are shown in the analysis 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 plans. These are obligations on the part of the company resulting from pension expectancies and ongoing benefits paid to active employees who are eligible for benefits. Pension obligations are dependent 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 are offset against the respective pension provisions in the balance sheet.

MINORITY INTEREST

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals of shares to minority interests result in gains and losses that are recorded in the consolidated financial statements. Conversely, purchases of shares in minority interests result in recognition of goodwill, to an amount equal to the difference between the consideration paid and the proportional fair value of the subsidiary’s net assets.

RECOGNITION OF REVENUES

Revenue and other 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. Revenue are stated less discounts, price reductions, customer bonuses and rebates. Price reductions reduce revenue as soon as the respective revenue are recognised.

Revenue in the Ticketing segment that relate to the sale of tickets to final customers are realised when the respective CTS ticketing company delivers the tickets to the final customer. In the Live Entertainment segment, ticket revenue generated in the presales period are posted by the promoter on the liabilities side as advance payments received. When the event is subsequently held, these advance payments are transferred to revenue and the profits are realised.

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 does not apply, therefore. 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 treated as rental expenses and 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 213.072 million (prior year: EUR 141.764 million) are predominantly bank balances and relate, inter alia, to ticket revenues from pre-sales for events in 2009. They are offset by EUR 92.619 million (prior year: EUR 60.506 million) in other liabilities accruing from ticket revenues that have not yet been invoiced. Prior-year cash and cash equivalents include EUR 13.840 million in securities (institutional money market funds), which are classified as financial assets carried at fair value through profit or loss.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 27.236 million (prior year: EUR 24.202 million) are payable within one year.

RECEIVABLES FROM AFFILIATED COMPANIES (CURRENT) (3)

The EUR 1.711 million in current receivables from affiliated companies (prior year: EUR 1.198 million) relate principally to receivables from subsidiaries in Eastern Europe that are not consolidated due to insignificance (EUR 1.253 million). EUR 19 thousand in receivables from associated companies are also included (prior year: EUR 2 thousand).

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2008 [EUR`000]	31.12.2007 [EUR`000]	Change [EUR`000]
Raw materials and consumables	514	284	230
Merchandise	1,905	855	1,050
Payments on account for events	10,314	12,055	-1,741
	12,733	**13,194**	-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 2009.

RECEIVABLES FROM INCOME TAX (CURRENT) (5)

The receivables from income tax relate to tax refund entitlements amounting to EUR 6.975 million (prior year: EUR 3.992 million).

OTHER ASSETS (CURRENT) (6)

Other assets, at EUR 14.818 million (prior year: EUR 18.520 million) comprise financial assets (EUR 10.216 million, prior year: EUR 14.176 million) and non-financial assets (EUR 4.602 million, prior year: EUR 4.344 million).

Other financial assets mainly relate to short-term loans and personnel debts at EUR 1.383 million (prior year: EUR 1.999 million), receivables from ticket pre-sales at EUR 5.914 million (prior year: EUR 7.627 million) and other receivables at EUR 2.919 million (prior year: EUR 4.550 million).

The other, non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 1.932 million (prior year: EUR 1.533 million), and other receivables amounting to EUR 829 thousand (prior year: EUR 1.196 million). Other, non-financial assets also include a deferred expense item at EUR 1.841 million (prior year: EUR 1.615 million) that mainly relates to maintenance expenses and costs for events in subsequent business years.

In the 2008 business year, collateral amounting to EUR 746 thousand (prior year: EUR 846 thousand) was provided by Group companies, in particular for rental deposits (EUR 317 thousand).

FIXED ASSETS (7)

The composition and development of fixed assets 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`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]
Purchase cost					
Status 1 January 2007	182	680	13,665	0	14,527
Change in consolidated companies	5	0	2,351	1	2,357
Additions	0	69	2,184	1,637	3,890
Disposals	-34	0	-389	0	-423
Reclassification	0	0	-260	260	0
Adjustments due to tax audit	0	0	10	0	10
Status 31 December 2007	**153**	**749**	**17,561**	**1,898**	**20,361**
Change in consolidated companies	0	70	36	0	106
Additions	0	32	4,025	657	4,714
Disposals	-34	0	-866	0	-900
Currency differences	-1	0	-28	0	-29
Reclassification	0	0	1,897	-1,897	0
Adjustments due to tax audit	0	0	31	0	31
Status 31 December 2008	**118**	**851**	**22,656**	**658**	**24,283**
Accumulated depreciation and amortization					
Status 1 January 2007	66	153	8,762	0	8,981
Change in consolidated companies	3	0	1,634	0	1,637
Appreciation	0	0	0	-130	-130
Additions	16	162	2,309	0	2,487
Disposals	-20	0	-389	0	-409
Reclassification	0	0	-130	130	0
Status 31 December 2007	**65**	**315**	**12,186**	**0**	**12,566**
Additions	13	180	3,147	0	3,340
Disposals	-34	0	-723	0	-757
Currency differences	-1	0	-30	0	-31
Status 31 December 2008	**43**	**495**	**14,580**	**0**	**15,118**
Carrying values					
Status 1 January 2007	116	527	4,902	0	5,545
Status 31 December 2007	88	434	5,375	1,898	7,795
Status 31 December 2008	**75**	**356**	**8,076**	**658**	**9,165**

INTANGIBLE ASSETS (8), GOODWILL (15)

The composition and development of intangible assets and goodwill 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`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]
Purchase cost					
Status 1 January 2007	28,588	49,578	1,384	357	79,907
Change in consolidated companies	2,950	0	9,352	0	12,302
Additions	2,853	35,141	0	645	38,639
Disposals	-25	-363	0	0	-388
Reclassification	638	0	0	-638	0
Status 31 December 2007	**35,004**	**84,356**	**10,736**	**364**	**130,460**
Change in consolidated companies	931	0	1,595	0	2,526
Additions	6,886	10,429	0	952	18,267
Disposals	-1,160	0	0	0	-1,160
Currency differences	-14	0	0	-2	-16
Reclassification	304	0	0	-304	0
Status 31 December 2008	**41,951**	**94,785**	**12,331**	**1,010**	**150,077**
Accumulated depreciation and amortization					
Status 1 January 2007	20,567	4,867	1,319	0	26,753
Change in consolidated companies	1,090	0	3,787	0	4,877
Additions	3,634	0	672	0	4,306
Disposals	-16	0	0	0	-16
Status 31 December 2007	**25,275**	**4,867**	**5,778**	**0**	**35,920**
Additions	3,335	0	873	0	4,208
Disposals	-1,137	0	0	0	-1,137
Currency differences	-8	0	0	0	-8
Status 31 December 2008	**27,465**	**4,867**	**6,651**	**0**	**38,983**
Carrying values					
Status 1 January 2007	8,021	44,711	65	357	53,154
Status 31 December 2007	9,729	79,489	4,958	364	94,540
Status 31 December 2008	**14,486**	**89,918**	**5,680**	**1,010**	**111,094**

Investments in intangible assets, at EUR 18.267 million (prior year: EUR 38.639 million) relate to additions for software and licences (EUR 2.044 million), capitalised development expenditures (EUR 3.065 million), trademarks and similar rights (EUR 2.729 million) and goodwill (EUR 10.429 million). Additions to goodwill include EUR 1.391 million in put options.

In the prior year, the ‘Global Ticketing System’ asset had to be capitalised due to extensive networking and internationalisation of CTS ticketing software. Further improvements to the CTS ticketing software in the course of networking other software systems (network, web, in-house) and meeting international requirements led to formation of the new intangible asset referred to as ‘Global Ticketing System’. Investments amounting to EUR 2.906 million were made in the ‘Global Ticketing System’ intangible asset, in the form of proprietary and third-party software development. These investments are included in the capitalised development costs.

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

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

The composition and development of these 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`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]
Purchase cost							
Status 1 January 2007	382	1,051	16	522	33	2,096	4,100
Change in consolidated companies	0	0	9	0	0	4	13
Additions	90	0	17	451	0	249	807
Disposals	0	-11	-9	-89	0	-498	-607
Reclassification	-146	-174	0	0	0	0	-320
Status 31 December 2007	**326**	**866**	**33**	**884**	**33**	**1,851**	**3,993**
Additions	30	149	172	25	0	0	376
Disposals	-56	0	0	-479	0	-433	-968
Currency differences	0	0	0	17	0	0	17
Reclassification	0	-19	19	0	0	0	0
Status 31 December 2008	**300**	**996**	**224**	**447**	**33**	**1,418**	**3,418**
Accumulated depreciation and amortization							
Status 1 January 2007	13	156	0	0	1	0	170
Additions	56	0	0	437	1	0	494
Status 31 December 2007	**69**	**156**	**0**	**437**	**2**	**0**	**664**
Additions	0	0	0	0	3	0	3
Disposals	-56	0	0	-437	0	0	-493
Status 31 December 2008	**13**	**156**	**0**	**0**	**5**	**0**	**174**
Carrying values							
Status 1 January 2007	369	895	16	522	32	2,096	3,930
Status 31 December 2007	257	710	33	447	31	1,851	3,329
Status 31 December 2008	**287**	**840**	**224**	**447**	**28**	**1,418**	**3,244**

FINANCIAL ASSETS (9)

Financial assets, at EUR 840 thousand (prior year: EUR 710 thousand) relate primarily to companies in which participations are held.

INVESTMENTS STATED AT EQUITY (10)

The adjusted carrying value of the participation in Greensave GmbH, Würzburg, is EUR 35 thousand (prior year: EUR 33 thousand). As at 31 December 2008, this company discloses a balance sheet total of EUR 188 thousand (prior year: EUR 256 thousand), revenue of EUR 218 thousand (prior year: EUR 503 thousand) and net income for the year of EUR 9 thousand (prior year: of EUR 61 thousand). The Group's share in the assets of Greensave GmbH is carried at EUR 53 thousand (prior year: EUR 72 thousand), and the share in debts at EUR 23 thousand (prior year: EUR 44 thousand).

The adjusted carrying value of the participation in Greenfield Festival AG, Hünenberg, is EUR 189 thousand (prior year: EUR 0). As at 31 December 2008, this company discloses a balance sheet total of EUR 1.006 million, revenue of EUR 4.534 million and net income for the year of EUR 718 thousand. The Group's share in the assets of Greenfield Festival AG is carried at EUR 240 thousand, and the share in debts at EUR 236 thousand.

LOANS (11)

Loans include loan receivables from investments stated at equity, at EUR 422 thousand (prior year: EUR 85 thousand), from affiliated companies, at EUR 25 thousand (prior year: EUR 0) and from participations, at EUR 0 (prior year: EUR 362 thousand). Loans to third parties amount to EUR 1.418 million (prior year: EUR 1.851 million).

TRADE RECEIVABLES (NON-CURRENT) (12)

Non-current trade receivables, at EUR 1.330 million (prior year: EUR 1 thousand), have a remaining term of between one and five years. These receivables mainly result from medium- to long-term partnerships with promoters in the Live Entertainment segment.

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 1.716 million (prior year: EUR 640 thousand), and in the previous year a receivable from associated companies amounting to EUR 23 thousand. These receivables have a maturity of between one and five years.

OTHER ASSETS (NON-CURRENT) (14)

Other non-current assets, at EUR 64 thousand (prior year: EUR 49 thousand) involve with EUR 49 thousand (prior year: EUR 49 thousand) financial assets and mainly relate to capitalised reinsurance assets, at EUR 35 thousand (prior year: EUR 31 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 were offset against pension provisions.

GOODWILL (15)

The disclosed goodwill totalling EUR 89.918 million (prior year: EUR 79.489 million) breaks down into EUR 59.270 million in the Ticketing segment (prior year: EUR 50.694 million) and EUR 30.648 million in the Live Entertainment segment (prior year: EUR 28.795 million). Of that disclosed goodwill, EUR 18.839 million (prior year: EUR 17.448 million) relates to goodwill from put options; the latter figure breaks down into EUR 17.286 million in the Ticketing segment (prior year: EUR 15.895 million) and EUR 1.553 million in the Live Entertainment segment (prior year: EUR 1.553 million).

In the Ticketing segment, goodwill increased by EUR 8.576 million in the reporting year. This increase is mainly attributable to the newly consolidated subsidiary Lippupiste (EUR 7.073 million; of which EUR 3.128 million is for future variable purchase price obligations) and to goodwill from put options (EUR 1.391 million).

The change in goodwill in the Live Entertainment segment (EUR 1.853 million) results from subsequent purchase costs (EUR 1.564 million) and from additional acquisitions of shares in a subsidiary that was already included in consolidation (EUR 289 thousand).

The goodwill is allocated to the cash generating units (CGUs) of the Group. The cash generating units correspond to the Group reporting entities (segments), i.e. Ticketing und Live Entertainment. Impairment tests are performed on goodwill 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 8.1% 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 the goodwill, sub-divided according to segment, was required in the 2008 financial year.

DEFERRED TAX ASSETS (16)

The deferred tax assets, at EUR 1.929 million, pertain to the following:

	31.12.2008 [EUR`000]	31.12.2007 [EUR`000]	Change [EUR`000]
Tax loss carry forwards	1,345	3,526	-2,181
Temporary differences	584	442	142
	1,929	**3,968**	**-2,039**

As at 31 December 2008, the view of the Group is that, in the case of the net deferred tax assets including the assets recognised from use of the loss carry forwards amounting to EUR 1.345 million (prior year: EUR 3.526 million), there is a likelihood that the Group companies will generate profits of least the same amount in future periods.

No deferred tax assets were stated for EUR 2.464 million in loss carry forwards for municipal trade tax purposes, or for EUR 2.588 million in loss carry forwards for corporation tax purposes, or for EUR 964 thousand in other loss carry forwards for foreign taxation purposes. The reason why no deferred tax assets were formed in respect of the aforementioned loss carry forwards is that it is not expected at present that the tax refund claims will be realised in the near term.

On account of the reduction in German corporation tax to a uniform rate of 15%, as announced in the tax reform now in effect, the rate of deferred domestic taxation amounted to an average 31.0%. 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.

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 short-term purchase price obligations deriving from put options granted, which had to be recognised at EUR 4.370 million in accordance with IAS 32 (prior year: EUR 1.906 million), and liabilities to banks, at EUR 656 thousand (prior year: EUR 1.026 million).

Liabilities to banks were subject to interest at normal market rates. The interest effects of short-term purchase price obligations in respect of granted put options were included in the financial result.

TRADE PAYABLES (18)

Trade payables, at EUR 31.693 million (prior year: EUR 26.037 million), are payable within one year.

PAYABLES TO AFFILIATED COMPANIES (19)

Payables to affiliated companies result from supplies and services and are broken down into EUR 1.268 million for the Ticketing segment (prior year: EUR 122 thousand) and EUR 165 thousand for the Live Entertainment segment (prior year: EUR 165 thousand).

ADVANCE PAYMENTS RECEIVED (20)

The advance payments received, at EUR 84.086 million (prior year: EUR 52.746 million), result from ticket monies already received for future events in the Live Entertainment segment. These advance payments are posted to revenue 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:

	01.01.2008	Change in consolidated companies	Consumption	Reversals	Currency translation differences	Additions	31.12.2008
	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]
Other provisions							
Litigation provision	225	0	-69	-78	0	12	90
Others	897	4	-657	-120	18	928	1,070
Total	**1,122**	**4**	**-726**	**-198**	**18**	**940**	**1,160**

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:

	01.01.2008	Change in consolidated companies	Consumption	Reversals	Currency translation differences	Additions	31.12.2008
	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]	[EUR`000]
Tax provisions							
Municipal trade tax	5,658	8	-4,197	0	0	2,819	4,288
Corporation tax	4,250	0	-4,167	-188	-18	2,798	2,675
Solidarity supplement	156	0	-156	0	0	99	99
Taxes according to fiscal audit	76	0	-16	-54	0	36	42
Other taxes	3	0	-5	0	10	153	161
Total	**10,143**	**8**	**-8,541**	**-242**	**-8**	**5,905**	**7,265**

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 96.961 million in financial liabilities (prior year: EUR 67.750 million) and EUR 22.913 million in non-financial liabilities (prior year: EUR 17.658 million).

The financial liabilities include liabilities from ticketing revenue that has not yet been invoiced, at EUR 92.619 million (prior year: EUR 60.506 million), liabilities from purchase price obligations, at EUR 1.662 million (prior year: EUR 1.875 million), liabilities from third-party concerts, at EUR 977 thousand (prior year: EUR 383 thousand) and EUR 1.703 million in other financial liabilities (prior year: EUR 4.986 million).

The non-financial liabilities result from tax liabilities, at EUR 10.124 million (prior year: EUR 7.504 million), social insurance liabilities, at EUR 2.406 million (prior year: EUR 2.372 million), liabilities to personnel, at EUR 5.918 million (prior year: EUR 4.580 million), credit voucher liabilities, at EUR 2.234 million (prior year: EUR 971 thousand), EUR 296 thousand in deferred revenue (prior year: EUR 407 thousand) and other non-financial liabilities, at EUR 1.935 million (prior year: EUR 1.824 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (24)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 24.990 million were carried (prior year: EUR 19.811 million). Of that total, EUR 16.675 million (prior year: EUR 19.291 million) relate to purchase price obligations deriving from put options and recognised at present value, EUR 3.701 million to a purchase price obligation for acquisition of a newly consolidated subsidiary and recognised at present value (prior year: EUR 0), and EUR 4.614 million to bank loans (prior year: EUR 520 thousand).

The impact on earnings caused by compounding the purchase price obligations for put options, recognised at present value, was stated as EUR 904 thousand (prior year: EUR 365 thousand) in the financial result.

OTHER LIABILITIES (NON-CURRENT) (25)

Other non-current liabilities pertain primarily to liabilities relating to acquired distribution rights, at EUR 1.051 million (prior year: EUR 2.102 million). These liabilities have a maturity of between one and five years.

The composition and remaining term of the liabilities as at 31 December 2008 are shown below in the following statement of liabilities:

Statement of liabilities	Total	Remaining term		
		Up to one year	Between one and five years	1) from taxes 2) for social security
	[EUR]	[EUR]	[EUR]	[EUR]
Financial liabilities	30,015,562 (2007: EUR 22.743 m)	5,026,156 (2007: EUR 2.932 m)	24,989,406 (2007: EUR 19.811 m)	
Advance payments received for events	84,085,940 (2007: EUR 52.746 m)	84,085,940 (2007: EUR 52.746 m)		
Trade payables	31,692,689 (2007: EUR 26.037 m)	31,692,689 (2007: EUR 26.037 m)		
Payables to affiliated companies	1,432,502 (2007: EUR 0.287 m)	1,432,502 (2007: EUR 0.287 m)		
Other liabilities	120,926,843 (2007: EUR 87.510 m)	119,874,519 (2007: EUR 85.408 m)	1,052,324 (2007: EUR 2.102 m)	1) 10,123,717 (2007: EUR 7.504 m) 2) 2,405,993 (2007: EUR 2.372 m)
Liabilities, total	**268,153,536**	**242,111,806**	**26,041,730**	

PENSION PROVISIONS (26)

The MLK KG, TicketOne, TOST und CTS Eventim Sports subsidiaries have made direct and individual pension commitments to selected beneficiaries. In the 2008 financial year, benefits amounting to EUR 52 thousand were paid out of pension obligations to beneficiaries (prior year: EUR 113 thousand). The current 2005 G Heubeck Tables are applicable when accounting for pension obligations. Reinsurance benefits which have been pledged to beneficiary employees on the basis of pension commitments are recognised as plan assets and were offset against pension provisions.

	31.12.2008 [EUR]	31.12.2007 [EUR]
The amount of provisions in the balance sheet is as follows:		
Current market value of the plan assets to be attributed	-938,967	-856,803
Cash value of the non-fund-financed obligations	3,185,983	3,378,392
Pension provisions	**2,247,016**	**2,521,589**
The following amounts were included in the income statement:		
Regular service costs	142,844	169,815
Interest expenses	195,423	173,374
Expected income / expenses from plan assets	-26,717	24,200
Actuarial gains / losses in the current year	-510,496	-69,159
Plan curtailments	0	-40,200
Overall amount included in personnel expenses	**-198,946**	**258,030**
The amount of provisions included in the balance sheet developed as follows:		
Beginning of the year	2,521,589	1,814,605
Obligations acquired as part of company purchase	0	562,370
Overall expense included in the income statement	-198,946	258,030
Deferred beneficiaries; transfer to other companies	-23,386	0
Amounts paid	-52,241	-113,416
End of the year	**2,247,016**	**2,521,589**
The following essential actuarial assumptions were made:		
Discount rate	6.0%	5.7%
Expected income from plan assets	4.2%	4.2%
Future salary increases	2.0% - 3.5%	2.0% - 3.5%
Future pension increases	1.9% - 3,0%	1.9% - 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 4.2% is taken as the expected long-term rate of return.

	2008 [EUR]	2007 [EUR]
Plan assets 1 January	856,803	775,061
Expected income from plan assets	82,164	81,742
Plan assets 31 December	**938,967**	**856,803**

DEFERRED TAX LIABILITIES (27)

Deferred tax liabilities, at EUR 824 thousand (prior year: EUR 658 thousand), result from temporary differences in the carrying amounts stated in the consolidated balance sheet and in the fiscal balance sheet.

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 closing 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.

The Annual Shareholders' Meeting on 15 May 2008 authorised the Management Board to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 11,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 11,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, the company's articles of incorporation were amended simultaneously to create an additional EUR 11,000,000 in contingent capital ('contingent capital 2008'). No use has been made so far of this authorisation.

AUTHORISATION TO PURCHASE TREASURY STOCK

By resolution of the Shareholders' Meeting held on 15 May 2008, the company was also authorised under § 71 (1) No. 8 AktG to purchase treasury stock amounting to up to 10% of the registered share capital, by 14 November 2009, as at the date of resolution, and to use these for specific purposes as detailed in the resolution, partially with exclusion of subscription rights for shareholders.

The countervalue 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 offering may be limited. If the total subscription to the offering 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 decreased from EUR 7.153 million to EUR 5.795 million. This change mainly results from profit distributions to minority interest (EUR -7.339 million) in the 2008 financial year, balanced against proportionate shares in the consolidated net income for 2008 (EUR 6.336 million).

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 2008 are shown in the table below:

	Carrying value 31.12.2008	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	28,566	23,212	1,712	1,138	621	1,370
Receivables from affiliated companies	3,427	3,107	0	0	196	7
Other assets	10,265	9,053	370	46	123	533
Loans	1,865	1,865	0	0	0	0
	44,123	**37,237**	**2,082**	**1,184**	**940**	**1,910**

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**

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.

Allowances for doubtful accounts changed as follows:

	2008 [EUR`000]	2007 [EUR`000]
Allowances for doubtful accounts as at 1 Janurary	3,694	2,254
Change in consolidated companies	0	1,471
Consumption	-715	-225
Reversal	-433	-424
Additions	1,748	618
Currency differences	20	0
Allowances for doubtful accounts as at 31 December	**4,314**	**3,694**

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 2008:

	Carrying value 31.12.2008 [EUR`000]	Redemption < 1 year [EUR`000]	Interest < 1 year [EUR`000]	Redemption 1-2 years [EUR`000]	Interest 1-2 years [EUR`000]	Redemption 3-4 years [EUR`000]	Interest 3-4 years [EUR`000]
Financial liabilities	30,016	-5,078	-226	-18,594	-376	-7,965	-174
Trade payables	31,693	-31,693	0	0	0	0	0
Payables to affiliated companies	1,433	-1,433	0	0	0	0	0
Other liabilities	98,013	-96,961	0	-1,052	0	0	0
	161,155	**-135,165**	**-226**	**-19,646**	**-376**	**-7,965**	**-174**

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]	Redemption < 1 year [EUR`000]	Interest < 1 year [EUR`000]	Redemption 1-2 years [EUR`000]	Interest 1-2 years [EUR`000]	Redemption 3-4 years [EUR`000]	Interest 3-4 years [EUR`000]
Financial liabilities	22,743	-3,206	-41	-19,428	0	-109	0
Trade payables	26,037	-26,037	0	0	0	0	0
Payables to affiliated companies	287	-287	0	0	0	0	0
Other liabilities	69,852	-67,750	0	-2,102	-223	0	0
	118,919	**-97,280**	**-41**	**-21,530**	**-223**	**-109**	**0**

The above includes all instruments in place as at the balance sheet date and for which payments had already been contractually agreed. 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 2008. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts, recognition and fair values for the 2008 business year according to recognition categories:

	Balance sheet value according to IAS 39		
	Carrying value 31.12.2008	At amortized costs	Fair value
	[EUR`000]	[EUR`000]	[EUR`000]
Assets			
Cash and cash equivalents	213,072	213,072	213,072
Trade receivables	28,566	28,566	28,566
Receivables from affiliated companies	3,427	3,427	3,778
Other assets	10,265	10,265	10,347
Financial assets	1,156	1,156	1,156
Investments stated at equity	224	224	224
Loans	1,865	1,865	1,877
Liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	5,026	5,026	5,026
Trade payables	31,693	31,693	31,693
Payables to affiliated companies	1,433	1,433	1,441
Other liabilities	98,013	98,013	98,013
Medium- and long-term financial liabilities	24,990	24,990	24,990
Categories according to IAS 39:			
Loans and receivables	257,195	257,195	257,640
Financial liabilties	161,155	161,155	161,163
Available-for-sale financial assets	1,380	1,380	1,380

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

	Balance sheet value according to IAS 39			
	Carrying value 31.12.2007	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	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
Trade payables	26,037	26,037		26,037
Payables to affiliated companies	287	287		415
Other liabilities	69,852	69,852		70,007
Medium- and long-term financial liabilities	19,811	19,811		19,811
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
Financial liabilties	118,919	118,919		119,202
Available-for-sale financial assets	1,031	1,031		1,031

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 receivables, current trade payables and other liabilities, it is assumed that the fair value equals the carrying amount, given the short remaining term of the carrying amounts. The fair values of non-current trade receivables and other receivables are equal to the present value of the cash flows associated with these assets.

NET INCOME/LOSS FROM FINANCIAL INSTRUMENTS

	2008 [EUR`000]	2007 [EUR`000]
Loans and receivables	3,535	3,804
Financial assets at fair value through profit and loss	400	206
Available-for-sale financial assets	216	833
Financial liabilities	-2,244	-1,125
	1,907	**3,718**

The net results in the recognition category loans and receivables and financial liabilities mainly comprise interest income and interest expense. Gains and losses from the disposal of available-for-sale financial assets are reported in the financial result.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

Group revenue increased by EUR 19.973 million or 5.2%, from EUR 384.375 million in 2007 to EUR 404.348 million in 2008. Revenue (before consolidation between segments) breaks down to EUR 287.994 million in the Live Entertainment segment (prior year: EUR 301.281 million) and EUR 120.130 million in the Ticketing segment (prior year: EUR 87.449 million).

COST OF SALES (2)

Expenditures are stated in the income statement according to function. The income statements of the subsidiaries are firstly prepared using the type of expenditure method, with costs then being reassigned to the functional expenses of the cost of sales method using conversion codes for the respective cost elements, for integration in the Group financial statements according to IFRS. Cost elements are assigned either to 100% or on the basis of workforce number and personnel expenses. Using this conversion code, material expenses, personnel expenses, depreciation and amortization and other operating expenses of the individual companies according to the cost of expenditure method are assigned to cost of sales, selling expenses, general administrative expenses and other operating expenses.

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 ‘type of expenditure method’.

Material expenses (according to type of expenditure method)	2008	2007	Change
	[EUR`000]	[EUR`000]	[EUR`000]
Cost of materials, supplies and purchased merchandise	20,251	2,760	17,491
Cost of purchased services	263,468	279,899	-16,431
	283,719	**282,659**	**1,060**

Material expenses calculated using the type of expenditure method are allocated in full to cost of sales using the cost of sales method.

Personnel expenses (according to type of expenditure method)	2008	2007	Change
	[EUR`000]	[EUR`000]	[EUR`000]
Wages and salaries	34,681	27,172	7,509
Social insurance contributions and expenses for pensions and employee support	4,803	4,587	216
	39,484	**31,759**	**7,725**

Personnel expenses calculated using the type of expenditure 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 2008 financial year.

Depreciation and amortization (according to type of expenditure method)	2008	2007	Change
	[EUR`000]	[EUR`000]	[EUR`000]
Depreciation and amortization on intangible and fixed assets	7,547	6,793	754
	7,547	**6,793**	**754**

Depreciation and amortization calculated using the type of expenditure method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. EUR 2.553 million in depreciation and amortization costs were factored into cost of sales (prior year: EUR 2.507 million), EUR 3.280 million into selling expenses (prior year: EUR 2.915 million) and EUR 1.714 million into general administrative expenses (prior year: EUR 1.371 million). Depreciation and amortization of financial assets amounted to EUR 3 thousand (prior year: EUR 494 thousand) and were included in the financial result.

Other operating expenses (according to type of expenditure method)	2008	2007	Change
	[EUR`000]	[EUR`000]	[EUR`000]
Other operating expenses	30,309	23,512	6,797
	30,309	**23,512**	**6,797**

Other operating expenses calculated using the type of expenditure 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 increase in selling expenses is mainly due to higher personnel expenses (up EUR 2.522 million), to higher expenses for legal and consultancy services (up EUR 777 thousand), to losses on receivables and allowances for doubtful accounts (up EUR 1.030 million) and to advertising expenses (up EUR 416 thousand).

GENERAL ADMINISTRATIVE EXPENSES (4)

The increase in general administrative expenses is mainly attributable to increased personnel expenses (up EUR 1.307 million) resulting, in particular, from handling the Live Nation project, from acquisition-related changes in the scope of consolidation, and in the Live Entertainment segment from additional venues for events organised by the Palazzo companies. General administrative expenses include those expenses for administration which are not allocated to sales department.

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Income from the reversal of provisions	198	495	-297
Income from insurance compensation	186	801	-615
Marketing	888	774	114
Income from the reversal of allowances for doubtful accounts	433	424	9
Income from currency translation	513	355	158
Income relating to other periods	414	204	210
Income from charged expenses	513	392	121
Payments of damages	237	562	-325
Income from written-off liabilities / written-off receivables	2,097	601	1,496
Other operating income	1,462	2,884	-1,422
	6,941	**7,492**	**-551**

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Expenses for third-party services	1,326	1,038	288
Loss from disposal of intangible and fixed assets	53	11	42
Maintenance expenses	237	265	-28
Currency translation expenses	1,022	511	511
Donations	171	80	91
Cost for the supply of goods sold	101	96	5
Leases / Rent	540	448	92
Expenses passed on to third parties	724	1,035	-311
Expenses relating to other periods / non-operating costs	705	805	-100
Other operating expenses	2,167	1,956	211
	7,046	6,245	801

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

Income from participations relates primarily to an investment by ARGO Konzerte GmbH, Würzburg (EUR 30 thousand).

INCOME / EXPENSES FROM INVESTMENTS STATED AT EQUITY (8)

Of the income from investments stated at equity, EUR 169 thousand was attributable to Greenfield Festival AG, Hünenberg (prior year: EUR 0), and EUR 3 thousand (prior year: EUR 17 thousand) to Greensave GmbH, Würzburg.

FINANCIAL INCOME (9)

Financial income consists of EUR 4.246 million in interest (prior year: EUR 3.899 million) and EUR 426 thousand in other financial income (prior year: EUR 576 thousand) mainly resulting from selling financial assets.

FINANCIAL EXPENSES (10)

Distributions to minority interest, at EUR 93 thousand (prior year: EUR 187 thousand), and the increase in the present value of purchase price obligations in respect of put options, at EUR 904 thousand (prior year: EUR 365 thousand), were stated as financial expenses in accordance with IAS 32.

Financial expenses mainly comprise interest expense of EUR 740 thousand (prior year: EUR 352 thousand).

TAXES (11)

The total disclosed tax expense is broken down as follows:

	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Income tax	16,258	18,968	-2,710
Deferred tax	1,577	1,531	46
	17,835	**20,499**	**-2,664**

Current tax expenses are calculated by applying the taxation rules of the respective countries in which the subsidiaries operate and generate taxable income, as applicable on the balance sheet date or which will be applicable in the near future.

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

Deferred tax expenses developed as follows:

	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Deferred tax	1,577	1,531	46
of which:			
from temporary differences	9	282	-273
from tax loss carry forwards	1,568	1,249	319

The following table shows the reconciliation of the tax expense expected in the respective financial year with the tax expense as actually disclosed. To determine the expected tax expense for 2008, an average tax rate of 31.0% (prior year: 39.4%) 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 were no tax-reducing effects in the 2008 financial year or in the preceding year.

	2008 [EUR`000]	2007 [EUR`000]
Profit from ordinary business activities (EBT)	53,378	50,322
Adjustments to tax expenses		
Expected income taxes	**16,547**	**19,827**
Deviation due to basis of calculation for municipal trade tax	-213	0
Decrease / increase in value adjustment of deferred tax assets / liabilities	477	0
Losses without formation of deferred tax assets / liabilities	694	0
Changes of deferred taxes due to changes of tax rates and tax law	4	171
Non-taxable income and non-deductible expenses	482	161
Other tax effects	-156	340
Income tax expense according to the consolidated income statement	**17,835**	**20,499**

MINORITY INTEREST (12)

The minority interest in the net income for 2008 is EUR 6.336 million (prior year: EUR 6.813 million).

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

5. NOTES TO THE CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities increased year-on-year by EUR 81.816 million from EUR 23.962 million to EUR 105.778 million. This increase in cash flow from operating activities mainly results from the EUR 79.914 million change in liabilities. The increase in liabilities is attributable, in particular, to the increase in advance payments received by the Live Entertainment segment, at EUR 58.372 million, and in liabilities accruing from ticket revenues that have not yet been invoiced, at EUR 9.824 million, and in other liabilities, at EUR 7.766 million.

CASH FLOW FROM INVESTING ACTIVITIES (2)

Cash outflows for investing activities increased by EUR 617 thousand to EUR 19.374 million and reflects the growth strategy of the CTS Group. The EUR 617 thousand increase mainly results from increased investments in intangible assets (software and rights), which totalled EUR 4.340 million, and in fixed assets (for new types of events), at EUR 824 thousand; these increases were offset by reduced investment in acquisition of consolidated companies, which totalled EUR 3.935 million.

CASH FLOW FROM FINANCING ACTIVITIES (3)

Cash outflow for financing activities decreased year-on-year by EUR 1.940 million to EUR 15.096 million. This reduced cash outflow was principally due to external borrowing and less redemption of financial loans (up EUR 6.799 million). These effects were offset by an absence of proceeds from addition of shareholders' equity by minority interest and by larger distributions of profit to minority interest (down EUR 4.860 million). The dividend paid to shareholders was about the same as the year before, at EUR 11.759 million.

6. EARNINGS PER SHARE

Earnings per share were calculated according to IAS 33 by dividing the consolidated net income for the year, after deduction of 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 were determined as follows:

	2008 [EUR]	2007 [EUR]
Net income after minority interest	29,206,648	23,010,235
Qty. of shares	24,000,000	24,000,000
Earnings per share	**1.22**	**0.96**

7. 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 also and especially to CTS AG. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) using its market-leading network platform (eventim.net), the in-house ticketing product (eventim.inhouse), the sport ticketing product (eventim.tixx) and a solution for ticket sales and admission control in stadiums and arenas. The basic object of the Live Entertainment segment is organising and executing events.

The segmentation of the Group is based on the internal reporting structure 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 2008, the companies operating in the segments were as follows:

TICKETING

• CTS AG • TEX • ÖTS • ÖT Nord-West • 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 • CTS Eventim Schweden
• Lippupiste

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 as follows:

Internal revenue 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.

Revenue 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 revenue of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total for segment	
	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]
External revenue	118,237	84,220	286,111	300,155	404,348	384,375
Intercompany revenue	12,688	10,916	54,407	60,307	67,095	71,223
Total revenue	**130,925**	**95,136**	**340,518**	**360,462**	**471,443**	**455,598**
Consolidation within segment	-10,795	-7,687	-52,524	-59,181	-63,319	-66,868
Revenue after consolidation within segment	**120,130**	**87,449**	**287,994**	**301,281**	**408,124**	**388,730**

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

	Ticketing		Live Entertainment		Intersegment consoldidation		Group	
	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]
Revenue	120,130	87,449	287,994	301,281	-3,776	-4,355	404,348	384,375
Operating profit (EBIT)	34,590	26,633	15,695	20,459	-3	10	50,282	47,102
EBITDA	40,113	32,043	17,719	21,841	-2	11	57,830	53,895
Depreciation and amortization	-5,523	-5,411	-2,024	-1,382	0	0	-7,547	-6,793
Financial result							3,096	3,220
Profit from ordinary business activities (EBT)							53,378	50,322
Taxes							-17,835	-20,499
Net income before minority interest							35,543	29,823
Minority interest							-6,336	-6,813
Net income after minority interest							29,207	23,010
Average no. of employees	659	616	310	277			969	893
Return on sales*	33.4%	36.6%	6.2%	7.2%			14.3%	14.0%

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

The Group invested a total of EUR 18.925 million in the Ticketing segment (including change in the entities included in consolidation). 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 2.091 million). Investments in intangible assets (including goodwill) amounted to EUR 16.662 million, of which EUR 8.576 million was spent on additions to goodwill. Additions to goodwill include EUR 1.391 million from put options to be recognised in accordance with IAS 32. EUR 172 thousand were invested in financial assets. Depreciation and amortization of intangible assets amounted to EUR 3.728 million (prior year: EUR 3.758 million), and EUR 1.795 million (prior year: EUR 1.653 million) in the case of fixed assets.

In the Live Entertainment segment, the Group invested a total of EUR 7.095 million. EUR 2.760 million were invested in fixed assets and EUR 4.131 million in intangible assets (including goodwill). The investments in intangible assets mainly related to trademark rights (EUR 2.020 million) and to goodwill (EUR 1.853 million). EUR 204 thousand were invested in financial assets. Depreciation and amortization of intangible assets amounted to EUR 479 thousand (prior year: EUR 548 thousand), and EUR 1.545 million (prior year: EUR 834 thousand) in the case of fixed assets.

The total investments in the Ticketing and Live Entertainment segments (change in entities included in consolidation, plus additions) are shown in detail in the analysis of assets.

The assets and liabilities that can be directly allocated to a specific segment must be disclosed accordingly. Segment assets are the operating assets that are used by a segment to perform its operating activities and which can be either directly attributed to the segment or which are 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 closing date are as follows:

	Ticketing		Live Entertainment		Other items		Intersegment consoldidation		Group	
	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]	2008 [EUR`000]	2007 [EUR`000]
Property, plant and equipment	102,961	89,111	35,723	31,225	0	0	-15,180	-14,671	123,504	105,665
Other assets	161,821	115,687	118,383	92,035	6,975	3,992	-5,596	-4,164	281,583	207,550
Liabilities	154,514	108,281	122,568	88,207	9,309	12,585	-6,741	-5,306	279,650	203,767

The liabilities of the Live Entertainment segment include advance payments received amounting to EUR 84.550 million that are posted as revenue after the respective events have taken place and accounts have been settled.

GEOGRAPHICAL SEGMENTS

The following table shows the revenue, carrying amounts of segment assets and investments in fixed assets and intangible assets in the 2008 business year, broken down by geographical segment:

	Revenue [EUR`000]	Carrying value of segment assets [EUR`000]	Investments in fixed assets and intangible assets [EUR`000]
Germany	325,686	315,060	11,385
Italy	16,517	28,856	2,012
Finland	1,250	8,321	9,895
Other countries	60,895	45,875	2,321
	404,348	**398,112**	**25,613**

8. EMPLOYEES

On average over the year, 969 salaried staff (prior year: 893) were employed by the Group. Of that total, 538 (prior year: 487) were employed in Germany, and 431 (prior year: 406) in foreign countries.

9. 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:

	31.12.2008			31.12.2007		
	< 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	2,430	5,145	563	1,792	2,894	326
Leasing obligations	343	389	0	260	311	0
Other obligations	1,230	407	229	461	9	0
	4,003	**5,941**	**792**	**2,513**	**3,214**	**326**

As at the reporting date, there were contingent liabilities amounting to EUR 5.810 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 5.810 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.

10. EVENTS AFTER THE BALANCE SHEET DATE

The following special events have occurred since the balance sheet date:

In mid-February 2009, the planned merger of Live Nation and Ticketmaster Entertainment was announced. This merger is subject to approval by the antitrust agency and to the granting of consent by the shareholders. It is currently assumed that the planned merger in case of realization will not have any material impact on the existing ticketing partnership agreements between Live Nation and the CTS Group.

There are no other events requiring disclosure.

11. 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 Group, allowances for doubtful accounts were made to cover bad debts.

In the 2008 business year, security amounting to EUR 8.149 million (prior year: EUR 4.813 million) was provided for Group companies, mainly to hedge the risks in ticket pre-sales by various box offices (EUR 7.838 million, prior year: EUR 4.190 million).

FOREIGN EXCHANGE RISKS

The foreign exchange risk to which the Group is exposed results 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, as a basic principle.

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 on the company 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 translation 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 2008, the consolidating net income after tax would have been EUR 66 thousand higher (or lower, respectively) (prior year: EUR 152 thousand higher (lower)). The hypothetical effect on net income after tax, at EUR 66 thousand, results specifically from the currency sensitivities EUR/USD (EUR 89 thousand), EUR/GBP (EUR 3 thousand) and EUR/CHF (EUR -26 thousand).

INTEREST RISKS

Financial derivatives for hedging interest rates are not used. Fixed and variable interest rate agreements are in place for long-term loans, and short-term credit lines are not used continuously throughout the year, with the result that potential interest rate increases do not pose a significant risk to the 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 2008, consolidated net income after tax would have been EUR 1 thousand lower (higher) (prior year: EUR 8 thousand). The hypothetical EUR 1 thousand effect on consolidated income results from the potential effects of original financial debts of EUR 246 thousand that are subject to 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 2008 balance sheet date.

The Group has bank liabilities of EUR 5.271 million (prior year: EUR 1.546 million).

CAPITAL RISK MANAGEMENT

The aim of capital management is to ensure that the Group is able to achieve its aims and strategies in the interest of shareholders. The aim is to maximise growth in the value of the Group and its subsidiaries. The financial system within the CTS Group is geared to continuous and sustained growth of the Group's value. In order to optimise and safeguard the allocation of financial resources within the Group, the Group seeks to control the associated financial market risks in a foresighted manner.

In the 2008 financial year, no significant negative impacts of the financial crisis were identified either in the CTS Group or in CTS AG. Consumer demand for live entertainment seems to be unbroken, even or precisely when the economy is going through difficult times. Due to the low requirement for external borrowing, changes in banks' lending practices have not had any effects on the Group. Since the CTS Group and CTS AG pursue a very conservative strategy for monetary investments, there were no negative effects on earnings performance, cash flow or financial position.

12. 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 90 thousand were formed as at the balance sheet date to cover litigation expenses.

13. DECLARATION OF COMPLIANCE

On 13 November 2008, 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 CTS AG website.

14. APPLICATION OF § 264 (3) HGB 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

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

In the 2008 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	Number of units
Prof. Jobst W. Plog	Supervisory Board	Sale	22.01.2008	715

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

16. RELATED PARTY DISCLOSURES

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

The transactions of the CTS Group with related companies and persons pertain to reciprocal services and were concluded only at the arm's-length conditions which normally apply between third parties. The majority shareholder of CTS AG is a controlling shareholder of other companies associated with the Group.

The contractual relationships with related companies and persons resulted in the following goods and services being sold to and bought from related parties in the 2008 reporting period:

	2008
Goods and services supplied by the Group	**[EUR`000]**
Services in connection with tours	6,584
Supply of ticketing software	258
Allocation of operating costs	344
Other	421
	7,607

EUR 215 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance, while EUR 342 thousand in goods and services were supplied to associated companies, and EUR 7.050 million to other related parties.

Goods and services received by the Group	2008 [EUR`000]
Fulfilment services	7,230
Tenancy agreements	351
Call centre operations	2,353
Business services agreements	885
Production costs for events	895
Other	400
	12,114

EUR 932 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance, while EUR 25 thousand in goods and services were supplied by associated companies, and EUR 11.157 million were supplied by other related parties.

Receivables from	2008 [EUR`000]
Subsidiaries not included in consolidation due to insignificance	2,969
Associated companies	215
Other related parties	1,863
	5,047

Liabilities to	2008 [EUR`000]
Subsidiaries not included in consolidation due to insignificance	302
Associated companies	0
Other related parties	2,107
	2,409

Compensation paid to managers in key positions is disclosed under item 18 of the notes to the consolidated financial statements.

17. AUDITOR EXPENSES

In the 2008 financial year, auditing expenses of EUR 372 thousand (prior year: EUR 200 thousand) and EUR 162 thousand (prior year: EUR 99 thousand) for other services were recognised.

18. MANDATES AND EMOLUMENTS OF THE MANAGEMENT BOARD

During the 2008 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:

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	600,000	10,951	300,000	910,951
Volker Bischoff	250,000	18,152	105,000	373,152
Christian Alexander Ruoff	250,000	16,549	105,000	371,549
Total	**1,100,000**	**45,652**	**510,000**	**1,655,652**

19. MANDATES AND EMOLUMENTS OF THE SUPERVISORY BOARD

The members of the Supervisory Board in the 2008 financial year were as follows:

Edmund Hug, businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:
- schlott gruppe AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm (until 31 December 2008)
- Scholz AG, Aalen

Dr. Peter Haßkamp, lawyer, Bremen – Vice-Chairman –
Other supervisory board memberships:
- Friedrich Schiefer Emissionshaus AG, Landshut (until 7 November 2008)
- EGC EUROGROUP CONSULTING AG, Bad Homburg (since 26 March 2008)

Prof. Jobst W. Plog, lawyer, Hamburg
Other supervisory board memberships:
- Wall AG, Berlin (from 1 January 2009)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand and reimbursed expenses of EUR 1 thousand for the 2008 financial year.

20. PARTICIPATING PERSONS

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

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that Highbridge Capital Management LLC, New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.02% and that these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG.

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that JPMorgan Asset Management Holdings Inc., New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.02% and that these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG, in combination with § 22 (1) 2 WpHG.

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that JPMorgan Chase & Co., New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.08%, that 0.06% of these voting rights are allocated in accordance with § 22 (1) 1 No. 1 WpHG and that 5.02% of these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 1 September 2008 that it exceeded the 3% threshold on 29 August 2008, that its share of voting rights in CTS AG now amounts to 3.02%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 1 September 2008 that it exceeded the 3% threshold on 29 August 2008, that its share of voting rights in CTS AG now amounts to 3.02%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investments International, Hildenborough, UK, notified the company on 9 September 2008 that it exceeded the 3% threshold on 8 September 2008, that its share of voting rights in CTS AG now amounts to 3.03%, and that these voting rights are allocated to FIL Investment International in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 28 November 2008 that it exceeded the 5% threshold on 27 November 2008, that its share of voting rights in CTS AG now amounts to 5.0023%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 28 November 2008 that it exceeded the 5% threshold on 27 November 2008, that its share of voting rights in CTS AG now amounts to 5.0023%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 7 January 2009 that it fell below the 5% threshold on 6 January 2009, that its share of voting rights in CTS AG now amounts to 4.91%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 7 January 2009 that it fell below the 5% threshold on 6 January 2009, that its share of voting rights in CTS Eventim AG now amounts to 4.91%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

William Blair & Company LLC, Chicago, USA, notified the company on 3 March 2009 that it fell below the 3% threshold on 27 February 2009, that its share of voting rights in CTS AG now amounts to 2.65% and that the voting rights are allocated to William Blair & Company LLC, Chicago, USA, in accordance with § 22 (1) 1 No. 6 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.07% of the voting rights in the company as at 31 December 2008.

The Management Board of CTS AG released the consolidated financial statements to the Supervisory Board on 13 March 2009.

21. ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles, and that the combined management report presents the course of business, including the Group's profits and situation, in a way that accurately reflects actual circumstances and truthfully describes the main opportunities and risks associated with the Group's expected development.

Bremen, 13 March 2009
CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg	Volker Bischoff	Christian Alexander Ruoff

22. 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 shareholders' 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 2008. 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 Management Board. 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 the 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, 16 March 2009

PRICEWATERHOUSECOOPERS

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

8. FINANCIAL STATEMENTS CTS AG 2008

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2008 (HGB)

ASSETS	31.12.2008 [EUR]	31.12.2007 [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	8,704,687	7,013,926
2. Goodwill	1,798,883	2,125,953
3. Payments on account	986,884	383,076
	11,490,454	**9,522,955**
II. Fixed assets		
1. Land, land rights and buildings, including buildings on third-party land	65,530	75,484
2. Technical equipment, plant and machinery	257,597	372,085
3. Other facilities, operating and office equipment	1,119,092	1,390,309
	1,442,219	**1,837,878**
III. Investments		
1. Shares in affiliated companies	59,841,242	53,394,293
2. Companies in which participations are held	718,292	575,956
	60,559,534	**53,970,249**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	1,224,609	575,589
2. Payments on account	45,372	12,422
	1,269,981	**588,011**
II. Receivables and other assets		
1. Trade receivables	10,925,338	9,241,197
2. Receivables from affiliated companies	9,888,225	7,267,978
3. Receivables from companies in which participations are held	117,934	40,965
4. Other assets	1,256,557	1,416,690
	22,188,054	**17,966,830**
III. Marketable securities		
1. Treasury stock	52,069	57,638
2. Other securities	0	13,634,312
	52,069	**13,691,950**
IV. Cheques, cash in hand and bank balances	**88,572,966**	**48,143,389**
C. PREPAID EXPENSES AND ACCRUED INCOME	**228,990**	**214,108**
Total assets	**185,804,267**	**145,935,370**

SHAREHOLDERS’ EQUITY AND LIABILITIES	31.12.2008 [EUR]	31.12.2007 [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	52,069	57,638
IV. Balance sheet profit	49,982,731	38,536,936
	97,855,694	**86,415,468**
B. Provisons		
1. Tax provisions	5,153,512	5,150,562
2. Other provisions	4,517,400	2,716,936
	9,670,912	**7,867,498**
C. Liabilities		
1. Liabilities to banks	5,000,000	0
2. Trade payables	4,180,857	3,338,579
3. Liabilities to affiliated companies	333,359	351,714
4. Liabilities to companies in which participations are held	940,641	0
5. Other liabilities	67,822,804	47,962,111
	78,277,661	**51,652,404**
Total shareholders’ equity and liabilities	**185,804,267**	**145,935,370**

INCOME STATEMENT CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (HGB)

		2008 [EUR]	2007 [EUR]
1.	Revenue	71,861,730	54,881,636
2.	Cost of sales	-30,502,811	-21,967,607
3.	**Gross profit**	**41,358,919**	**32,914,029**
4.	Selling expenses	-11,055,909	-10,234,809
5.	General administrative expenses	-4,624,626	-4,217,695
6.	Other operating income	2,821,351	3,734,238
7.	Other operating expenses	-2,794,184	-2,430,033
8.	Income from companies in which participations are held	2,939,384	4,876,930
9.	Income from profit transfer agreements	2,160,235	1,868,923
10.	Other interest and similar income	2,154,454	1,662,377
11.	Depreciation on current marketable securities	-5,568	-5,435
12.	Interest and similar expenses	-436,820	-41,044
13.	**Profit from ordinary business acitivities**	**32,517,236**	**28,127,481**
14.	Taxes on income	-9,311,568	-9,640,187
15.	Other taxes	-6,507	-2,863
16.	**Net income for the year**	**23,199,161**	**18,484,431**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2008 BUSINESS YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2008 financial year were 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 German form of income statement showing '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 recognised goodwill from bringing in the Ticketing business is subject to systematic amortization based on an estimated useful life of 15 years. The trademark rights obtained by acquiring the 'getgo.de' Internet portal in the year 2002 are amortized over a period of 10 years. The distribution rights obtained in 2006 by acquiring CTS Eventim Sports GmbH, Hamburg, are amortized over a period of five years. The 'Global Ticketing System' capitalised in 2007 in the course of implementing international requirements is amortized over a useful life of 12 years.

Shares in affiliated companies and **companies in which participations are held** 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 STATEMENTS

3.1 BALANCE SHEET

ANALYSIS OF ASSETS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (HGB)

	Purchase cost / Cost of sales				
	Status 01.01.2008 [EUR]	Additions [EUR]	Disposals [EUR]	Reclassifi-cations [EUR]	Status 31.12.2008 [EUR]
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, and licenses in such rights and assets	29,495,145	3,156,128	63,968	323,143	32,910,448
2. Goodwill	4,906,054				4,906,054
3. Payments on account	383,076	926,951		-323,143	986,884
	34,784,275	**4,083,079**	**63,968**	**0**	**38,803,386**
II. Fixed assets					
1. Land, land rights and buildings, including buildings on third-party land	99,533				99,533
2. Technical equipment, plant and machinery	572,445				572,445
3. Other facilities, operating and office equipment	6,953,615	508,351	48,448		7,413,518
	7,625,593	**508,351**	**48,448**	**0**	**8,085,496**
III. Investments					
1. Shares in affiliated companies	53,394,293	6,446,949			59,841,242
2. Companies in which participations are held	575,956	142,336			718,292
	53,970,249	**6,589,285**	**0**	**0**	**60,559,534**
Total	**96,380,117**	**11,180,715**	**112,416**	**0**	**107,448,416**

Accumulative depreciation and amortization				Carrying values	
Status 01.01.2008 [EUR]	Additions [EUR]	Disposals [EUR]	Status 31.12.2008 [EUR]	Status 31.12.2008 [EUR]	Status 31.12.2007 [EUR]
22,481,219	1,788,487	63,945	24,205,761	8,704,687	7,013,926
2,780,101	327,070		3,107,171	1,798,883	2,125,953
0			0	986,884	383,076
25,261,320	**2,115,557**	**63,945**	**27,312,932**	**11,490,454**	**9,522,955**
24,049	9,954		34,003	65,530	75,484
200,360	114,488		314,848	257,597	372,085
5,563,306	769,748	38,628	6,294,426	1,119,092	1,390,309
5,787,715	**894,190**	**38,628**	**6,643,277**	**1,442,219**	**1,837,878**
0			0	59,841,242	53,394,293
0			0	718,292	575,956
0	**0**	**0**	**0**	**60,559,534**	**53,970,249**
31,049,035	**3,009,747**	**102,573**	**33,956,209**	**73,492,207**	**65,331,082**

The EUR 11.181 million in additions to assets mainly comprise additions to intangible assets (EUR 4.083 million) and to financial assets (EUR 6.589 million). The additions to intangible assets result primarily from further development of the Global Ticketing System (EUR 3.162 million). The additions to financial assets during the reporting year relate to the acquisition of shares in subsidiaries.

Receivables and other assets, at EUR 1.107 million, have a remaining term of one to five years.

Receivables from affiliated companies include trade receivables amounting to EUR 661 thousand.

The **treasury stock** included in marketable securities comprises 2,175 shares. These shares were purchased on 31 July 2007 at a price of EUR 28.99 per share and 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 39 thousand in prepaid commission expenses (prior year: EUR 76 thousand), EUR 45 thousand in maintenance expenses (prior year: EUR 58 thousand) and EUR 61 thousand in promotion expenses (prior year: EUR 25 thousand).

The Annual Shareholders' Meeting of the company held 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 closing 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.

The Annual Shareholders' Meeting held on 15 May 2008 authorised the Management Board to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 11,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 11,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, the company's articles of incorporation were amended simultaneously to create an additional EUR 11,000,000 in contingent capital ('contingent capital 2008'). No use has been made so far of this authorisation.

By resolution of the Shareholders' Meeting held on 15 May 2008, the company was also authorised under § 71 (1) No. 8 AktG to purchase **treasury stock** amounting to up to 10% of the registered share capital as at 14 November 2009, and to use these for specific purposes as detailed in the resolution, partially with exclusion of subscription rights for shareholders.

The countervalue 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 offering may be limited. If the total subscription to the offering 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.

The **balance sheet profit** developed as follows:

	31.12.2008 [EUR`000]	31.12.2007 [EUR`000]
Balance sheet profit as at 31 December 2007/2006	38,537	31,870
Reserves for treasury stock	6	-58
Net income for the year 2008/2007	23,199	18,485
	61,742	**50,297**
Distributions in 2008/2007	-11,759	-11,760
Balance sheet profit as at 31 December 2008/2007	**49,983**	**38,537**

Other provisions include, amongst others, EUR 1.379 million in provisions for personnel expenses (prior year: EUR 1.098 million), EUR 71 thousand for legal, consultancy and litigation expenses (prior year: EUR 189 thousand), EUR 786 thousand for outstanding supplier invoices (prior year: EUR 350 thousand), EUR 1.594 million for outstanding commission (prior year: EUR 562 thousand), EUR 66 thousand for outstanding credit notes (prior year: EUR 26 thousand), EUR 100 thousand for compensation of the Supervisory Board members (prior year: EUR 80 thousand), and EUR 201 thousand for accounting and auditing expenses (prior year: EUR 241 thousand).

Liabilities to affiliated companies, at EUR 293 thousand, consist entirely of trade payables.

The remaining terms of the **liabilities** as at 31 December 2008 are shown in the following statement of liabilities:

Statement of liabilities	**Total**	**Remaining term**		
		Up to one year	Between one and five years	1) from taxes 2) for social security
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**
Liabilities to banks	5,000,000 (2007: EUR 0)	500,000 (2007: EUR 0)	4,500,000 (2007: EUR 0)	
Trade payables	4,180,857 (2007: EUR 3.339 m)	4,180,857 (2007: EUR 3.339 m)		
Liabilities to affiliated companies	333,359 (2007: EUR 0.352 m)	333,359 (2007: EUR 0.352 m)		
Liabilities to companies in which participations are held	940,641 (2007: EUR 0)	940,641 (2007: EUR 0)		
Other liabilities	67,822,804 (2007: EUR 47.962 m)	66,771,804 (2007: EUR 45.860 m)	1,051,000 (2007: EUR 2.102 m)	1) 2,010,702 (2007: EUR 2.155 m) 2) 2,049 (2007: EUR 0.009 m)
Liabilities, total	**78,277,661**	**72,726,661**	**5,551,000**	

Other liabilities, at EUR 67.823 million, mainly comprise EUR 60.951 million in liabilities from ticket revenues that have yet been invoiced (prior year: EUR 40.368 million). This increase in liabilities in respect of ticket revenue that has not yet been invoiced results primarily from pre-sales for future tours (for example the AC/DC tour in 2009 that entered pre-sales at the end of 2008). The liabilities from ticket revenues that have not yet been invoiced are covered by equivalent bank balances.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Ticket revenue	61,463	46,689	14,774
Other ticket revenue			
Data line charges	2,869	2,869	0
System rental / maintenance / installation	2,860	2,571	289
Sales of merchandise	258	380	-122
Package tours	2,500	1,227	1,273
Other	1,912	1,146	766
	71,862	**54,882**	**16,980**

Revenue was mainly generated on the domestic German market.

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

Material expenses (according to type of expenditure method)	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Cost of purchased merchandise	722	809	-87
Cost of purchased services	25,979	17,518	8,461
	26,701	**18,327**	**8,374**

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

Personnel expenses (according to type of expenditure method)	2008 [EUR`000]	2007 [EUR`000]	Change [EUR`000]
Wages and salaries	7,234	6,830	404
Social security contributions and expenses for pensions and employee support	953	904	49
	8,187	**7,734**	**453**

The **selling expenses** for the financial year include EUR 327 thousand in full amortization of goodwill (prior year: EUR 327 thousand), EUR 99 thousand in proportional amortization (51%) of the trademark rights (prior year: EUR 99 thousand) of the acquired ‘getgo.de’ Internet portal, as well as proportional depreciation and amortization of distribution rights (EUR 536 thousand), software (EUR 277 thousand) and fixed assets (EUR 456 thousand). The remaining amount of proportional depreciation and amortization (49%) of these fixed and intangible assets is allocated to cost of sales or general administrative expenses.

Other operating income includes EUR 169 thousand in non-periodic income from the reversal of provisions (prior year: EUR 682 thousand) and EUR 110 thousand in income from written-off liabilities (prior year: EUR 313 thousand).

Other operating expenses include EUR 326 thousand in non-periodic expenses from follow-up invoices (prior year: EUR 99 thousand).

The EUR 2.939 million in **income from companies in which participations are held** was generated entirely by affiliated companies (prior year: EUR 4.841 million).

Other interest and similar income includes EUR 276 thousand in income from affiliated companies (prior year: EUR 126 thousand).

Taxes on income include EUR 4.546 million in municipal trade tax (prior year: EUR 4.330 million), EUR 4.516 million in corporation tax (prior year: EUR 5.034 million), EUR 248 thousand in solidarity supplement to corporation tax for the 2008 financial year (prior year: EUR 277 thousand) and EUR 2 thousand in tax expense for previous years (prior year: EUR 2 thousand).

Other taxes amounting to EUR 7 thousand (prior year: EUR 3 thousand) comprise vehicle tax expenses.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

As at the reporting date, there were contingent liabilities amounting to EUR 31.756 million (prior year: EUR 26.811 million).

These obligations are partly conditional bids amounting to EUR 4.370 million (prior year: EUR 4.209 million) that CTS AG made in order to acquire additional shares in subsidiaries. The obligation resulting from conditional purchase offers relate to put options that have not yet been exercised.

Purchase-price obligations amounting to EUR 3.701 million exist in respect of a foreign participating interest acquired in the reporting year. This obligation was valued on the basis of future operating results of the subsidiary.

Another contingent liability concerns a purchase-price obligation entered into by eventim online Holding GmbH, Bremen. This obligation depends on future operating results of the subsidiary and is estimated at EUR 16.675 million (prior year: EUR 16.988) as at the balance sheet date.

There is also a contingent liability ensuing from a purchase-price obligation on the part of the MEDUSA Music Group GmbH, Bremen. The latter obligation depends on future operating results of the subsidiary and is estimated at EUR 5.810 million (prior year: EUR 5.614 million) as at the balance sheet date.

There is a contingent liability resulting from a EUR 1.200 million loan commitment made to a subsidiary.

The company also bears liabilities 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 5.300 million (prior year: EUR 1.729 million). Of that total, EUR 1.798 million (prior year: EUR 999 thousand) are due within one year. Future rental obligations account for EUR 3.816 million (prior year: EUR 1.150 million), leasing obligations for EUR 164 thousand (prior year: EUR 143 thousand) and other obligations for EUR 1.320 million (prior year: EUR 436 thousand).

4.2 APPROPRIATION OF EARNINGS

In the 2008 financial year, CTS AG generated EUR 23.199 million in net income (calculated according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 14.639 million (EUR 0.61 per share) be distributed and that the remaining EUR 8.560 million be carried forward to the new account.

4.3 LIST OF SUBSIDIARIES

	Share [in %]	Nominal capital [EUR]	31.12.2008 Shareholders' capital [EUR]	31.12.2008 Net income for the year [EUR]
GSO Holding GmbH, Bremen	100.0%	50,000	3,842,442	583,990
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen*	100.0%	501,000	2,576,711	0
GSO Verwaltungsgesellschaft mbH, Bremen	100.0%	25,000	25,534	-2,805
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, Austria	86.0%	36,336	3,190,800	1,210,243
ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz, Austria	77.5%	36,336	586,922	178,603
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, Austria	66.7%	37,000	480,242	142,456
Ö-Ticket Nord West GmbH, Vienna, Austria	51.0%	36,336	550,315	287,377
Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH, Tulln, Austria	50.1%	37,000	-4,281	-10,238
Ticket Express Hungary Kft., Budapest, Hungary	71.0%	20,291	38,000	24,451
TEX Hungary Kft., Budapest, Hungary	71.0%	59,354	73,112	45,843
eventim online Holding GmbH, Bremen	100.0%	25,000	13,900,525	-101,406
RP-EVENTIM GmbH, Düsseldorf	51.0%	25,000	48,375	248
CTS Eventim Solutions GmbH, Bremen*	100.0%	226,250	231.203	0

	Share [in %]	Nominal capital [EUR]	31.12.2008 Shareholders' capital [EUR]	31.12.2008 Net income for the year [EUR]
CTS Eventim Nederland B.V., Amsterdam, Netherlands	100.0%	18,200	-173,280	98,837
CTS Eventim Sports GmbH, Hamburg	100.0%	25,000	725,826	0
Eventim Sports Consulting GmbH, Bremen	100.0%	25,000	-11,541	-2,052
CTS Eventim Schweiz AG, Basle, Switzerland	100.0%	63,068	-89,534	-110,514
Zritel o.o.o. Moscow, Russia	51.0%	375,463	1,274,229	465,166
TicketOne S.p.A., Milan, Italy	49.8%	4,998,702	5,229,394	582,993
Panischi S.r.l., Milan, Italy	100.0%	10,200	82,983	32,688
T.O.S.T. Ticketone Sistemi Teatrali S.r.l., Milan, Italy	60.0%	90,000	316,982	103,261
TSC EVENTIM Ticket & Tourist-Service-Center GmbH, Bremen	100.0%	125,000	392,702	347,194
Cardplus Oy, Helsinki, Finland	100.0%	10,091	26,362	0
Lippupiste Oy, Tampere, Finland	70.0%	8,000	868,241	213,603
CTS Eventim Schweden AB, Stockholm, Sweden	100.0%	10,296	20,160	-336,864
MEDUSA Music Group GmbH, Bremen	94.4%	11,127,250	27,229,560	8,078,728
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main	51.0%	50,000	12,922,193	8,919,797
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main*	100.0%	100,000	158.204	0
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main	100.0%	25,000	28,870	0
LS Konzertagentur GmbH, Vienna, Austria	100.0%	50,000	531,901	303,086
Greensave GmbH, Würzburg	49.0%	25,000	108,046	9,322
Peter Rieger Konzertagentur Holding GmbH, Cologne	70.0%	50,000	3,733,363	-389,298
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne*	100.0%	50,000	775.000	0
Peter Rieger Verwaltungs GmbH, Cologne	100.0%	25,000	31,407	2,035
FKP Scorpio Konzertproduktionen GmbH, Hamburg	50.2%	25,565	539,230	1,357,379
CRP Konzertagentur GmbH, Hamburg	50.2%	25,000	180,876	240,244
Palazzo Produktionen GmbH, Hamburg	100.0%	50,000	-2,373,817	-2,400,752
Palazzo Produktionen GmbH, Vienna, Austria	100.0%	35,000	497,127	353,295
Palazzo Producties B.V., Amsterdam, Netherlands	100.0%	18,000	-455,597	-156,319
Palazzo Produktionen Berlin GmbH, Hamburg	100.0%	25,000	-1,419,109	-857,590
Semmelconcerts Veranstaltungsservice GmbH, Bayreuth	50.2%	25,565	1,116,663	2,860,629
ARGO Konzerte GmbH, Würzburg	50.2%	76,694	372,971	1,051,464
PGM Promotors Group Munich Konzertagentur GmbH, Munich	100.0%	25,000	282,181	162,044
Dirk Becker Entertainment GmbH, Cologne	83.0%	25,000	497,492	144,676
Act Entertainment AG, Basle, Switzerland	51.0%	124,250	343,271	201,528
Show-Factory Entertainment GmbH, Bregenz, Austria	51.0%	35,000	552,910	497,758
OCTOPUS GmbH Agentur für Kommunikation, Hamburg	100.0%	25,000	189,002	35,471
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg	100.0%	500,000	498,053	-1,947
Greenfield Festival AG, Hünenberg, Switzerland	50.0%	67,196	16,296	717,795

The list of subsidiaries comprises the group of entities included in consolidation of the CTS Group.

* 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 make use of the exemption option provided by § 264 (3) and § 264b HGB regarding publication of the annual 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 2.160 million (prior year: EUR 1.869 million).

A profit transfer agreement was also concluded in the 2007 business year between CTS Eventim Sports GmbH, Hamburg, and GSO Gesellschaft für Softwareentwicklung und Organisation GmbH & Co. KG, Bremen. The resultant earnings generated by the latter amounted to EUR 928 thousand in the reporting year (prior year: EUR 1.268 million).

4.4 EXECUTIVE BODIES OF CTS AG

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

Klaus-Peter Schulenberg, Bremen – Chief Executive Officer –

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 [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	600,000	10,951	300,000	910,951
Volker Bischoff	250,000	18,152	105,000	373,152
Christian Alexander Ruoff	250,000	16,549	105,000	371,549
Total	**1,100,000**	**45,652**	**510,000**	**1,655,652**

The members of the Supervisory Board in the 2008 financial year were as follows:

Edmund Hug, businessman, Oberstenfeld – Chairman –

Other supervisory board memberships:

- schlott gruppe AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm (until 31 December 2008)
- Scholz AG, Aalen

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

Other supervisory board memberships:

- Friedrich Schiefer Emissionshaus AG, Landshut (until 7 November 2008)
- EGC EUROGROUP CONSULTING AG, Bad Homburg (since 26 March 2008)

Prof. Jobst W. Plog, lawyer, Hamburg

Other supervisory board memberships:

- Wall AG, Berlin (from 1 January 2009)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 1 thousand for the 2008 financial year.

4.5 EMPLOYEES

On average, 141 persons were employed by the company during the year. These were all salaried employees.

4.6 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

The declaration by the Management Board and the Supervisory Board of the company pursuant to § 161 AktG, regarding the extent to which the recommendations of the German Corporate Governance Code have been and are being complied with, and which recommendations were not or are not applied, was submitted in the financial year 2008 and made permanently available to the shareholders on the company's website.

4.7 PARTICIPATING PERSONS

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

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that Highbridge Capital Management LLC, New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.02% and that these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG.

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that JPMorgan Asset Management Holdings Inc., New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.02% and that these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG, in combination with § 22 (1) 2 WpHG.

J.P. Morgan Securities Ltd., London, UK, notified the company on 10 July 2008 that JPMorgan Chase & Co., New York, USA, exceeded the 5% threshold on 7 July 2008, that its share of voting rights in CTS AG now amounts to 5.08%, that 0.06% of these voting rights are allocated in accordance with § 22 (1) 1 No. 1 WpHG and that 5.02% of these voting rights are allocated in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 1 September 2008 that it exceeded the 3% threshold on 29 August 2008, that its share of voting rights in CTS AG now amounts to 3.02%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 1 September 2008 that it exceeded the 3% threshold on 29 August 2008, that its share of voting rights in CTS AG now amounts to 3.02%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investments International, Hildenborough, UK, notified the company on 9 September 2008 that it exceeded the 3% threshold on 8 September 2008, that its share of voting rights in CTS AG now amounts to 3.03%, and that these voting rights are allocated to FIL Investment International in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 28 November 2008 that it exceeded the 5% threshold on 27 November 2008, that its share of voting rights in CTS AG now amounts to 5.0023%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 28 November 2008 that it exceeded the 5% threshold on 27 November 2008, that its share of voting rights in CTS AG now amounts to 5.0023%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 7 January 2009 that it fell below the 5% threshold on 6 January 2009, that its share of voting rights in CTS AG now amounts to 4.91%, and that these voting rights are allocated to FIL Limited in accordance with § 22 (1) 1 No. 6 WpHG.

FIL Investment Management Limited, Hildenborough, UK, notified the company on 7 January 2009 that it fell below the 5% threshold on 6 January 2009, that its share of voting rights in CTS AG now amounts to 4.91%, and that these voting rights are allocated to FIL Investment Management Limited in accordance with § 22 (1) 1 No. 6 WpHG in combination with § 22 (1) 2 WpHG.

William Blair & Company LLC, Chicago, USA, notified the company on 3 March 2009 that it fell below the 3% threshold on 27 February 2009, that its share of voting rights in CTS AG now amounts to 2.65% and that the voting rights are allocated to William Blair & Company LLC, Chicago, USA, in accordance with § 22 (1) 1 No. 6 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.07% of the voting rights in the company as at 31 December 2008.

4.8 AUDITOR EXPENSES

In the 2008 financial year, expenses amounting to EUR 140 thousand in auditing fees and EUR 162 thousand for other services were recognised.

4.9 ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, the annual financial statements give a true and fair view of the company's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles, and that the combined management report presents the course of business, including the company's profits and situation, in a way that accurately reflects actual circumstances and truthfully describes the main opportunities and risks associated with the company's expected development.

Bremen, 13 March 2009
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 2008. 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 on the basis of our audit.

We conducted our audit on the financial statements in accordance with § 317 HGB and the German generally accepted standards for the audit of financial statements as 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, 16 March 2009

PRICEWATERHOUSECOOPERS

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

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