ANNUAL REPORT 2010

eventim

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1. KEY GROUP FIGURES

	2010	2009	Change
	[EUR'000]	[EUR'000]	[in %]
Revenue	519,577	466,698	11.3%
EBITDA	87,996	79,974	10.0%
EBIT	70,556	71,280	-1.0%
Normalised EBITDA	95,817	79,974	19.8%
Normalised EBIT before amortisation from purchase price allocation	85,655	71,280	20.2%
Normalised EBITDA margin	18,4%	17,1%	1.3 pp
Normalised EBIT margin before amortisation from purchase price allocation	16,5%	15,3%	1.2 pp
Non-recurring items [1]	7,821	0	-
Amortisation from purchase price allocation [2]	7,278	0	-
Earnings before tax (EBT)	68,853	71,496	-3.7%
Net income after non-controlling interest	41,771	39,943	4.6%
Cash flow	62,807	58,258	7.8%
	[EUR]	[EUR]	
Earnings per share [3], undiluted (= diluted)	1.74	1.66	
	[Qty.]	[Qty.]	
Number of employees [4]	1,479	1,143	
Of which temporary	(144)	(159)	

[1] Cf. page 31 for detailed statement of non-recurring items
[2] Purchase price allocation of Ticketcorner Holding AG und See Tickets Germany GmbH; cf. page 25 'Corporate Management' for further explanations
[3] Number of shares: 24 million
[4] 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 combined management report for the company and the Group as a whole for the financial year from 1 January 2010 to 31 December 2010.

The members of the Supervisory Board of the company during the reporting year were Mr. Edmund Hug (Oberstenfeld), Prof. Jobst W. Plog (Hamburg), Mr. Horst R. Schmidt (Aschaffenburg, until 17 September 2010) and Dr. Bernd Kundrun (Hamburg, from 4 November 2010). Throughout the year, Mr. Hug acted as Chairman and Prof. Plog as Vice-Chairman. No committees were formed.

II. During the reporting 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 is 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, providing advice and deciding, where necessary, on consent for such measures. Decisions were also taken using the written procedure, where so required.

The Supervisory Board was kept informed by the Management Board not only at Supervisory Board meetings but also beyond such meetings – for example when transactions of special importance or urgency were being conducted. In the reporting year, the Supervisory Board met on 19 March 2010 (‘financial statements meeting’), 11 May 2010, 12 May 2010 (constitutive meeting after re-election), 31 August 2010 and on 9 December 2010. 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. Additional Supervisory Board meetings were held in the form of telephone conferences on 2 July 2010 and on 23 August 2010 in order to address issues of current importance. These meetings were also attended by the Management Board.

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 development of cash 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 12 May 2010, 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 2010. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2010 annual financial statements, the 2010 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 23 March 2011, the annual financial statements and the consolidated financial statements for 2010, 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 audit report, the Supervisory Board approves the annual financial statements as prepared by the Management Board, which are therefore formally adopted in accordance with § 172 AktG (Stock Corporation Act). The Supervisory Board also approves the consolidated financial statements prepared by the Management Board for the 2010 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 2010 financial year on the relationships to affiliated enterprises, in which it is stated that, judging from the circumstances known at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case and that no measures requiring disclosure were either effected or waived in the 2010 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 09 December 2010, 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 wishes to thank the Management Board and all employees of the company for the work they performed during the 2010 financial year.

March 2011

Edmund Hug Chairman	Prof. Jobst W. Plog Vice-Chairman	Dr. Bernd Kundrun

3. FOREWORD BY THE MANAGEMENT BOARD

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

In the 2010 financial year, we convincingly proved yet again that our company stands on very healthy foundations. Thanks to a series of strategic acquisitions, CTS EVENTIM is now able to tap considerable growth potential. Our business model has also shown itself to be exceedingly resilient – which is no triviality in the context of the worst economic crisis to be seen in decades.

The CTS Group is superbly positioned to face the challenges of the future, not least on account of its great innovatory strength, highly-motivated workforce and its unique range and diversity of events in the fields of music, sport and culture. Our customers can identify to a special degree with the products and services offered by CTS EVENTIM, considering they generally have strong emotional bonds with their sports clubs, or their stars on stage.

The 'Renaissance of live music' that has been observed for a number of years now is still holding sway: a study published in October 2010 by the GfK consumer research institute indicates that, in 2009, Germans spent around 3.17 billion euro on live music events – with other entertainment industries such as computer games, videos, CDs and cinema lying far behind. We intend to cater to this high level of demand by continuing to offer inspiring events and concerts.

Our key financial figures show even better performance in 2010: the CTS Group was able to increase its revenue from EUR 466.7 million to EUR 519.6 million in the period under review – an improvement of 11%. Although our operating profit was curtailed somewhat by acquisition and integration costs, as well as legal consultancy expenses, among other factors, the normalised Group EBIT rose to EUR 85.7 million (+20%) after adjustment for these non-recurring items, and the Group EBITDA reached EUR 95.8 million (+20%). The dividend proposed to the Shareholders' Meeting is EUR 0.87 per share, making it the highest dividend ever paid in the history of CTS EVENTIM.

In the past financial year, CTS EVENTIM profited especially from high-margin Internet ticket sales: around 360 million potential buyers visited the EVENTIM online portals. Our customers bought 17.1 million tickets online, around 28% more than the year before.

The value-added per ticket is six times higher in online ticketing than in conventional sales channels. In combination with this enormous potential in this area the online ticketing is therefore the central basis for profitable growth of the CTS EVENTIM also in the future.

Our online portals were awarded top grades in an independent test conducted by the 'Computerbild' magazine. The test compared the availability of tickets for music, sports and cultural events, as well as performance in respect of prices, customer service, website, terms of business and the provider's obligatory arrangements for data protection. Seven ticket shops and resale platforms were reviewed in the test, in which www.eventim.de was the only one to be awarded 'good' as overall mark.

In implementing its strategy for international expansion, CTS EVENTIM again achieved substantial growth in market presence by making further acquisitions in the course of 2010: the biggest takeover was the investment in See Tickets Deutschland GmbH in early July 2010. By making this acquisition, CTS EVENTIM was able to widen its lead on the competition in its core business. Our company also secured exclusive ticketing access to the musicals produced by the Stage Entertainment Group, by concluding a 12-year partnership agreement. The acquisition of See Tickets Germany also provides us with substantial synergies, especially due to scale effects in ticketing operations.

The Federal Cartel Office announced in August that it was planning to subject the takeover to retrospective review. Specialised merger control lawyers we had commissioned to review the takeover prior to conclusion of the takeover deal concluded that the transaction did not need to be notified to the authorities due to the circumstances on the date the acquisition took effect. We are confident that, after detailed examination of all the facts, the Federal Cartel Office will reach the same conclusion as we did.

Two other important acquisitions made in 2010 were the takeover of the Ticketcorner Holding AG in Switzerland and the purchase of the remaining shares in TicketOne S.p.A. in Italy. These measures have reinforced our market leadership in Europe; our declared objective is to handle the entire European ticketing operation from a single database.

Our company continues to be very successful in the sports field as well: the CTS EVENTIM cooperates with more than 80 clubs, associations and sports promoters in more than 20 different disciplines. In the German first-division football league, almost two-thirds of the clubs are now working with our systems. We intend to expand further in this area in future. The mission of CTS Eventim Sports GmbH is to convince even more customers of the benefits provided by our excellent technological platform.

In this foreword to the 2010 Annual Report, I would also like to mention the arbitration proceedings with Live Nation, the US promoter of live events. No question about it – we were surprised and disappointed when Live Nation walked away from the agreement we signed at the end of 2007, which allowed Live Nation to operate a CTS ticketing system in North America under licence and CTS EVENTIM to handle the ticketing operation of Live Nation in continental Europe and Great Britain. It did so for strategic reasons, before deciding to enter into a merger with Ticketmaster. We are sticking to our standpoint in this regard: CTS EVENTIM is demanding fulfilment of the agreement and payment of damages. On 5 April 2010, we therefore filed for arbitration against Live Nation at the International Chamber of Commerce (ICC) in Paris and we are working intensively on settlement of our claims. A decision is not expected before the fourth quarter of 2011, but we assume, as most analysts do, that the decision will be in our favour.

CTS EVENTIM AG shares are praised by equity market experts as a dividend-paying and attractive investment. In July 2010, the DZ Bank and the Handelsblatt newspaper performed a check on the key figures of German shares. CTS EVENTIM shares were voted into the 'Best of the Best' category, based on long-term revenue, earnings and book value growth and share performance as criteria. This achievement must be credited above all to the employees of CTS EVENTIM AG, whose dedication and commitment to customer satisfaction and the success of our company is demonstrated every day of the week.

Klaus-Peter Schulenberg
Chief Executive Officer

4. CTS SHARES

CTS SHARES – A REWARDING INVESTMENT, EVEN IN TIMES OF CRISIS

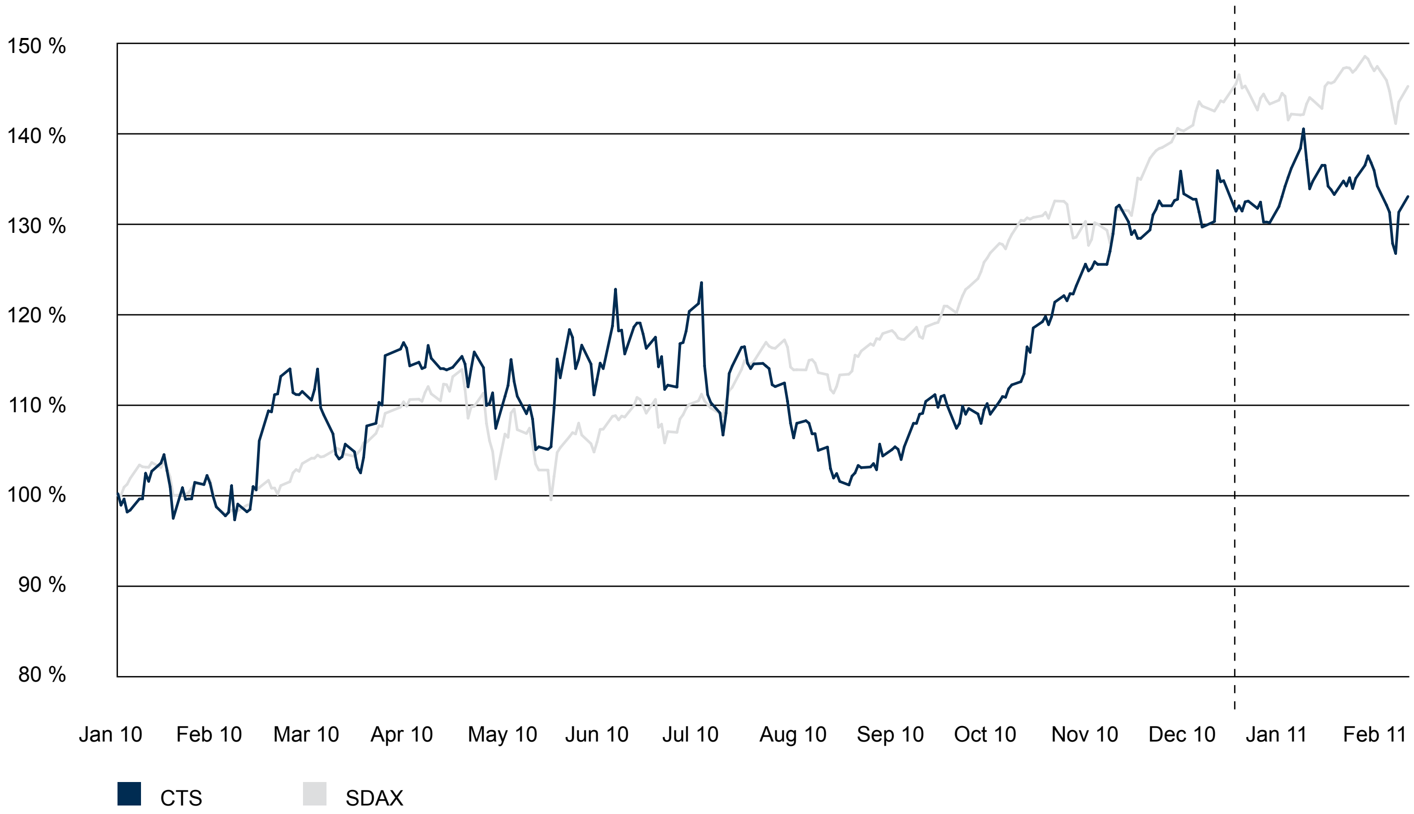
Shares in CTS EVENTIM AG performed very well during the reporting period; from 4 January 2010 to 30 December 2010, their value appreciated by more than 35%, almost parallel to the SDAX in which it is listed. Since the end of August 2010, an upward trend has been established and has remained intact, reaching a new all-time high of EUR 48.90 at the end of January 2011. With a dividend yield of 2.1% at the Annual Shareholders' Meeting on 12 May 2010, shares in CTS Eventim AG held true to their reputation as a sustainable dividend-paying investment.

According to an analysis conducted by DZ Bank and the Handelsblatt financial newspaper in July 2010, CTS EVENTIM is one of the 'Best of the Best' among a group of 150 German shares that were evaluated according to the criteria of long-term revenue, earnings and book value growth and share performance.

Analysts at DZ Bank, Berenberg Bank and Bank of America Merrill Lynch consider CTS shares to have considerable potential and give them a 'Buy' rating. Following publication of the preliminary figures for 2010 in February 2011, analysts at DZ Bank pegged the fair value of CTS shares at EUR 54. The attractiveness of the CTS shares reflects the huge interest from investors on capital market conferences and roadshows in Europe and in the USA.

CTS shares have been followed by various analysts for some considerable time already: Analyses of CTS shares are produced not only by the Designated Sponsors – ICF Kursmakler AG on behalf of DZ Bank and Commerzbank AG – but also, inter alia, by Berenberg Bank, Crédit Agricole Cheuvreux, Deutsche Bank, Macquarie Securities Group, Bank of America Merrill Lynch and NordLB.

THE CTS SHARE PRICE (01.01.2010 - 28.02.2011 – INDEXED)



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

	2010 [EUR]	2009 [EUR]
Earnings per share	1.74	1.66
Cash flow	62,807,351	58,258,380
High (Xetra)	46.95	35.99
Low (Xetra)	32.54	17.03
Year-end-price (Xetra)	46.22	34.14
Market capitalisation (based on year-end-price)	1,109,280,000	819,360,000
Shares outstanding on 31.12.	24,000,000	24,000,000
Share capital after IPO	12,000,000	12,000,000

5. CORPORATE GOVERNANCE REPORT OF CTS EVENTIM AG

CTS EVENTIM AG has always complied with nationally and internationally accepted standards of good and responsible enterprise management. For us, Corporate Governance is a fundamental standard applying to all areas of the company. External directorships held by Management and Supervisory Board members are shown under points 19 and 20 in the notes to the consolidated financial statements. Related party disclosures are made under point 17 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

The Management Board and Supervisory Board of CTS Eventim AG submitted a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' on 9 December 2010, in accordance with § 161 AktG. The declaration of compliance reads as follows:

'During the period since submission of the previous declaration of compliance, CTS Eventim AG has fulfilled the recommendations of the GCGC dated 18 June 2009, and in large part complies with the recommendations of the GCGC dated 26 May 2010, with the following exceptions:

In compliance with the regulations governing the Prime Standard segment, interim reports are published within 60 days after the end of each reporting period (GCGC 7.1.2), as this makes it easier to ensure that reliable figures may also be obtained from the many unlisted corporations in Germany and abroad.

Information relating to third-party companies in which the company holds participating interests are published when such participating interests are included in consolidation (GCGC 7.1.4), which means that all significant participations are disclosed.

No Supervisory Board committees are formed because the Board consists of only three members. In the estimation of the company, the creation of committees is not conducive to increasing the efficiency of the Supervisory Board's work (GCGC 5.3.1, 5.3.2 and 5.3.3). For the same reasons, the Supervisory Board refrains from defining and publishing specifc objectives regarding its composition (GCGC 5.4.1).

Performance-based compensation of Supervisory Board members has been waived for reasons of cost, since such a system would only make sense if accompanied by a substantial increase in the compensation paid to Supervisory Board members (GCGC 5.4.6).

No age limit has been specified by the Supervisory Board for members of the Management Board as yet (GCGC 5.1.2) because the company sees no cause for limiting the options available to the Supervisory Board – and hence to shareholders – when appointing members of the Management Board.

The D&O policies for the Management Board include the deductible provided for in § 93 II 3 AktG. The policies for the Supervisory Board do not include a deductible because it appears to be neither necessary for controlling behaviour, nor expedient nor reasonable in view of the moderate remuneration paid to members (GCGC 3.8).

Although the agenda of the Annual Shareholders' Meeting and possibly some Management Board reports are 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 2.3.1).

The company also supports shareholders in exercising their voting rights, by appointing a proxy to exercise shareholders' voting rights in accordance with instructions. However, the creation of a postal voting system is waived in the interest of limiting the administrative expense and the costs of the shareholders' meeting (GCGC 2.3.3).'

In addition, CTS EVENTIM AG already adheres in large measure to the additional GCGC suggestions regarding good corporate governance.

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 2010, 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	Share
	[Qty.]	[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)	3,650	0.015%
Prof. Jobst W. Plog	650	0.003%
Dr. Bernd Kundrun	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, Supervisory Board members 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
Edmund Hug	Supervisory Board	Sale	08.12.2010	1,000
Prof. Jobst W. Plog	Supervisory Board	Purchase	02.07.2010	650

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 2010 business year to EUR 2.233 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 revenue, EBIT (earnings before interest and taxes) and other performance-based figures, 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	1,000,000	298	300,000	1,300,298
Volker Bischoff	350,000	12,135	105,000	467,135
Alexander Ruoff	350,000	10,529	105,000	465,529
	1,700,000	**22,962**	**510,000**	**2,232,962**

5. WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board and the Supervisory Board work closely together for the benefit of the company and maintain regular contact. The Supervisory Board holds four ordinary meetings a year, at regular intervals. The Management Board keeps the Supervisory Board informed in good time of all relevant business developments, plans, potential risks and risk management. The activities of the Management Board and the Supervisory Board are specified in the standing orders. The standing orders of the Management Board provide guidance on the departmental responsibilities of its individual members and on the adoption of resolutions. The Chief Executive Officer exchanges information regularly with the Chairman of the Supervisory Board.

The Management Board normally meets on a weekly basis. As a rule, its resolutions are adopted by simple majority. According to the Management Board's schedule of responsibilities, there are three Board departments: the Chief Executive Officer (CEO), the Chief Finance Officer (CFO) and the Chief Operating Officer (COO).

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 IFRS and with interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) on the balance sheet date. Consolidated financial statements reflecting applicable HGB principles were not prepared.

The management report of CTS AG and the Group management report have been combined. Unless stated otherwise, the information contained in this combined management report refers to the financial situation and business development of the Group and CTS AG. In addition, information on the financial situation and business development of CTS AG as a standalone company is also provided in separate sections of this report or is shown by a reference to 'CTS AG'.

The accounting policies and consolidation methods are for the most part the same as those applied in the consolidated financial statements as at 31 December 2009. The comparative figures included in the income statements and balance sheet relate to the consolidated financial statements as at 31 December 2009.

2. BUSINESS AND MACROENVIRONMENT

2.1 MACROECONOMIC CLIMATE

The recovery of the global economy since mid-2009 provided a considerable boost to German exports and buttressed the economy while it surmounted the crisis afflicting the real economy. In the course of 2010, the recovery of the German economy was increasingly fuelled by domestic demand. After adjustment for inflation, gross domestic product surged year-on-year by 3.6%, which is the highest annual growth rate since German unification.

The German employment market in particular showed itself to be robust – there was only a very small decrease in the number of people employed, and since February 2010, the seasonally adjusted employment figure has shown a continuous increase. In addition, the rise in government debt was lower than anticipated, and a credit crunch affecting the private sector failed to materialise, with the result that the German economy has had one of the strongest growth rates in the Eurozone since the end of the crisis.

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 industry. 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 is also possible to offer cross-border tickets in a standardised ticketing system (Global Ticketing System).

Besides the German market, the Group also operates in the Ticketing segment in other European countries (Italy, Sweden, the UK, the Czech Republic, Croatia, the Netherlands, Austria, Finland, Poland, Russia, Switzerland, Israel, the Slovak Republic, Slovenia, Hungary, Bulgaria, Romania and Serbia), where it competes with domestic and foreign network operators and ticketing software providers.

The events for which tickets are sold using the proprietary CTS ticketing software range from concerts of classical music, through rock and pop, plays, festivals, fairs and exhibitions to sports events, especially football. As the leading ticket supplier, the CTS Group is superbly positioned in the market. That position has been reinforced and extended in the ticketing field by a broad distribution system featuring a full-coverage network of box offices, sales via call centres and Internet ticket shops. By acquiring holdings in leading German tour and concert promoters, the Group's position on these markets has been strengthened for the future as well.

The CTS Group competes with national and regional network operators 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. In the 2010 financial year, the company's competitive standing was further improved by expanding the Ticketing segment both domestically and internationally.

2. 3 GROUP BUSINESS PERFORMANCE

The CTS Group was able to further consolidate its growth and its position as Europe's market leader in the Ticketing and Live Entertainment segments in the 2010 financial year, despite the prevailing economic uncertainties. The ticketing business for music, cultural and sports events proved to be exceedingly robust and sustainable in a difficult business environment.

Key performance figures are shown in the table below:

	2010 [EUR million]	2009 [EUR million]
Revenue (before consolidation between segments)		
Ticketing	193.9	152.5
Live Entertainment	333.8	318.7
Group	519.6	466.7
EBITDA		
Ticketing (normalised)	69.3	55.4
Live Entertainment	26.6	24.5
Group (normalised)	95.8	80.0
Cash flow	62.8	58.3
Number of employees (active workforce at end of year)	1,479	1,143

In the **Ticketing segment**, organic growth in the core European markets, combined with a number of successful acquisitions and an increase in the volume of tickets sold via the Internet, produced a substantial improvement in the key performance figures. In the high-margin Internet sales channel, the CTS Group sold 17.1 million tickets using the CTS systems in the reporting period – a year-on-year increase of around 28% (2009: 13.4 million).

With targeted acquisitions and increases in existing shareholdings, the company's market position was further consolidated and extended, primarily in Germany, Switzerland and Italy. In the 2010 reporting year, 100% of the shares in See Tickets Germany GmbH, with subsidiaries in Germany and Poland (hereinafter: See Tickets Germany / Ticket Online Group), and through eventim Online Holding GmbH as the acquiring company additional shares in TicketOne S.p.A., Italy, were acquired. The CTS AG also acquired 100% of the shares in the Swiss firm of Ticketcorner Holding AG (hereinafter: Ticketcorner Group) through a subsidiary, Eventim CH AG, thus continuing its successful programme of international expansion. At the end of the 2010 financial year, 50% of the shares in Eventim CH were sold to Ringier AG, a Zolfingen-based media company. Eventim CH AG remains fully consolidated due to its being under continued control. In addition to securing an attractive programme of events, the acquisitions also provide the CTS Group with considerable synergies – especially through scale effects in ticketing. Given the historically low interest rates available in 2010, the acquisitions were primarily financed with external loans.

In April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for various breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. In June 2010, Live Nation gave notice that it was terminating the agreement on the grounds of alleged breaches by CTS AG. CTS AG rejected the notice of termination by Live Nation and announced additional claims to damages in the order of millions. Until mid-2010, the cooperation initiated in 2009 with Live Nation was still having a positive effect on revenue and earnings in the Ticketing segment.

Under the cooperation agreement concluded in October 2009 between the Organising Committee (OC) of the German Football Association (DFB) and CTS AG for the entire ticketing operation for the first FIFA Women's World Cup, to be held in Germany in 2011, a substantial volume of sales were already generated in the 2010 financial year.

In the **Live Entertainment segment**, the record profits achieved in 2009 were topped in the 2010 financial year thanks to a large number of successful concert events and tours, and by developing successful types of event. This segment achieved its best-ever earnings since the IPO in 2000.

Strategic realignment of the Live Entertainment segment for further improvement in earnings and margins is primarily focused on improving the net profit margin. Shares in consolidated companies were increased or reduced to this end. In addition to various increases in shareholdings, shares in FKP Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: FKP Scorpio), were sold by MEDUSA Music Group GmbH, Bremen (hereinafter: MEDUSA). This means that MEDUSA now holds only 45% of that company, which is accounted for as an associate as from 1 July 2010. Until 30 June 2010, earnings generated by FKP Scorpio and its subsidiaries were fully consolidated and recognised in the consolidated financial statements.

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 controll 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 19 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 2010 financial year, the members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand, as well as reimbursed expenses of EUR 9 thousand.

2.4.2 CHANGES IN GROUP STRUCTURE

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

The following companies were included or deconsolidated in the 2010 reporting period.

TICKETING

In January 2010, S.C. eventim.ro s.r.l., Bucharest, was included in consolidation for the first time. The firm of Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, holds 59% of this company.

In January 2010, Eventim Sp. z o.o, Warsaw, was included in consolidation for the first time. CTS AG holds 100% of this company.

In February 2010, CTS AG acquired 100% of the shares in the Swiss firm of Ticketcorner Holding AG, Rümlang (hereinafter: Ticketcorner Holding), through the newly-established Eventim CH AG subsidiary registered on 28 January in the Zurich companies register. In addition to Ticketcorner Holding, the Ticketcorner Group also includes its Swiss subsidiary, Ticketcorner AG, Rümlang, the German subsidiary, Ticketcorner GmbH, Bad Homburg, and the Austrian subsidiary, Ticketcorner GmbH, Vienna. At the end of the 2010 financial year, 50% of the shares in Eventim CH AG were sold to Ringier AG, the Zolfingen-based media company.

In July 2010, CTS AG acquired 100% of the shares in See Tickets Germany GmbH (hereinafter: See Tickets Germany), a company domiciled in Hamburg. See Tickets Germany was a member company of See Tickets International BV in Amsterdam; 40% is owned by Stage Entertainment BV and 60% by Parcom, a private-equity group. By acquiring See Tickets Germany, CTS AG simultaneously took over Ticket Online Software GmbH, Ticket Online Sales & Service Center GmbH and Ticket Online Polska Sp zoo in Poland. A 12-year exclusive ticketing contract with Stage Entertainment Germany was concluded simultaneously with the share purchase agreement.

In September 2010, TicketOne S.p.A., Milan, acquired 51% of the shares in Ticketeria S.r.l, Rome. Ticketeria S.r.l. mainly operates in ticketing for cultural events. The change of company name to T.O.S.C. – TicketOne Sistemi Culturali S.r.l. was entered in the register of companies in November 2010.

In December 2010, CTS AG established CTS EVENTIM Israel Limited, Tel Aviv, with another shareholder. CTS AG holds 70% of the shares in said company.

LIVE ENTERTAINMENT

In June 2010, MEDUSA sold 5.2% of the shares in FKP Scorpio. This means that MEDUSA now holds only 45% of the shares in that company. This sale of shares led to loss of control by MEDUSA, with the result that FKP Scorpio and its subsidiaries will no longer be included in consolidation and are accounted for as associates.

The following overview shows all the companies included by full consolidation in the consolidated financial statements as at 31 December 2010.


Ticketing
CTS EVENTIM AG, Munich
Live Entertainment
CTS Eventim Solutions GmbH, Bremen
CTS Eventim Nederland B.V., Amsterdam
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg
GSO Holding GmbH, Bremen
TSC EVENTIM Ticket & Tourist-Service-Center GmbH, Bremen
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen
MEDUSA Music Group GmbH, Bremen
getgo consulting GmbH, Hamburg
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt / Main
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt / Main
GSO Verwaltungsgesellschaft mbH, Bremen
CTS Eventim RU o.o.o., Moscow
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt / Main
Dirk Becker Entertainment GmbH, Cologne
Lippupiste Oy, Tampere
CTS Eventim Sports GmbH, Hamburg
CTS Eventim Sweden AB, Stockholm
LS Konzertagentur GmbH, Vienna
Semmelconcerts Veranstaltungsservice GmbH, Bayreuth
Eventim UK Limited, London
Show-Factory Entertainment GmbH, Bregenz
Eventim CZ s.r.o., Prague
TEMPODOME GmbH, Hamburg
PGM Promoters Group Munich Konzertagentur GmbH, Munich
ARGO Konzerte GmbH, Würzburg
61. Lydia Vermögensverwaltungs-gesellschaft mbH, Bremen
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
Peter Rieger Konzertagentur Holding GmbH, Cologne
CTS Eventim Schweiz AG, Basle
Peter Rieger Verwaltungs GmbH, Cologne
Act Entertainment AG, Basle
CTS Eventim Israel, Tel Aviv
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna
Eventim CH AG, Zürich
eventim Online Holding GmbH, Bremen
See Tickets Germany GmbH, Hamburg
Ticketcorner Holding AG, Rümlang
RP-EVENTIM GmbH, Düsseldorf
Ticket Online Sales & Service Center GmbH, Parchim
Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt
Ticketcorner AG, Rümlang
Ticketcorner GmbH, Bad Homburg
Ticket Online Software GmbH, Hamburg
Ö-Ticket Nord West GmbH, Vienna
Ticketone S.p.A., Milan
Ticket Online Polska Spolka z.o.o., Warsaw
ÖTS, Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Stainz
T.O.S.T., Ticketone Sistemi Teatrali S.r.l., Milan
Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH, Tulln
T.O.S.C. – TicketOne Sistemi Culturali S.r.l, Rome
Ticket Express Hungary Kft., Budapest
TEX Hungary Kft., Budapest
S.C. eventim.ro s.r.l., Bukarest
Ticketcorner GmbH, Vienna

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.

The key criteria (key figures) for assessing the value growth of the operating business, for each segment, are sustained increase in revenue, in normalised EBITDA (earnings before interest, taxes, depreciation and amortisation), normalised EBIT (earnings before interest and taxes) before amortisation from purchase price allocation, and EPS (earnings per share). By focusing on sustained increases in the value of the Group, temporary non-recurring items (for example after acquisitions) are adjusted by normalisation, which ensures that key assessment criteria can be compared over several years.

A new key figure called 'normalised EBIT before amortisation from purchase price allocation' was defined in the reporting year due to the acquisitions made and the overall effects resulting from remeasurement of intangible assets taken over (trademark, customer base and software). When the purchase price allocation is conducted in accordance with IFRS, the intangible assets of the target companies must be remeasured with their fair values as at the date of first inclusion in consolidation within the Group. In the initial consolidation of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group, ticket software products taken over in 2010 were written down substantially, and newly-created values such as trademark and customer base were recognised at their fair value. These remeasured intangible assets are amortised on the basis of redefined useful lives in the Group. The substantial amortisation within the Group resulting from the purchase price allocation, which amount to EUR 7.278 million, were eliminated in the key figure 'normalised EBIT before amortisation from purchase price allocation' in order to provide a fair view of earnings power.

As a result of its successful strategy of profitable growth, the CTS Group achieved significant year-on-year improvements in the key performance indicators of revenue, normalised EBITDA and normalised EBIT before amortisation from purchase price allocation in the 2010 financial year (cf. page 1 'Key Group Figures').

The return on capital employed (ROCE) for the 2010 financial year is 24.4%. Based on weighted borrowing costs of 2.57% as at the balance sheet date, the weighted average cost of capital (WACC) for the CTS Group comes to 5.72%. The excess return of 18.68% is a clear indicator for the positive growth in value of the CTS Group.

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 shareholders' equity owed to investors in CTS AG. This shareholders' equity is composed, specifically, of outstanding shares, the capital reserve and the retained earnings.

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

The net debt/equity ratio is as follows:

	31.12.2010 [EUR'000]	31.12.2009 [EUR'000]
Debt *)	206,358	33,179
Cash and cash equivalents	-178,036	-229,794
Net debt	**28,322**	**-196,615**
Shareholders' equity **)	158,108	149,864
Net debt to shareholders' equity	18%	-131%

*) Debt ist defined as non-current and current financial liabilities
**) Including non-controlling interest

Net debt indicates the amount of debts a company has after all financial liabilities have been redeemed with cash and cash equivalents. Due to the acquisitions made in the 2010 financial year, the ratio between external loans and the total capital of the CTS Group increased. The leverage of loan capital is expected to have positive effects on the return on equity.

Of the external loans, EUR 141.707 million are subject to compliance with standard financing covenants for companies with good creditworthiness ratings. Other than fulfilment of these financing covenants, there are no specific restrictions that might adversely affect the availability of funds. The CTS Group assumes that the covenants will also be honoured in the years ahead.

2.6 INTERNAL ACCOUNTING CONTROL SYSTEM

The internal accounting control system (IACS) contains the policies, procedures and measures designed to ensure correct and reliable accounting, and is subjected to continuous improvement. The aim of the risk management system is to identify, assess, control and document material risks, as well as risks that threaten the continued existence of the company as a going concern. Further descriptions of the risk management system are provided under point 8.1 of the risk report.

Process-integrated and process-independent monitoring measures are the key elements of the internal monitoring system within the CTS Group. In addition to automatic IT process controls, manual process controls, such as the 'four eyes principle', are also an essential part of the process-integrated measures. The auditor of the Group, and other auditing bodies such as the fiscal auditor, are involved in process-independent auditing activities in the control environment of the CTS Group. The main process-independent monitoring measures for the Group accounting process are the auditing of the consolidated financial statements by the independent Group auditor and the auditing of the financial statements submitted on forms by the companies included in consolidation.

In the standalone financial statements of the subsidiaries of CTS AG, bookkeeping transactions are mainly recorded by the local bookkeeping systems. In order to prepare the consolidated financial statements of the CTS Group, the subsidiaries add to their respective financial statements by submitting further details in standardised reporting packages. All submitted reporting packages are then imported via an interface into the consolidation system of LucaNet AG to produce the consolidated financial statements. The LucaNet World consolidation software has been used by CTS AG for many years already to prepare the consolidated financial statements of the CTS Group. All consolidation steps involved in preparing the consolidated financial statements – such as capital consolidation, consolidation of assets or liabilities, or the elimination of intercompany expenses and profits and losses, including equity measurement – are generated and fully documented in LucaNet World.

The measures of the internal control system, aimed at reliability and correctness of accounting in the Group companies, ensure that transactions are recorded promptly and fully, in accordance with statutory regulations and the articles of incorporation. They also ensure that physical inventory is properly conducted, that assets and liabilities are correctly recognised, measured and stated in the consolidated financial statements.

The control activities to ensure that accounting is correct and reliable include, for example, the analysis of facts and trends by conducting specific analyses of key figures. Organisational separation of administrative, executive, settlement and approval functions, and their performance by different persons, reduces the possibility of fraudulent activities. Organisational measures are aimed at promptly and properly recording, in the Group accounting system, any restructuring at enterprise or Group level, and any changes in the operations of individual business units.

The accounting rules applied in the CTS Group, including the accounting rules laid down in the International Financial Reporting Standards (IFRS), stipulate the standard accounting policies for the German and foreign companies included in the consolidated financial statements of the CTS Group as well as specific formal requirements to be met by the consolidated financial statements. In addition to defining the scope of consolidation, the accounting rules also contain detailed definitions of the specific elements in the reporting packages to be produced by the Group companies. These formal requirements stipulate, inter alia, the mandatory use of a standardised and complete set of forms.

Centralised conducting of impairment tests for the specific cash-generating units (CGUs), from the Group perspective, ensures that common and standardised measurement criteria are applied. The cash generating units correspond to the Group reporting entities (segments), i.e. Ticketing and Live Entertainment. At Group level, regulation also extends, for example, to centralised definition of the parameters to be applied when measuring pension provisions. Measures at Group level also include the processing and aggregation of additional data in order to prepare external information in the notes section and the management report (including significant events after the balance sheet date).

By means of the organisational, control and monitoring systems stipulated within the CTS Group, the internal control and risk management system makes it possible to record, process and analyse company information and to present it properly in the Group accounting system. However, the nature of discretionary personal decisions, errors during checks, criminal acts and other circumstances means that they cannot be excluded entirely, and will result in limitations in the effectiveness and reliability of the internal control and risk management system, with the consequence that even Group-wide application of the deployed systems cannot guarantee absolute security with regard to correct, complete and prompt recording of facts in the Group accounting system.

2.7 SOFTWARE DEVELOPMENT

In order to broaden the range of ticketing-related services, to utilise additional procurement sources and to continue meeting the requirements of event promoters, box offices and Internet customers, the ticket sales systems are being constantly improved and expanded. All software development is predominantly carried out by departments within the Group. In the fields 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. Software development costs are recognised as assets on Group level if they meet the criteria specified in IAS 38. Costs not eligible for capitalisation are mainly stated as cost of sales.

No expense needs to be stated under research and development.

3. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW

3.1 EARNINGS PERFORMANCE

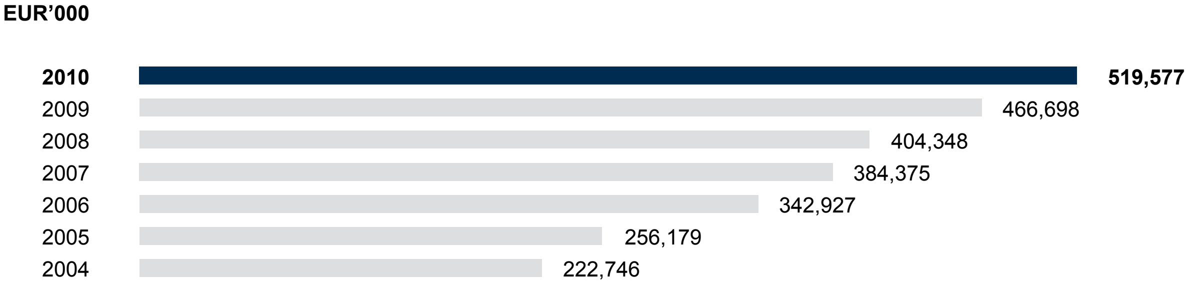
3.1.1 GROUP EARNINGS PERFORMANCE (IFRS)

	01.01.2010 - 31.12.2010 [EUR'000]	01.01.2009 - 31.12.2009 [EUR'000]	Change [EUR'000]	Change [in %]
Revenue	**519,577**	**466,698**	**52,879**	**11.3%**
Gross profit	**146,897**	**124,437**	**22,460**	**18.0%**
EBITDA	**87,996**	**79,974**	**8,022**	**10.0%**
EBIT	**70,556**	**71,280**	**-724**	**-1.0%**
Non-recurring items:				
Acquisition costs	2,106	0	2,106	-
Workforce restructuring costs	2,730	0	2,730	-
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	2,985	0	2,985	-
	7,821	**0**	**7,821**	**-**
Amortisation from purchase price allocation	**7,278**	**0**	**7,278**	**-**
Normalised EBITDA	**95,817**	**79,974**	**15,843**	**19.8%**
Normalised EBIT before amortisation from purchase price allocation	**85,655**	**71,280**	**14,375**	**20.2%**
Financial result	-1,703	216	-1,919	-892.6%
Earnings before tax (EBT)	**68,853**	**71,496**	**-2,643**	**-3.7%**
Taxes	-19,682	-23,307	3,625	-15.6%
Non-controlling interest	-7,400	-8,246	846	-10.3%
Net income after non-controlling interest	**41,771**	**39,943**	**1,828**	**4.6%**

[1] Purchase price allocation of Ticketcorner Holding AG und See Tickets Germany GmbH; cf. page 25 'Corporate Management' for further explanations

REVENUE

Group revenue growth is shown in the following table:



Group revenue increased in the reporting period by EUR 52.879 million or 11% from EUR 466.698 million to EUR 519.577 million. Revenue (before consolidation between segments) breaks down into EUR 193.871 million in the Ticketing segment (prior year: EUR 152.493 million) and EUR 333.807 million in the Live Entertainment segment (prior year: EUR 318.726 million).

The Ticketing segment achieved further revenue growth in the 2010 financial year. Revenue in this segment rose 27% from EUR 152.493 million to EUR 193.871 million. This encouraging progress is attributable not only to organic growth in the core European markets, especially in the high-margin Internet channel, but in particular also to recent acquisitions. In the 2010 reporting period, foreign subsidiaries generated a 40% share of total revenue (prior year: 39%).

In the 2010 financial year, around 360 million music and event fans (prior year: 303 million) visited the Group's Internet portals and bought 17.1 million tickets in total (prior year: 13.4 million). This equates to a year-on-year increase in volume of Internet ticket of around 28%.

Following its outstanding performance in 2009, the Live Entertainment segment achieved further revenue growth in the past financial year. Despite the revenue shortfall due to the deconsolidation of FKP Scorpio and its subsidiaries as of 30 June 2010, revenue was increased by EUR 15.081 million or 5% to EUR 333.807 million as a result of successful tours, a high frequency of events and the creation of new types of events. Concert tours by Depeche Mode, PINK, U2, Michael Buble, Shakira, a-ha and the Scorpions, the successful open-air festivals and other events such as the 'Dinosaurs – in the Realm of the Giants' exhibition, the 'Elisabeth' musical, Cirque du Soleil and the 'Tutankhamun' exhibition boosted revenue growth in this segment.

Of the EUR 519.577 million in Group revenue achieved in the reporting year (prior year: EUR 466.698 million), EUR 394.756 million was generated in Germany (prior year: EUR 364.541 million), EUR 53.504 million in Austria (prior year: EUR 47.691 million), EUR 27.624 million in Switzerland (prior year: EUR 10.381 million), EUR 20.141 million in Italy (prior year: EUR 20.335 million), and EUR 23.552 million in other countries (EUR 23.750 million).

GROSS PROFIT

The gross profit of the Group increased during the 2010 reporting period by 18% to EUR 146.897 million. The 11% increase in Group revenue is offset by a lower proportional increase in cost of sales (+9%). As a result, the consolidated gross margin increased year-on-year from 26.7% to 28.3%.

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

	2010 [in %]	2009 [in %]
Group	28.3	26.7
Ticketing	55.2	55.0
Live Entertainment	12.0	12.7

In the Ticketing segment, the gross margin improved slightly in the current financial year from 55.0% to 55.2%. In the Live Entertainment segment, the gross margin slipped from 12.7% in 2009 to 12.0% in 2010 due to increased cost of sales.

NON-RECURRING ITEMS

Group earnings in the reporting period were temporarily burdened by non-recurring items in the Ticketing segment. These non-recurring items were normalised in the reporting period and are comprised as follows:

• EUR 2.106 million resulting from acquisition costs (since 1 January 2010, according to IFRS 3R, those costs can no longer be capitalised as ancillary purchase expenses), primarily for Ticketcorner Holding AG and See Ticket Germany GmbH,

• EUR 2.730 million resulting from workforce restructuring, mainly involving settlements and benefits to interim employment (‘transfer’) companies and

• EUR 2.985 million resulting from legal consultancy costs in connection with the arbitration proceedings against Live Nation.

NORMALISED EBITDA / EBITDA

Normalised Group EBITDA increased significantly by 20% from EUR 79.974 million to EUR 95.817 million. The normalised EBITDA margin was thus increased year-on-year from 17.1% to 18.4%. The main factors behind these improved earnings were the excellent performance in the Live Entertainment segment, the growth of sales volume via the Internet in the Ticketing segment and the acquisitions made during the reporting period. Foreign subsidiaries accounted for around 18% of normalised Group EBITDA, about the same level as the year before. The EBITDA is TEUR 87.996 million, or 10% above the prior-year figure (EUR 79.974 million).

In the Ticketing segment, the normalised EBITDA rose significantly by EUR 13.822 million from EUR 55.435 million to EUR 69.257 million (+25%). The normalised EBITDA margin fell from 36.4% to 35.7%. In addition to the further increase in ticket volumes sold through the Internet platforms of the CTS Group, both in existing and in new markets, the acquisitions made in the course of the year also made their respective contributions to earnings. Absolute normalised EBITDA continued to rise both domestically and internationally. In the Ticketing segment, foreign subsidiaries accounted for around 23% of normalised Group EBITDA, nearly about the same level as the year before. The EBITDA is EUR 61.436 million, or 11% above the prior-year figure (EUR 55.435 million).

The Live Entertainment segment managed to surpass once again its record performance of the previous year. EBITDA in this segment rose 8% from EUR 24.519 million to EUR 26.560 million. The EBITDA margin was 8.0%, compared to 7.7% the year before. Success in this field is rooted in the wide range of outstanding events on offer, from rock, pop and sport to musicals, festivals and classical music concerts, and in the development of new types of events.

NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised Group EBIT before amortisation from purchase price allocation (for an explanation of this key performance figure, cf. page 25, ‘Corporate Management’) increased significantly by 20% from EUR 71.280 million to EUR 85.655 million. The normalised EBIT margin was 16.5%, compared to 15.3% the year before. The EBIT is EUR 70.556 million, slightly lower that the prior-year figure (EUR 71.280 million; -1%). Total depreciation and amortisation in the Group increased by EUR 8.745 million from EUR 8.694 million to EUR 17.439 million. This rise includes EUR 7.278 million in amortisation from purchase price allocation by the Ticketing segment companies acquired during the reporting period.

In the Ticketing segment, normalised EBIT before amortisation from purchase price allocation rose by EUR 12.059 million or 25% from EUR 49.041 million to EUR 61.100 million. The normalised EBIT margin was at 31.5% after 32.2% in 2009. The EBIT is EUR 46.001 million, slightly lower than the prior-year figure (EUR 49.041 million; -6%).

In the Live Entertainment segment, the EBIT figure rose significantly by 11% from EUR 22.219 million to EUR 24.556 million. The EBIT margin was 7.3%, compared to 7.0% the year before.

FINANCIAL RESULT

The financial result, at EUR -1.703 million (prior year: EUR +216 thousand) includes EUR 34 thousand in income from participations (prior year: EUR 8 thousand), EUR -51 thousand in income / expenses from investments in associates (prior year: EUR +140 thousand), EUR 2.473 million in financial income (prior year: EUR 2.016 million) and EUR 4.159 million in financial expenses (prior year: EUR 1.948 million).

The lower financial result was mainly attributable to the higher interest expense and other borrowing costs to finance the acquisitions made during the current financial year.

The change in the present value of purchase price obligations in respect of put options (EUR 94 thousand; prior year: EUR 1.017 million), were stated as financial expenses in accordance with IAS 32. The year-on-year change was mainly due to the increases in shareholdings in subsidiaries already included in consolidation during the 2010 financial year.

TAXES

Tax expenses decreased in fiscal 2010 by EUR 3.625 million to EUR 19.682 million. Tax expenses comprise deferred tax income (EUR 3.309 million; prior year: deferred tax expenses of EUR 559 thousand) and the factual tax expenses of the consolidated standalone companies (EUR 22.991 million; prior year: EUR 22.748 million). The deferred tax income results, inter alia, from deferred tax liabilities that were recognised when conducting the purchase price allocations, but not in profit or loss, and which were reversed through profit and loss in the period after initial consolidation.

Deferred tax income and tax expenses were recognised on the basis of existing loss carryforwards and for temporary differences, and set-off against tax expenses. Fiscal loss carryforwards for which deferred tax assets were formed in the past are reduced by positive net income of the standalone companies and lead to deferred tax expenses.

The taxation rate for the Group as a whole shows the relationship between taxes (including deferred taxes) and the earnings before tax. The taxation rate in fiscal 2010 was 28.6% (prior year: 32.6%). One factor accounting for the decrease in taxation rate was that deferred tax assets on fiscal loss carryforwards were formed through profit and loss in the reporting year, whereas no deferred tax assets in respect of loss carryforwards could be formed in the prior year, in particular in subsidiaries of FKP Scorpio.

NON-CONTROLLING INTEREST

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

The non-controlling interest stated in the income statement decreased by EUR 846 thousand from EUR 8.246 million to EUR 7.400 million. Non-controlling interest is the share in current profits allocated to other shareholders, as well as distributions paid by subsidiaries to non-controlling shareholders whose shares are not stated as non-controlling interest in shareholders' equity due to put options.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interest for the year increased by EUR 1.828 million from EUR 39.943 million to EUR 41.771 million. The Group earnings per share (EPS) for the 2010 business year was EUR 1.74 (prior year: EUR 1.66).

The net income for the year of CTS AG as listed standalone company, in accordance with HGB, was EUR 26.170 million (prior year: EUR 27.874 million), and the distributable earnings per share for the CTS AG standalone company were EUR 1.09 (prior year: EUR 1.16). The net income in accordance with HGB was mainly adjusted by goodwill amortisation eliminated under IFRS and by ancillary purchase expenses that cannot be capitalised in connection with corporate acquisitions.

MAIN ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	44,047	34,413	9,634	28.0%
General administrative expenses	28,904	19,249	9,655	50.2%
Other operating income	13,156	8,337	4,819	57.8%
Other operating expenes	16,547	7,832	8,715	111.3%
of which non-recurring items	7,821	0	7,821	-

SELLING EXPENSES

The EUR 9.634 million increase in selling expenses is mainly due to higher personnel expenses (EUR +4.217 million), depreciation and amortisation (EUR +2.219 million) and advertising costs (EUR +3.214 million). The main driver behind the increase in selling expenses was the broader scope of consolidation. As a percentage of revenue, selling expenses increased from 7.4% to 8.5%. Reference is made to the 'Personnel' section on page 35 for the development of personnel costs.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 9.655 million increase in general administrative expenses is mainly attributable to increased personnel expenses (EUR +5.558 million), depreciation and amortisation (EUR +2.915 million) and to costs for office premises and rent (EUR +546 thousand). The main factor accounting for the increase in general administrative expenses was the broader scope of consolidation. As a percentage of revenue, general administrative expenses increased from 4.1% to 5.6%. Reference is made to the 'Personnel' section on page 35 for the development of personnel costs.

OTHER OPERATING INCOME

Other operating income increased year-on-year by EUR 4.819 million, mainly due to higher income from written-off liabilities / written-off receivables (EUR +889 thousand), income from the reversal of allowances for doubtful accounts (EUR 1.309 million), and income from currency translation (EUR +1.296 million). Other operating income also includes the gain resulting from the transition from full consolidation to recognition at equity of FKP Scorpio and its subsidiaries (EUR +428 thousand).

OTHER OPERATING EXPENSES

The EUR 8.715 million increase in other operating expenses mainly includes the expenses resulting from the aforementioned non-recurring items (EUR +7.821 million). There were also increases in expenses for third-party services (EUR +449 thousand) and expenses passed on to third parties (EUR +383 thousand).

PERSONNEL

Due to larger workforces, personnel expenses increased year-on-year by EUR 19.417 million from EUR 44.989 million to EUR 64.406 million. This increase in personnel expenses stems from the Ticketing segment (EUR +21.446 million), whereas personnel expenses in the Live Entertainment segment were reduced by EUR 2.029 million. The increased personnel expenses in the Ticketing segment were primarily attributable to business expansion through acquisitions and the internationalisation of the Group. The reduction in personnel expenses in the Live Entertainment segment is mainly the result of deconsolidation of FKP Scorpio and its subsidiaries as at 30 June 2010.

BREAKDOWN OF EMPLOYEES BY SEGMENT (YEAR-END FIGURES):

	2010 [Qty.]	2009 [Qty.]
Ticketing	1,279	691
Live Entertainment	200	452
Total	**1,479**	**1,143**

At the end of the financial year, the Group had a total of 1,479 employees (prior year: 1,143); this figure breaks down into 942 employees in Germany (prior year: 652), 131 employees in Austria (prior year: 184), 79 employees in Italy (prior year: 69), 103 employees in Switzerland (prior year: 24) and 224 employees in other countries (prior year: 214). Due to the broader scope of consolidation in the Ticketing segment, the number of employees increased by 578 as at 31 December 2010, whereas deconsolidation of FKP Scorpio and its subsidiaries resulted in 279 fewer employees in the Live Entertainment segment.

On average during 2010, the Group had 591 more employees than in the 2009 financial year.

DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

Ticketing	2007	2008	2009	2010
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	87.4	120.1	152.5	193.9
Gross profit	50.1	67.1	83.9	106.9
Gross margin	57.3%	55.9%	55.0%	55.2%
Normalised EBITDA	32.0	40.1	55.4	69.3
Normalised EBIT before amortisation from purchase price allocation	26.6	34.6	49.0	61.1

Of the total revenue in this segment, EUR 105.221 million (prior year: EUR 84.645 million) were generated via the Internet, equivalent to Internet revenue growth of 24%. Revenue generated via the Internet accounted for 54% of total Ticketing segment revenue in the 2010 financial year (prior year: 56%).

LIVE ENTERTAINMENT

Live Entertainment	2007	2008	2009	2010
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	301.3	288.0	318.7	333.8
Gross profit	33.4	30.4	40.5	40.0
Gross margin	11.1%	10.6%	12.7%	12.0%
EBITDA	21.8	17.7	24.5	26.6
EBIT	20.5	15.7	22.2	24.6

The Live Entertainment segment improved once again on its record performance the year before, thus achieving the best-ever earnings since the IPO in 2000. Despite fewer major tours, a large number of well-attended events in 2010 resulted in further improvements in earnings and margins.

3.1.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	01.01.2010 - 31.12.2010 [EUR'000]	01.01.2009 - 31.12.2009 [EUR'000]	Change [EUR'000]	Change [in %]
Revenue	**86,348**	**85,077**	**1,271**	**1.5**
Gross profit	**47,598**	**48,135**	**-537**	**-1.1**
EBITDA	**31,089**	**36,527**	**-5,438**	**-14.9**
EBIT	**27,551**	**33,028**	**-5,477**	**-16.6**
Non-recurring items:				
Acquisition costs	829	0	829	-
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	2,985	0	2,985	-
	3,814	**0**	**3,814**	**-**
Normalised EBITDA	**34,903**	**36,527**	**-1,624**	**-4.4**
Normalised EBIT	**31,365**	**33,028**	**-1,663**	**-5.0**
Financial result	7,869	**6,372**	**1,497**	**23.5**
Earnings before tax	**35,420**	**39,400**	**-3,980**	**-10.1**
Taxes	-9,250	-11,526	2,276	-19.7
Net income for the year	**26,170**	**27,874**	**-1,704**	**-6.1**

In the 2010 business year, CTS AG revenue increased by EUR 1.271 million from EUR 85.077 million to EUR 86.348 million. Growing revenue from software licensing, combined with further growth in both Internet ticketing volume and ticket sales in the core business were the major factors behind this positive growth in revenue. In contrast to the positive growth in online ticketing volume, a smaller number of major tours resulted in lower average revenue per Internet ticket in the reporting year, compared with the year before. There was also a year-on-year drop in revenue from the Live Nation agreement (North America), due to termination of the agreement in June 2010.

Gross profit decreased slightly by 1% year-on-year. In addition to the negative effect on revenue per Internet ticket, mentioned above in connection with revenue, higher cost of sales due mainly to an increasing proportion of personnel costs as a result of further internationalisation of the Group as a whole, as well as higher costs for purchased goods and services, led to a slightly lower gross margin of 55.1%, compared to 56.6% the year before.

CTS AG earnings were temporarily burdened by non-recurring items in the reporting year. These non-recurring items include EUR 829 thousand in acquisition and integration costs in respect of the participations in the Ticketcorner Group and the See Ticket Germany / Ticket Online Group purchased during the reporting year, and EUR 2.985 million legal consultancy costs in connection with the arbitration proceedings against Live Nation.

Normalised EBITDA fell by 4.4% (EUR -1.624 million) to EUR 34.903 million; the normalised EBITDA margin was reduced from 42.9% in the prior year to 40.4%. Normalised EBIT amounts to EUR 31.365 million (prior year: EUR 33.028 million), with normalised EBIT margin at 36.3% (prior year: 38.8%). The earnings figures for the reporting year were negatively affected by the negative price effect in respect of lower average revenue per Internet ticket (due to fewer major events compared to 2009) and by higher costs for internationalisation of the Group (including additional personnel, costs for office premises and travel expenses). The absence of royalties from the Live Nation agreement (North America) also led to a year-on-year drop in earnings in the second half of 2010.

An EBITDA of EUR 31.089 million (prior year: EUR 36.527 million) was achieved. The EBIT amounted to EUR 27.551 million (prior year: EUR 33.028 million).

The financial result increased by EUR 1.497 million, from EUR 6.372 million the previous year to EUR 7.869 million. The financial result includes EUR 9.192 million in income in the form of dividends and transferred profits from participations (prior year: EUR 5.513 million), EUR 1.342 million in interest income (prior year: EUR 1.096 million), EUR 2.248 million in interest expenses (prior year: EUR 237 thousand), and other financial expenses amounting to EUR 417 thousand (prior year: EUR 0).

The EUR 246 thousand increase in interest income mainly resulted from higher interest for loans to subsidiaries. The EUR 2.011 million increase in interest expenses relates primarily to interests for long-term loans, which increased substantially in the financial year due to the financing of new participations. Other financial expenses relate likewise to expenses incurred in connection with loans taken out during the reporting year.

Tax expenses fell by EUR 2.276 million from EUR 11.526 million to EUR 9.250 million. The main cause of this decrease was the lower profit from ordinary business activities (EBT) as well as higher income from participations at a low rate of taxation. The taxation rate fell from 29.3% the previous year to 26.1% in 2010.

The net income for the year, in accordance with HGB, decreased on account of the factors described above from EUR 27.874 million to EUR 26.170 million.

MAIN ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	01.01.2010 - 31.12.2010 [EUR'000]	01.01.2009 - 31.12.2009 [EUR'000]	Change [EUR'000]	Change [in %]
Selling expenses	13,704	10,934	2,770	25.3
General administrative expenses	5,673	5,338	335	6.3
Other operating income	6,371	3,991	2,380	59.6
Other operating expenses	7,041	2,826	4,215	149.2
of which non-recurring items	3,814	0	3,814	-

Selling expenses rose by EUR 2.770 million to EUR 13.704 million. The increase is mainly due to higher proportional personnel expenses (EUR +983 thousand), higher impairments of receivables in the reporting year (EUR +1.374 million) and increased proportional costs for premises (EUR +231 thousand). As a percentage of revenue, selling expenses increased from 12.9% to 15.9%.

The EUR 335 thousand increase in general administrative expenses in the reporting year, to EUR 5.673 million, is mainly attributable to higher personnel expenses (EUR +482 thousand). As a percentage of revenue, general administrative expenses increased from 6.3% to 6.6%.

Other operating income increased by EUR 2.380 million to EUR 6.371 million. This increase was mainly attributable to higher income from the disposal of assets (EUR +952 thousand), commission income (EUR +688 thousand), income from written-off receivables and written-off liabilities (EUR +427 thousand) and income from passed on expenses (EUR +368 thousand).

The increase in other operating expenses from EUR 4.215 million to EUR 7.041 million is mainly the result of expenses recognised as non-recurring items (EUR +3.814 million). Expenses passed on to third parties also increased (EUR +359 thousand).

At the end of the 2010 financial year, CTS AG had 165 employees on its payroll (prior year: 139). Personnel expenses increased by EUR 1.929 million from EUR 9.428 million to EUR 11.357 million, due to the further internationalisation of the Group, implementation of its acquisition strategy and to the greater complexity and centralisation of functions from individual subsidiaries that these changes involve.

3.2 FINANCIAL POSITION

3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2010		31.12.2009		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	178,036	27.1	229,794	49.8	-51,758
Trade receivables	31,893	4.9	19,799	4.3	12,094
Receivables from affiliated and associated companies	6,979	1.1	3,566	0.8	3,413
Inventories	19,315	2.9	15,571	3.4	3,744
Other assets	51,894	7.9	56,527	12.1	-4,633
Total current assets	**288,117**	**43.9**	**325,257**	**70.4**	**-37,140**
Non-current assets					
Fixed assets	111,316	17.0	33,582	7.3	77,734
Goodwill	254,259	38.7	96,929	21.0	157,330
Trade receivables	212	0.0	1,268	0.3	-1,056
Receivables from affiliated companies	0	0.0	1,186	0.2	-1,186
Other assets	201	0.0	2,303	0.5	-2,102
Deferred tax assets	2,364	0.4	1,360	0.3	1,004
Total non-current assets	**368,352**	**56.1**	**136,628**	**29.6**	**231,724**
Total assets	**656,469**	**100.0**	**461,885**	**100.0**	**194,584**

	31.12.2010		31.12.2009		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	6,567	1.0	25,218	5.5	-18,651
Trade payables	38,743	5.9	35,890	7.8	2,853
Payables to affiliated and associated companies	2,920	0.5	1,230	0.2	1,690
Advance payments received	64,550	9.8	101,766	22.0	-37,216
Provisions	12,745	1.9	11,409	2.5	1,336
Other liabilities	150,379	22.9	125,039	27.1	25,340
Total current liabilities	**275,904**	**42.0**	**300,552**	**65.1**	**-24,648**
Non-current liabilities					
Medium- and long-term financial liabilities	199,791	30.5	7,961	1.7	191,830
Other liabilities	320	0.0	12	0.0	308
Pension provisions	4,417	0.7	2,716	0.6	1,701
Deferred tax liabilities	17,930	2.7	780	0.2	17,150
Total non-current liabilities	**222,458**	**33.9**	**11,469**	**2.5**	**210,989**
Shareholders' equity					
Share capital	24,000	3.7	24,000	5.2	0
Capital reserve	23,311	3.6	23,311	5.0	0
Retained earnings	98,035	14.9	97,869	21.2	166
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	11,431	1.7	4,946	1.1	6,485
Other comprehensive income	22	0.0	52	0.0	-30
Currency differences	1,360	0.2	-262	-0.1	1,622
Total shareholders' equity	**158,107**	**24.1**	**149,864**	**32.4**	**8,243**
Total shareholders' equity and liabilities	**656,469**	**100.0**	**461,885**	**100.0**	**194,584**

The balance sheet items as at 31 December 2010 and 31 December 2009 are comparable. The acquisitions made in 2010 and the associated long-term external loans led to substantial changes in a number of balance sheet items.

Current assets decreased by EUR 37.140 million to EUR 288.117 million. This is attributable above all to a EUR 51.758 million decrease in cash and cash equivalents to EUR 178.036 million; trade receivables increased, in contrast, by EUR 12.094 million to EUR 31.893 million.

The EUR 51.758 million reduction in cash and cash equivalents results primarily from less ticket monies in the Ticketing segment and less advance payments received in the Live Entertainment segment. This was because the major tours for which pre-sales began in the fourth quarter of 2009 (especially the AC/DC and U2) then led to considerable amounts of net cash inflow, compared to which there were no similar major events in the fourth quarter of 2010. Payments for increases in shareholdings in subsidiaries already included in consolidation also had effects in the reporting year.

Cash and cash equivalents, at EUR 178.036 million (prior year: EUR 229.794 million), include ticket monies from pre-sales for events in 2011 (tickets not yet invoiced in the Ticketing segment), which are reported under other liabilities (EUR 116.767 million; prior year: EUR 94.249 million). Other assets also include receivables relating to ticket revenue from pre-sales in the Ticketing segment (EUR 19.512 million; prior year: EUR 27.538 million).

The EUR 12.094 million increase in trade receivables is primarily due to the broader scope of consolidation.

Non-current assets increased by EUR 231.724 million to EUR 368.352 million. Significant changes occurred in fixed assets (EUR +77.734 million) and in goodwill (EUR +157.330 million).

The EUR 77.734 million increase in fixed assets mainly relates to the intangible assets (customer base and software) from the final purchase price allocation of the Swiss Ticketcorner Group acquired in the first quarter of 2010, and to the provisional purchase price allocation of See Tickets Germany / Ticket Online Group, acquired in July 2010, in addition to capitalised development costs in the Ticketing segment and exhibition inventory in the Live Entertainment segment.

The EUR 157.330 million increase in goodwill (taking currency translation into account) mainly results from the purchase price allocation of the companies acquired in the Ticketing segment during the reporting year (EUR +159.342 million). In the Live Entertainment segment, the transition of FKP Scorpio and it subsidiaries from full consolidation to recognition at equity led to a disposal of goodwill amounting to EUR 2.001 million. With the exception of the new acquisitions financed with external loans, all investments within the Group were financed from free cash flow.

Long-term assets account for 56% of the balance sheet total (prior year: 30%). Due to the capitalised assets formed by the purchase price allocation of the newly acquired companies, long-term assets are not completely financed by shareholders' equity anymore.

Current liabilities decreased by EUR 24.648 million to EUR 275.904 million. Changes mainly arose in respect of current financial liabilities and the current portion of long-term financial liabilities (EUR -18.651 million), and in respect of advance payments received (EUR -37.216 million). These are offset by a EUR 25.340 million increase in other liabilities.

The EUR 18.651 million decrease in current financial liabilities and current portions of long-term financial liabilities resulted mainly from reduced liabilities from the recognition of put options, since shares in a subsidiary that had already been included in consolidation were tendered and subsequently accepted.

The EUR -37.216 million change in advance payments received is mainly attributable to the fact that ticket monies were received in the fourth quarter of the prior year from pre-sales of major tours in 2010 (including U2 in Germany and AC/DC in Austria). In the current reporting year, there were no pre-sales of similar dimensions in the fourth quarter for major tours, so advance payments received decreased accordingly. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

The EUR 25.340 million increase in other liabilities mainly pertains to increased liabilities in respect of ticket monies not yet invoiced in the Ticketing segment; these were mainly due to the broader scope of consolidation.

Non-current liabilities rose by EUR 210.989 million, mainly due to an increase in medium- and long-term financial liabilities (EUR +191.830 million) and in deferred tax liabilities (EUR +17.150 million).

The EUR 191.830 million increase in medium- and long-term financial liabilities arose primarily in connection with the external borrowing to finance the purchase of shares in the Ticketcorner Group and the See Ticket Germany / Ticket Online Group.

The EUR +17.150 million change in deferred tax liabilities mainly results from temporary differences arising from the fair value measurement of intangible assets in the context of the purchase price allocation of the Ticketcorner Group and the See Ticket Germany / Ticket Online Group.

Shareholders' equity rose by EUR 8.243 million to EUR 158.107 million. This increase is mainly attributable to an increase in non-controlling interest (EUR +6.485 million), which mostly resulted from the share in current consolidated earnings. The EUR +166 thousand change in retained earnings arose from the positive consolidated earnings for 2010, at EUR +41.771 million, offset by the reduction in shareholders' equity as a result of the EUR 19.918 million paid out as dividend for the financial year 2009, and by the EUR 19.333 million paid out for additional shares in a subsidiary in the Live Entertainment segment that was already fully consolidated. According to IFRS 3R and IAS 27R, and with effect from 1 January 2010, any increased investment, without a put option, in a company that is already fully consolidated is recognised as a transaction between shareholders in shareholders' equity.

In accordance with IAS 32, the CTS Group has applied the standard to equity instruments of non-controlling shareholders holding put options. The put options held by certain non-controlling shareholders are therefore disclosed under financial liabilities and not as non-controlling interest.

The equity ratio (shareholders' equity divided by the balance sheet total) decreased from 32.4% to 24.1%, mainly due to the increase in balance sheet total as a result of new acquisitions.

The return on equity (net income after non-controlling interest divided by shareholders' equity) is 26.4% compared to 26.7% in 2009.

3.2.2 FINANCIAL POSITION OF CTS AG (HGB)

	31.12.2010		31.12.2009		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	38,417	11.5	86,732	42.7	-48,315
Treasury stock	0	0.0	63	0.0	-63
Trade receivables	5,726	1.7	5,069	2.5	657
Receivables from affiliated companies	13,111	3.9	18,124	8.9	-5,013
Inventories	404	0.1	728	0.4	-324
Prepaid expenses and other assets	19,938	6.0	15,394	7.6	4,544
Total current assets	**77,596**	**23.2**	**126,110**	**62.1**	**-48,514**
Non-current assets					
Fixed assets	251,480	75.3	73,243	36.0	178,237
Goodwill	1,145	0.3	1,472	0.7	-327
Receivables from affiliated companies	1,185	0.4	1,146	0.6	39
Prepaid expenses and other assets	2,774	0.8	1,234	0.6	1,540
Total non-current assets	**256,584**	**76.8**	**77,095**	**37.9**	**179,489**
Total assets	**334,180**	**100.0**	**203,205**	**100.0**	**130,975**

	31.12.2010		31.12.2009		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	500	0.2	500	0.3	0
Trade payables	7,536	2.3	4,792	2.3	2,744
Liabilities to affiliated companies	2,204	0.6	531	0.3	1,673
Provisions	5,566	1.7	8,759	4.3	-3,193
Deferred income and other liabilities	52,594	15.7	73,532	36.2	-20,938
Total current liabilities	**68,400**	**20.5**	**88,114**	**43.4**	**-19,714**
Non-current liabilities					
Medium- and long-term financial liabilities	148,500	44.4	4,000	2.0	144,500
Deferred tax liabilities	44	0.0	0	0.0	44
Total non-current liabilities	**148,544**	**44.4**	**4,000**	**2.0**	**144,544**
Shareholders' equity					
Share capital	24,000	7.2	24,000	11.8	0
less par value of treasury stock	-2	0.0	0	0.0	-2
Capital reserve	23,821	7.1	23,821	11.7	0
Treasury stock reserve	0	0.0	63	0.0	-63
Balance sheet profit	69,417	20.8	63,207	31.1	6,210
Total shareholders' equity	**117,236**	**35.1**	**111,091**	**54.6**	**6,145**
Total shareholders' equity and liabilities	**334,180**	**100.0**	**203,205**	**100.0**	**130,975**

The balance sheet total of CTS AG increased year-on-year by EUR 130.975 million, or 64%, to EUR 334.180 million. The changes on the assets side were mainly due to the decrease in cash and cash equivalents (EUR -48.315 million), the increase in fixed assets (EUR +178.237 million) and to increases in prepaid expenses and other assets (EUR +6.084 million). The changes on the shareholders' equity and liabilities side result primarily from the increase in financial liabilities (EUR +144.500 million) and from the decrease in deferred income and other liabilities (EUR -20.938 million).

Current assets decreased by EUR 48.514 million, or 39%, to EUR 77.596 million. The changes mainly derive from the EUR 48.315 million decrease in cash and cash equivalents and the EUR 5.013 million decrease in receivables from affiliated companies. These are offset by a EUR 4.544 million increase in prepaid expenses and other assets.

Cash and cash equivalents fell in the financial year by EUR 48.315 million from EUR 86.732 million to EUR 38.417 million. A significant contribution to this decline in cash and cash equivalents was made by the EUR 20.589 million to finance increased shareholdings in TicketOne S.p.A.. In addition, the ticket monies from pre-sales for events in the following year (ticket monies not yet invoiced), which are included in cash and cash equivalents, are EUR 21.823 million lower year-on-year. This is because the major tours for which pre-sales began in the fourth quarter of 2009 (especially the AC/DC tour in Germany) then led to considerable amounts of net cash inflow, compared to which there were no similar major events in the fourth quarter of 2010.

Receivables from affiliated companies decreased by EUR 5.013 million This drop was mainly the result of lower receivables from loans and profit distributions (EUR -4.566 million) and from the decline in trade receivables (EUR -624 thousand).

The EUR 4.544 million increase in prepaid expenses and other assets derives from the increase in prepaid expenses (EUR +635 thousand) and from increases in other assets (EUR +2.674 million). The increased amount of other assets mainly includes higher receivables from income tax. The receivables relating to ticket revenue from pre-sales (EUR 8.992 million; prior year: EUR 9.296 million), which are included in other assets, varied slightly year-on-year by EUR -304 thousand.

Non-current assets increased by EUR 179.489 million, or +233%, to EUR 256.584 million, with EUR 178.237 million of that increase being fixed assets, and EUR 1.540 million results from higher prepaid expenses and other assets.

Additions to assets, at EUR 185.908 million, are offset by EUR 3.210 million in depreciation and amortisation and EUR 4.461 million in disposals. Of the additions to assets, EUR 182.187 million are additions to financial assets. These mainly relate to the acquisition of See Ticket Germany / Ticket Online Group, comprising purchase costs of EUR 134.227 million, EUR 11.260 million in long-term receivables taken over from previous shareholders, and to the purchase of the remaining shares in the Russian firm of CTS Eventim RU o.o.o. (EUR 1.476 million). There were also increases in the values of participations following share capital increases in the eventim Online Holding GmbH acquisition company, for acquiring the remaining shares in the Italian firm of TicketOne S.p.A. via the put option agreement already recognised in the consolidated balance sheet of the Group (EUR 24.661 million), and due to the capital invested in the newly established Eventim CH AG as the acquisition company for taking over the Ticketcorner Group (EUR 8.902 million). Additions to intangible assets amount to EUR TEUR 2.931 million and mainly result from further development of the Global Ticketing System (EUR 2.736 million). Investments in operating and office equipment amounted to EUR 790 thousand, of which EUR 522 thousand were for IT hardware for operating the Global Ticketing

System and EUR 143 thousand for IT hardware for the box offices connected to the CTS ticketing software system. The investments in financial assets for acquisitions were predominately financed with external loans. Other additions were financed from free cash flow.

Of the EUR 1.540 million increase in non-current prepaid expenses and other assets to EUR 2.774 million, EUR 2.774 million relates to deferred costs for interim external financing and postponed rescheduling of debts with long-term external loans for the new acquisitions made in the reporting year. This is offset by a EUR 1.234 million decrease in other assets due to an impairment made in the reporting year.

Current liabilities decreased by EUR 19.714 million to EUR 68.400 million, mainly due to a reduction in other liabilities relating to ticket monies not yet invoiced (EUR -21.823 million). This decrease in ticket monies not yet invoiced is partly attributable to the fact that, compared to the previous year, there were fewer major events and tours in pre-sales at the end of the year. While trade payables rose year-on-year by EUR 2.744 million to EUR 7.536 million and liabilities to affiliated companies by EUR 1.673 million to EUR 2.204 million, provisions fell by EUR 3.193 million to EUR 5.566 million.

Non-current liabilities increased by EUR 144.544 million to EUR 148.544 million. As at the balance sheet date, medium- and long-term financial liabilities were EUR 144.500 million higher, at EUR 148.500 million (prior year: EUR 4.000 million); the difference was almost entirely due to loans taken out to finance the acquisition of new participations.

Shareholders' equity rose by EUR 6.145 million to EUR 117.236 million. The net income for the year, at EUR 26.170 million, is offset by the EUR 19.918 million dividend for the 2009 financial year that was adopted at the Annual Shareholders' Meeting in 2010.

There were also changes due to first-time application, in accordance with Article 66 (3) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB), of the German Accounting Law Modernisation Act, which entered into force on 29 May 2009 (Bilanzsrechtsmodernisierungsgesetz; hereinafter: BilMoG; applicable as from 1 January 2010). For the first time, the arithmetic par value of own shares had to be clearly distinguished from the share capital (EUR 2 thousand). The difference between the par value and the fair value on the balance sheet date was recognised in the reporting year, thus reducing the balance sheet profit (EUR -61 thousand). The reversal of reserves for treasury stock (EUR -63 thousand) that was required in this connection led to an increase in the balance sheet profit (EUR +63 thousand). According to BilMoG, it was also necessary to form deferred tax liabilities in the reporting year, which likewise reduced the balance sheet profit (EUR -44 thousand).

The equity ratio decreased from 54.6% to 35.1%, mainly due to the financial liabilities that were entered into; this was offset by the increase in balance sheet profit.

The return on equity (net income for the year divided by shareholders' equity) is 22.3%, compared to 25.1% in 2009.

3.3 CASH FLOW

3.3.1 GROUP CASH FLOW (IFRS)

	01.01.2010 - 31.12.2010 [EUR'000]	01.01.2009 - 31.12.2009 [EUR'000]	Change [EUR'000]
Cash flow from:			
Operating activities	11,517	55,052	-43,535
Investing activities	-133,963	-14,971	-118,992
Financing activities	69,761	-23,359	93,120
Net increase / decrease in cash and cash equivalents	**-52,685**	**16,722**	**-69,407**
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	-1,224	0	-1,224
Net increase / decrease in cash and cash equivalents due to currency translation	2,151	0	2,151
Cash and cash equivalents at beginning of period	229,794	213,072	16,722
Cash and cash equivalents at end of period	**178,036**	**229,794**	**-51,758**

The amount of cash and cash equivalents shown in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet. Compared to 31 December 2009, cash and cash equivalents decreased by EUR 51.758 million to EUR 178.036 million.

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 (1)

Cash flow from operating activities decreased year-on-year by EUR -43.535 million from EUR 55.052 million to EUR 11.517 million. The year-on-year change in cash flow was mainly due to a lower period-on-period increase in liabilities (EUR -74.807 million), to increased payments on income taxes (EUR -9.177 million) and to changes in other non-cash expenses / income (EUR -6.476 million). These were offset by positive cash flow effects resulting from changes in receivables and other assets (EUR +41.488 million) and from an increased cash flow (EUR +4.549 million).

The negative cash-flow effect of EUR -74.807 million from changes in liabilities was mainly the result of advance payments received in the Live Entertainment segment (EUR -48.963 million) and of liabilities accruing in the Ticketing segment from ticketing monies that have not yet been invoiced (EUR -20.346 million). The changes (reduction) in advance payments received is attributable to an increased volume of ticket monies being received in the fourth quarter 2009 from pre-sales for major tours in 2010 (including U2 in Germany and AC/DC in Austria), whereas in the current reporting year there were no pre-sales of similar dimensions for major tours in 2011. For the same reason, the liabilities for ticket monies that have not yet been invoiced decreased accordingly year-on-year (including AC/DC Germany).

The EUR 9.177 million increase in income taxes paid is mainly attributable to higher prepayments for the 2010 financial year, to retrospective tax payments for the 2009 financial year and to the greater number of companies included in consolidation.

In comparison to the previous year, the EUR -6.476 million change in other non-cash expenses / income specifically includes lower expenses from the compounding of liabilities in respect of put option agreements (IAS 32) as well as lower expenses from additions to allowances for doubtful accounts. In addition, increased amounts of non-cash expenses / income arose in the reporting year from the reversal of allowances for doubtful accounts.

The positive cash flow effect of EUR +41.488 million deriving from year-on-year changes in receivables and other assets is mainly attributable to the fact that, as at the 31 December 2009 reporting date, there was a higher volume of receivables from ticket pre-sales which were settled in the current 2010 financial year (EUR +20.111 million). Receivables from ticket monies include current ticket money receivables, inter alia due from credit card and direct debit payments. A positive influence on cash flow was also exerted during the reporting period by the change in receivables for new types of event and by the change in receivables in respect of security deposits.

CASH FLOW FROM INVESTING ACTIVITIES (2)

Cash outflow for investing activities rose by EUR 118.992 million to EUR 133.963 million. Investments in the reporting year mainly included the payment for the acquisition of shares in See Ticket Germany / Ticket Online Group (EUR 133.209 million balanced against EUR 7.777 million in cash and cash equivalents taken over), investments in intangible assets (EUR 9.487 million), inter alia for software development services and customer base, as well as investments in property, plant and equipment (EUR 6.176 million).

CASH FLOW FROM FINANCING ACTIVITIES (3)

Cash flow from financing activities increased year-on-year by EUR 93.120 million to EUR +69.761 million, mainly due to higher levels of external borrowing (EUR +186.425 million) to finance the acquisitions made during the current financial year, and to proceeds received from the change in shares in subsidiaries (EUR +5.419 million). These were offset by cash outflow for the redemption of financial liabilities taken over from the former shareholders in the context of the Ticketcorner Group and See Ticket Germany / Ticket Online Group acquisitions (EUR -55.693 million) and for the acquisition of additional shares in subsidiaries alrady included in consolidation (EUR -32.433 million). An increase in bank loan repayment (EUR -4.785 million) as well as increased distributions to shareholders (EUR -5.280 million) also produced a negative cash flow effect.

The EUR 186.732 million in loans taken out in the reporting year include mainly the following long-term loan liabilities:

- EUR 100 million amortisable loan with a term of eight years
- EUR 45 million final-maturity loan against promissory notes, with a term of five years
- CHF 52 million as a combination of amortisable loan and final-maturity loan, with a term of ten years.

The greater part of the loans are at fixed interest rates for periods between three and ten years.

As at the balance sheet date, the CTS Group has EUR 178.036 million in cash and cash equivalents (prior year: EUR 229.794 million).

With its current funds, the Group is able to meet its financial commitments at all times and to finance its planned investments and ongoing business operations from its own funds.

3.3.2 CASH FLOW CTS AG (HGB)

	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	3,266	17,993	-14,727
Investing activities	-176,163	-4,695	-171,468
Financing activities	124,582	-15,139	139,721
Net increase / decrease in cash and cash equivalents	**-48,315**	**-1,841**	**-46,474**
Cash and cash equivalents at beginning of period	86,732	88,573	-1,841
Cash and cash equivalents at end of period	**38,417**	**86,732**	**-48,315**

Cash flow from operating activities declined EUR 14.727 million to EUR 3.266 million. The main factors accounting for this decrease are explained below.

The operative cash flow of EUR 29.707 million included in the cash flow from operating activities changed in comparison with the previous year (EUR 31.374 million) primarily as a result of the slightly reduced net income for the year (EUR -1.704 million).

The change (increase) in receivables in 2010 was EUR 12.286 million less than the increase in receivables in 2009. The substantially higher increase in receivables in 2009 was primarily caused by once-only effects relating to receivables for new types of event, and to receivables from affiliated companies for developing new markets in Europe.

The change in provisions year-on-year by EUR -2.281 million was caused mainly by decreasing tax provisions.

The change in trade payables and in payables to affiliated companies led in a period-on-period comparison to a positive cash flow effect of EUR 6.878 million.

The change resulting from the increase in liabilities for ticket monies that have not yet been invoiced was less in 2010 than in 2009; in a year-on-year comparison, this meant that the positive cash flow effect could not be enhanced due to the creation of liabilities, since there was less cash inflow in 2010, especially in the fourth quarter, due to the absence of major tours. These liabilities were reduced by EUR 21.823 million in the 2010 reporting year, whereas in 2009 there was an increase in liabilities of EUR 7.168 million. Compared to the 2009 reporting period, this led to a negative cash flow effect of EUR 28.991 million.

Cash outflow for investing activities increased by EUR 171.468 million to EUR -176.163 million, particularly due to investments in connection with the acquisition of shares in subsidiaries (EUR -177.882 million). These specifically involved the acquisition of See Ticket Germany / Ticket Online Group (purchase cost EUR -134.227 million; EUR -11.260 million in long-term receivables taken over from former shareholders) and the purchase of the remaining shares in the Russian firm of CTS Eventim RU o.o.o. (EUR -1.476 million). Investments also included share capital increases in the eventim Online Holding GmbH acquisition company, for acquiring the remaining shares in the Italian firm of TicketOne S.p.A. via the put option agreement already recognised in the CTS Group balance sheet (EUR -20.589 million), the capital invested in the newly established firm of Eventim CH AG as the acquisition company for taking over the Ticketcorner Group (EUR -8.902 million) and other investments (EUR -1.428 million). These are offset by higher cash inflow from proceeds from the sale of fixed assets (EUR +5.389 million), mainly resulting from the sale of shares in Eventim CH AG.

Cash flow from financing activities increased year-on-year by EUR 139.721 million to EUR +124.582 million. In comparison to the previous year, higher external borrowing (EUR +145.000 million) associated with the acquisition of new participations had a positive impact on cash flow from financing activities. However, an additional EUR 5.280 million was distributed to shareholders compared to the year before.

As at the balance sheet date, the cash and cash equivalents held by CTS AG total EUR 38.417 million (prior year: EUR 86.732 million).

4. BRIEF ASSESSMENT OF THE BUSINESS YEAR

The Group achieved very successful results in the year under review. The normalised key figures in both segments improved yet again. With these segment results, the CTS Group fulfilled its target of improving on the prior year's performance.

The Group and CTS AG continued to implement their growth strategy continuously through organic growth, targeted acquisitions and a broader portfolio of services.

The 2010 financial year was strongly characterised in the Ticketing segment by the takeover and integration of the newly acquired companies. This gave rise to positive revenue and earnings effects, as well as temporary burdens in the form of costs for the acquisitions and for workforce restructuring. The anticipated synergies generated by the acquisitions were partly realised in the reporting year and will fully materialise as integration proceeds. Due to the volume involved and the historically low level of interest rates, the acquisitions were predominantly financed with external loans. The revenue and earnings effects resulting from the acquisitions were able to over-compensate for the shortfall produced by termination of the partnership with Live Nation in mid-2010.

This positive trend in the operative ticketing and live entertainment business was again spurred by the growth in Internet business, combined with successful events by pop and rock stars of national and international fame.

5. APPROPRIATION OF EARNINGS BY CTS AG

In the 2009 financial year, CTS AG generated net income for the year (according to HGB) of EUR 27.874 million. The Annual Shareholders' Meeting on 14 May 2010 passed a resolution to distribute a dividend of EUR 19.918 million (EUR 0.83 per eligible share) to shareholders. Payment of this dividend was effected on 15 May 2010, and the remaining balance sheet profit of EUR 43.289 million was carried forward to the new account.

In the 2010 financial year, CTS AG generated EUR 26.170 million in net income for the year (according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 20.878 million (EUR 0.87 per eligible share) be distributed and that the remaining EUR 5.292 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

There are no significant events requiring disclosure.

8. RISK REPORT

8.1 RISK POLICY AND RISK MANAGEMENT SYSTEM

The Group's risk policy is geared towards systematic and continuous growth in shareholder value. It is therefore a major component of business policy. 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, if 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 systemic 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. In the second half of the reporting year, internal risk reporting was extended to include the various levels of management and all subsidiaries. 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 the CTS Group 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 identified risks which might materially impair the earnings performance of the Group. In preparing the annual financial statements, sufficient provisions were made to cover for all discernible risks in the ongoing business, to the extent that the conditions for taking account of such risks in the consolidated 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 our system for early detection of risks 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 seven categories:

1. Strategic risks
2. Market risks
3. Performance risks
4. Financial risks
5. Project-related risks
6. Political/legal risks
7. Compliance 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

For the year 2011, the German Council of Economic Advisers expects an upward trend for Germany and the Eurozone (GDP growth of +2.2% and 1.3%, respectively).

As past business trends have shown, the events market is relatively independent of economic upswings and downswings.

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 reinforce the company's position as market leader by expanding the distribution network and improving the range of services, for example by providing an exclusive pre-sales service, online reservation of specific seats, ticket sales by Mobile Shop and the iPhone App, by cross-selling and upselling, promotions, VIP package deals, a ticket resale platform, special business offers, print-at-home solutions and the mobile access control system, 'eventim.access mobile'.

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

8.2.2 MARKET RISKS

PRODUCTS, SERVICES AND INNOVATION

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

The Group's business operations and the shareholder value of its assets in the ticketing sector depend significantly on promoters selling their admission tickets via the CTS sales network and providing a certain proportion of the available tickets. The Group believes that event promoters will continue to use these services in future, on account of the diversified structure of products and their distribution. This risk is minimised by acquiring interests in various well-known concert promoters at regional and supraregional level, and in other markets by entering into long-term contractual relationships.

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 cooperates 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 business successes achieved to date are attributable in large measure to the activity and special commitment of certain key people with important leadership roles. Business 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, as well as of the ability to tie key performers of newly acquired subsidiaries to the Group on a long-term basis. The management development programme provides dedicated support for, and advancement of management potential, as well as incentive systems.

8.2.4 FINANCIAL RISKS

CASH FLOW RISKS

Cash flow risks arise if the payment obligations of the Group cannot be covered with available cash or credit lines.

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. The extension risk is minimised by varying credit terms. In the reporting year, acquisitions of new subsidiaries were predominantly financed with external loans taken out at historically low levels of interest. The Group had sufficient cash reserves as at the balance sheet date of 31 December 2010.

As at 31 December 2010, the Group has bank liabilities of EUR 188.582 million (prior year: EUR 5.262 million). Of the external loans, EUR 141.707 million are subject to compliance with standard financing covenants for companies with good creditworthiness ratings. There is no certainty that the covenants will be honoured in the future. However, based on current budget planning, the CTS Group assumes that the covenants will also be honoured in the years ahead.

DEFAULT RISKS

Credit risks exist when there is a risk of debtors being unable to settle their debts. The maximum credit risk is equal in theory to the 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 credit risks. These are formed on the basis of historical default rates and future expectations for recovery of the receivables. Individual impairments are made as soon as there is an indication that the respective receivable is irrecoverable in whole or in part. These indications are also based on intensive contact with the respective debtors in the context of receivables management.

The are no significant concentrations of credit risks.

For reconciliation of the impairment accounts and the age structure of receivables, reference is made to the additional disclosures on financial instruments (IFRS 7) in item 4 of the notes to the consolidated financial statements.

In the 2010 business year, securities amounting to EUR 11.713 million (prior year: EUR 11.902 million) were provided for Group companies, mainly to hedge the risks in ticket pre-sales by various box offices (EUR 9.097 million, prior year: EUR 9.112 million).

FOREIGN EXCHANGE RISKS

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

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.

Currency risks that may affect the cash flow of the Group are reviewed on a regular basis and hedged where necessary.

A currency risk may also arise when intercompany receivables or liabilities exist in a currency other than the functional currency of the consolidated financial statements.

In order to disclose financial risk exposure, the CTS Group produces sensitivity analyses in accordance with IFRS 7, showing the effects that hypothetical appreciation and devaluation of the euro in relation to other currencies will have on net income after tax and on equity, where relevant. The periodic effects are determined by relating the hypothetical changes in foreign exchange rates 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.

If the euro had appreciated (or depreciated) in value by 10% against all other currencies as at 31 December 2010, the consolidated net income after tax would have been EUR 486 thousand lower (or higher, respectively) (prior year: EUR 189 higher (lower)). The hypothetical effect on net income after tax, at EUR -486 thousand, results mainly from the currency sensitivities EUR/CHF (EUR -496 thousand).

INTEREST RISKS

Fixed interest rate agreements are mostly in place for long-term loans. 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. Financial derivatives for hedging interest rates are therefore not used.

Both variable-interest loans and limited fixed-interest agreements are regularly examined with regard to interest rate changes, and hedged where necessary.

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 2010, consolidated net income after tax would have been EUR 94 thousand lower (higher) (prior year: EUR 15 thousand). The hypothetical EUR 94 thousand effect on consolidated income results from the potential effects of original cash and cash equivalents and financial debts of EUR 30.326 million that are subject to variable interest rates.

OTHER PRICE RISKS

The securities held by the CTS Group are subject to market price risks. In accordance with IFRS 7, these market price risks are presented in the form of sensitivity analyses by calculating the effects that hypothetical changes in market prices will have on the recognition of available-for sale financial assets stated under financial assets or other financial assets.

If market prices as at 31 December 2010 had been higher (lower) by one standard deviation from the historical relative changes in value over the financial year, shareholders' equity would have been EUR 7 thousand higher (lower).

TAXES

Different opinions on fiscal matters may lead to subsequent tax demands being imposed that have adverse impacts on the financial situation. Fiscal audits are currently being conducted for the years 2005 to 2009 in some subsidiaries in the Live Entertainment segment. The fiscal audit of the Group in respect of the years 2000 to 2004 has been completed.

LITIGATION AND CLAIMS FOR DAMAGES

Pending litigation and damages claims are reported under item 13 in the notes to the consolidated financial statements.

CAPITAL MANAGEMENT

The aim of capital management in the CTS Group is to ensure the efficient control of financial resources within the business units in order to have the maximum possible impact on profitability and shareholder value. As an integral component of finance policy within the CTS Group, the capital management system controls the balance sheet structure, appropriate equity levels, the financing of investments and the creation or dismantling of debts. The respective committees within the capital management system also decide on the appropriation of the balance sheet profit and the dividend policy of CTS AG.

8.2.5 PROJECT-RELATED RISKS

Risks may arise in conjunction with larger projects, in particular. These risks are primarily quality risks, meaning the risk that the goals of projects are not met in full, but they may also take the form of cost risks and risks relating to deadlines. Examples include IT projects in the context of international expansion, or new types of event. Project-related risks are identified and managed with an appropriate system of project management.

8.2.6 POLITICAL / LEGAL RISKS

Political / legal risks may arise when conditions are stipulated or modified by government activities, in particular by legislation. Examples are developments in commercial and tax law, market regulation measures, or risks deriving from the influence of consumer protection organisations.

8.2.7 COMPLIANCE RISKS

Compliance risks may arise when applicable laws, regulations and industry standards are not complied with. The avoidance of such risks is supported by internal guidelines and control mechanisms.

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. There are no identifiable risks at present that might jeopardise the continued existence as going concerns.

9. MANAGEMENT BOARD REPORT PURSUANT TO SECTIONS 289 (4) AND 315 (4) HGB

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

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

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

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

There are no special 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 Chairperson pursuant to § 84 AktG.

According to § 179 (1) AktG, the articles of incorporation may be amended by a shareholder resolution, which requires a majority equal to at least three-quarters of the registered capital present at voting (§ 179 (2) AktG). § 8 (8) of the CTS AG articles of incorporation avail of the option provided for in § 179 (2) AktG, and defines that resolutions may be adopted with a simple majority of votes 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 13 May 2014, contingent on Supervisory Board approval, by issuing up to 12,000,000 new bearer shares against cash contributions or contributions in kind (approved capital, 2009). 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 11 May 2015 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 12 May 2010, 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. CORPORATE GOVERNANCE DECLARATION

The executive bodies of CTS AG are guided in their actions by the principles of responsible and good corporate governance. The Management Board submits a report on corporate governance in a declaration of compliance, in accordance with § 289a (1) HGB. The current and all previous declarations of compliance are permanently available on the Internet at the www.eventim.de website (http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/managementDeclaration).

11. REPORT ON OPPORTUNITIES AND EXPECTATIONS

11.1 ECONOMIC MACROENVIRONMENT

In the opinion of the German Council of Economic Advisers, the global economy will continue to recover in 2011, although the intensity of that recovery may vary between different national economies. In industrialised nations, the recovery will proceed at a moderate pace, whereas emerging newly-industrialising countries will benefit additionally from growth in domestic demand.

The general economic recovery has also been assisted by various monetary stimuli by central banks. It remains to be seen, therefore, whether and to what extent the monetary instruments applied by central banks are fuelling inflationary tendencies. In such a case, a substantial rise in prices on relevant commodity markets could brake any further recovery in the broader economy. Furthermore, the debt crisis and the crisis of confidence in some Eurozone countries is by no means over. Any further escalation, or recourse to the European Financial Stability Mechanism by a debtor country would also have impacts on the economic climate in Germany.

The German Council of Economic Advisers expects only moderate growth in the order of 2.2% for Germany in 2011 (2010: 3.2%). However, this puts Europe's biggest economy well ahead of the 1.3% growth rate expected for the Eurozone in 2011.

Private consumption, supported by further encouraging trends on the employment market and expectations of less than 3 million unemployed, is one reason for this further growth of the German economy.

The European Commission expects the pace of growth in the Eurozone to slow somewhat in 2011. The main reasons cited are the end of the fiscal and monetary measures implemented over the past two years. Other factors curbing demand in the Eurozone are the high level of private household debt in some EU countries, and austerity measures to reduce public spending. For 2011, the European Commission estimates that the unemployment rate will remain unchanged at just under 10%.

11.2 DEVELOPMENT OF EARNINGS PERFORMANCE

The CTS Group continues to show robust growth. The success of the CTS Group will continue to be influenced in large measure by its business model, namely the combination of Ticketing and Live Entertainment segments. The prerequisite for establishing a ticketing network is a sufficient volume of events. At the same time, sourcing events requires a functioning and extensive distribution network.

Potential market trends may lead to modification in business models or in the value chain, due to intensified globalisation and monopolisation in ticketing and live entertainment. The Group monitors the market intently for possible changes, in order to respond flexibly should the need arise.

TICKETING

In the Ticketing segment, the CTS Group will continue in the years ahead to pursue its basic strategic direction as leader of the European ticketing market. In addition to organic growth and integration of the companies newly acquired in the reporting year, efforts will also remain focused on international expansion.

Integration of the companies newly acquired in the reporting year is running according to plan, and initial synergies have already been realised. In the medium term, it is expected that additional and substantial synergies can be tapped, especially through scale effects.

Expanding online ticketing operations remains a highly prioritised task for the CTS Group: in existing and in new markets, it is planned to achieve further increases in total ticket volume by growing much more strongly in the field of Internet ticketing. Increasing ticketing volumes sold via the Internet lead to improved profit margins on the basis of existing cost structures; in the Ticketing segment, the average value-added per online ticket is six times higher compared to tickets sold via offline sales channels.

The main focus of the growth strategy and the basis for profitable business development are continuous improvements in the ticketing software products. Technological leadership includes, for example, an exclusive pre-sales service, online reservation of specific seats, ticket sales by Mobile Shop and the iPhone App, cross-selling and upselling, promotions, VIP package deals, a ticket resale platform, special business offers, print-at-home solutions and the mobile access control system, ‘eventim.access mobile’. Social media partnerships round off the range of services provided on the Internet.

CTS AG has received a request for information from the German Federal Cartel Office regarding the 100% takeover of See Tickets Germany GmbH, which was effected in early July 2010. In its request, the Cartel Office informed the company that it is planning to conduct a retrospective review to determine whether there was an obligation under merger control regulations to notify the Office of the acquisition. CTS AG continues to assume that the transaction does not come under Sections 35 ff. of the law against restraints on competition (GWB). CTS AG promptly provided all the information required and requested.

On 5 April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for various breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. In June 2010, Live Nation gave notice that it was terminating the agreement on the grounds of alleged breaches by CTS AG. CTS AG rejected the notice of termination by Live Nation and announced additional claims to damages in the order of millions. Until mid-2010, the partnership initiated in 2009 with Live Nation was still having a positive effect on revenue and earnings in the Ticketing segment. A decision on the arbitration request is expected by the end of 2011.

LIVE ENTERTAINMENT

In the Live Entertainment segment, the CTS Group is excellently positioned with its subsidiaries and investments. In the weeks and months ahead, the concert promoters within the CTS Group will thrill audiences with artists like Herbert Grönemeyer, Metallica, Neil Diamond, Linkin Park and Sting.

Strategic realignment of this segment for further improvement in earnings and margins is primarily focused on improving the net profit margin. Shares in consolidated companies were increased or reduced to this end. Due to the deconsolidation of FKP Scorpio and its subsidiaries, revenue from these companies will no longer be recognised in the Group in subsequent years. In future, only shares in profits will be stated in the financial result using the equity method.

Successful business development is planned for this segment also, on the basis of world-class tours, events, festivals and new types of events (such as ‘edutainment’).

11.3 DEVELOPMENT OF THE FINANCIAL POSITION

Future investments will be made from current cash flow. Owing to current conditions on the lending market for companies with good creditworthiness ratings, external borrowing will also be considered as a means of financing acquisitions and retaining cash flow in the future.

11.4 OVERALL VIEW OF PROSPECTIVE DEVELOPMENT

If business expectations and strategic plans come to fruition, further business advancement as well as further improvement in revenue and earnings can be expected in 2011 and 2012. Uncertainties on markets worldwide may nevertheless have negative impacts on the events market and hence on the business development of the CTS Group.

The amount of any dividend will continue to 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, 23 March 2011

CTS EVENTIM Aktiengesellschaft

The Management Board

7. CONSOLIDATED FINANCIAL STATEMENTS 2010

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010 (IFRS)

ASSETS		31.12.2010	31.12.2009
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	178,036,473	229,793,885
Trade receivables	(2)	31,893,172	19,798,749
Receivables from affiliated and associated companies	(3)	6,978,834	3,566,038
Inventories	(4)	19,314,956	15,571,215
Receivables from income tax	(5)	10,513,476	8,805,184
Other assets	(6)	41,380,839	47,721,828
Total current assets		**288,117,750**	**325,256,899**
Non-current assets			
Property, plant and equipment	(7)	15,356,589	11,239,833
Intangible assets	(8)	91,397,408	20,491,706
Investments	(9)	2,035,092	1,020,810
Investments in associates	(10)	1,992,660	343,089
Loans	(11)	533,814	486,188
Trade receivables	(12)	211,603	1,267,880
Receivables from affiliated and associated companies	(13)	0	1,186,397
Other assets	(14)	201,304	2,303,139
Goodwill	(15)	254,259,379	96,928,983
Deferred tax assets	(16)	2,363,852	1,359,580
Total non-current assets		**368,351,701**	**136,627,605**
Total assets		**656,469,451**	**461,884,504**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2010	31.12.2009
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(17)	6,567,412	25,217,733
Trade payables	(18)	38,743,409	35,889,823
Payables to affiliated and associated companies	(19)	2,919,716	1,230,496
Advance payments received	(20)	64,550,219	101,766,084
Other provisions	(21)	4,384,600	1,331,234
Tax provisions	(22)	8,359,099	10,077,558
Other liabilities	(23)	150,379,083	125,038,530
Total current liabilities		**275,903,538**	**300,551,458**
Non-current liabilities			
Medium- and long-term financial liabilities	(24)	199,790,947	7,961,533
Other liabilities	(25)	320,337	12,211
Pension provisions	(26)	4,417,210	2,715,559
Deferred tax liabilities	(27)	17,929,786	780,013
Total non-current liabilities		**222,458,280**	**11,469,316**
Shareholders' equity	(28)		
Share capital		24,000,000	24,000,000
Capital reserve		23,310,940	23,310,940
Retained earnings		98,035,415	97,868,776
Treasury stock		-52,070	-52,070
Non-controlling interest		11,431,304	4,945,973
Total comprehensive income		21,842	52,078
Currency differences		1,360,202	-261,967
Total shareholders' equity		**158,107,633**	**149,863,730**
Total shareholders' equity and liabilities		**656,469,451**	**461,884,504**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010 (IFRS)

		01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
		[EUR]	[EUR]
Revenue	(1)	519,576,886	466,697,634
Cost of sales	(2)	-372,679,471	-342,260,250
Gross profit		**146,897,415**	**124,437,384**
Selling expenses	(3)	-44,046,855	-34,413,065
General administrative expenses	(4)	-28,904,000	-19,248,835
Other operating income	(5)	13,156,480	8,336,827
Other operating expenses	(6)	-16,546,641	-7,832,104
Operating profit (EBIT)		**70,556,399**	**71,280,207**
Income / expenses from participations	(7)	33,661	7,800
Income / expenses from investments in associates	(8)	-50,878	140,205
Financial income	(9)	2,472,448	2,016,048
Financial expenses	(10)	-4,159,075	-1,948,697
Earnings before tax (EBT)		**68,852,555**	**71,495,563**
Taxes	(11)	-19,682,279	-23,306,514
Net income before non-controlling interest		**49,170,276**	**48,189,049**
Non-controlling interest	(12)	-7,399,536	-8,245,606
Net income after non-controlling interest		**41,770,740**	**39,943,443**
Earnings per share (in EUR); undiluted (= diluted)		1.74	1.66
Average number of shares in circulation; undiluted (= diluted)		24,000,000	24,000,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010 (IFRS)

	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
	[EUR]	[EUR]
Net income before non-controlling interest	49,170,276	48,189,049
Exchange differences on translating foreign subsidiaries	1,622,169	-81,363
Available-for-sale financial assets	-30,236	52,078
Other results	**1,591,933**	**-29,285**
Total comprehensive income	**50,762,209**	**48,159,764**
Total comprehensive income attributable to		
Shareholders of CTS AG	43,318,477	39,916,433
Non-controlling interest	7,443,732	8,243,331

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

	Share capital	Capital reserve	Retained earnings	Treasury stock	Non-controlling interest	Other comprehensive income	Currency differences	Total shareholders' equity (28)
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
01.01.2009	**24,000,000**	**23,310,940**	**72,564,006**	**-52,070**	**5,794,783**	**0**	**-180,604**	**125,437,055**
Change in the scope of consolidation	0	0	0	0	-983,746	0	0	-983,746
Dividends to non-controlling interest	0	0	0	0	-8,110,670	0	0	-8,110,670
Dividends to shareholders of CTS AG	0	0	-14,638,673	0	0	0	0	-14,638,673
Total comprehensive income	0	0	39,943,443	0	8,245,606	52,078	-81,363	48,159,764
31.12.2009	**24,000,000**	**23,310,940**	**97,868,776**	**-52,070**	**4,945,973**	**52,078**	**-261,967**	**149,863,730**
Change in the scope of consolidation	0	0	-20,265,514	0	6,401,801	0	0	-13,863,713
Dividends to non-controlling interest	0	0	-1,420,392	0	-7,316,006	0	0	-8,736,398
Dividends to shareholders of CTS AG	0	0	-19,918,195	0	0	0	0	-19,918,195
Total comprehensive income	0	0	41,770,740	0	7,399,536	-30,236	1,622,169	50,762,209
31.12.2010	**24,000,000**	**23,310,940**	**98,035,415**	**-52,070**	**11,431,304**	**21,842**	**1,360,202**	**158,107,633**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010 (IFRS)

	01.01.2010 -31.12.2010	01.01.2009 31.12.2009
The following cash flow statement shows the flows of funds from operating activities, investing activities and financing activities of the Group, and the resultant change in cash and cash equivalents:	[EUR]	[EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	41,770,740	39,943,443
Non-controlling interest	7,399,536	8,245,606
Depreciation and amortisation on fixed assets	17,439,266	9,042,152
Changes in pension provisions	-493,450	468,543
Deferred tax expenses / income	-3,308,741	558,636
Cash flow	**62,807,351**	**58,258,380**
Other non-cash expenses / income	-3,657,816	2,818,044
Book profit / loss from disposal of fixed assets	-70,088	42,190
Interest income	-2,356,422	-1,995,408
Interest expenses	3,287,240	1,600,305
Income tax expenses	22,991,020	22,747,878
Interest received	2,580,370	1,782,142
Interest paid	-2,513,629	-818,488
Income tax paid	-30,040,689	-20,863,793
Increase (-) / decrease (+) in inventories (especially payments on account)	-3,998,797	-2,838,601
Increase (-) / decrease (+) in receivables and other assets	9,574,443	-31,913,719
Increase (+) / decrease (-) in provisions	2,617,217	1,130,577
Increase (+) / decrease (-) in liabilities	-49,703,637	25,102,882
Cash flow from operating activities (1)	**11,516,563**	**55,052,389**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-9,487,121	-4,302,192
Payments for investments in property, plant and equipment	-6,175,983	-5,936,198
Payments for investments in non-current financial assets	-104,425	-16,758
Proceeds from sales of property, plant and equipment	366,560	99,577
Proceeds from sales of non-current financial assets	425,714	1,168,241
Payments for acquisition of consolidated companies	-126,192,669	-5,983,917
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	7,204,594	0
Cash flow from investing activities (2)	**-133,963,330**	**-14,971,247**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	186,731,600	306,510
Proceeds from the change in non-controlling interest	5,418,684	0
Payments from the change in non-controlling interest	-32,432,585	0
Payments for redemption of financing loans	-5,608,835	-823,591
Payments for redemption of financial liabilities	-55,693,306	0
Dividend payments to non-controlling interest	-8,736,398	-8,203,917
Dividend payments to shareholders of CTS AG	-19,918,195	-14,638,673
Cash flow from financing activities (3)	**69,760,965**	**-23,359,671**
D. Net increase / decrease in cash and cash equivalents	**-52,685,802**	**16,721,471**
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	-1,223,474	0
Net increase / decrease in cash and cash equivalents due to currency translation	2,151,864	0
Cash and cash equivalents at beginning of period	229,793,885	213,072,414
E. Cash and cash equivalents at end of period	**178,036,473**	**229,793,885**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	178,036,473	229,793,885
Cash and cash equivalents at end of period	**178,036,473**	**229,793,885**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2010 (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 to produce, sell, broker, distribute and market 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 to produce, sell, broker, distribute and market merchandising articles and travel, and to engage in 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 companies and with direct ticket selling by the respective promoters. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, and to market music productions.

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

These consolidated financial statements and the summarised management report were approved by the Management Board of CTS AG on 23 March 2011, for presentation to the Supervisory Board.

1.2 ACCOUNTING PRINCIPLES

The 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 using the historical cost convention, limited by the recognition of financial assets carried at fair value but not through profit or loss.

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 revenue generated and are classified according to their function as costs of sales, selling expenses and general administrative expenses.

The consolidated financial statements are denominated in euro. All amounts in the Annual Report are rounded to the nearest thousand euro. This may lead to minor deviations on addition.

1.3 NEW AND AMENDED STANDARDS WITH MANDATORY APPLICATION IN 2010

The following new and amended standards and interpretation were applied for the first time as from 1 January 2010:

- IFRS 1 (revised November 2008) ‘First-time Adoption of IFRS’
- Amendments to IFRS 1 ‘Additional Exemptions for First-time Adopters’
- Amendments to IFRS 2 and IFRIC 11 ‘Group Cash-settled Share-based Payment Transaction’
- IFRS 3 (revised January 2008) ‘Business Combinations’
- IAS 27 (revised January 2008) ‘Consolidated and Separate Financial Statements’
- Amendment to IAS 39 (July 2008) ‘Financial Instruments: Recognition and Measurement: Eligible Hedged Items’
- IFRIC 12 ‘Service Concession Arrangements’
- IFRIC 15 ‘Agreements for the Construction of Real Estate’
- IFRIC 16 ‘Hedges of a Net Investment in A Foreign Operation’
- IFRIC 17 ‘Distributions of Non-Cash Assets to Owners’
- IFRIC 18 ‘Transfers of Assets from Customers’
- Improvements to IFRS April 2009 – minor amendments to a number of IFRSs (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) and consequential amendments to other standards

All accounting standards mandatory from the 2010 financial year onwards were applied. These mainly involve IFRS 3 ‘Business Combinations’ and IAS 27 ‘Consolidated and Separate Financial Statements’. The amendments to IFRS 3 and IAS 27 lead to changes in the presentation of business combinations. Changes in the interest held in subsidiaries that are already fully consolidated, and which do not lead to a loss of control, are no longer to be reported in goodwill, but in shareholders’ equity. The remaining interest is to be recognised at fair value and any profit or loss arising from the remeasurement must be reported in the income statement (cf. sub-section 1.6.2, ‘Disposal of interests in the Live Entertainment segment’). Any interest already recognised before transfer of control must therefore be measured at fair value through profit or loss.

1.4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations that are not yet mandatory for the 2010 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2010.

Adopted by the EU:

- Amendments to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters' (applicable on or after 1 July 2010)

- IAS 24 (revised November 2009) 'Related Party Disclosures' (applicable on or after 1 January 2011)

- Amendment to IAS 32 'Classification of Rights Issues' (applicable on or after 1 February 2010)

- Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' (applicable on or after 1 January 2011)

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (applicable on or after 1 July 2010)

- Improvements to IFRS May 2010 – minor amendments to a number of IFRSs (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) and consequential amendments to other standards (applicable on or after 1 January 2011 and 1 July 2010 respectively)

Not yet adopted by the EU:

- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (applicable on or after 1 January 2012)

- IFRS 1 'Severe Hyperinflation' and 'Removal of Fixed Dates' (applicable on or after 1 July 2011)

- Amendments to IFRS 7 (October 2010) 'Financial Instruments: Disclosures: Transfer of financial assets' (applicable on or after 1 July 2011)

- IFRS 9 'Financial Instruments: Classification and Measurement' (applicable on or after 1 January 2013)

Standards that are not applicable until after the balance sheet date have not been prematurely applied. The effects of the standards on the financial position and financial performance of the CTS Group are still being reviewed, although no material effects on the consolidated financial statements are expected in the future.

1.5 DISCLOSURES CONCERNING CONSOLIDATION POLICIES

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 earnings performance and financial position. The revenue of capitalised investments not included in the consolidated financial statements due to insignificance is less than 1.5% 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 policies.

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

Capital consolidation is effected using the acquisition method by offsetting the carrying amount of the investment against the revalued shareholders' equity of the subsidiary at the time of acquisition ('purchase accounting'). The cost of the acquisition is equal to the fair value of the transferred assets and liabilities assumed at the time of transaction. 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 cost exceeds the Group's share in the fair value of net assets is recognised as goodwill. If the acquisition costs are less than the net assets of the acquired subsidiary measured at fair value, the difference is recognised in the income statement. According to IFRS 3 and IAS 36, goodwill must be reviewed annually with regard to carrying value and any indications of impairment.

Consolidation is carried out as at the time of acquisition, when control exists, or when the minimum significance levels for inclusion in consolidation are exceeded.

Investments in companies over which significant influence can be exercised are measured by the equity method; a significant influence can be exercised if the share of voting rights is between 20% and 50% ('associates'). Investments measured at equity are recognised at the proportionate interest in the investee's revalued shareholders' equity. Changes in the proportionate shareholders' equity with effects on net income are recognised in the income statement as profit or loss from investments stated at equity. If the Group's share in losses from an associate is equal to or greater than 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 associate, or has made payments for the associate.

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

1.6 BUSINESS COMBINATIONS AND DISPOSAL OF INTERESTS IN SUBSIDIARIES
1.6.1 BUSINESS COMBINATIONS IN THE TICKETING SEGMENT
1.6.1.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following companies were included in the Ticketing segment during the reporting period:

In December 2010, CTS AG established CTS EVENTIM Israel, Tel Aviv, with another shareholder. CTS AG holds 70% of the shares in said company. The company has not generated any revenue or significant income since initial consolidation.

In a contract dated 13 September 2010, TicketOne S.p.A., Milan, acquired 51% of the shares in Ticketeria S.r.l, Rome. The price paid for the shares was EUR 1 million. Ticketeria S.r.l. mainly operates in ticketing for cultural events. The change of company name to T.O.S.C. – TicketOne Sistemi Culturali S.r.l. was entered in the register of companies on 24 November 2010. Since initial consolidation on 13 September 2010, Ticketeria S.r.l. has generated EUR 419 thousand in revenue and a net loss of EUR 51 thousand. As a result of this investment, cash and cash equivalents amounting to EUR 239 thousand were acquired.

On 6 July 2010, CTS AG acquired 100% of the shares in See Tickets Germany GmbH, domiciled in Hamburg, for EUR 145 million. See Tickets Germany was a subsidiary of See Tickets International BV in Amsterdam, 40% of which belongs to Stage Entertainment BV and 60% of which is held by Parcom, a private-equity group. By acquiring See Tickets Germany, CTS AG simultaneously took over Ticket Online Software GmbH, Ticket Online Sales & Service Center GmbH and Ticket Online Polska Sp zoo, Poland. A 12-year exclusive ticketing contract with Stage Entertainment Germany was concluded simultaneously with the share purchase agreement. Since initial consolidation on 6 July 2010, See Tickets Germany GmbH / Ticket Online Group has generated EUR 21.423 million in revenue and net income of EUR 2.189 million. The net income includes, inter alia, workforce restructuring expenses (EUR -2.430 million), amortisation from purchase price allocation (EUR -3.810 million), and deferred tax income (EUR +1.079 million). By acquiring this group of companies, cash and cash equivalents amounting to EUR 7.777 million were also acquired.

In the reporting period, CTS AG acquired 100% of the shares in Ticketcorner Holding AG, a Swiss company based in Rümlang (hereinafter: Ticketcorner Holding), through the newly-established Eventim CH AG subsidiary registered on 28 January 2010 in the Zurich companies register. In addition to Ticketcorner Holding, the Ticketcorner Group also includes its Swiss subsidiary, Ticketcorner AG, Rümlang, the German subsidiary, Ticketcorner GmbH, Bad Homburg, and the Austrian subsidiary, Ticketcorner GmbH, Vienna. The purchase price was CHF 65 million (around EUR 44 million). Since initial consolidation on 1 March 2010, the Ticketcorner Group has generated EUR 18.440 million in revenue and net income of EUR -867 thousand. The net income includes, inter alia, workforce restructuring expenses (EUR -300 thousand), amortisation from purchase price allocation (EUR -3.468 million), and deferred tax income (EUR +1.126 million). By acquiring this group of companies, cash and cash equivalents amounting to EUR 7.204 million were also acquired.

With effect from 1 January 2010, Eventim Sp. z o.o, Warsaw, was newly included in consolidation. CTS AG holds 100% of this company.

With effect from 1 January 2010, S.C. eventim.ro s.r.l., Bucharest, was newly included in consolidation. Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, holds 59% of this company.

PRO FORMA INFORMATION

The following pro forma information presents the financial data of CTS Group, including its consolidated subsidiaries acquired in the 2010 financial year, as if they had been included in the consolidated financial statements from the beginning of the 2010 financial year.

	[EUR'000]
Revenue	
Reported	519,577
Pro forma	540,826
Net income	
Reported	41,771
Pro forma	39,343

To determine a pro forma consolidated net income, among other things the external financing for the newly acquired companies as well as the amortisation from the purchase price allocation were recognised for the entire 2010 financial year.

1.6.1.2 PURCHASE PRICE ALLOCATION

Provisional purchase price allocation for See Tickets Germany / Ticket Online Group

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation and the carrying values immediately before acquisition of See Ticket Germany / Ticket Online Group:

	Fair value at the time of initial consolidation	Carrying value immediately before acquisition
	[EUR'000]	[EUR'000]
Cash and cash equivalents	7,777	7,777
Inventories	103	103
Trade receivables	2,489	2,489
Other assets	4,831	4,831
Total current assets	**15,200**	**15,200**
Property, plant and equipment	2,566	2,566
Intangible assets	54,358	13,783
Trade receivables	242	242
Deferred tax assets	1,540	0
Total non-current assets	**58,706**	**16,591**
Short-term financial liabilities	969	969
Trade payables	1,743	1,743
Provisions	5,634	5,634
Other liabilities	8,810	8,810
Total current liabilities	**17,156**	**17,156**
Medium- and long-term financial liabilities	11,184	11,184
Deferred tax liabilities	16,390	1,754
Total non-current liabilities	**27,574**	**12,938**
Total net assets	**29,176**	**1,697**

As at 31 December 2010, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The remaining difference is reported as provisional goodwill as at 31 December 2010.

Assets and debts were recognised at fair value in the provisional purchase price allocation. Recognition of intangible assets at fair value led to an increase in carrying value, particularly in respect of customer base and trademark rights.

The present value of trade receivables, at EUR 2.731 million, derives from the gross carrying value of receivables, at EUR 2.916 million, and allowances for doubtful accounts amounting to EUR 185 thousand.

Deferred tax assets of EUR 1.540 million and deferred tax liabilities of EUR 16.390 million were formed on the temporary differences arising from the remeasurement of intangible assets and obligations.

In accordance with the amended IFRS 3, ancillary purchase expenses are recognised as other operating expenses in income statement. The total amount of such expenses was EUR 1.017 million.

The fair value of the assets and debts will be conclusively determined within the first twelve months after the acquisition.

The goodwill capitalised during the reporting period is not tax deductible in Germay.

Reconciliation of acquisition cost as at the date of acquisition (6 July 2010):

	[EUR'000]
Acquisition cost	133,209
Cash and cash equivalents	7,777
Inventories	103
Trade receivables	2,731
Other assets	4,831
Property, plant and equipment	2,566
Intangible assets	54,358
Short-term financial liabilities	-969
Trade payables	-1,743
Provisions	-5,634
Other liabilities	-8,810
Medium- and long-term financial liabilities	-11,184
Deferred tax liabilities	-14,850
Total net assets	**29,176**
Goodwill	104,033
	133,209

In the course of the acquisition, CTS AG acquired intercompany loan receivables (EUR 11.260 million) from the former shareholders against the See Tickets Germany / Ticket Online Group; these receivables are recognised under the financial liabilities of the See Tickets Germany / Ticket Online Group. Taking the acquisition cost of EUR 133.209 million into account, as well as the acquired intercompany loan receivables, results in a total purchase price of EUR 144.469 million.

The resultant difference between the acquisition cost and the remeasured net assets that were acquired embodies synergy and other growth potential and was provisionally recognised as EUR 104.033 million in goodwill.

FINAL PURCHASE PRICE ALLOCATION FOR THE TICKETCORNER GROUP

As at 30 September 2010, the purchase price allocation relating to the acquisition of shares in the Ticketcorner Group was finally completed within the stipulated 12-month period, in accordance with IFRS 3.45. The provisional fair values at the time of initial consolidation were disclosed in the selected notes in the Group Interim Report as at 31 March 2010. According to IFRS 3.49, corrections of the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition.

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

	Fair value at the time of initial consolidation	Carrying value immediately before acquisition
	[EUR'000]	[EUR'000]
Cash and cash equivalents	7,204	7,204
Inventories	121	121
Trade receivables	9,444	9,444
Other assets	2,786	2,786
Total current assets	**19,555**	**19,555**
Property, plant and equipment	925	925
Intangible assets	17,594	54,281
Investments	992	992
Total non-current assets	**19,511**	**56,198**
Short-term financial liabilities	27,648	27,648
Trade payables	2,696	2,696
Provisions	1,730	1,730
Other liabilities	32,282	32,282
Total current liabilities	**64,356**	**64,356**
Medium- and long-term financial liabilities	16,767	16,767
Pension provisions	802	802
Deferred tax liabilities	3,829	10,613
Total non-current liabilities	**21,398**	**28,182**
Total net assets	**-46,688**	**-16,785**

Assets and debts were recognised at fair value in the final purchase price allocation. Recognition of intangible assets at fair value led to a reduction, particularly in respect of trademark rights and software and to an increase in customer base.

The fair value of trade receivables, at EUR 9.444 million, derives from a gross carrying value of receivables, at EUR 9.520 million, and allowances for doubtful accounts amounting to EUR 76 thousand.

Deferred tax liabilities of EUR 3.829 million were formed on the temporary differences arising from the remeasurement of intangible assets and obligations.

In accordance with the amended IFRS 3, ancillary purchase expenses are mainly recognised as other operating expenses in the income statement. The total amount of such expenses was EUR 510 thousand.

In the context of this final purchase price allocation, a higher fair value was recognised for some individual intangible assets compared to the provisional recognition of fair values. In relation to the provisional purchase price allocation, the fair value of the intangible assets changed from EUR 15.892 million to EUR 17.594 million. At Group level, this resulted in a lower amount of goodwill, at EUR 46.688 million (provisional purchase price allocation: EUR 47.991 million). Provisions for pensions were recognised with a fair value of EUR 802 thousand (provisional purchase price allocation: EUR 1.044 million) and other assets at EUR 2.786 million (provisional purchase price allocation: EUR 2.196 million). Deferred tax liabilities were recognised at EUR 3.829 million, compared to provisional recognition of EUR 3.189 million.

In the consolidated income statement as at 30 June 2010, the final purchase price allocation had further effects on personnel expenses (EUR 255 thousand) and on depreciation and amortisation (EUR 135 thousand). Group earnings were reduced accordingly.

The sellers agreed in the sale and purchase agreement to compensate Ticketcorner for obligations relating to an office rental agreement (EUR 112 thousand), the possible redemption of outstanding coupons (EUR 273 thousand) and for any outstanding resale of rights to the Live Music sponsoring agreement (EUR 205 thousand). In the context of the purchase price allocation, the EUR 590 thousand in provisions were therefore offset by receivables to the same amount.

The goodwill capitalised during the reporting period is not tax deductible in Switzerland.

Reconciliation of acquisition cost as at the date of acquisition (5 March 2010):

	[EUR'000]
Acquisition cost	0
Cash and cash equivalents	7,204
Inventories	121
Trade receivables	9,444
Other assets	2,786
Property, plant and equipment	925
Intangible assets	17,594
Investments	992
Short-term financial liabilities	-27,648
Trade payables	-2,696
Provisions	-1,730
Other liabilities	-32,282
Medium- and long-term financial liabilities	-16,767
Pension provisions	-802
Deferred tax liabilities	-3,829
Total net assets	**-46,688**
Goodwill	46,688
	0

In the course of the acquisition, Eventim CH AG, Zurich, acquired intercompany loan receivables from the former shareholders as well as bank receivables against the Ticketcorner Group (EUR 44.415 million); these receivables are recognised under the financial liabilities of the Ticketcorner Group. Taking the acquisition cost of EUR 0 into account, as well as the acquired loan and bank receivables, results in a total purchase price of EUR 44.415 million.

The resultant difference between the acquisition cost and the remeasured net assets that were acquired embodies synergy and other growth potential and was provisionally recognised as EUR 46.688 million in goodwill.

PROVISIONAL PURCHASE PRICE ALLOCATION FOR TICKETERIA S.R.L.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation and the carrying values immediately before acquisition of Ticketeria S.r.l.:

	Fair value at the time of initial consolidation	Carrying value immediately before acquisition
	[EUR'000]	[EUR'000]
Cash and cash equivalents	239	239
Inventories	12	12
Trade receivables	285	285
Other assets	155	155
Total current assets	**691**	**691**
Property, plant and equipment	48	48
Intangible assets	836	36
Investments	105	105
Deferred tax assets	0	34
Total non-current assets	**989**	**223**
Trade payables	106	106
Provisions	26	26
Other liabilities	537	537
Total current liabilities	**669**	**669**
Pension provisions	39	39
Deferred tax liabilities	220	0
Total non-current liabilities	**259**	**39**
Total net assets	**752**	**206**

As at 31 December 2010, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The remaining difference is reported as provisional goodwill as at 31 December 2010.

Assets and debts were recognised at fair value in the provisional purchase price allocation. Recognition of intangible assets at fair value led to an increase in customer base.

The present value of trade receivables, at EUR 285 thousand, corresponds to the gross carrying value of receivables. No allowances for doubtful accounts have been made.

Deferred tax liabilities of EUR 220 thousand were formed on the temporary difference arising from the revaluation of intangible assets.

In accordance with the amended IFRS 3, ancillary purchase expenses are recognised as other operating expenses in income statement. The total amount of such expenses was EUR 145 thousand.

The fair value of the assets and debts will be conclusively determined within the first twelve months after the acquisition.

The goodwill capitalised during the reporting period is not tax deductible in Italy.

Reconciliation of acquisition cost as at the date of acquisition (13 September 2010):

	[EUR'000]
Acquisition cost	1,000
Cash and cash equivalents	239
Inventories	12
Trade receivables	285
Other assets	155
Property, plant and equipment	48
Intangible assets	836
Investments	105
Trade payables	-106
Provisions	-26
Other liabilities	-537
Pension provisions	-39
Deferred tax liabilities	-220
Total net assets	**752**
Non-controlling interest	-351
Goodwill	599
	1,000

The resultant difference between the acquisition cost and the remeasured net assets that were acquired embodies synergy and other growth potential and was provisionally recognised as EUR 599 thousand in goodwill.

1.6.2 DISPOSAL OF INTERESTS IN THE LIVE ENTERTAINMENT SEGMENT

The following companies were deconsolidated in the Live Entertainment segment during the reporting period:

With effect from 30 June 2010, MEDUSA Music Group GmbH, Bremen (hereinafter: MEDUSA), sold 5.2% of the shares in FKP Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: FKP Scorpio). This means that MEDUSA now holds only 45% of the shares in that company. This sale of shares led to loss of control by MEDUSA, with the result that FKP Scorpio and its subsidiaries will no longer be included in consolidation and are accounted for as associates.

In accordance with IAS 27, FKP Scorpio and its subsidiaries are included at equity in the consolidated financial statements as at the balance sheet date, as an associate, and recognised at fair value. The total income resulting from the transition from full consolidation to recognition at equity is reported in the income statement under other operating income.

	[EUR'000]
Selling price	130
Fair Value of associate	1,918
Carrying value of net assets	-1,620
Total income resulting from the transition from full consolidation to recognition at equity	**428**

The EUR 428 thousand profit resulting from the transition from full consolidation to recognition at equity includes the portion of profit attributable to recognising, at fair value, the 45% interest in FKP Scorpio retained by the Group. The profit attributable to recognising, at fair value, the 45% interest in FKP Scorpio retained by the Group (EUR 1.189 million) is calculated by subtracting 45% of the carrying value of the net assets (EUR -729 thousand) from the fair value of the retained investment valued at equity (EUR 1.918 million).

1.7 LIST OF INVESTMENTS

An overview of information pursuant to § 313 (2) HGB, which is part of these Notes, was waived for the sake of clarity. These details are posted online at the CTS AG website.

1.8 CURRENCY TRANSLATION PRINCIPLES

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 MAIN ACCOUNTING POLICIES

ACCOUNTING POLICIES

The following accounting policies remained unchanged compared to the year before, with the exception of the amendments to IFRS 3, IAS 27 and IAS 28.

CHANGES IN ACCOUNTING POLICIES

The accounting policies for recognition of non-controlling interests, loss of control and significant influence changed with effect from 1 January 2010, when IAS 27R 'Consolidated and Separate Financial Statements' became applicable. The amendments of IAS 27 involved consequential amendments to IAS 28 'Investments in Associates' and to IAS 31 'Interests in Joint Ventures'. Until now, transactions with non-controlling interests have been treated as transactions with parties external to the Group. Disposals of shares to non-controlling interests resulted in gains and losses in the consolidated financial statements. Conversely, purchases of shares in non-controlling interests resulted in recognition of goodwill, to an amount equal to the difference between the purchase price and the proportional carrying value of the subsidiary's net assets. When shares were sold in whole or in part, the company's proportionate share in shareholders' equity was reclassified in the income statement and in the retained earnings.

The Group has applied the new accounting method to transactions occurring on or after 1 January 2010. No corrections to amounts already recognised in the consolidated financial statements were necessary as a consequence.

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 non-controlling shares and to put options granted to non-controlling interests in the CTS Group. In order to present the potential purchase price obligations, these non-controlling interests are reclassified as liabilities instead of 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 non-controlling interests, 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 and cash in hand. Bank balances and cash in hand are measured at their nominal value at the balance sheet date.

RECEIVABLES

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

INVENTORIES

Inventories are carried at cost of purchase, 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 inventories are not capitalised, but are recognised as expense in the period in which they are incurred, unless they are qualifying assets within the meaning of IAS 23.

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 and associated 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.

Financial liabilities are stated at amortised cost using the effective interest method.

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

In the reporting year, the Group did not classify any financial instruments as 'held-to-maturity investments' 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 cash and cash equivalents, loans, trade receivables, receivables from affiliated and associated companies and under other assets. Loans and receivables are carried at amortised 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 investments in other companies and securities. Investments are stated at their respective cost of purchase 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. Securities are initially recognised at their fair value on the settlement date. Gains and losses are recognised in shareholders' equity, not through profit and loss.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with a determinate useful life and property, plant and equipment are carried at their cost of purchase or cost of sales, minus systematic straight-line depreciation and amortisation. Borrowing costs for intangible assets and for property, plant and equipment are not capitalised, but are recognised as expense in the period in which they are incurred, unless they are qualifying assets within the meaning of IAS 23.

Development costs for proprietary software are recognised as assets if they meet the criteria specified in IAS 38. The costs directly attributable to software include the personnel expenses for the employees involved in development, as well as an appropriate proportion of the relevant indirect costs. Capitalised development costs for software are amortised over their estimated lifetime. An impairment test is performed once a year for the cash-generating unit in respect of capitalised development costs that are not yet in use.

Systematic depreciation and amortisation of intangible assets and property, plant and equipment is mainly based on the following useful economic lives:

- Software, licences: 2 - 9 years

- Trademarks: 5 - 10 years

- Customer base: 4 - 12 years

- Other property, plant and office equipment: 3 - 13 years

In accordance with IFRS 3, goodwill is not amortised systematically, but is reviewed for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. For the impairment test, the goodwill is subdivided and allocated to the cash-generating units. The goodwill is allocated to those cash-generating units 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 2010 financial year.

The CTS Group is a lessee of rented property, plant and equipment under leasing agreements. In those cases in which the CTS Group substantially assumes the opportunities and risks from using the leased items, these are capitalised accordingly (finance lease agreements). Capitalisation is performed at the lower of the fair value of the leased item and the present value of the minimum lease payments. These assets are systematically depreciated over their useful life or over the term of the leasing agreement, whichever is shorter. The depreciation method applied to similar acquired assets is used. The liabilities resulting from future leasing rates are carried under liabilities at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each leasing instalment is divided into an interest component and a repayment component. The interest component is recognised in the income statement. Liabilities from leasing agreements in which the CTS Group is not the economic owner of the leased asset (operating lease) are recognised as expense.

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 carryforwards. 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 are formed on existing loss carryforwards only to the extent that it is likely, taking current budgeting into account, that these loss carryforwards can be realised. Deferred tax assets and liabilities are valued at the applicable taxation rates that must prospectively be applied to the taxable income in those years in which the temporary differences are expected to be recovered or settled. The impact of a changed taxation rate on deferred assets and liabilities is carried through profit and loss.

LIABILITIES

Liabilities are recognised at amortised cost using the effective interest method, where necessary. 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 amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the closing date.

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 recognised through profit and loss.

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.

NON-CONTROLLING INTEREST

Transactions with non-controlling interest are treated as transactions with equity holders of the Group. Any difference, arising from acquisition of a non-controlling interest, between the consideration paid and the respective share of the carrying amount of the net assets of the subsidiary is recognised in shareholders' equity. Gains and losses ensuing on disposal of non-controlling interest but with no loss in control are likewise recognised in shareholders' equity.

RECOGNITION OF REVENUE

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

Revenue in the Ticketing segment that relates to the sale of tickets to final customers is 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 is 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.

Software development services are recognised as expense if they do not meet the requirements of IAS 38, and are mostly included in cost of sales.

ESTIMATES AND ASSESSMENTS BY MANAGEMENT

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. In particular, it is necessary to make assumptions when performing the annual impairment test on goodwill and when recognising deferred tax assets in respect of loss carryforwards. The actual amounts may deviate from the respective estimates.

IMPAIRMENT OF GOODWILL

The Group conducts annual reviews, in conformity with the accounting policies described above, to determine whether there is any impairment of goodwill. The recoverable amount of cash-generating units was measured on the basis of calculated fair value minus costs of sale. These calculations must be derived from assumptions based on management estimates. If trends arise that are beyond the control of management, future carrying values may deviate from the estimated values as originally anticipated. If actual developments diverge from expectations, the premisses and, if necessary, the carrying values of the goodwill are adjusted accordingly.

DEFERRED TAX ASSETS

Deferred tax assets in respect of fiscal loss carryforwards and temporary differences are recognised in the consolidated financial statements. When recognising deferred tax assets, the management must make estimates regarding the recoverability. Deferred tax assets are recognised to the extent that it is likely that they can be used. The use of deferred tax assets depends on the possibility of generating sufficient taxable income in the respective tax category and in the respective fiscal jurisdiction. Assessing the likelihood of future usability depends on a variety of factors, such as past earnings performance, operative planning and tax planning strategies. If estimates diverge from actual events, carrying values must be adjusted accordingly if there is any doubt.

2. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents of EUR 178.036 million (prior year: EUR 229.794 million) are predominantly bank balances.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 31.893 million (prior year: EUR 19.799 million) are payable within one year. The increase is mainly the result of the greater scope of consolidation.

RECEIVABLES FROM AFFILIATED AND ASSOCIATED COMPANIES (CURRENT) (3)

The EUR 6.979 million in current receivables from affiliated and associated companies (prior year: EUR 3.566 million) relate primarily to receivables from the associates FKP Scorpio and its subsidiaries (EUR 5.189 million, prior year: EUR 0) and to receivables from subsidiaries in eastern Europe that are not consolidated due to insignificance (EUR 1.515 million; prior year: EUR 3.291 million). The increase results specifically from the receivables from FKP Scorpio and its subsidiaries, since the latter have no longer been fully consolidated since 1 July 2010, but are included in the financial statements as associated companies instead.

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2010	31.12.2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	314	471	-157
Finished goods and merchandise	1,272	1,471	-199
Payments on account	17,729	13,629	4,100
	19,315	**15,571**	**3,744**

Raw materials and supplies include, inter alia, blank tickets. Finished goods and merchandise mainly related to IT hardware, merchandising articles and tickets. Payments on account pertain mainly to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2011.

No impairments of inventories were made.

RECEIVABLES FROM INCOME TAX (CURRENT) (5)

Receivables from income tax, at EUR 10.513 million (prior year: EUR 8.805 million), relate to tax refund entitlements in conjunction with advance prepayments, and to capital gains tax.

OTHER ASSETS (CURRENT) (6)

Other assets, at EUR 41.381 million (prior year: EUR 47.722 million) comprise financial assets (EUR 31.726 million, prior year: EUR 43.580 million) and non-financial assets (EUR 9.655 million, prior year: EUR 4.142 million).

Other financial assets relate, inter alia, to receivables from ticket pre-sales, at EUR 19.649 million (prior year: EUR 27.541 million), to current loans, at EUR 4.973 million (prior year: EUR 5.763 million), and to securities measured at fair value but not through profit and loss, at EUR 3.014 million (prior year: EUR 2.016 million). The decrease in receivables from ticket pre-sales results, in particular, from higher pre-sales in the fourth quarter of 2009, e.g. for an AC/DC concert in Wels.

Other non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 3.323 million (prior year: EUR 1.495 million), other receivables amounting to EUR 569 thousand (prior year: EUR 407 thousand) and to one item for recognition and accrual of expenses and income according to period, at EUR 5.763 million (prior year: EUR 2.240 million), that mainly relates to marketing expenses and prepayments for promoter agreements, due, inter alia, to the newly acquired companies.

In the 2010 financial year, collateral amounting to EUR 558 thousand (prior year: EUR 688 thousand) were provided by Group companies, including EUR 457 thousand for rental deposits (prior year: EUR 249 thousand).

PROPERTY, PLANT AND EQUIPMENT (7)

The composition and development is shown in the following table:

	Other real estate, land rights and buildings, including buildings on third-party properties	Technical equipment and machinery	Other facilities, operating and office equipment	Payments on account	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Historical cost					
1 January 2009	118	851	22,656	658	24,283
Addition from change in the scope of consolidation	0	0	10	0	10
Addition	145	92	4,934	765	5,936
Disposal	0	-119	-414	0	-533
Reclassification	0	0	660	-660	0
Currency differences	0	0	-8	0	-8
31 December 2009	**263**	**824**	**27,838**	**763**	**29,688**
Addition from change in the scope of consolidation	153	109	3,314	0	3,576
Disposal from change in the scope of consolidation	0	-317	-2,358	0	-2,675
Addition	354	111	5,699	13	6,177
Disposal	-10	-30	-755	-46	-841
Reclassification	0	0	730	-730	0
Currency differences	24	1	248	0	273
31 December 2010	**784**	**698**	**34,716**	**0**	**36,198**
Accumulated depreciation and amortisation					
1 January 2009	43	495	14,580	0	15,118
Addition	36	124	3,575	0	3,735
Disposal	0	-30	-373	0	-403
Currency differences	0	0	-2	0	-2
31 December 2009	**79**	**589**	**17,780**	**0**	**18,448**
Disposal from change in the scope of consolidation	0	-162	-1,816	0	-1,978
Addition	105	161	4,468	0	4,734
Disposal	-4	-15	-424	0	-443
Currency differences	3	0	77	0	80
31 December 2010	**183**	**573**	**20,085**	**0**	**20,841**
Carrying value					
1 January 2009	75	356	8,076	658	9,165
31 December 2009	184	235	10,058	763	11,240
31 December 2010	**601**	**125**	**14,631**	**0**	**15,357**

INTANGIBLE ASSETS (8), GOODWILL (15)

The composition and development is shown in the following table:

	Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	Capitalized development costs	Goodwill	Customer base	Payments on account / Proprietary software in progress	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost						
1 January 2009	35,384	6,567	94,785	12,331	1,010	150,077
Addition from change in scope of consolidation	2	0	0	0	0	2
Addition	922	2,903	8,232	26	452	12,535
Disposal	-395	-25	-1,221	0	0	-1,641
Reclassification	7	720	0	0	-727	0
Currency differences	-11	-10	0	0	-1	-22
31 December 2009	**35,909**	**10,155**	**101,796**	**12,357**	**734**	**160,951**
Addition from change in scope of consolidation	14,500	0	151,580	58,210	178	224,468
Disposal from change in scope of consolidation	-3,065	0	-2,178	0	0	-5,243
Addition	1,005	5,317	0	2,500	665	9,487
Disposal	-282	0	-11	0	0	-293
Reclassification	0	282	0	0	-282	0
Currency differences	454	452	7,762	2,348	1	11,017
31 December 2010	**48,521**	**16,206**	**258,949**	**75,415**	**1,296**	**400,387**
Accumulated depreciation and amortisation						
1 January 2009	26,441	1,024	4,867	6,651	0	38,983
Addition	2,911	1,299	0	748	0	4,958
Disposal	-392	-15	0	0	0	-407
Currency differences	-4	0	0	0	0	-4
31 December 2009	**28,956**	**2,308**	**4,867**	**7,399**	**0**	**43,530**
Disposal from change in scope of consolidation	-1,412	0	-177	0	0	-1,589
Addition	4,916	1,747	0	6,042	0	12,705
Disposal	-281	0	0	0	0	-281
Currency differences	95	76	0	194	0	365
31 December 2010	**32,274**	**4,131**	**4,690**	**13,635**	**0**	**54,730**
Carrying values						
1 January 2009	8,943	5,543	89,918	5,680	1,010	111,094
31 December 2009	6,953	7,847	96,929	4,958	734	117,421
31 December 2010	**16,247**	**12,075**	**254,259**	**61,780**	**1,296**	**345,657**

Additions from change in scope of consolidation, at EUR 224.468 million, are mainly the result of the provisional purchase price allocation in respect of See Tickets Germany / Ticket Online Group, and of the final purchase price allocation in respect of the the Ticketcorner Group. Disposals from change in scope of consolidation, at EUR 5.243 million, relate to disposals resulting from the transition from full consolidation of FKP Scorpio and its subsidiaries to recognition at equity.

The other investments in intangible assets and goodwill, at EUR 9.487 million, relate to additions for software and licences (EUR 1.005 million), capitalised development costs (EUR 5.317 million), payments on account / proprietary software in progress (EUR 665 thousand), and customer base (EUR 2.500 million).

The additions for capitalised development costs (EUR 5.317 million) and the payments on account / proprietary software in progress (EUR 665 thousand) relate, inter alia, to further development of ticketing systems. Of these investments, EUR 4.768 million were for proprietary software and EUR 1.214 million for external software development.

Notes on the development of goodwill are presented below under ‘Goodwill (15)’.

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

INVESTMENTS (9), INVESTMENTS IN ASSOCIATES (10), LOANS (11)

The composition and development is shown in the following table:

	Shares in affiliated companies	Participations	Investments in associates	Loans due to affiliated companies	Security investments	Loans	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost							
1 January 2009	300	996	224	447	33	1,418	3,418
Addition	15	1	119	0	0	1	136
Disposal	0	-131	0	-369	0	-668	-1,168
Reclassification	0	-12	0	0	0	0	-12
Currency differences	0	0	0	-2	0	0	-2
31 December 2009	**315**	**854**	**343**	**76**	**33**	**751**	**2,372**
Addition from change in scope of consolidation	0	992	1,918	0	0	104	3,014
Disposal from change in scope of consolidation	-12	-7	-182	-51	0	0	-252
Addition	12	0	20	0	0	92	124
Disposal	0	-8	-106	-25	-1	-431	-571
Reclassification	-32	0	0	0	0	0	-32
Currency differences	0	50	0	0	0	18	68
31 December 2010	**283**	**1,881**	**1,993**	**0**	**32**	**534**	**4,723**
Accumulated depreciation and amortisation							
1 January 2009	13	156	0	0	5	0	174
Addition	0	7	0	0	0	341	348
31 December 2009	**13**	**163**	**0**	**0**	**5**	**341**	**522**
Disposal from change in scope of consolidation	-12	-7	0	0	0	0	-19
Disposal	0	0	0	0	0	-341	-341
31 December 2010	**1**	**156**	**0**	**0**	**5**	**0**	**162**
Carrying values							
1 January 2009	287	840	224	447	28	1,418	3,244
31 December 2009	302	691	343	76	28	410	1,850
31 December 2010	**282**	**1,725**	**1,993**	**0**	**27**	**534**	**4,561**

INVESTMENTS (9)

Investments relate primarily to participations, at EUR 1.725 million (prior year: EUR 691 thousand).

INVESTMENTS IN ASSOCIATES (10)

The change in scope of consolidation, under investments in associates, relates to FKP Scorpio and its subsidiaries. The sale of 5.2% of the shares in FKP Scorpio by MEDUSA in the 2010 financial year led to a loss of control by MEDUSA. FKP Scorpio and its subsidiaries are therefore included at equity, as associates, in the consolidated financial statements as at the balance sheet date, and recognised at fair value. The fair value on the date of transition from full consolidation to recognition at equity was EUR 1.918 million.

Investments in associates comprise the shares in FKP Scorpio (Hamburg), Greensave GmbH (Würzburg), and Greenfield Festival AG (Hünenberg).

The adjusted carrying value of the interest in FKP Scorpio is EUR 1.842 million (prior year: EUR 0), in Greensave EUR 33 thousand (prior year: EUR 63 thousand) and in Greenfield EUR 118 thousand (prior year: EUR 280 thousand).

The following overview shows aggregated key data of the associates that have been included in the consolidated financial statements using the equity method. The values do not reflect the share apportioned to the CTS Group, but the values based on a fictitious 100% shareholding.

	31.12.2010	31.12.2009
	[EUR'000]	[EUR'000]
Total assets	18,312	713
Total liabilities	22,451	458
Revenue*	31,371	4,423
Net income*	-69	189

* The disclosures on revenue and net income include the figures for the associate FKP Scorpio and its subsidiaries from 1 July to 31 December 2010.

LOANS (11)

Loans, at EUR 534 thousand, relate entirely to loans to third parties (prior year: EUR 410 thousand). In the prior year, loans also included loan receivables from associates (EUR 51 thousand) and from affiliated companies (EUR 25 thousand).

TRADE RECEIVABLES (NON-CURRENT) (12)

Non-current trade receivables, at EUR 212 thousand (prior year: EUR 1.268 million), have a remaining term of between one and five years. The decrease in receivables is mainly attributable to the deconsolidation of FKP Scorpio and its subsidiaries.

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

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

As at the closing date of 31 December 2010, there are no non-current receivables from affiliated and associated companies. In the prior year, non-current receivables from affiliated and associated companies included loans granted to a subsidiary in eastern Europe, at EUR 1.146 million, and a receivable from an associate, at EUR 40 thousand. The subsidiary in eastern Europe was fully consolidated in the 2010 reporting year.

OTHER ASSETS (NON-CURRENT) (14)

Of the non-current other assets, at EUR 201 thousand (prior year: EUR 2.303 million), EUR 200 thousand (prior year: EUR 2.302 million) are financial assets. The year-on-year decrease in non-current other assets results, inter alia, from impairments made in the reporting year. These receivables have a maturity of between one and five years.

GOODWILL (15)

The disclosed goodwill totalling EUR 254.259 million (prior year: EUR 96.929 million) breaks down into EUR 220.356 million in the Ticketing segment (prior year: EUR 61.025 million) and EUR 33.903 million in the Live Entertainment segment (prior year: EUR 35.904 million).

Of that disclosed goodwill, EUR 1.484 million (prior year: EUR 20.690 million) relates to goodwill from put options that are entirely attributed to the Live Entertainment segment (prior year: EUR 1.484 million). The decrease in goodwill from put options in the Ticketing segement is due to the shares of subsidiaries that had already been included in consolidation (TicketOne S.p.A. and CTS Eventim RU o.o.o.) were tendered and subsequently accepted, with the result that no put option existed any longer as at 31 December 2010.

In the Ticketing segment, goodwill increased by EUR 159.331 million in the reporting year (taking currency translation at the Swiss Ticketcorner Group into account). The change mainly results from the purchase price allocation of the companies acquired during the reporting period.

In the Live Entertainment segment, the transition of FKP Scorpio and its subsidiaries from full consolidation to recognition at equity led to a disposal of goodwill amounting to EUR 2.001 million.

This goodwill is allocated to the cash generating units (CGUs) of the Group. The cash generating units correspond to the Group reporting entities (segments) Ticketing and 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 6.9% was applied for this purpose. The discount rates used are interest rates after tax and reflect the specific risks to which the respective CGUs and a group of selected reference companies with similar risk structure 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, subdivided according to segment, was required in the 2010 financial year .

DEFERRED TAXES (16)

The deferred tax assets, at EUR 2.364 million, pertain to the following:

	31.12.2010	31.12.2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	1,319	595	724
Temporary differences	1,045	765	280
	2,364	**1,360**	**1,004**

As at 31 December 2010, the view of the Group is that, in the case of the deferred tax assets including the assets recognised from use of the loss carryforwards amounting to EUR 1.319 million (prior year: EUR 595 thousand), there is a likelihood that the Group companies will generate profits of least the same amount in future periods.

The loss carryforwards as at 31 December 2010 can be carried forward as follows:

	[EUR'000]
up to 4 years	36
up to 5 years	111
up to 6 years	97
up to 7 years	2,121
indefinite	3,407
	5,772

No deferred tax assets were recognised for EUR 1.215 million in loss carryforwards for municipal trade tax purposes (prior year: EUR 4.693 million), and for EUR 561 thousand in loss carryforwards for corporation tax purposes (prior year: EUR 4.851 million), and for EUR 12.319 million in other loss carryforwards for foreign taxation purposes (prior year: EUR 2.087 million). The reason why no deferred tax assets were formed in respect of the aforementioned loss carryforwards is that it is not expected at present that the tax refund claims will be realised in the near term.

The rate of deferred domestic taxation averaged 31%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and an average 16.5% rate of municipal trade tax. For foreign subsidiaries the respective applicable local tax rates were applied.

The deferred tax assets and liabilities relate to the following balance sheet items and loss carryforwards:

	31.12.2010		31.12.2009	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Trade receivables	442	509	467	195
Other assets	1,510	134	156	231
Current assets	**1,952**	**643**	**623**	**426**
Property, plant and equipment	0	0	0	64
Intangible assets	3,789	21,330	296	702
Loans	0	12	307	0
Non-current assets	**3,789**	**21,342**	**603**	**766**
Other provisions	126	79	14	0
Other liabilities	113	221	36	3
Current liabilities	**239**	**300**	**50**	**3**
Liabilities to banks	0	1,031	0	0
Pension provisions	480	29	3	99
Non-current liabilities	**480**	**1,060**	**3**	**99**
Loss carryforwards	1,319	0	595	0
Total	**7,779**	**23,345**	**1,874**	**1,294**
Offset	-5,415	-5,415	-514	-514
Deferred taxes	**2,364**	**17,930**	**1,360**	**780**

The deferred tax liabilities mainly result from temporary differences arising from the fair value measurement of intangible assets in the context of the purchase price allocation of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group.

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

The short-term financial liabilities and the current portion of long-term financial liabilities, amounting to EUR 6.567 million (prior year: EUR 25.218 million), relate to EUR 1.931 million in short-term purchase price obligations deriving from put options (prior year: EUR 22.430 million), which had to be recognised in accordance with IAS 32, to purchase price obligations deriving from the acquisition of shares in subsidiaries already included in consolidation, at EUR 4.135 million (prior year: EUR 1.725 million) and to liabilities to banks, at EUR 501 thousand (prior year: EUR 1.063 million).

The decrease in short-term purchase price obligations for put options is attributable to the shares in an already consolidated subsidiary, TicketOne S.p.A., being tendered and subsequently accepted during the reporting period.

Liabilities to banks were subject to interest at normal market rates. The interest effects caused by compounding the short-term purchase price obligations for put options were stated as EUR 94 thousand (prior year: EUR 1.017 million) in the financial result.

TRADE PAYABLES (18)

Trade payables, at EUR 38.743 million (prior year: EUR 35.890 million) are payable within one year.

PAYABLES TO AFFILIATED AND ASSOCIATED COMPANIES (19)

Payables to affiliated and associated companies, at EUR 2.920 million (prior year: EUR 1.230 million), are primarily for supplies and services; of that total, EUR 2.579 million are liabilities to associates in the Live Entertainment segment (prior year: EUR 0).

ADVANCE PAYMENTS RECEIVED (20)

The advance payments received, at EUR 64.550 million (prior year: EUR 101.766 million), result from ticket monies already received for future events in the Live Entertainment segment. The decrease in advance payments received is mainly attributable to a higher volume of ticket monies being received in the fourth quarter of the previous year from pre-sales of major tours (including U2 in Germany and AC/DC in Austria). In the current financial year, there were no pre-sales of similar dimensions in the fourth quarter for major tours, so advance payments received decreased accordingly

The advance payments received 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:

	01.01.2010	Change in consolidated companies	Consumption	Reversal	Addition	Currency differences	31.12.2010
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Workforce restructuring	0	0	0	0	2,430	0	2,430
Other	1,331	1,739	-1,890	-217	871	121	1,955
Other provisions	**1,331**	**1,739**	**-1,890**	**-217**	**3,301**	**121**	**4,385**

Provisions for workforce restructuring in connection with integration of the newly acquired companies were formed in the reporting year. The other provisions relate to many different items with individual carrying amounts of only secondary importance, such as commission payments and litigation risks.

PROVISIONS FOR TAXES (22)

Changes in tax provisions are shown in the following table:

	01.01.2010	Change in consolidated companies	Consumption	Reversal	Currency differences	Addition	31.12.2010
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Tax provisions	**10,078**	**3,504**	**-11,303**	**-5**	**210**	**5,875**	**8,359**

Due to prepaid taxes on income for the 2010 financial year, there are fewer additions to tax provisions compared to the prior year.

OTHER LIABILITIES (CURRENT) (23)

Other liabilities amounting to EUR 150.379 million (prior year: EUR 125.039 million), and comprise EUR 121.479 million in financial liabilities (prior year: EUR 98.413 million) and EUR 28.900 million in non-financial liabilities (prior year: EUR 26.626 million).

The financial liabilities include liabilities from ticketing monies not yet invoiced, at EUR 116.767 million (prior year: EUR 94.249 million), liabilities from ticket insurance, at EUR 1.224 million (prior year: EUR 362 thousand), liabilities from third-party concerts, at EUR 985 thousand (prior year: EUR 1.396 million), liabilities from finance leases due to the new companies being included in consolidation, at EUR 178 thousand (prior year: EUR 0), and EUR 2.325 million in other financial liabilities (prior year: EUR 2.406 million).

The non-financial liabilities result from tax liabilities, at EUR 11.651 million (prior year: EUR 12.298 million), liabilities for social security, at EUR 532 thousand (prior year: EUR 2.588 million), liabilities to personnel, at EUR 8.062 million (prior year: EUR 6.629 million), credit voucher liabilities, at EUR 4.638 million (prior year: EUR 3.223 million), deferred revenue, at EUR 2.024 million (prior year: EUR 602 thousand), and other non-financial liabilities, at EUR 1.993 million (prior year: EUR 1.286 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (24)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 199.791 million were carried (prior year: EUR 7.961 million). Of the medium- and long-term financial liabilities, EUR 188.081 million relate to bank loans (prior year: EUR 4.199 million) and EUR 11.710 million to liabilities from purchase price obligations for acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 3.762 million). The increase in medium- and long-term financial liabilities arose primarily in connection with external borrowing to finance the purchase of shares in the Ticketcorner Group and the See Ticket Germany / Ticket Online Group. Due to an existing loan obligation denominated in Swiss francs, translation to euro on the closing date had accounting effects on the loan obligation.

Shares in a subsidiary already included in consolidation were provided as collateral for part of a bank loan. The carrying value of the shares in the standalone financial statements is EUR 4.451 million. Due to positive earnings performance expected for the company, it is assumed that no use will be made of the collateral.

OTHER LIABILITIES (NON-CURRENT) (25)

Other long-term liabilities, at EUR 320 thousand (prior year: EUR 12 thousand) mainly concern liabilities from finance leases due to the new companies being included in consolidation (EUR 311 thousand; prior year: EUR 0). These liabilities are due in one to five years.

The composition and remaining term of the liabilities as at 31 December 2010 are shown in the following statement of liabilities:

Statement of liabilities	**Total**	**Remaining term**			
		Due within 1 year	Due between 1 year and 5 years	Due > 5 years	1) from taxes 2) for social security
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**
Financial liabilities	206,358,359 (2009: EUR 33.179 m)	6,567,412 (2009: EUR 25.218 m)	122,393,611 (2009: EUR 7.961 m)	77,397,336 (2009: EUR 0 m)	
Advance payments received	64,550,219 (2009: EUR 101.766 m)	64,550,219 (2009: EUR 101.766 m)			
Trade payables	38,743,409 (2009: EUR 35.890 m)	38,743,409 (2009: EUR 35.890 m)			
Payables to affiliated and associated companies	2,919,716 (2009: EUR 1.230 m)	2,919,716 (2009: EUR 1.230 m)			
Other liabilities	150,699,420 (2009: EUR 125.051 m)	150,379,083 (2009: EUR 125.039 m)	320,337 (2009: EUR 0.012 m)		1) 11,650,590 (2009: EUR 12.298 m) 2) 532,420 (2009: EUR 2.588 m)
Liabilities, total	**463,271,123**	**263,159,839**	**122,713,948**	**77,397,336**	

PENSION PROVISIONS (26)

The Marek Lieberberg Konzertagentur GmbH & Co. KG, TicketOne S.p.A., T.O.S.T. Ticketone Sistemi Teatrali S.r.l., CTS Eventim Sports GmbH subsidiaries and the newly acquired Ticketcorner AG have made direct and individual pension commitments to selected beneficiaries. In the 2010 financial year, benefits amounting to EUR 596 thousand were paid out of pension obligations to beneficiaries (prior year: EUR 63 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.

	31.12.2010	31.12.2009
	[EUR'000]	[EUR'000]
Composition of pension provisions:		
Fair value of plan assets	-7,250	-952
Present value of obligations	11,667	3,668
Pension provisions	**4,417**	**2,716**
The following amounts were included in the income statement:		
Regular service costs	507	167
Interest expenses	387	193
Expected income from plan assets	-196	-30
Actuarial losses / gains	252	202
Total amount included in personnel expenses	**950**	**532**
Development of present value of obligations:		
Beginning of the year	3,668	3,186
Changes due to business combinations	6,031	0
Total expense / income included in the income statement	967	545
Currency differences	1,070	0
Contributions by plan participants	527	0
Amounts paid	-596	-63
End of year	**11,667**	**3,668**
The following essential actuarial assumptions were made:		
Discount rate	3.25% - 5.0%	5.3%
Expected income from plan assets	3.4% - 3.8%	4.1%
Future salary increases	1.25% - 2.5%	2.0% - 2.5%
Future pension increases	1.0% - 3.0%	1.0% - 3.0%

EUR 11.175 million of the present value of the obligations are funded commitments (prior year: EUR 3.204 million).

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 3.4%-3.8% is taken as the expected long-term rate of return. The actual yield from plan assets is EUR 17 thousand (prior year: EUR 13 thousand).

	2010	2009
	[EUR'000]	[EUR'000]
Fair value of plan assets 1 January	952	939
Expected return on plan assets	196	30
Actuarial losses / gains	-179	-17
Currency differences	917	0
Changes due to business combinations	5,199	0
Contributions by the employer	361	0
Contributions by plan participants	527	0
Amounts paid	-723	0
Fair value of plan assets 31 December	**7,250**	**952**

DEFERRED TAX LIABILITIES (27)

Deferred tax liabilities, at EUR 17.930 million (prior year: EUR 780 thousand), result from temporary differences in the carrying amounts stated in the consolidated balance sheet and in the fiscal balance sheet. The EUR 17.150 million change in deferred tax liabilities results primarily from temporary differences arising from the fair value measurement of intangible assets in the context of the purchase price allocation of the Ticketcorner Group and the See Ticket Germany / Ticket Online Group.

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 contribution.

Reference is made to the consolidated statement of changes in shareholders' equity.

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 closing date, authorised capital amounted to EUR 12,000,000 (authorised capital 2009). It is granted until 13 May 2014. By resolution of the Shareholders' Meeting on 14 May 2009, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 13 May 2014, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 12,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights in certain cases, subject to Supervisory Board approval. 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 Section 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 12 May 2010, 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 the date of resolution, by 11 May 2015, 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 bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

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

NON-CONTROLLING INTEREST

The non-controlling interest comprises the shares held by third parties in the equity of the consolidated subsidiaries. In accordance with IAS 1, non-controlling interest is presented separately within shareholders' equity. Non-controlling interst increased by EUR 6.485 million to EUR 11.431 million. This change results from the acquisition and sale of shares in companies (EUR +6.402 million) and from proportionate shares in the consolidated net income for 2010 (EUR +7.400 million), balanced against distributions in the 2010 financial year (EUR -7.317 million).

In accordance with IAS 32, the CTS Group has applied said standard to equity instruments of non-controlling shareholders holding put options. The put options held by certain non-controlling shareholders are therefore disclosed under financial liabilities.

3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS (IFRS 7)

3.1 FINANCIAL ASSETS

The following table shows the structure of financial assets according to age as at 31 December 2010:

			Of which: not impaired but overdue at the balance sheet date			
	Carrying value 31.12.2010	**Of which: neither impaired nor overdue at the balance sheet date**	**Less than 30 days**	**Between 30 - 90 days**	**Between 90 - 180 days**	**More than 180 days**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Trade receivables	32,105	24,667	3,352	710	359	2,294
Receivables from affiliated and associated companies	6,979	6,699	16	0	0	265
Other financial assets	28,912	22,124	1,921	136	96	4,707
Other financial assets (at fair value not through profit and loss)	3,014	3,014	0	0	0	0
Investments (at fair value not through profit and loss)	27	27	0	0	0	0
Investments (at cost)	2,008	2,008	0	0	0	0
Loans	534	534	0	0	0	0
	73,579	**59,073**	**5,289**	**846**	**455**	**7,266**

The following table shows the structure of financial assets according to age as at 31 December 2009:

	Carrying value 31.12.2009	Of which: neither impaired nor overdue at the balance sheet date	Of which: not impaired but overdue at the balance sheet date			
			Less than 30 days	Between 30 - 90 days	Between 90 - 180 days	More than 180 days
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Trade receivables	21,067	17,540	697	372	574	647
Receivables from affiliated and associated companies	4,705	2,364	179	265	283	1,614
Other financial assets	43,865	42,320	693	163	113	478
Other financial assets (at fair value not through profit and loss)	2,016	2,016	0	0	0	0
Investments (at fair value not through profit and loss)	28	28	0	0	0	0
Investments (at cost)	992	992	0	0	0	0
Loans	435	435	0	0	0	0
	73,108	**65,695**	**1,569**	**800**	**970**	**2,739**

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

Allowances for doubtful accounts for trade receivables and for other assets changed as follows:

	2010	2009
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts 1 January	5,794	4,314
Change in consolidated companies	21	-1
Addition not through profit and loss	1,248	0
Consumption	-1,846	-582
Reversal	-1,706	-397
Addition	1,147	2,461
Currency differences	54	-1
Allowances for doubtful accounts as at 31 December	**4,712**	**5,794**

The addition not through profit and loss arose from the transition of FKP Scorpio and its subsidiaries from full consolidation to recognition at equity.

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 2010:

	Carrying value 31.12.2010	Redemption < 1 year	Interest < 1 year	Redemption 1 - 2 years	Interest 1 - 2 years	Redemption 3 - 4 years	Interest 3 - 4 years	Redemption > 5 years	Interest > 5 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	206,358	-6,348	-4,129	-18,460	-3,980	-107,058	-9,309	-78,147	-686
Trade payables	38,743	-38,737	0	-6	0	0	0	0	0
Payables to affiliated and associated companies	2,920	-2,882	0	-25	0	0	0	-13	0
Other financial liabilities	121,791	-121,566	-17	-225	-11	0	0	0	0
	369,812	**-169,533**	**-4,146**	**-18,716**	**-3,991**	**-107,058**	**-9,309**	**-78,160**	**-686**

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original financial liabilities, as at 31 December 2009:

	Carrying value 31.12.2009	Redemption < 1 year	Interest < 1 year	Redemption 1 - 2 years	Interest 1 - 2 years	Redemption 3 - 4 years	Interest 3 - 4 years
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	33,179	-23,490	-204	-3,051	-328	-7,344	-28
Trade payables	35,890	-35,873	-1	-11	0	-6	0
Payables to affiliated and associated companies	1,230	-1,193	0	-25	0	-12	0
Other financial liabilities	98,425	-98,425	-19	0	0	0	0
	168,724	**-158,981**	**-224**	**-3,087**	**-328**	**-7,362**	**-28**

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 2010. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying values, recognition and fair values for the 2010 financial year are shown in the following table according to recognition categories:

	Carrying value 31.12.2010	Balance sheet value according to IAS 39 At amortised cost	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Assets					
Cash and cash equivalents	178,036	178,036			178,036
Trade receivables	32,105	32,105			31,758
Receivables from affiliated and associated companies	6,979	6,979			6,874
Other financial assets	28,912	28,912			28,875
Other financial assets (at fair value not through profit and loss)	3,014		3,014		3,014
Investments (at fair value not through profit and loss)	27		27		27
Investments (at cost)	2,008			2,008	
Loans	534	534			546
Liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	6,567	6,567			6,500
Medium- and long-term financial liabilities	199,791	199,791			205,034
Trade payables	38,743	38,743			38,160
Payables to affiliated and associated companies	2,920	2,920			2,887
Other financial liabilities	121,791	121,791			119,953
Categories according to IAS 39:					
Loans and receivables	246,566	246,566			246,089
Financial liabilities at amortised cost	369,812	369,812			372,534
Available-for-sale financial assets	5,049		3,041	2,008	3,041

Carrying values, recognition and fair values for the 2009 financial year are shown in the following table according to recognition categories:

		Balance sheet value according to IAS 39			
	Carrying value 31.12.2009	At amortised cost	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Assets					
Cash and cash equivalents	229,794	229,794			229,794
Trade receivables	21,067	21,067			20,810
Receivables from affiliated and associated companies	4,705	4,705			4,705
Other financial assets	43,865	43,865			44,131
Other financial assets (at fair value not through profit and loss)	2,016		2,016		2,016
Investments (at fair value not through profit and loss)	28		28		28
Investments (at cost)	992			992	
Loans	435	435			492
Liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	25,218	25,218			25,286
Medium- and long-term financial liabilities	7,961	7,961			7,822
Trade payables	35,890	35,890			35,441
Payables to affiliated and associated companies	1,230	1,230			1,215
Other financial liabilities	98,425	98,425			97,195
Categories according to IAS 39:					
Loans and receivables	299,866	299,866			299,932
Financial liabilities at amortised cost	168,724	168,724			166,959
Available-for-sale financial assets	3,036		2,044	992	2,044

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 on that market signifies the fair value. In the case of unlisted financing instruments, 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 and cash equivalents, current trade receivables, receivables from affiliated and associated companies, other financial assets, financial liabilities, payables to affiliated and associated companies and other financial liabilities, the carrying values are substantially equal to the fair values, due to their short remaining term.

The fair values of non-current trade receivables, receivables from affiliated and associated companies, other financial assets, financial liabilities, payables to affiliated and associated companies and other financial liabilities are equal to the present value of the cash flows associated with the financing instruments.

Due to the absence of an active market, the fair values for shares and investments in other companies cannot be measured reliably. These financial investments are measured at cost.

Of the total available-for-sale financial assets, EUR 3.041 million are accounted for at fair value but not through profit and loss, and EUR 2.008 million are accounted for at cost. Since the fair values (EUR 3.041 million) correspond to observable market prices, they qualify as level-one fair values in the IFRS 7 fair value hierarchy.

The available-for-sale financial assets developed as follows:

	2010 [EUR'000]	2009 [EUR'000]
Available-for-sale financial assets as at 1 January	3,036	1,156
Change in the scope of consolidation	1,010	0
Addition	1,041	1,978
Disposal	-40	-150
Accumulated other comprehensive income	2	52
Available-for-sale financial assets as at 31 December	**5,049**	**3,036**

NET PROFIT / LOSS FROM FINANCIAL INSTRUMENTS

	2010 [EUR'000]	2009 [EUR'000]
Loans and receivables	1,978	-37
Available-for-sale financial asstes	3	60
Financial liabilities	-2,170	-1,632
	-189	**-1,609**

The net gains / losses in the recognition categories loans and receivables and financial liabilities mainly comprise interest income / expense and impairments of receivables. The total interest expense calculated using the effective interest method is EUR 252 thousand. Gains and losses of available-for-sale financial assets are, inter alia, stated in shareholders' equity.

FINANCIAL RISKS

Disclosures regarding the risks ensuing from financial instruments are presented in item 8 of the management report, in accordance with IFRS 7.B6.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

Group revenue was increased year-on-year by 11%, or EUR 52.879 million, from EUR 466.698 million to EUR 519.577 million. Revenue (before consolidation between segments) breaks down into EUR 193.871 million in the Ticketing segment (prior year: EUR 152.493 million) and EUR 333.807 million in the Live Entertainment segment (prior year: EUR 318.726 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 amortisation 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 amortisation and other operating expenses.

In the following, material expenses, personnel expenses, depreciation and amortisation and other operating expenses are presented using the type of expenditure method.

Material expenses (according to type of expenditure method)	**2010**	**2009**	**Change**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**
Cost of materials, supplies and purchased merchandise	21,387	20,827	560
Cost of purchased services	312,965	296,177	16,788
	334,352	**317,004**	**17,348**

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

Due to the broader scope of consolidation, material expenses according to type of expenditure method increased by EUR 6.179 million.

Personnel expenses (according to type of expenditure method)	**2010**	**2009**	**Change**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**
Wages and salaries	54,632	37,711	16,921
Social insurance contributions and expenses for pension and employee support	9,774	7,278	2,496
	64,406	**44,989**	**19,417**

Personnel expenses 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. Of total personnel expenses, EUR 24.052 million were recognised as cost of sales (prior year: EUR 17.140 million), EUR 20.788 million as selling expenses (prior year: EUR 16.571 million) and EUR 16.836 million as general administrative expenses (prior year: EUR 11.278 million). Personnel expenses relating to non-recurring items were recognised in full as other operating expenses (EUR 2.730 million).

Employer contributions to pension insurance were 9.95% in the 2010 financial year. Social insurance contributions and expenses for pension and employee support include EUR 2.453 million in contribution to statutory pension insurance (prior year: EUR 1.754 million). Statutory pension insurance is a defined contribution plan.

Due to the broader scope of consolidation, personnel expenses according to type of expenditure method increased by EUR 17.540 million.

Depreciation and amortisation (according to type of expenditure method)	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	17,439	8,694	8,745
	17,439	**8,694**	**8,745**

Depreciation and amortisation 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 6.182 million in depreciation and amortisation were factored into cost of sales (prior year: EUR 2.571 million), EUR 6.273 million into selling expenses (prior year: EUR 4.054 million) and EUR 4.984 million into general administrative expenses (prior year: 2.069 million). Depreciation and amortisation of investments in prior year amounted to EUR 348 thousand and were included in the financial result.

Due to the broader scope of consolidation, depreciation and amortisation according to type of expenditure method increased by EUR 8.888 million. Of that total, EUR 7.278 million were for amortisation from purchase price allocation.

Other operating expenses (according to type of expenditure method)	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	45,969	33,106	12,863
	45,969	**33,106**	**12,863**

Other operating expenses 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. Of the other operating expenses, EUR 8.079 million were recognised as cost of sales (prior year: EUR 5.584 million), EUR 16.983 million as selling expenses (prior year: EUR 13.786 million) and EUR 7.090 million as general administrative expenses (prior year: EUR 5.904 million). The remaining EUR 13.817 million (prior year: EUR 7.832 million) is allocated to other operating expenses.

Due to the broader scope of consolidation, other operating expenses according to type of expenditure method increased by EUR 8.319 million.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 9.634 million increase in selling expenses is mainly due to higher personnel expenses (EUR +4.217 million), depreciation and amortisation (EUR +2.219 million, of which EUR 1.788 million are amortisation from purchase price allocation) and advertising expenses (EUR +3.214 million). The main driver behind the increase in selling expenses was the greater number of companies included in consolidation.

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 9.655 million increase in general administrative expenses is mainly attributable to increased personnel expenses (EUR +5.558 million), depreciation and amortisation (EUR +2.915

million, of which EUR 2.319 million is amortisation from purchase price allocation) and costs for office premises and rent (EUR +546 thousand). The main driver behind the increase in general administrative expenses was the greater number of companies included in consolidation.

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from marketing and magazine	3,013	2,111	902
Income from the reversal of allowances for doubtful accounts	1,706	397	1,309
Income from currency translation	1,646	350	1,296
Income from written-off liabilities / written-off receivables	1,166	277	889
Income from passed on expenses	731	671	60
Income relating to other periods	544	309	235
Total income resulting from the transition from full consolidation to recognition at equity	428	0	428
Payments of damages	374	466	-92
Income from insurance compensation	311	775	-464
Income from the reversal of provisions	217	59	158
Other operating income	3,020	2,922	98
	13,156	**8,337**	**4,819**

Other operating income includes, inter alia, income from commission, ticket insurances, collection fees and refunds.

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Non-recurring items*	7,821	0	7,821
Expenses for third-party services	2,489	2,040	449
Expenses passed on to third parties	1,157	774	383
Currency translation expenses	730	587	143
Leases / rent	472	509	-37
Maintenance expenses	345	282	63
Expenses relating to other periods / non-operating costs	341	467	-126
Donations	272	216	56
Cost for the supply of goods sold	132	95	37
Loss from disposal of fixed assets	112	84	28
Other operating expenses	2,676	2,778	-102
	16,547	**7,832**	**8,715**

* A description of the non-recurring items is provided in the Management Report, page 31

Other operating expenses include, inter alia, postal losses, uncancellable tickets and emoluments for the Supervisory Board.

INCOME / EXPENSES FROM PARTICIPATIONS (7)

Income from participations, at EUR 34 thousand, relates to an investment by ARGO Konzerte GmbH, Würzburg (prior year: EUR 8 thousand).

INCOME / EXPENSES FROM INVESTMENTS IN ASSOCIATES (8)

Of the income / expenses from investments in associates, EUR 20 thousand was attributable to Greenfield Festival AG, Hünenberg (prior year: EUR 91 thousand), EUR 6 thousand to Greensave GmbH, Würzburg (prior year: EUR 49 thousand) and EUR -77 thousand to FKP Scorpio and its subsidiaries (prior year: EUR 0).

FINANCIAL INCOME (9)

Financial income comprises EUR 2.356 million in interest (prior year: EUR 1.995 million) and EUR 116 thousand (prior year: EUR 21 thousand) in other financial income. Tax refund interest accounted for most of the increase in financial income.

FINANCIAL EXPENSES (10)

The increase in the present value of purchase price obligations in respect of put options, at EUR 94 thousand (prior year: EUR 1.017 million), were stated as financial expenses in accordance with IAS 32.

Apart from the latter, financial expenses mainly comprise interest expense of EUR 2.691 million (prior year: EUR 313 thousand), which predominantly resulted from external borrowing to finance the acquisitions made during the current financial year.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income taxes	22,991	22,748	243
Deferred taxes	-3,309	559	-3,868
	19,682	**23,307**	**-3,625**

Current tax expenses are measured 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.

Current tax expenses include actual tax expenses for other periods, at EUR 87 thousand, and deferred tax income for other periods, at EUR 77 thousand.

Deferred tax income / expenses (net) results from the creation and/or reversal of temporary differences between IFRS carrying values and fiscal carrying values, and from the formation and consumption of deferred taxes for fiscal loss carryforwards.

Deferred tax income / expenses developed as follows:

	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-3,309	559	-3,868
of which:			
from temporary differences	-2,619	-191	-2,428
from tax loss carryforwards	-690	750	-1,440

Deferred tax assets of EUR 1.540 million and deferred tax liabilities of EUR 20.439 million were recognised, not through profit and loss, in respect of purchase price allocations relating to the acquisitions made during the reporting year.

The following table shows the reconciliation of the tax expenses expected in the respective financial year with the tax expenses as actually disclosed. To determine the expected tax expenses for 2010, an average tax rate of 31% (prior year: 31%) was multiplied by the pre-tax profit.

	2010	2009
	[EUR'000]	[EUR'000]
Profit before tax (EBT)	68,853	71,496
Reconciliation to effective tax expenses		
Expected income taxes	**21,344**	**22,164**
Deviation due to basis of calculation for municipal trade tax	28	-138
Deviations from expected tax rate	-790	-563
Changes in value adjustment of deferred tax assets / liabilties	5	0
Losses without the formation of deferred tax assets	-89	863
Non-taxable income and non-deductible expenses	-350	627
Other tax effects	-466	354
Income taxes according to income statement	**19,682**	**23,307**

NON-CONTROLLING INTEREST (12)

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

The non-controlling interest in the net income for 2010 is EUR 7.400 million (prior year: EUR 8.246 million). The reduction is mainly due to less non-controlling interest in the Live Entertainment segment.

5. NOTES TO THE CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities decreased year-on-year by EUR -43.535 million from EUR 55.052 million to EUR 11.517 million. The year-on-year change in cash flow was mainly due to a lower period-on-period increase in liabilities (EUR -74.807 million), to increased payments on income taxes (EUR -9.177 million) and to changes in other non-cash expenses / income (EUR -6.476 million). These were offset by positive cash flow effects resulting from changes in receivables and other assets (EUR +41.488 million) and from an increased operating cash flow (EUR +4.549 million).

The negative cash flow effect of EUR -74.807 million from changes in liabilities was mainly the result of advance payments received in the Live Entertainment segment (EUR -48.963 million) and of liabilities accruing in the Ticketing segment from ticketing monies that have not yet been invoiced (EUR -20.346 million). The changes (reduction) in advance payments received is attributable to an increased volume of ticket monies being received in the fourth quarter 2009 from pre-sales for major tours in 2010 (including U2 in Germany and AC/DC in Austria), whereas in the current reporting year there were no pre-sales of similar dimensions for major tours in 2011. For the same reason, the liabilities for ticket monies that have not yet been invoiced decreased accordingly year-on-year (including AC/DC Germany).

The EUR 9.177 million increase in income taxes paid is mainly attributable to higher prepayments for the 2010 financial year, to retrospective tax payments for the 2009 financial year and to the greater number of companies included in consolidation.

In comparison to the previous year, the EUR -6.476 million change in other non-cash expenses / income specifically includes lower expenses from the compounding of liabilities in respect of put option agreements (IAS 32) as well as lower expenses from additions to allowances for doubtful accounts. In addition, increased amounts of non-cash expenses / income arose in the reporting year from the reversal of allowances for doubtful accounts.

The positive cash flow effect of EUR +41.488 million deriving from year-on-year changes in receivables and other assets is mainly attributable to the fact that, as at the 31 December 2009 reporting date, there was a higher volume of receivables from ticket pre-sales which were settled in the current 2010 financial year (EUR +20.111 million). Receivables from ticket monies include current ticket money receivables, inter alia due from credit card and direct debit payments. A positive influence on cash flow was also exerted during the reporting period by the change in receivables for new types of event and by the change in receivables in respect of security deposits.

CASH FLOW FROM INVESTING ACTIVITIES (2)

Cash outflow for investing activities rose by EUR 118.992 million to EUR 133.963 million. Investments in the reporting year mainly included the payment for the acquisition of shares in See Ticket Germany / Ticket Online Group (EUR 133.209 million balanced against EUR 7.777 million in cash and cash equivalents taken over), investments in intangible assets (EUR 9.487 million), inter alia for software development services and customer base, as well as investments in property, plant and equipment (EUR 6.176 million).

The EUR 7.205 million net increase / decrease in cash and cash equivalents due to change in scope of consolidation includes cash and cash equivalents taken over from the acquisition of the Ticketcorner Group.

CASH FLOW FROM FINANCING ACTIVITIES (3)

Cash flow from financing activities increased year-on-year by EUR 93.120 million to EUR +69.761 million, mainly due to higher levels of external borrowing (EUR +186.425 million) to finance the acquisitions made during the current financial year, and to proceeds received from the change in shares in subsidiaries (EUR +5.419 million). These were offset by cash outflow for the redemption of financial liabilities taken over from the former shareholders in the context of the Ticketcorner Group and See Ticket Germany / Ticket Online Group acquisitions (EUR -55.693 million) and for the acquisition of additional shares in subsidiaries already included in consolidation (EUR -32.433 million). An increase in bank loan repayment (EUR -4.785 million) as well as increased distributions to shareholders (EUR -5.280 million) also produced a negative cash flow effect.

7. EARNINGS PER SHARE

Earnings per share were calculated according to IAS 33 by dividing the consolidated net income after non-controlling interest by the number of shares outstanding (basic earnings per share). As at the balance sheet date, there is no dilution as a result of convertible bonds, stock options or similar instruments (potential common stock).

The earnings per share are determined as follows:

	31.12.2010	31.12.2009
	[EUR]	[EUR]
Net income after non-controlling interest	41,770,740	39,943,443
Quantity of shares	24,000,000	24,000,000
Earnings per share	**1.74**	**1.66**

8. 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 division is to organise and execute events.

The Group is segmented on the basis of the internal reports to the chief operating decision maker (the Management Board) and includes the components required by IAS 8. The chief operating decision maker is responsible for decisions on the allocation of resources to the operating segments and for assessing their performance.

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

NOTES TO THE SEGMENTS

As at the end of 2010, the companies operating in the segments were as follows:

TICKETING

• CTS AG • Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH • ÖTS, Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH • Ö-Ticket Nord West GmbH • Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH • Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH • Ticket Express Hungary Kft. • TEX Hungary Kft. • GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG • CTS Eventim Solutions GmbH • CTS Eventim Sports GmbH • CTS Eventim Nederland B.V. • CTS Eventim Schweiz AG • CTS Eventim RU o.o.o. • TicketOne S.p.A. • T.O.S.T., Ticketone Sistemi Teatrali S.r.l. • T.O.S.C. – TicketOne Sistemi Culturali S.r.l • TSC EVENTIM Ticket & Tourist-Service-Center GmbH • CTS Eventim Sweden AB • Lippupiste Oy • Eventim UK Limited • Eventim CZ s.r.o. • TEMPODOME GmbH • Eventim Sp. z.o.o • S.C. eventim.ro s.r.l. • Ticketcorner AG • Ticketcorner GmbH • See Tickets Germany GmbH • Ticket Online Sales & Service Center GmbH • Ticket Online Software GmbH • Ticket Online Polska Spolka z.o.o.

LIVE ENTERTAINMENT

• Marek Lieberberg Konzertagentur GmbH & Co. KG • Peter Rieger Konzertagentur GmbH & Co. KG • Semmelconcerts Veranstaltungsservice GmbH • ARGO Konzerte GmbH • Dirk Becker Entertainment GmbH • LS Konzertagentur GmbH • PGM Promoters Group Munich Konzertagentur GmbH • Act Entertainment AG • Show-Factory Entertainment GmbH

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

Internal revenues between the Group companies in a given segment have already been consolidated at segment level. The assets were allocated to the segments in the course of consolidation. Revenue between the segments was eliminated in the consolidation column. Services were invoiced at the normal market prices charged to third parties. Depending on their business content, individual transactions are allocated to their proper segment, in deviation from their allocation according to corporate structure.

The internal and external revenue of the segments is shown in the following table:

	Ticketing		Live Entertainment		Total for segment	
	2010 [EUR'000]	2009 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]
External revenue	189,118	149,703	330,459	316,995	519,577	466,698
Internal revenue	26,563	18,378	73,397	67,814	99,960	86,192
Total revenue	**215,681**	**168,081**	**403,856**	**384,809**	**619,537**	**552,890**
Consolidation within segment	-21,810	-15,588	-70,049	-66,083	-91,859	-81,671
Revenue after consolidation within segment	**193,871**	**152,493**	**333,807**	**318,726**	**527,678**	**471,219**

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

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2010 [EUR'000]	2009 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]
Revenue	193,871	152,493	333,807	318,726	-8,101	-4,521	519,577	466,698
EBITDA	61,436	55,435	26,560	24,519	0	20	87,996	79,974
EBIT	46,001	49,041	24,556	22,219	0	20	70,556	71,280
Depreciation and amortisation	-15,435	-6,394	-2,004	-2,300	0	0	-17,439	-8,694
Financial result							-1,703	216
Earnings before tax (EBT)							68,853	71,496
Taxes							-19,682	-23,307
Net income before non-controlling interest							49,171	48,189
Non-controlling interest							-7,400	-8,246
Net income after non-controlling interest							41,771	39,943
Average number of employees	1,279	662	326	352			1,605	1,014
Normalised EBITDA	69,257	55,435	26,560	24,519	0	20	95,817	79,974
Normalised EBIT before amortisation from purchase price allocation	61,100	49,041	24,556	22,219	0	20	85,655	71,280

The Group invested a total of EUR 241.646 million in the Ticketing segment, of which EUR 229.139 million was recognised as additions arising from changes in the scope of consolidation. Investments in property, plant and equipment, at EUR 6.824 million (of which EUR 3.576 million was recognised as additions arising from changes in the scope of consolidation) mainly relate to hardware for new IT infrastructure (including servers for data centres and equipment for ticket offices/promoters and hardware for admission control in stadiums), and to operating and office equipment. Investments in intangible assets (including goodwill) amounted to EUR 233.726 million and, in addition to EUR 5.317 million in capitalised development costs, mainly comprise intangible assets which were capitalised in the purchase price allocation of the companies newly acquired in the reporting year, such as customer base (EUR 58.210 million), software (EUR 10.752 million, primarily ticketing software) and trademark (EUR 3.926 million), as well as goodwill ensuing therefrom (EUR 151.580 million). Additions to investments amount to EUR 1.096 million and include mainly one participation (EUR 992 thousand) whose shares are held by the newly-acquired Ticketcorner Group. Amortisation of intangible assets amounted to EUR 12.520 million (prior year: EUR 4.444 million), and depreciation of property, plant and equipment to EUR 2.915 million (prior year: EUR 1.950 million).

In the Live Entertainment segment, the Group invested a total of EUR 3.281 million (without taking into account any additions arising from changes in the scope of consolidation). EUR 2.928 million were invested in property, plant and equipment and EUR 229 thousand in intangible assets. The investments in property, plant and equipment mainly relate to exhibition inventory for 'edutainment' events. The additions to investments, at EUR 124 thousand (without taking into account any additions arising from changes in the scope of consolidation), relate primarily to loans (EUR 91 thousand). Both the additions and the disposals from the change in scope of consolidation result from the transition from full consolidation of FKP Scorpio and its subsidiaries to recognition at equity. Amortisation of intangible assets amounted to EUR 185 thousand (prior year: EUR 515 thousand), and depreciation of property, plant and equipment to EUR 1.819 million (prior year: EUR 1.785 million).

The total investments in the Ticketing and Live Entertainment segments are shown under the section 'Notes to the consolidated balance sheet'.

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 non-controlling 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 consolidation		Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Fixed assets	342,223	105,476	38,530	40,217	0	0	-15,178	-15,182	365,575	130,511
Other assets	187,928	201,091	104,628	147,216	10,515	8,805	-12,176	-25,739	290,895	331,373
Liabilities	385,070	176,784	114,087	149,461	12,545	12,676	-13,339	-26,901	498,363	312,020

The liabilities of the Live Entertainment segment include EUR 64.550 million in advance payments received (prior year: EUR 101.766 million) that are posted as revenue after the respective events have taken place and accounts have been settled.

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the 2010 financial year, broken down by geographical distribution:

	2010	2009
	[EUR'000]	[EUR'000]
Germany	394,756	364,541
Austria	53,504	47,691
Switzerland	27,624	10,381
Italy	20,141	20,335
Other countries	23,552	23,750
	519,577	**466,698**

The carrying values of **non-current, non-financial assets** for the 2010 financial year are shown in the following table according to geographical distribution:

	2010	2009
	[EUR'000]	[EUR'000]
Germany	276,949	117,972
Austria	1,078	1,191
Switzerland	74,637	510
Italy	6,830	5,294
Other countries	3,513	4,078
	363,007	**129,045**

The carrying values of **deferred tax assets** for the 2010 financial year are shown in the following table according to geographical distribution:

	2010	2009
	[EUR'000]	[EUR'000]
Germany	286	869
Austria	686	9
Switzerland	536	65
Italy	846	389
Other countries	10	28
	2,364	**1,360**

9. EMPLOYEES

On average over the year, 1,605 salaried staff (prior year: 1,014) were employed by the Group. Of that total, 1,059 (prior year: 576) were employed in Germany, and 546 (prior year: 438) in foreign countries.

10. FINANCIAL OBLIGATIONS

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

	31.12.2010			31.12.2009		
	< 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	5,516	10,682	1,567	3,560	9,274	1,922
Leasing obligations	527	659	0	464	636	0
Other obligations	1,059	411	0	624	409	129
	7,102	**11,752**	**1,567**	**4,648**	**10,319**	**2,051**

As at the closing date, contingent liabilities amounting to EUR 425 thousand exist in respect of a bank guarantee provided on behalf of a subsidiary to safeguard contractual obligations under a production agreement. It is not expected that this guarantee will be exercised, since the bank guarantee is already offset by ticket monies received.

There are no other contingent liabilities.

11. LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 178 thousand, and other long-term financial liabilities include liabilities from finance leases with a remaining term of up to four years, at EUR 311 thousand. The interest rates on which the leasing agreements are based vary between 3% and 6%, depending on the market rates and the date of conclusion. The main leases relate to servers and vehicles that are accounted for in the newly acquired companies.

12. EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, there have been no events that require disclosure.

13. 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 and financial performance of the Group when these matters are brought to an end. Provisions amounting to EUR 174 thousand were formed as at the balance sheet date to cover litigation expenses.

In April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for various breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. In June 2010, Live Nation gave notice that it was terminating the agreement on the grounds of alleged breaches by CTS AG. CTS AG rejected the notice of termination by Live Nation and announced additional claims to damages in the order of millions. A decision on the arbitration request is expected by the end of 2011.

14. DECLARATION OF COMPLIANCE

On 9 December 2010, 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 (http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/correspondingDeclaration/2010).

15. APPLICATION OF SECTION 264 (3) HGB AND SECTION 264B HGB

Some corporate enterprises and business partnerships within the meaning of Section 264a HGB that are affiliated and consolidated subsidiaries of CTS AG, 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 Section 264 (3) HGB and Section 264b HGB:

- CTS Eventim Solutions GmbH, Bremen
- GSO Gesellschaft for Softwareentwicklung and Organisation mbH & Co. KG, Bremen
- Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main
- Peter Rieger Konzertagentur GmbH & Co. KG, Cologne

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

In the 2010 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
Edmund Hug	Supervisory Board	Sale	08.12.2010	1,000
Prof. Jobst W. Plog	Supervisory Board	Purchase	02.07.2010	650

17. 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 parties 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 parties resulted in the following goods and services being sold to and bought from related parties in the 2010 reporting period:

Goods and services supplied by the Group	2010 [EUR'000]	2009 [EUR'000]
Services in connection with tours	7,419	6,565
Supply of ticketing software	449	251
Allocation of operating costs	659	954
Other	470	53
	8,997	**7,823**

EUR 480 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (prior year: EUR 780 thousand), EUR 1.895 million to associated companies (prior year: EUR 266 thousand) and EUR 6.622 million to other related parties (prior year: EUR 6.777 million).

Goods and services received by the Group	2010 [EUR'000]	2009 [EUR'000]
Fulfilment services	9,109	8,675
Tenancy agreements	686	682
Call centre operations	2,510	3,387
Business services agreements	661	1,232
Production costs for events	1,327	912
Other	2,129	747
	16,422	**15,635**

EUR 217 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (prior year: EUR 691 thousand), while EUR 1.022 million in goods and services were supplied by associated companies (prior year: EUR 201 thousand) and EUR 15.183 million were supplied by other related parties (prior year: EUR 14.743 million).

	2010	2009
	[EUR'000]	[EUR'000]
Receivables from		
Subsidiaries not included in consolidation due to insignificance	1,517	4,437
Associated companies	5,189	47
Other related parties	289	1,971
	6,995	**6,455**

	2010	2009
	[EUR'000]	[EUR'000]
Liabilities to		
Subsidiaries not included in consolidation due to insignificance	151	1,041
Associated companies	2,579	0
Other related parties	5,612	2,115
	8,342	**3,156**

As from 1 July 2010, the transactions between the CTS Group and FKP Scorpio and its subsidiaries must be disclosed as relationships with associated companies, due to the deconsolidation of FKP Scorpio and its subsidiaries.

Compensation paid to managers in key positions are disclosed under item 19 of the notes to the consolidated financial statements.

18. AUDITOR EXPENSES

In the 2010 financial year, auditing expenses of EUR 265 thousand (prior year: EUR 301 thousand) and EUR 422 thousand for other services (prior year: EUR 200 thousand) were invoiced.

19. MANDATES AND EMOLUMENTS OF THE MANAGEMENT BOARD

During the reporting 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	1,000,000	298	300,000	1,300,298
Volker Bischoff	350,000	12,135	105,000	467,135
Alexander Ruoff	350,000	10,529	105,000	465,529
	1,700,000	**22,962**	**510,000**	**2,232,962**

All amounts of compensation paid to individual members of the Management Board were short-term employee benefits within the meaning of IAS 24.16 (a).

20. MANDATES AND EMOLUMENTS OF THE SUPERVISORY BOARD

The members of the Supervisory Board in the financial year 2010 were as follows:

Edmund Hug, Businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:
- schlott gruppe AG, Freudenstadt
- Scholz AG, Aalen

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –
Other supervisory board memberships:
- Wall AG, Berlin (until 25 January 2010)
- Vattenfall Europe AG, Berlin

Horst R. Schmidt, Treasurer of the German Football Association, Aschaffenburg
(until 17 September 2010)
No other supervisory board memberships

Dr. Bernd Kundrun, Businessman, Hamburg (from 4 November 2010)
Other supervisory board memberships:
- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 9 thousand for the 2010 financial year. These amounts are all short-term benefits within the meaning of IAS 24.16 (a).

21. PARTICIPATING PERSONS

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

FIL Holdings Limited, Kent, England, UK, notified the company on 17 May 2010 that its share of voting rights in CTS AG exceeded the 3% threshold on 2 January 2009 and amounted on the latter date to 4.93%, and that these voting rights are allocated to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.4%, and that these voting rights are allocated to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investment Management Limited, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.45%, and that these voting rights are allocated to FIL Investment Management Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.4%, and that these voting rights are allocated to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.45%, and that 0.05% thereof are allocated to FIL Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG and 2.4% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 WpHG

Tremblant Holdings LLC, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Holdings LLC in accordance with § 22 (1) sentence 1, no. 1 WpHG.

Tremblant Capital LP, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Capital LP in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Tremblant Capital LLC, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Capital LLC in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 April 2010 and amounted on the latter date to 5.11%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (1) sentence 1, no. 6 WpHG and 4.98% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 14 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 11 May 2010 and amounted on the latter date to 4.97%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (2) sentence 1, no. 6 WpHG and 4.84% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 April 2010 and amounted on the latter date to 7.89%, and that these voting rights (7.89%) are allocated in their entirey to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Wanger Asset Management LLC, Chicago, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 30 April 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Columbia Wanger Asset Management LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 14 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 11 May 2010 and amounted on the latter date to 4.97%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (1) sentence 1, no. 6 WpHG and 4.84% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Tremblant Partners Master Fund LP, Camana Bay, Grand Cayman,Cayman Islands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 4 August 2010 and amounted to 3.05% on the latter date.

Tremblant Partners Ltd., Camana Bay, Grand Cayman, Cayman Islands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 4 August 2010 and amounted on the latter date to 3.05%, and that these voting rights are allocated to Tremblant Partners Ltd. in accordance with § 22 (1) sentence 1, no. 2 WpHG. Voting rights are allocated to it by the following shareholders whose voting rights in CTS AG amount to 3% or more: Tremblant Partners Master Fund L.P.

Mr Brett Barakett, USA, notified the company that his share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Mr Brett Barakett in accordance with § 22 (1) sentence 1, no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG, and also in accordance with § 22 (1) sentence 1 no. 1 WpHG. The voting rights allocated in accordance with § 22 (1) sentence 1 no. 1 WpHG are held by the following entities controlled by him and whose voting rights in CTS AG amount to 3% or more: Tremblant Holdings LLC.

Tremblant Partners Master Fund LP, Camana Bay, Grand Cayman,Cayman Islands, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 31 December 2010 and amounted to 2.99% on the latter date.

Tremblant Partners Ltd., Camana Bay, Grand Cayman, Cayman Islands, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 31 December 2010 and amounted on the latter date to 2.99%, and that these voting rights (2.99%) are allocated in their entirety to Tremblant Partners Ltd. in accordance with § 22 (1) sentence 1, no. 2 WpHG.

ING Groep N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Groep N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG.

Allocated voting rights are held by the following entities controlled by ING Groep N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V. Nationale-Nederlanden Nederland B.V.

ING Verzekeringen N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Verzekeringen N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG.

Allocated voting rights are held by the following entities controlled by ING Verzekeringen N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V.

Nationale-Nederlanden Nederland B.V., ‘S-Gravenhage, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to Nationale-Nederlanden Nederland B.V in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG.

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Re Holding (Netherlands) B.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG.

ING Re (Netherlands) N.V., Den Haag, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.98% thereof are allocated to ING Re (Netherlands) in accordance with § 22 (2) WpHG.

ING Levensverzekering Retail N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.94% thereof are allocated to ING Levensverzekering Retail N.V., in accordance with § 22 (2) WpHG.

ING Schadeverzekering Retail N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.07% thereof are allocated to ING Schadeverzekering Retail N.V., in accordance with § 22 (2) WpHG.

Movir N.V., Nieuwegein, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.06% thereof are allocated to Movir N.V., in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Levensverzekering Maatschappij N.V., Rotterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 0.59% thereof are allocated to Nationale-Nederlanden Levensverzekering Maatschappij N.V., in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Schadeverzekering Maatschappij N.V., Den Haag, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to Nationale-Nederlanden Schadeverzekering Maatschappij N.V., in accordance with § 22 (2) WpHG.

RVS Levensverzekering N.V., Ede, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.80% thereof are allocated to RVS Levensverzekering N.V., in accordance with § 22 (2) WpHG.

RVS Schadeverzekering N.V., Ede Gld, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.08% thereof are allocated to RVS Schadeverzekering N.V., in accordance with § 22 (2) WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.07% of the voting rights in the company as at 31 December 2010.

The Management Board of CTS AG released the consolidated financial statements to the Supervisory Board on 23 March 2011.

22. 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, 23 March 2011

CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg	Volker Bischoff	Alexander Ruoff

23. AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by the CTS EVENTIM Aktiengesellschaft, Munich, comprising the statement of financial position, the income statement, the statement of comprehensive income, statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Parent Company for the business year from January 1, 2010 to December 31, 2010. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

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

Our audit has not led to any reservations.

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

Osnabrück, 23 March 2011

pwc

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian Wirtschaftsprüfer (German Public Auditor)	ppa. Aloys Deeken Wirtschaftsprüfer (German Public Auditor)

8. FINANCIAL STATEMENTS OF CTS AG 2010

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2010 (HGB)

ASSETS	31.12.2010	31.12.2009
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets and licences in such right and assets	9,646,769	9,410,528
2. Goodwill	1,144,745	1,471,815
3. Payments on account	991,673	725,214
	11,783,187	**11,607,557**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	130,536	164,750
2. Technical equipment and machinery	28,622	143,108
3. Other facilities, operating and office equipment	1,935,383	1,785,257
	2,094,541	**2,093,115**
III. Investments		
1. Shares in affiliated companies	226,912,056	60,439,087
2. Loans due to affiliated companies	11,259,738	0
3. Participations	574,835	574,835
	238,746,629	**61,013,922**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	399,261	711,210
2. Payments on account	5,050	16,863
	404,311	**728,073**
II. Receivables and other assets		
1. Trade receivables	5,725,897	5,068,538
2. Receivables from affiliated companies	12,232,926	19,238,717
3. Receivables from participations	2,063,625	31,671
4. Other assets	19,046,759	16,373,071
	39,069,207	**40,711,997**
III. Marketable securities		
Treasury stock	0	63,073
	0	**63,073**
IV. Cheques, cash in hand and bank balances	**38,416,759**	**86,732,020**
C. PREPAID EXPENSES	**3,664,984**	**255,503**
Total assets	**334,179,618**	**203,205,260**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2010	31.12.2009
	[EUR]	[EUR]
A. Shareholders' equity		
I. Share capital	24,000,000	24,000,000
less par value of treasury stock	-2,175	0
II. Capital reserve	23,820,894	23,820,894
III. Reserve for treasury stock	0	63,073
IV. Balance sheet profit	69,417,123	63,206,732
	117,235,842	**111,090,699**
B. PROVISIONS		
1. Tax provisions	1,529	3,157,707
2. Other provisions	5,564,277	5,600,990
	5,565,806	**8,758,697**
C. LIABILITIES		
1. Liabilities to banks	149,000,000	4,500,000
2. Trade payables	7,536,270	4,791,711
3. Liabilities to affiliated companies	2,178,343	531,677
4. Liabilities to participations	25,572	0
5. Other liabilities	51,861,395	73,127,070
	210,601,580	**82,950,458**
D. DEFERRED INCOME	**733,123**	**405,406**
E. DEFERRED TAX LIABILITIES	**43,267**	**0**
Total shareholders' equity and liabilities	**334,179,618**	**203,205,260**

INCOME STATEMENT OF CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010 (HGB)

	01.01.2010 - 31.12.2010 [EUR]	01.01.2009 - 31.12.2009 [EUR]
1. Revenue	86,348,440	85,077,000
2. Cost of sales	-38,750,371	-36,942,111
3. Gross profit	**47,598,069**	**48,134,889**
4. Selling expenses	-13,704,168	-10,934,362
5. General administrative expenses	-5,673,219	-5,337,999
6. Other operating income of which from currency translation EUR 5,468 (2009: EUR 0)	6,370,878	3,990,645
7. Other operating expenses of which from currency translation EUR 4,895 (2009: EUR 0)	-7,040,688	-2,825,728
8. Income from participations	4,882,737	3,784,073
9. Income from profit transfer agreements	4,308,989	1,729,126
10. Other interest and similar income	1,341,529	1,096,137
11. Interest and similar expenses	-2,664,598	-237,134
12. Profit from ordinary business activities (EBT)	**35,419,529**	**39,399,647**
13. Income taxes	-9,364,753	-11,521,109
14. Other taxes	114,903	-4,860
15. Net income for the year	**26,169,679**	**27,873,678**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2010 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2010 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz) and the Articles of Incorporation. The financial year is the calendar year. 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. ACCOUNTING POLICIES
2.1 GENERAL DISCLOSURES

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', pursuant to § 275 (3) HGB in conjunction with § 158 AktG.

The recognition and measurement rules stipulated in the German Accounting Law Modernisation Act, which entered into force on 29 May 2009 (Bilanzsrechtsmodernisierungsgesetz; hereinafter: BilMoG) were applied for the first time in the annual financial statements for the 2010 financial year, in accordance with Article 66 (3) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB). The company made no use of the option to apply these rules prematurely (Article 66 (3) sentence 6 EGHGB).

Due to first-time application of the BilMoG, 'Deferred tax liabilities' was added as an item to the balance sheet layout. In the income statement, 'of which for income from currency translation' was added to the 'Other operating income' item as a result of the changes brought about by the BilMoG. Analogously, 'of which for expenses from currency translation' was added to the 'Other operating expenses' item.

Due to first-time application of the BilMoG, changes resulted in foreign currency translation, in the presentation of treasury stock and in the recognition of deferred tax liabilities. Prior-year figures were not adjusted by first-time application, pursuant to Article 67 (8) sentence 2 EGHGB.

The other accounting policies remained unchanged compared to the year before.

2.2 RECOGNITION AND MEASUREMENT

Intangible assets are measured at cost and reduced by straight-line amortisation (proportionately in the year of addition).

The recognised goodwill from bringing in the Ticketing business is subject to systematic straight-line amortisation over the estimated useful life of 15 years, as the earnings prospects will have an effect over this period of time. The trademark right obtained by acquiring the 'getgo.de' Internet portal in the year 2002 is amortised over a period of ten years. The distribution rights obtained in 2006 by acquiring CTS Eventim Sports GmbH, Hamburg, are amortised over a period of five years. The

‘Global Ticketing System’ capitalised in the year 2007 in the course of implementing international requirements is amortised over a useful life of twelve years.

Property, plant and equipment are measured at cost, including ancillary expenses, minus systematic depreciation.

Shares in affiliated companies and **participations** are measured at cost, including ancillary expenses.

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

Receivables and other assets are measured 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.

Cash and cash equivalents are carried at their nominal value on the balance sheet date.

Prepaid expenses includes payments made before the closing date that represent expenses for a specific period after the closing date.

Shareholders’ equity is measured at nominal value.

Provisions are recognised at the settlement amount and are formed in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement.

Liabilities are recognised at their redemption value.

Deferred tax liabilities are recognised by first-time application of the BilMoG to account for differences in the accounting policies governing the commercial balance sheet and the fiscal balance sheet.

2.3 CURRENCY TRANSLATION

Short-term foreign currency receivables, other assets, cash and cash equivalents and short-term foreign currency liabilities were measured using the middle spot market price as at the balance sheet date.

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

3.1 BALANCE SHEET

STATEMENT OF CHANGES IN ASSETS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2010 (HGB)

	Historical cost				
	01.01.2010	**Addition**	**Disposal**	**Reclas-sification**	**31.12.2010**
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	35,873,370	2,391,357	0	273,548	38,538,275
2. Goodwill	4,906,054	0	0	0	4,906,054
3. Payments on account	725,214	540,007	0	-273,548	991,673
	41,504,638	**2,931,364**	**0**	**0**	**44,436,002**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	232,969	0	0	0	232,969
2. Technical equipment and machinery	572,445	0	0	0	572,445
3. Other facilities, operating and office equipment	8,776,197	789,850	26,951	0	9,539,096
	9,581,611	**789,850**	**26,951**	**0**	**10,344,510**
III. Investments					
1. Shares in affiliated companies	60,439,087	170,927,576	4,454,607	0	226,912,056
2. Loans due to affiliated companies	0	11,259,738	0	0	11,259,738
3. Participations	574,835	0	0	0	574,835
	61,013,922	**182,187,314**	**4,454,607**	**0**	**238,746,629**
Total	**112,100,171**	**185,908,528**	**4,481,558**	**0**	**293,527,141**

Accumulative depreciation and amortisation				Carrying value	
01.01.2010	Addition	Disposal	31.12.2010	31.12.2010	31.12.2009
[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
26,462,842	2,428,664	0	28,891,506	9,646,769	9,410,528
3,434,239	327,070	0	3,761,309	1,144,745	1,471,815
0	0	0	0	991,673	725,214
29,897,081	**2,755,734**	**0**	**32,652,815**	**11,783,187**	**11,607,557**
68,219	34,214	0	102,433	130,536	164,750
429,337	114,486	0	543,823	28,622	143,108
6,990,940	633,235	20,462	7,603,713	1,935,383	1,785,257
7,488,496	**781,935**	**20,462**	**8,249,969**	**2,094,541**	**2,093,115**
0	0	0	0	226,912,056	60,439,087
0	0	0	0	11,259,738	0
0	0	0	0	574,835	574,835
0	**0**	**0**	**0**	**238,746,629**	**61,013,922**
37,385,577	**3,537,669**	**20,462**	**40,902,784**	**252,624,357**	**74,714,594**

The EUR 185.908 million in additions to **assets** relate to additions to intangible assets (EUR 2.931 million), to property, plant and equipment (EUR 790 thousand) and to investments (EUR 182.187 million). The additions to intangible assets result primarily from further development of the Global Ticketing System (EUR 2.736 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System and for connecting ticket offices to the Global Ticketing System (EUR 665 thousand). The additions to investments in the reporting year relate to newly acquired shares in subsidiaries (EUR 135.724 million) and to increases in the carrying values of participations due to share capital increases in subsidiaries (EUR 35.203 million). The additions to loans due to affiliated companies relate to the takeover of receivables from former shareholders in a company acquired in the reporting year (EUR 11.260 million).

Receivables and other assets amounting to EUR 1.185 million (prior year: EUR 2.380 million) have a remaining term of between one and five years.

Receivables from affiliated companies include trade receivables amounting to EUR 2.909 million (prior year: EUR 3.533 million).

Receivables from participations include trade receivables amounting to EUR 156 thousand (prior year: EUR 32 thousand).

Prepaid expenses mainly comprise EUR 3.309 million in prepaid financing expenses (prior year: EUR 0), EUR 58 thousand in commission expenses (prior year: EUR 29 thousand), EUR 86 thousand in maintenance expenses (prior year: EUR 43 thousand) and EUR 33 thousand in promotion expenses (prior year: EUR 61 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 closing date, **authorised capital** amounted to EUR 12,000,000 (authorised capital 2009). It is granted until 13 May 2014. By resolution of the Shareholders' Meeting on 14 May 2009, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 13 May 2014, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 12,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights in certain cases, subject to Supervisory Board approval. 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 12 May 2010, 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 the date of resolution, by 11 May 2015, 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 bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

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

Treasury stock remained unchanged in 2010. This item involves 2,175 shares that were purchased on 31 July 2007 at a price of EUR 28.99 per share. They represent 0.009% or EUR 2.175 of the registered share capital. In the context of first-time application of the recognition and measurement rules according to the BilMoG, the arithmetic par value of treasury stock had to be clearly distinguished from the subscribed capital. The difference between the par value and the fair value on the balance sheet date was offset against the balance sheet profit. The reversal of **reserves for treasury stock** that was required in this connection was likewise offset against the balance sheet profit.

Deferred tax liabilities had to be formed due to first-time application of the BilMoG, which had to be likewise offset against the balance sheet profit.

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

	31.12.2010 [EUR'000]	31.12.2009 [EUR'000]
Balance sheet profit as at 31 December 2009/2008	63,207	49,983
Recognition of deferred tax liabilities	-44	0
Offset of par value difference in treasury stock	-61	0
Changes in reserves for treasury stock	63	-11
Net income for the year 2010/2009	26,170	27,874
	89,335	**77,846**
Dividends 2010/2009	-19,918	-14,639
Balance sheet profit as at 31 December 2010/2009	**69,417**	**63,207**

Other provisions include EUR 1.663 million in provisions for personnel expenses (prior year: EUR 1.421 million), EUR 153 thousand for legal, consultancy and litigation expenses (prior year: EUR 48 thousand), EUR 2.139 million for outstanding supplier invoices (prior year: EUR 1.295 million), EUR 804 thousand for outstanding commission (prior year: EUR 2.012 million), EUR 110 thousand for outstanding credit notes (prior year: EUR 90 thousand), EUR 80 thousand for Supervisory Board emoluments (prior year: EUR 72 thousand), and EUR 267 thousand for accounting and auditing expenses (prior year: EUR 270 thousand).

Liabilities to affiliated companies relate with EUR 1.099 million (prior year: EUR 532 thousand) to trade payables.

Liabilities to participations consist entirely of trade payables amounting to EUR 25 thousand (prior year: EUR 0).

The residual terms of the liabilities as at 31 December 2010 are shown in the following statement of liabilities:

Statements of liabilities	**Total**	**Remaining term**			
		Due within 1 year	Due between 1 year and 5 years	Due > 5 years	1) from taxes 2) or social security
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**
Liabilities to banks	149,000,000 (2009: EUR 4.500 m)	500,000 (2009: EUR 0.500 m)	105,642,864 (2009: EUR 4.000 m)	42,857,136 (2009: EUR 0 m)	
Trade payables	7,536,270 (2009: EUR 4.792 m)	7,536,270 (2009: EUR 4.792 m)			
Liabilities to affiliated companies	2,178,343 (2009: EUR 0.532 m)	2,178,343 (2009: EUR 0.532 m)			
Liabilities to participations	25,572 (2009: EUR 0 m)	25,572 (2009: EUR 0 m)			
Other liabilities	51,861,395 (2009: EUR 73.127 m)	51,861,395 (2009: EUR 73.127 m)			1) 1,533,001 (2009: EUR 1.881 m) 2) 713 (2009: EUR 0.002 m)
Total liabilities	**210,601,580**	**62,101,580**	**105,642,864**	**42,857,136**	

Other liabilities, at EUR 51.861 million, mainly comprise liabilities in respect of ticket monies that have not yet been invoiced (EUR 46.296 million; prior year: EUR 68.119 million). The liabilities in respect of ticket monies that have not yet been invoiced result primarily from pre-sales for future events and tours. The liabilities in respect of ticket monies that have not yet been invoiced are offset by bank balances and by receivables in respect of outstanding ticket monies, as stated under other assets. Other liabilities include EUR 2.113 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (prior year: EUR 15.065 million).

The **deferred tax liabilities** result from different accounting policies governing the recognition of participations in affiliated companies in the commercial balance sheet and the fiscal balance sheet. Measurement of deferred taxes is based on an effective taxation rate of 31.23%, obtained from a corporate tax rate of 15.00% plus a solidarity supplement of 5.50% on corporation tax, and a municipal trade tax rate of 15.40%.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	69,218	68,619	599
Licence Fees	6,253	4,464	1,789
Other revenue			
Data line charges	2,668	2,719	-51
System rental / maintenance / installation	2,930	4,010	-1,080
Sales of merchandise	486	837	-351
Package tours	808	1,517	-709
Other	3,985	2,911	1,074
	86,348	**85,077**	**1,271**

EUR 7.686 million of total revenue was generated in foreign countries.

Material expenses comprised the following items pursuant to § 275 (2) 5 HGB:

Material expenses (according to type of expenditure method)	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	1,103	1,342	-239
Cost of purchased services	32,721	31,372	1,349
	33,824	**32,714**	**1,110**

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

Personnel expenses (according to type of expenditure method)	2010	2009	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	10,148	8,435	1,713
Social security contributions and expenses for pension and employee support	1,209	993	216
	11,357	**9,428**	**1,929**

The **selling expenses** for the 2010 financial year include EUR 327 thousand in full amortisation of goodwill (prior year: EUR 327 thousand), EUR 99 thousand in proportional depreciation and amortisation (51%) of the trademark rights for the 'getgo.de' Internet portal acquired (prior year: EUR 99 thousand), as well as EUR 536 thousand of distribution rights (prior year: EUR 536 thousand), software (EUR 603 thousand; prior year: EUR 518 thousand) and property, plant and equipment

(EUR 399 thousand; prior year: EUR 465 thousand). The remaining amount of proportional depreciation and amortisation (49%) of property, plant and equipment and intangible assets is allocated to cost of sales or administrative expenses.

Other operating income includes EUR 457 thousand in non-periodic income from the reversal of provisions (prior year: EUR 418 thousand), EUR 464 thousand in income from written-off liabilities (prior year: EUR 17) and EUR 21 thousand in retroactive refunds (prior year: EUR 45 thousand).

Other operating expenses include EUR 24 thousand in non-periodic expenses from follow-up invoices (prior year: EUR 58 thousand).

The EUR 4.883 million in **income from participations** are generated entirely by affiliated companies (prior year: 3.784 million).

Other interest and similar income includes EUR 573 thousand in income from affiliated companies (prior year: EUR 382 thousand).

Interest and similar expenses includes expenses of affiliated companies amounting to EUR 72 thousand (prior year: EUR 0).

Income taxes include EUR 4.633 million in municipal trade tax (prior year: EUR 5.691 million), EUR 4.372 million in corporation tax (prior year: EUR 5.538 million) and EUR 241 thousand in solidarity supplement to corporation tax for the 2010 financial year (prior year: EUR 304 thousand). Taxes on income also include foreign withholding tax expenses (EUR 68 thousand) and non-periodic expenses for retrospective tax payments for previous years (EUR 51 thousand).

Other taxes amounting to EUR -114 thousand (prior year: EUR 5 thousand) comprise vehicle tax expenses (EUR 6 thousand) and EUR 121 thousand in income from refunded sales tax for previous years.

In accordance with § 158 AktG, reconciliation of the net income for the year with the balance sheet profit is as follows:

	31.12.2010 [EUR'000]	31.12.2009 [EUR'000]
Net income for the year	26,170	27,874
Profit carried forward	43,245	35,344
Offset of par value difference in treasury stock	-61	0
Changes in reserves for treasury stock	63	-11
Balance sheet profit	**69,417**	**63,207**

The EUR 43.289 million profit carried forward in the prior year was reduced by EUR 44 thousand to EUR 43.245 million in compliance with the German accounting legislation governing the transition to recognition of deferred tax liabilities not through profit and loss, by first-time application of the new accounting rules according to BilMoG.

Of the balance sheet profit for the previous year, at EUR 63.207 million, EUR 19.918 million were distributed to shareholders and EUR 43.289 million were carried forward to the new account.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the balance sheet date, CTS Eventim Solutions GmbH has no liabilities to banks. CTS AG also bears liability for EUR 5.000 million in credit lines granted by banks to subsidiaries of the Swiss Ticketcorner Group. As at the closing date, the credit lines had not been availed of by the subsidiaries. As at the balance sheet date, there is therefore no risk of claims against CTS AG due to its liability for loan liabilities of CTS Eventim Solutions GmbH and the Ticketcorner Group.

Following acquisition of the Ticketcorner Group, the company also bears liability for up to a maximum of CHF 26.000 million owed to banks by Eventim CH AG, Zurich. The debts owed to banks by Eventim CH AG amount to CHF 52.000 million as at the balance sheet date. Due to the positive earnings performance expected of the Ticketcorner Group, it is assumed that Eventim CH AG as holding company will be able to honour its obligations. No demands on CTS AG due to the assumption of liability are therefore expected. As further collateral for these liabilities, CTS AG has pledged its shares, which amount to 50% of the share capital of Eventim CH AG, to the bank. For the aforementioned reasons, it is not expected that any claims will be made against the pledge.

Contingent liabilities amounting to EUR 4.799 million, as at the closing date, derive from bank guarantees granted on behalf of CTS AG for a subsidiary in the Live Entertainment segment to safeguard contractual obligations. No claims are expected, as the subsidiary will be able to honour its contractual obligations with revenue from ticket pre-sales, which compensates for the guarantee commitment.

The company also bears contingent liability for obligations owed by Eventim UK Ltd. to a service provider. As at the balance sheet date, Eventim UK Ltd. has no liabilities to the service provider, so there is no risk of claims as at that date.

As at the closing date, there were other financial liabilities amounting to EUR 7.330 million (prior year: EUR 34.175 million). Of that total, EUR 4.501 million (prior year: EUR 26.204 million) have a maturity of one year or less. These obligations are partly conditional bids amounting to EUR 1.931 million (prior year: EUR 1.837 million) that CTS AG made in order to acquire additional shares in subsidiaries. The obligation resulting from conditional purchase offers relates to put options that have not yet been exercised. Other financial obligations relating to short- and medium-term rental and lease contracts and other contractual agreements amount to a further EUR 5.399 million (prior year: EUR 6.499 million). Of that total, EUR 2.569 million (prior year: EUR 2.291 million) have a maturity of one year or less. Future rental obligations account for EUR 4.259 million (prior year: EUR 5.576 million), leasing obligations for EUR 198 thousand (prior year: EUR 260 thousand) and other obligations for EUR 942 thousand (prior year: EUR 663 thousand). The other financial commitments are EUR 91 thousand to affiliated companies (prior year: EUR 77 thousand).

4.2 APPROPRIATION OF EARNINGS

In the 2010 financial year, CTS AG generated EUR 26.170 million in net income according to the German Commercial Code. The Management Board and the Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 20.878 million (EUR 0.87 per eligible share) be distributed, and that the remaining EUR 5.292 million be carried forward to the new account.

4.3 LIST OF PARTICIPATIONS

A list of shareholdings is published on the company's website.

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
– Chief Financial Officer –

Dipl.-Betriebswirt Alexander Ruoff, Bremen,
– Chief Operating Officer –

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	1,000,000	298	300,000	1,300,298
Volker Bischoff	350,000	12,135	105,000	467,135
Alexander Ruoff	350,000	10,529	105,000	465,529
	1,700,000	**22,962**	**510,000**	**2,232,962**

The members of the Supervisory Board in the 2010 financial year were as follows:

Edmund Hug, Businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:
- schlott gruppe AG, Freudenstadt
- Scholz AG, Aalen

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –
Other supervisory board memberships:
- Wall AG, Berlin (until 25 January 2010)
- Vattenfall Europe AG, Berlin

Horst R. Schmidt, Treasurer of the German Football Association, Aschaffenburg (until 17 September 2010)
No other supervisory board memberships

Dr. Bernd Kundrun, Businessman, Hamburg (from 4 November 2010)
Other supervisory board memberships:
- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 9 thousand for the 2010 financial year.

4.5 EMPLOYEES

On average, 154 persons were employed by the company during the year (prior year: 140). 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 and made permanently available to the shareholders on the company's website (http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/correspondingDeclaration).

4.7 PARTICIPATING PERSONS

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

FIL Holdings Limited, Kent, England, UK, notified the company on 17 May 2010 that its share of voting rights in CTS AG exceeded the 3% threshold on 2 January 2009 and amounted on the latter date to 4.93%, and that these voting rights are allocated to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.4%, and that these voting rights are allocated to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investment Management Limited, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.45%, and that these voting rights are allocated to FIL Investment Management Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Kent, England, UK, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.4%, and that these voting rights are allocated to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified the company on 12 May 2010 that its share of voting rights in CTS AG fell below the 3% threshold on 7 May 2010 and amounted on the latter date to 2.45%, and that 0.05% thereof are allocated to FIL Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG and 2.4% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 WpHG

Tremblant Holdings LLC, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Holdings LLC in accordance with § 22 (1) sentence 1, no. 1 WpHG.

Tremblant Capital LP, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Capital LP in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Tremblant Capital LLC, New York, USA, notified the company on 25 May 2010 that its share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Tremblant Capital LLC in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 April 2010 and amounted on the latter date to 5.11%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (1) sentence 1, no. 6 WpHG and 4.98% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 14 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 11 May 2010 and amounted on the latter date to 4.97%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (2) sentence 1, no. 6 WpHG and 4.84% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 April 2010 and amounted on the latter date to 7.89%, and that these voting rights (7.89%) are allocated in their entirey to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Columbia Wanger Asset Management LLC, Chicago, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 12 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 30 April 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Columbia Wanger Asset Management LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company on 10 June 2010, correcting its notification of voting rights on 14 May 2010, that its share of voting rights in CTS AG fell below the 5% threshold on 11 May 2010 and amounted on the latter date to 4.97%, and that 0.13% thereof are allocated to Columbia Management Investment Advisers in accordance with § 22 (1) sentence 1, no. 6 WpHG and 4.84% thereof to said company in accordance with § 22 (1) sentence 1 no. 6 in combination with § 22 (1) sentence 2 WpHG.

Tremblant Partners Master Fund LP, Camana Bay, Grand Cayman,Cayman Islands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 4 August 2010 and amounted to 3.05% on the latter date.

Tremblant Partners Ltd., Camana Bay, Grand Cayman, Cayman Islands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 4 August 2010 and amounted on the latter date to 3.05%, and that these voting rights are allocated to Tremblant Partners Ltd. in accordance with § 22 (1) sentence 1, no. 2 WpHG. Voting rights are allocated to it by the following shareholders whose voting rights in CTS AG amount to 3% or more: Tremblant Partners Master Fund L.P.

Mr Brett Barakett, USA, notified the company that his share of voting rights in CTS AG fell below the 5% threshold on 18 May 2010 and amounted on the latter date to 4.98%, and that these voting rights (4.98%) are allocated in their entirety to Mr Brett Barakett in accordance with § 22 (1) sentence 1, no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG, and also in accordance with § 22 (1) sentence 1 no. 1 WpHG. The voting rights allocated in accordance with § 22 (1) sentence 1 no. 1 WpHG are held by the following entities controlled by him and whose voting rights in CTS AG amount to 3% or more: Tremblant Holdings LLC.

Tremblant Partners Master Fund LP, Camana Bay, Grand Cayman,Cayman Islands, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 31 December 2010 and amounted to 2.99% on the latter date.

Tremblant Partners Ltd., Camana Bay, Grand Cayman, Cayman Islands, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 31 December 2010 and amounted on the latter date to 2.99%, and that these voting rights (2.99%) are allocated in their entirety to Tremblant Partners Ltd. in accordance with § 22 (1) sentence 1, no. 2 WpHG.

ING Groep N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Groep N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG.

Allocated voting rights are held by the following entities controlled by ING Groep N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V. Nationale-Nederlanden Nederland B.V.

ING Verzekeringen N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Verzekeringen N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1 no. 1 WpHG.

Allocated voting rights are held by the following entities controlled by ING Verzekeringen N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V.

Nationale-Nederlanden Nederland B.V., 'S-Gravenhage, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to Nationale-Nederlanden Nederland B.V in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1 no. 1 WpHG.

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to ING Re Holding (Netherlands) B.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1 no. 1 WpHG.

ING Re (Netherlands) N.V., Den Haag, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.98% thereof are allocated to ING Re (Netherlands) in accordance with § 22 (2) WpHG.

ING Levensverzekering Retail N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.94% thereof are allocated to ING Levensverzekering Retail N.V., in accordance with § 22 (2) WpHG.

ING Schadeverzekering Retail N.V., Amsterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.07% thereof are allocated to ING Schadeverzekering Retail N.V., in accordance with § 22 (2) WpHG.

Movir N.V., Nieuwegein, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.06% thereof are allocated to Movir N.V., in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Levensverzekering Maatschappij N.V., Rotterdam, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 0.59% thereof are allocated to Nationale-Nederlanden Levensverzekering Maatschappij N.V., in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Schadeverzekering Maatschappij N.V., Den Haag, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that these voting rights are allocated in their entirety to Nationale-Nederlanden Schadeverzekering Maatschappij N.V., in accordance with § 22 (2) WpHG.

RVS Levensverzekering N.V., Ede, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 2.80% thereof are allocated to RVS Levensverzekering N.V., in accordance with § 22 (2) WpHG.

RVS Schadeverzekering N.V., Ede Gld, the Netherlands, notified the company that its share of voting rights in CTS AG exceeded the 3% threshold on 11 February 2011 and amounted on the latter date to 3.09%, and that 3.08% thereof are allocated to RVS Schadeverzekering N.V., in accordance with § 22 (2) WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, holds 50.07% of the voting rights in the company as at 31 December 2010.

4.8 AUDITOR EXPENSES

Disclosure of the fees paid to the company's auditor is waived because these details are provided in item 18 of the consolidated financial statements.

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, 23 March 2011

CTS EVENTIM AG

Klaus-Peter Schulenberg	Volker Bischoff	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 bookkeeping system, and the management report, which is combined with the group management report, of the CTS EVENTIM Aktiengesellschaft, Munich, for the business year from January 1, 2010 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the 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 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 books and records, the annual 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 accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the 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, 23 March 2011

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Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian	ppa. Aloys Deeken
Wirtschaftsprüfer	Wirtschaftsprüfer
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