ANNUAL REPORT 2014

eventim

KEY GROUP FIGURES

	2014	2013	Change
	[EUR'000]	[EUR'000]	[in %]
Revenue	690,300	628,349	9.9
EBITDA	154,584	133,876	15.5
EBITDA margin	22.4%	21.3%	1.1 pp
EBIT	126,221	110,924	13.8
EBIT margin	18.3%	17.7%	0.6 pp
Normalised EBITDA	155,839	136,262	14.4
Normalised EBIT before amortisation from purchase price allocation	138,553	123,693	12.0
Normalised EBITDA margin	*22.6%*	*21.7%*	*0.9 pp*
Normalised EBIT margin before amortisation from purchase price allocation	*20.1%*	*19.7%*	*0.4 pp*
Non-recurring items [1]	1,255	2,387	-47.4
Amortisation resulting from purchase price allocation	11,077	10,383	6.7
Earnings before tax (EBT)	121,422	104,506	16.2
Net income after non-controlling interest	76,676	61,142	25.4
Cash flow	114,378	90,630	26.2
	[EUR]	[EUR]	
Earnings per share[2], undiluted (= diluted)	0.80	0.64 [4]	
	[Qty.]	[Qty.]	
Number of employees [3]	2,117	1,774	
Of which temporary	(373)	(269)	

[1] Cf. page 32 for non-recurring items
[2] Number of shares: 96 million
[3] Number of employees at end of year (active workforce)
[4] Adjusted figure calculated on the basis of 96 million shares after share capital increase unsing own funds

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

we added an additional chapter to the CTS EVENTIM success story in the 2014 financial year. We increased the Group's revenue and earnings significantly year-on-year and continued to expand our leadership in the European market, despite the difficult economic situation in some countries. Our growth strategy is not limited just to our established markets. Thanks to strategic acquisitions in new markets, we were able to strengthen our position once again in 2014.

Our innovative business model, with the complementary Ticketing and Live Entertainment segments, forms the foundation of the sustainable growth of CTS EVENTIM. We continue to record major sales increases in the highly profitable online ticketing business in particular. Our ticketing system, which is one of the world's most advanced, is the basis of this success. We are constantly developing new apps and online services based on this leading IT platform.

REPEATED RISE IN GROUP REVENUE AND EARNINGS

The business model of CTS EVENTIM proved once more to be sustainable, crisis-resistant and profitable, as the revenue and EBITDA growth rates of +9,9% to EUR 690 Mio. and +15,5% to EUR 155 Mio. respectively demonstrate. Our stable financial foundation allows us to consistently advance our ticket distribution platform and expand our market share in Germany and abroad through strategic takeovers. The company's continued success also benefits shareholders – in the form of sustained growth in share value and regular dividend distributions.

ONLINE TICKETING PAYS OFF

In the past financial year, we increased the number of tickets sold online to 30.7 million (+28.9%) in established and new markets. A total of well over 100 million tickets are sold annually via the EVENTIM systems. Online ticketing has become the most important sales channel alongside the tickets sold through around 20,000 box offices throughout Europe. Since value added in internet sales is significantly higher than in box office sales, CTS EVENTIM plans to sell more than half of its total ticket volume online in the medium term.

MAXIMUM SERVICES FOR A PERFECT LIVE EXPERIENCE

To promote customer loyalty, CTS EVENTIM today offers event visitors more than just admission tickets. Innovative services such as interactive seating plans with 360-degree all-round views allow online ticket buyers to choose the perfect seats by checking the view of the stage in advance. Services such as print@home/ticketdirect, which lets customers print tickets at home from their own PCs, and the ability to save and display tickets directly on smartphones make buying tickets easy and convenient. In addition, CTS EVENTIM offers patented, specially designed FanTickets – a special souvenir of major live experiences – for most major events. Admission to venues is also a breeze today thanks to the modern EVENTIM systems, which use barcodes, RFID chips and smartphones. Our online services are also available for mobile devices. We are constantly at work improving and updating the reliable and easy-to-use EVENTIM apps for iPhone and Android that are already installed on millions of devices.

GROWING MARKET SHARE THANKS TO STRATEGIC ACQUISITIONS

CTS EVENTIM continued expanding its leadership in the European ticketing market in 2014 through targeted acquisitions. We acquired and successfully integrated ticketing companies from the Stage Entertainment Group in Spain, the Netherlands and France as well as the ticketing distribution in Russia. The acquisition of a 50% stake in the legendary ice-skating show Holiday on Ice, one of the most famous entertainment brands in the world, allowed us to continue broadening our basis in Live Entertainment. Our Italian subsidiary TicketOne S.p.A., Milan, significantly expanded its position in football ticketing as well as its leadership in the Italian market by taking over its competitor Listicket (the ticketing business of G-Tech/Lottomatica).

STRONG VENUES COMPLEMENT THE LIVE ENTERTAINMENT SEGMENT

Our venues – the Waldbühne in Berlin, the Lanxess Arena in Cologne and the Eventim Apollo theatre in London – make us a major international provider today and we remain the market leader in Continental Europe as well as the third-largest provider worldwide in the Live Entertainment segment.

We signed a new long-term lease agreement for the Waldbühne with the German state of Berlin and we will continue to add to the success story of Europe's leading open-air theatre in 2015. More than 200,000 people visited the Waldbühne in 2014, and viewers can expect a rich and varied program with numerous German and international highlights in 2015.

One of the highlights of the past financial year at the Eventim Apollo theatre in London was the spectacular come-back of international star Kate Bush, who returned to the stage for the first time in 35 years. The international media coverage of the 22 concerts given by the 1980s icon, which sold out within minutes, raised the profile of the already legendary Eventim Apollo even further.

The comparatively moderate revenue growth of 3.6% in the Live Entertainment segment was the result of additional revenue from the increase in the number of consolidated companies in Switzerland in 2013, whereas a lower volume of events due to the Football World Cup led to lower revenue.

SPORT TICKETING REMAINS ON THE PATH TO SUCCESS

CTS EVENTIM remains a popular and valued ticketing partner in international sport. In early 2014, the Group had the opportunity to prove once again its technical and operational expertise by providing successful and smooth ticketing for the Winter Olympic Games in Sochi, Russia. Since September 2014, we are the exclusive ticket service provider for the XXXI Olympic Games in Rio de Janeiro, with around 9 million tickets. Rio 2016 is also a major step in CTS EVENTIM's entry into the key Latin American market. The Organising Committee of the 2017 IIHF Ice Hockey World Championship in Germany and France has also opted for CTS EVENTIM as its official ticketing partner.

CTS EVENTIM currently cooperates with more than 100 clubs, associations and sports promoters, including a number of German National League football clubs that use our ticketing platforms. Outside of Germany, CTS EVENTIM is expanding in the Sport Ticketing segment in Italy through Listicket, which is specialised in the sports market.

The diversity of our product range – with over 200,000 sports, music and cultural events each year – is unique in Europe. The quality and performance of our ticketing systems are in a class of their own worldwide. This excellent market position is mainly the product of our employees' commitment and untiring dedication. We will continue this path in future and will keep working constantly on improving our services, with our customers' needs to guide us at all times. This will remain the foundation on which our sustainable and profitable growth is built.

Yours sincerely,

Klaus-Peter Schulenberg
Chief Executive Officer

EVENTIM Management AG,
general partner of
CTS EVENTIM AG & Co. KGaA

Edmund Hug
Chairman

2. REPORT BY THE SUPERVISORY BOARD

REPORT BY THE SUPERVISORY BOARD OF CTS EVENTIM AG & CO. KGaA (HEREINAFTER: CTS KGaA) 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 2014 TO 31 DECEMBER 2014.

The legal form of the company was changed into a partnership limited by shares (KGaA) by resolution of the Annual Shareholders' Meeting on 8 May 2014. This resolution to change the legal form took effect upon entry into the commercial register of the district court of Munich on 30 June 2014. In accordance with § 203 sentence 1 German Transformation Act (UmwG), the members of the CTS EVENTIM AG Supervisory Board will remain in office for the rest of their elected terms as members of the Supervisory Board of CTS KGaA following the change in legal form.

I. Mr. Edmund Hug (Oberstenfeld), Prof. Jobst W. Plog (Hamburg) and Dr. Bernd Kundrun (Hamburg) were the members of the Supervisory Board of the company during the reporting year. 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 fulfilled its responsibilities as required by law and the articles of association. It was regularly informed by the Management Board of the general partner of CTS KGaA, EVENTIM Management AG, Hamburg, Germany (hereinafter: corporate management), promptly and extensively, both in writing and verbally, about all issues relevant for corporate planning and strategic development, about the progress of business activities and about the situation of the Group, including risks and risk management. The Supervisory Board regularly provided corporate management with advice concerning the management of the company and monitored how the company and the 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 corporate management's reports and resolutions to the extent required by law and by the provisions of the articles of association. The activities of the Supervisory Board during the reporting year also included close involvement in the change of the company's legal form into a partnership limited by shares and acquisitions made by the company as well as providing advice and giving its on consent for such measures whenever required to do so. Decisions were also made using the written procedure, whenever so required.

The Supervisory Board was kept informed by corporate management not only at Supervisory Board meetings, but also outside of such meetings, such as in the case of transactions of special importance or urgency. In the reporting year, the Supervisory Board met on 25 March 2014 ("financial statements meeting"), 7 May 2014, 26 August 2014 and on 18 November 2014. Corporate management also took part in these meetings and had an opportunity to comment on transactions of importance for the company.

On the basis of the submitted reports and other information, the Supervisory Board examined the general business development of the company and its subsidiaries and placed a special focus on the achievement of the budgeted key performance indicators for revenue and earnings as well as the development of cash flow and the main projects of the company and the Group.

III. At the company's Annual Shareholders' Meeting held in Hamburg, Germany, on 8 May 2014, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Osnabrück, Germany, was chosen to audit the annual financial statements as at 31 December 2014 and the consolidated financial statements as at 31 December 2014. The audit mandate was duly granted by the Chairman of the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2014 annual financial statements, the 2014 consolidated financial statements, the combined management report and the respective audit reports were submitted by the general partner to the Supervisory Board in a timely manner and were examined by the Supervisory Board.

At the Supervisory Board meeting on 24 March 2015, corporate management and the Supervisory board discussed in detail the annual financial statements and the consolidated financial statements for 2014, as well as the combined management report and the general partner's proposal for appropriation of profits. The Supervisory Board was able to confer with the auditor, who also attended the meeting.

The annual financial statements were prepared by the general partner in compliance with the statutory regulations and were issued with unqualified audit opinions by the auditor.

According to the conclusive findings of its examination, the Supervisory Board raises no objections to the annual financial statements prepared by corporate management and recommends that the Annual Shareholders' Meeting approve the annual financial statements. The Supervisory Board also approves the consolidated financial statements prepared by the general partner for the 2014 financial year, to which no objections are raised. The Supervisory Board has reviewed and approved the general partner's proposal for appropriation of the balance sheet profit as it feels it appropriately takes into account the interests of the company and its shareholders.

IV. The general partner has prepared a report on the relationships with affiliated companies for the financial year from 1 January to 31 December 2014 in accordance with § 312 German Stock Corporation Act (AktG). The report states that, judging from the circumstances known at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case and that measures requiring disclosure were neither effected nor waived at the behest or in the interest of affiliated companies within the meaning of § 312 AktG in the 2014 financial year.

The auditing firm provided the following unqualified audit opinion regarding the findings obtained during its 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) the performance rendered by the company in connection with the legal transactions detailed in the report was not unreasonably high.'

The Supervisory Board has likewise examined the dependencies report and concurs with the audit findings. According to the conclusive findings of the Supervisory Board's examinations, no objections are raised against the final declaration by the general partner contained in said report.

V. As part of the change of the company's legal form into a partnership limited by shares, all members of the former Management Board were appointed as members of the Management Board of the general partner, thereby ensuring the professional continuity of corporate management.

VI. Conflicts of interest, as defined by the German Corporate Governance Code, did not arise in connection with the members of the Supervisory Board in the reporting year. On 26 August 2014, the Supervisory Board and the general partner issued their most recently updated joint declaration of compliance with the German Corporate Governance Code, in accordance with § 161 AktG. This declaration was published on the company website at www.eventim.de.

The Supervisory Board would like to thank the corporate management and all of the company's employees for their work in the 2014 financial year.

24 March 2015

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

3. CTS EVENTIM SHARES

In the 2014 financial year, CTS EVENTIM shares outperformed the market by a considerable margin. The rise in market volatility from June 2014 induced by geopolitical risks caused the market trend to take on a negative slant in the third quarter, which resulted in the benchmark DAX index and the SDAX losing some 10% of their value by October 2014 compared to the start of the year. Although CTS EVENTIM shares were unable to completely escape this market trend, they still recorded positive performance until October 2014. Widespread recovery then set in from mid-October. The DAX index managed to recover from its absolute low in mid-October to generate positive full-year performance of 2.7%. The SDAX finished the year on a high, closing up 5.9% on the total development of 2014.

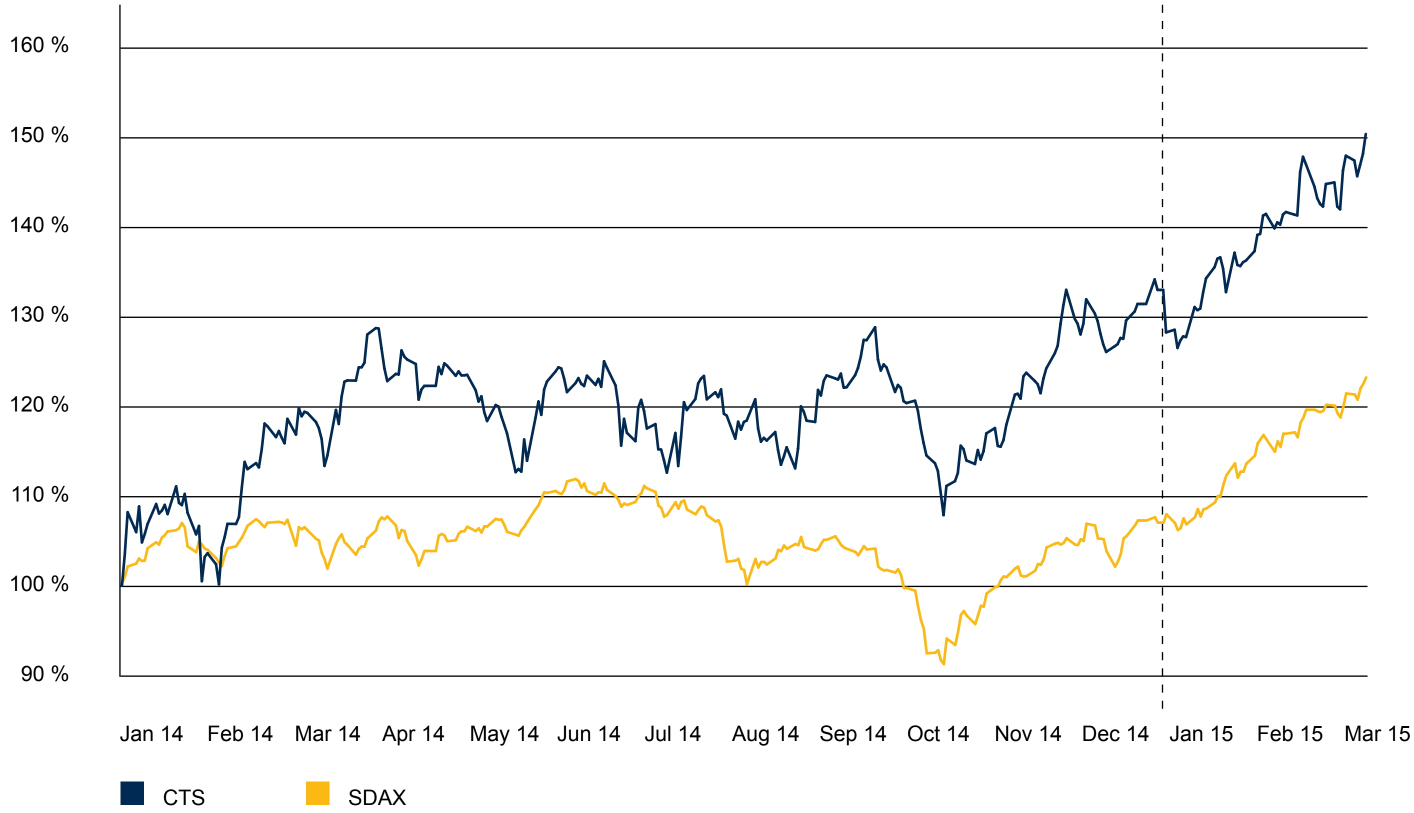
Despite the fact that CTS EVENTIM shares were unable to completely dodge the market fluctuations, significant outperformance was once again recorded in the 2014 financial year compared to the DAX and SDAX indices. In the 2014 reporting period, CTS EVENTIM shares rose in value by 35.1%. This equates to outperformance against the DAX of 32.4% and against the SDAX of 29.2%. CTS EVENTIM shares proved once again to be a reliable investment, not least thanks to the strong annual performance in comparison with market indices and also their disproportionately low level of volatility compared to the benchmark indices.

CTS EVENTIM shares support this reputation as a solid investment not simply with positive price development compared to the market as a whole year after year, but also through a consistent dividend policy. With a reliable distribution ratio of 50% of Group net income, CTS KGaA paid its shareholders a dividend for the eigth year in succession in the 2014 financial year. This means that over EUR 166 million has been paid out in the form of dividends since 2006.

CTS EVENTIM shares repeatedly attract the attention of a variety of bank analysts on account of CTS KGaA's robust business model and its growth profile. Bankhaus Metzler, Berenberg, Commerzbank, DZ Bank and Exane BNP Paribas all recommend buying CTS EVENTIM shares, while Bankhaus Lampe, Deutsche Bank, JPMorgan, M.M. Warburg and NordLB recommend that their customers hold them.

As in the past, CTS KGaA continues to place great value on intensive communication with its shareholders. For this reason, CTS KGaA is represented at a number of different national and international investor conferences, roadshows and individual meetings. Transparent communication with all shareholders is a fundamental component of the CTS KGaA policy, which will be retained moving forward in order to intensify the outstanding existing relationships to national and international shareholders alike.

THE CTS EVENTIM SHARE PRICE (1 JANUARY 2014 TO 13 MARCH 2015 – 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

	2014 EUR	2013 EUR
Earnings per share	0.80	0.64 [1]
Cash flow	114,377,500	90,630,270
High (Xetra)	24.79	19.13 [1]
Low (Xetra)	18.30	12.82 [1]
Year-end-price (Xetra)	24.50	18.41 [1]
Market capitalisation (based on year-end-price)	2,352,000,000	1,766,880,000 [2]
Shares outstanding on 31.12.	96,000,000	48,000,000
Share capital after IPO	12,000,000	12,000,000

[1] Pro forma calculation based on 96 million shares

[2] Adjusted figure calculated on the basis of 48 million shares

4. CORPORATE GOVERNANCE REPORT OF CTS EVENTIM AG & CO. KGaA

CTS EVENTIM AG & Co. KGaA 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 corporate management and Supervisory Board members are shown under section 7.13 and 7.14 in the notes to the consolidated financial statements. Related party disclosures are made under section 7.11 in the notes to the consolidated financial statements. The corporate management 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):

4.1 CORPORATE GOVERNANCE DECLARATION PURSUANT TO § 161 AKTG

The corporate management and Supervisory Board of CTS EVENTIM AG & Co. KGaA submitted the following declaration of compliance with the recommendations of the 'German Government Commission on the German Corporate Governance Code' on 26 August 2014, in accordance with § 161 German Stock Corporation Act (AktG):

'Since submitting the last declaration of compliance, CTS Eventim AG & Co. KGaA (formerly CTS EVENTIM AG) has complied, and complies currently and going forward, with the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) in the version published on 10. June 2013 in the electronic Bundesanzeiger with the exception of the following recommendations:

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

No Supervisory Board committees are formed because the Board consists of only three members. Given this situation, the company does not believe the formation of committees to be 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 reason, the Supervisory Board continues to refrain from specifying concrete objectives regarding its composition (GCGC 5.4.1).

No age limit has been specified by the Supervisory Board as yet for members of the Management Board 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 (GCGC 5.1.2).

The D&O policies for the members of the Supervisory Board do not contain own-risk deductions, since such risk contributions appear to be neither required, nor appropriate, nor reasonable in view of the moderate amount of compensation paid (GCGC 3.8).

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

In addition, CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA) already adheres in large measure to the additional GCGC suggestions regarding good corporate governance.

4.2 OWNERSHIP OF COMPANY SHARES OR FINANCIAL DERIVATIVES RELATING TO SUCH SHARES ON THE PART OF CORPORATE MANAGEMENT AND SUPERVISORY BOARD MEMBERS

As at the closing date for the annual financial statements, 31 December 2014, members of the corporate management and Supervisory Board of CTS KGaA held the following quantities of no-par value bearer shares in the company (ISIN DE0005470306):

	Number of shares [Qty. after increase in share capital]	Share [in %]
Members of the corporate management:		
Klaus-Peter Schulenberg (Chief Executive Officer)	48,194,000	50.202
Volker Bischoff	0	0.000
Alexander Ruoff	8,000	0.008
Members of the Supervisory Board:		
Edmund Hug (Chairman)	19,300	0.020
Prof. Jobst W. Plog	3,900	0.004
Dr. Bernd Kundrun	14,600	0.015

4.3 CHANGES IN COMPANY SHARES OR FINANCIAL DERIVATIVES RELATING TO SUCH SHARES ON THE PART OF CORPORATE MANAGEMENT AND SUPERVISORY BOARD MEMBERS

During the period under review, executive officers of CTS KGaA engaged in the following transactions involving no-par value bearer shares in the company (ISIN DE0005470306):

Name	Position	Transaction	Date	Number of shares (before increase in share capital)
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	27.01.2014	900
Edmund Hug	Member of Supervisory Board	Sale	17.02.2014	2,000
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	19.05.2014	200
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	20.05.2014	600
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	22.05.2014	600

Name	Position	Transaction	Date	Number of shares (after increase in share capital)
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	27.08.2014	500
Edmund Hug	Member of Supervisory Board	Purchase	16.10.2014	4,440

4.4 NOTES TO THE CORPORATE MANAGEMENT COMPENSATION SYSTEM (PART OF COMBINED MANAGEMENT REPORT)

The total amount of compensation paid to members of the corporate management is disclosed annually in the notes to the annual financial statements of the company, and amounted in the 2014 business year to EUR 3.860 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 among others revenue and earnings key figures, which are provided with multi-year bonus and malus incentives. Clearly defined, auditable and relevant success criteria are applicable that are continuously monitored by the Supervisory Board. The members of the corporate management 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 the corporate management, 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 corporate management and which must be disclosed by law are shown in the following table.

Compensation paid to corporate management:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	2,000,000	2,000,000	2,000,000	2,000,000
Ancillary benefits	11,805	12,115	12,115	12,115
Total	**2,011,805**	**2,012,115**	**2,012,115**	**2,012,115**
One-year variable cash remuneration	500,000	400,000	0	400,000
Multi-year variable cash remuneration	0	100,000	0	100,000
Total	**500,000**	**500,000**	**0**	**500,000**
Service costs	0	0	0	0
Total remuneration	**2,511,805**	**2,512,115**	**2,012,115**	**2,512,115**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	17,939	18,093	18,093	18,093
Total	**467,939**	**468,093**	**468,093**	**468,093**
One-year variable cash remuneration	205,000	204,000	0	204,000
Multi-year variable cash remuneration	0	51,000	0	51,000
Total	**205,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**672,939**	**723,093**	**468,093**	**723,093**

Granted Benefits / Allocations*	Volker Bischoff | CFO 2013	2014	2014 (Min)	2014 (Max)
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	20,461	20,180	20,180	20,180
Total	**470,461**	**470,180**	**470,180**	**470,180**
One-year variable cash remuneration	105,000	124,000	0	124,000
Multi-year variable cash remuneration	0	31,000	0	31,000
Total	**105,000**	**155,000**	**0**	**155,000**
Service costs	0	0	0	0
Total remuneration	**575,461**	**625,180**	**470,180**	**625,180**

* The final variable renumerations which are to be paid out are fixed at the time of the preparation of the compensation report

The compensation paid to members of the corporate management include EUR 910 thousand (previous year: EUR 810 thousand) in variable components and EUR 2.950 million (previous year: EUR 2.950 million) in fixed components. Ancillary benefits include, inter alia, company cars.

4.5 WORKING METHODS OF THE CORPORATE MANAGEMENT AND SUPERVISORY BOARD

The corporate management and the Supervisory Board work closely together for the benefit of the company and are in regular contact. At CTS KGaA the Supervisory Board holds four ordinary meetings a year, at regular intervals. The corporate management keeps the Supervisory Board informed in good time of all relevant business developments, plans, potential risks and risk management. The activities of the corporate management and the Supervisory Board are specified in the standing orders. The standing orders of the corporate management 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 corporate management normally meets on a weekly basis. As a rule, its resolutions are adopted by simple majority. The allocation of responsibilities to the members of the Management Boards of the general partner involves three main positions: Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Chief Operating Officer (COO).

5. COMBINED MANAGEMENT REPORT

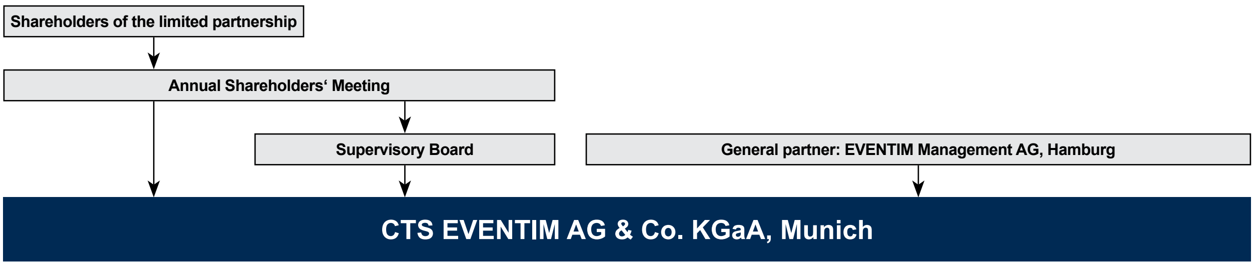
1. CHANGE IN LEGAL FORM

At the Annual Shareholders' Meeting held on 8 May 2014, the shareholders approved the change in legal form of CTS EVENTIM AG (hereinafter: CTS AG) to CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA) with the necessary majority. The change in legal form of CTS AG into a Kommanditgesellschaft auf Aktien (KGaA – partnership limited by shares) does not result in the liquidation of the company nor the establishment of a new legal person, and the company retains its legal and financial identity. At CTS KGaA, the general partner is responsible for managing and representing the company. EVENTIM Management AG, Hamburg (hereinafter: EVENTIM Management AG), was appointed as the general partner and took over the management of CTS KGaA via its Management Board (hereinafter: corporate management). On 30 June 2014, the change in legal form was entered into the commercial register of the district court of Munich.

The following factors speak in favour of the change in legal form:

- the establishment of a structural framework for independent access to the capital market through the separation of corporate governance and capital participation,
- the retention of good corporate governance standards, and
- the continuation of the growth course.

The organisational structure and management systems are as follows after the change in legal form:



The management of CTS KGaA is exercised by EVENTIM Management AG; the representation of EVENTIM Management AG continues to be performed by former CTS AG Management Board members. Previously incumbent members of the CTS AG Supervisory Board also form the first Supervisory Board of CTS KGaA in accordance with § 203 sentence 1 German Transformation Act (UmwG).

The change in legal form has no implications on the management system within CTS KGaA. As before, value-oriented corporate management of CTS KGaA is carried out on the basis of a system of financial indicators with underlying parameters such as revenue, EBITDA, normalised EBITDA, EBIT, normalised EBIT before amortisation from purchase price allocation and EPS.

For more information on the change in legal form, please see page 88 of the notes to the consolidated financial statements.

2. PRELIMINARY STATEMENTS

In addition to the annual financial statements for CTS KGaA in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB), the corporate management has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), complying thereby with all IFRSs and with interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) on the balance sheet date. Consolidated financial statements reflecting applicable HGB principles were not prepared.

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

The accounting policies and consolidation methods are the same as those applied in the consolidated financial statements as at 31 December 2013. The comparative figures in the income statement and the balance sheet relate to the consolidated financial statement as at 31 December 2013.

The CTS Group has applied all the accounting standards that have been adopted by the EU and which are mandatory from 1 January 2014 onwards. The main changes to those standards relate to IFRS 12 'Disclosure of Interests in other entities'.

The purchase price allocation of ABC Production AG, Opfikon, Switzerland, was completed as at 30 June 2014, while the purchase price allocation of CREA Informatica S.r.l., Milan, Italy, was completed according to IFRS 3.45, on 31 October 2014, both in compliance with the twelve-month period. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed, and subsequently revised if necessary. No adjustments needed to be made in respect of the purchase price allocations for both acquisitions. An overview of the fair values of the respective balance sheet positions as at initial consolidation is disclosed in the notes section of the annual report 2013.

3. BUSINESS AND MACROENVIRONMENT
3.1 CORPORATE STRUCTURE AND BUSINESS OPERATIONS
3.1.1 CORPORATE STRUCTURE

The Group operates in the leisure events market with its Ticketing and Live Entertainment segments. CTS KGaA, 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 economic importance. Statements made in respect of the Ticketing segment therefore apply specifically to CTS KGaA as well.

3.1.1.1 CHANGES TO THE GROUP STRUCTURE

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

In the 2014 reporting period, the following changes in the structure of the Group occurred.

TICKETING

In an agreement concluded on 6 March 2014, CTS KGaA (formerly: CTS AG) acquired 100% of the shares in three Stage Entertainment Group ticketing companies. These include See Tickets Nederland B.V., based in Amsterdam, Entradas See Tickets S.A. (hereinafter: Entradas See Tickets), which is based in Madrid, and Top Ticket France S.A.S., based in Paris. At the same time, CTS KGaA also took over the ticket sales for Stage Entertainment in Russia. The total purchase price was around EUR 25 million. In accordance with IFRS 3, the ancillary expenses of EUR 350 thousand were reported as other operating expenses in 2014. The change in company name from Top Ticket France S.A.S., Paris, to CTS Eventim France S.A.S. (hereinafter: CTS Eventim France), Paris, took effect as at 12 November 2014, when the name change was entered in the commercial register.

CTS KGaA (formerly: CTS AG) and CTS Eventim Sports GmbH, Hamburg, founded CTS Eventim Brasil Sistemas e Servicos de Ingressos Ltda., Rio de Janeiro (hereinafter: CTS Eventim Brasil), on 16 May 2014. CTS KGaA holds 70% and CTS Eventim Sports GmbH, Hamburg, holds 30% of shares in CTS Eventim Brasil. Following an international tender, CTS Eventim Brasil has signed a contract as the exclusive ticketing partner with the Organising Committee for the RIO 2016 Olympic Games in Rio de Janeiro.

On 16 July 2014 TicketOne acquired the entire ticketing business (Listicket) of the G-Tech/Lottomatica Group for a purchase price of EUR 13.9 million. Under its Listicket brand, Lottomatica handles the ticketing operations for 12 clubs in the first Italian football league, known as 'Serie A'. Listicket sells a total of more than 5 million tickets annually. In accordance with IFRS 3, the ancillary expenses of EUR 655 thousand were reported as other operating expenses in 2014.

With an agreement concluded on 1 August 2014 CTS KGaA holds 100% of the shares in the newly established JUG Jet Air GmbH & Co. KG, Bremen. The company's purpose is the use and chartering of aircrafts. At the same time JUG Jet Air Verwaltungs-GmbH, Bremen, was appointed as general partner.

The merger of CTS Eventim Nederland B.V., Amsterdam, with See Tickets Nederland B.V., Amsterdam, and the change of the company name from See Tickets Nederland B.V. to CTS Eventim Nederland B.V. (hereinafter: CTS Eventim Nederland) took effect as at 15 December 2014, when the relevant entry was made in the commercial register.

LIVE ENTERTAINMENT

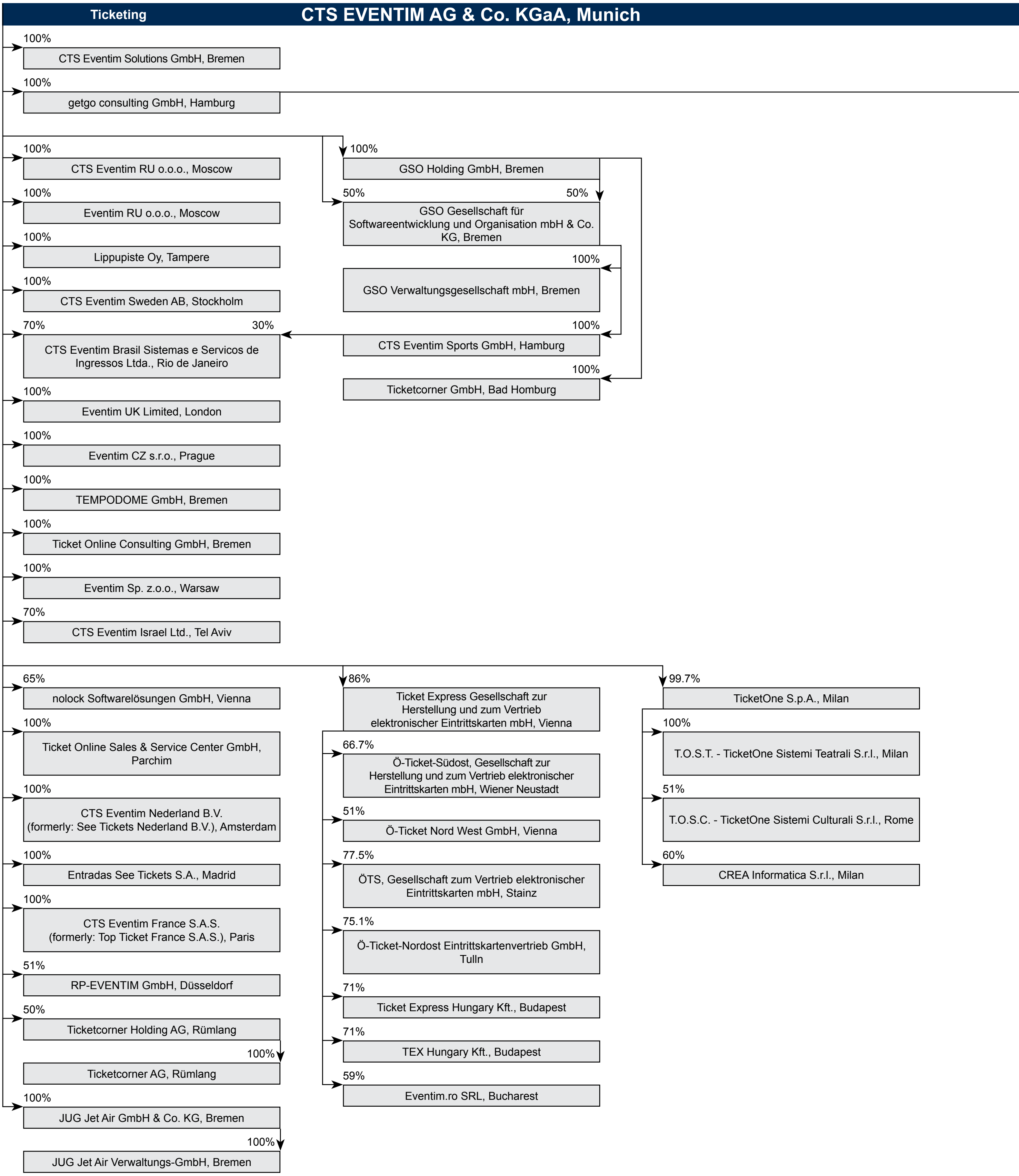
On 2 October 2014, MEDUSA Music Group GmbH, Bremen (hereinafter: MEDUSA), acquired a 50% stake in SETP/HOI Holding B.V., Amsterdam, at a purchase price of EUR 3.2 million. This is a joint venture agreement with Stage Entertainment B.V., Amsterdam. As part of this joint venture, Stage Entertainment B.V., Amsterdam, and the CTS Group will work together closely. The acquisition of one of the most famous live entertainment brands in the world will also help to further diversify the Live Entertainment segment. Since 1943, Holiday on Ice is one of the world's most established show and entertainment companies and has made a name for itself all over the world with its spectacular ice shows, entertaining audiences of all ages. This cooperation will give Holiday on Ice (HOI) an excellent platform from which to expand the reach of its current and future ice shows and open up a new dimension of international expansion. In accordance with IFRS 3, the ancillary expenses of EUR 25 thousand were reported as other operating expenses in 2014.

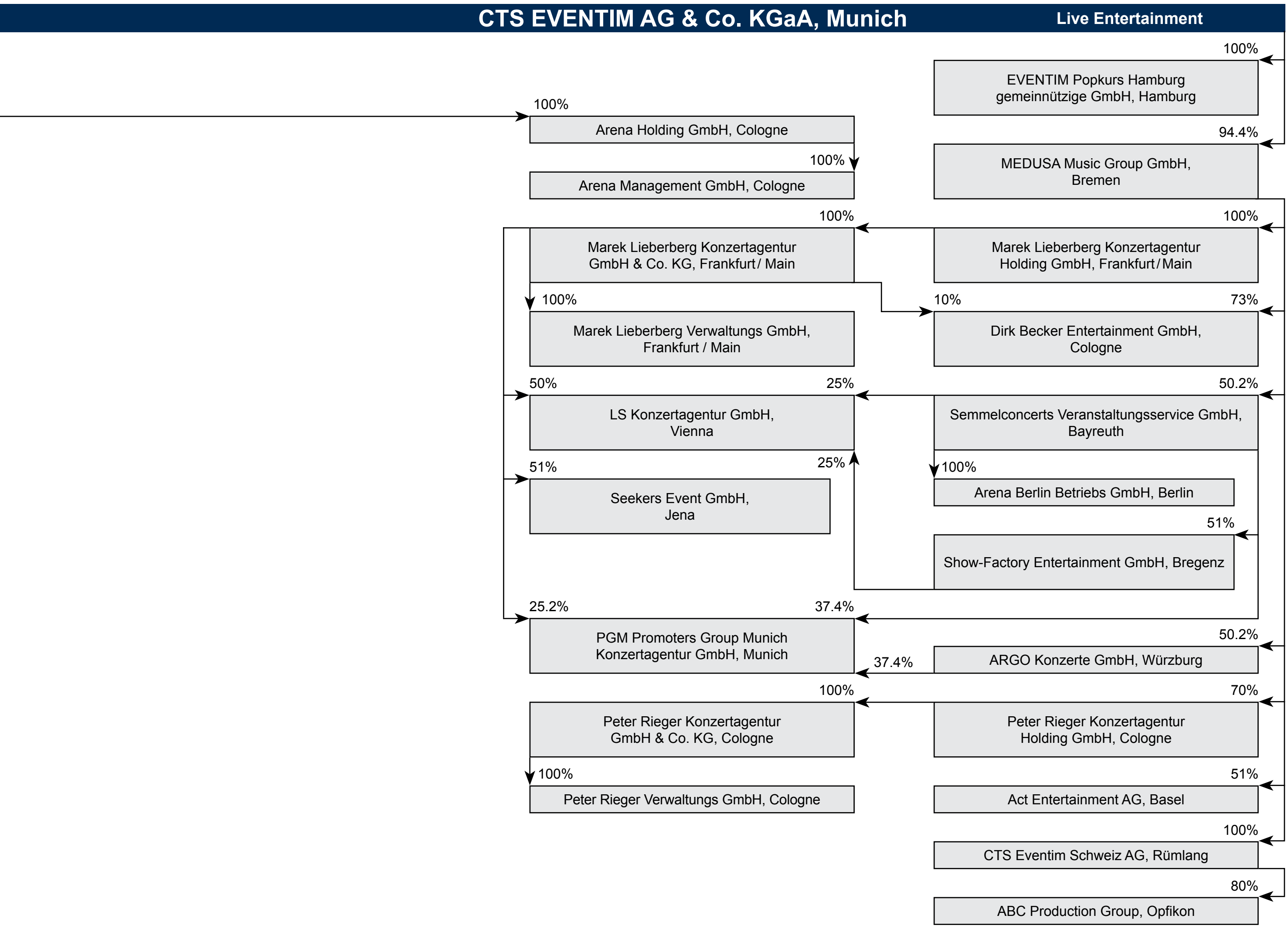
INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY

In a contract dated on 29 April 2014, Lippupiste Oy, Tampere, Finland, acquired 19% of the shares in Liigalippu Suomi Oy (hereinafter: Liigalippu), Helsinki, Finland. Liigalippu is a ticketing company focused on sport and specialised in combining ticketing systems with venues' access control and cash register systems. Liigalippu is accounted for using the equity method.

By virtue of articles of incorporation dated 22 December 2014 Stargarage AG based in Olten, Switzerland, was established. Show-Factory Entertainment GmbH, Bregenz, Austria, holds 50% of the shares in this company. The objects of the company consist in booking/agency and management of artists, marketing for artists and events.

The following overview includes all companies included in the consolidated financial statements by means of full consolidation as at 31 December 2014:




CTS EVENTIM AG & Co. KGaA, Munich
Live Entertainment
100%
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg
100%
Arena Holding GmbH, Cologne
94.4%
MEDUSA Music Group GmbH, Bremen
100%
Arena Management GmbH, Cologne
100%
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt / Main
100%
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt / Main
100%
Marek Lieberberg Verwaltungs GmbH, Frankfurt / Main
10%
73%
Dirk Becker Entertainment GmbH, Cologne
50%
25%
LS Konzertagentur GmbH, Vienna
50.2%
Semmelconcerts Veranstaltungsservice GmbH, Bayreuth
51%
25%
Seekers Event GmbH, Jena
100%
Arena Berlin Betriebs GmbH, Berlin
51%
Show-Factory Entertainment GmbH, Bregenz
25.2%
37.4%
PGM Promoters Group Munich Konzertagentur GmbH, Munich
37.4%
50.2%
ARGO Konzerte GmbH, Würzburg
100%
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
70%
Peter Rieger Konzertagentur Holding GmbH, Cologne
100%
Peter Rieger Verwaltungs GmbH, Cologne
51%
Act Entertainment AG, Basel
100%
CTS Eventim Schweiz AG, Rümlang
80%
ABC Production Group, Opfikon

3.1.2 BUSINESS AREAS AND ORGANISATIONAL STRUCTURE

The CTS Group leads the European ticketing market and as a promoter of live music events is the market leader for live entertainment in Continental Europe. Worldwide, the Group ranks second in ticketing and third in live entertainment. With one of the most sophisticated ticketing platforms in existence and a complex, extensive distribution network, the Group enables music promoters to sell tickets through a high-performance system. On the basis of these CTS EVENTIM systems, ticket buyers are provided with permanently accessible Internet portals where tickets for different events can be purchased online.

The Group companies are assigned to two segments, Ticketing and Live Entertainment.

The objects of the Ticketing segment are to produce, sell, broker, distribute and market tickets for concert, theatre, art, sports and other events in Germany and abroad, using state-of-the-art data processing and data transmission technologies. The events (tickets) are professionally marketed through its leading network platform (eventim.net), its inhouse ticketing product (eventim.inhouse) and the sports ticketing product (eventim.tixx). This enables promoters to achieve high levels of attendance at events by selling all available ticket quotas quickly on a broad scale. Due to the networking and internationalisation of ticketing software at network, web and inhouse level, it is also possible for tickets to be offered across the border in a standardised global ticketing system.

The extensive range of activities in online sales are continuously developed and expanded specifically to meet the needs of “networked consumers”, namely by

- online reservation of specific seats by means of an interactive venue plan,
- mobile ticket sales via innovative iPhone/iPad and Android,
- additional social media activities, especially Facebook and Twitter.

The events for which tickets are sold using proprietary CTS EVENTIM 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 in the ticketing market has been further reinforced and extended by a broad distribution system featuring a full-coverage network of box offices, sales via call centres and Internet ticket shops.

The objects of the Live Entertainment segment are to plan, prepare and execute tours and events, especially music events and concerts, and to market music productions. Internationally well-known venues are also operated. Promoters of leisure or music events consider professional sales of their tickets to be the critical factor for their success.

3.1.3 KEY REGIONS

In addition to the German market, the Group's Ticketing segment also operates in Italy, Switzerland, Austria, Great Britain, Finland, Sweden, the Netherlands, Russia, Poland, Israel, Hungary, the Czech Republic, Romania, Croatia, the Slovak Republic, Slovenia, Bulgaria and Serbia, and since March 2014 in Spain and France.

In the Live Entertainment segment, the Group operates in German-speaking countries (Germany, Austria and Switzerland) and in Great Britain through the joint venture Hammersmith Apollo Ltd. (hereinafter: HAL Apollo joint venture), as well as in the Netherlands and France through the joint venture Holiday on Ice since October 2014. FKP Scorpio Konzertproduktionen GmbH, Hamburg, which is also recognised at equity, is also represented in Sweden, Denmark and Finland through its subsidiaries (hereinafter: FKP Scorpio subgroup).

3.1.4 BASIC FEATURES OF THE COMPENSATION SYSTEM

Compensation and benefits for members of the corporate management comprise various components, specifically the performance-based fixed salary and ancillary benefits in the form of payments in kind and a performance-based bonus. The fixed salary and ancillary benefits are paid monthly. Ancillary benefits must be taxed as income by the individual member of the corporate management.

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 corporate management members or their relatives. Reference is made to item 7.13 in the notes to the consolidated financial statements and to sub-section 4.4 in the Corporate Governance report regarding details of individual compensation packages.

For the 2014 financial year, the members of the Supervisory Board of CTS KGaA received emoluments totalling EUR 100 thousand, as well as reimbursed expenses of EUR 6 thousand.

3.1.5 LEGAL AND ECONOMIC FACTORS

At the end of November 2014, CTS KGaA received a formal request for information from the German Federal Cartel Office in relation to a new administrative procedure, with which the office analyses the market position of CTS KGaA following the latest merger approval. Further details are provided in the risk and opportunities report shown in section 8.2.6.

3.2 CORPORATE MANAGEMENT AND ORGANISATIONAL STRUCTURE

3.2.1 CORPORATE MANAGEMENT

The corporate strategy of the Group is focused on sustained value growth for the company.

In order to manage the Group 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, EBITDA (earnings before interest, taxes, depreciation and amortisation), normalised EBITDA, EBIT (earnings before interest and taxes), normalised EBIT 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 are adjusted by normalisation, which ensures that key assessment criteria can be compared over several years.

The key figures – revenue, EBITDA, normalised EBITDA, EBIT and normalised EBIT before amortisation from purchase price allocation, and EPS – were all improved in comparison with the prior year.

The return on capital employed ('ROCE') was further improved from 37.7% in the prior year to 38.5% in the 2014 financial year. Based on a weighted average cost of capital ('WACC') of 7.7%, the CTS Group generated a net return on capital employed of 30.8% in the 2014 financial year (previous year: 29.7%) – a clear indicator of the positive growth in value of the CTS Group. A risk-free interest rate of return on a 20-year federal bond is used as a benchmark for the WACC. The rate of return on this bond determined as at 31 December 2014, under the Svensson method, results in a risk-free interest rate of 1.61%. In addition, a typical industry capital structure and a typical unlevered industry beta factor of 0.85 were applied. A conservative approach is used in determining the market risk premium for the Group as well as for the Ticketing and Live Entertainment segments. The auditing institute Institut der Wirtschaftsprüfer (IDW) recommends between 5.5% and 7.0% as an average market risk premium range of a developed stock market. In the current calculation of the WACC, a market risk premium of 7.0% was used as well as additional country risk premiums between 0% and 2.5%. In order to determine borrowing costs, an average spread of 1.45% was added to the risk-free interest rate of return. The spread is derived from the difference between returns on a risk-free 20-year federal bond as well as the average returns on a risk-free European corporate bond portfolio with a BBB rating and a 20-year term. This results in average borrowing costs of 3.06%. Depending on the typical industry capital structure, the combination of these variables results in a WACC of 7.7% on the basis of a conservative calculation approach.

From the 2010 financial year onwards, a new key figure called 'normalised EBIT before amortisation from purchase price allocation' was defined due to the acquisitions made and the overall effects resulting from remeasurement of intangible assets acquired (trademark, customer base and software). When 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. These remeasured intangible assets are amortised on the basis of redefined useful lives in the Group. In the 2014 financial year, the depreciation from purchase price allocation within the Group totalled EUR 11.077 million (previous year: EUR 10.383 million). These were eliminated in the key figure 'normalised EBIT before amortisation from purchase price allocation' in order to provide a fair view of earnings power.

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, as well as a syndicated credit line (revolving credit facility) 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 KGaA. This shareholders' equity is composed, specifically, of issued shares and the consolidated net income.

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 presented in the description of the Group financial position in section 4.2.1.

3.2.2 ORGANISATIONAL STRUCTURE

The management of CTS KGaA is exercised by EVENTIM Management AG; the representation of EVENTIM Management AG is performed by former CTS AG Management Board members. In addition to managing its own operating business, the most important tasks of CTS KGaA as parent company include corporate strategy, risk management and in some respects the financial management of the CTS Group.

According to the articles of incorporation, CTS KGaA 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 on a decentralised basis to ensure a high degree of market transparency and a fast response to potential changes in the respective markets. This means that the subsidiaries have considerable discretion in all market- and customer-related activities. The management and control structures as well as the compensation system are compliant with statutory requirements and are geared to business success.

3.3 RESEARCH AND DEVELOPMENT

Due to its business model, the CTS Group does not pursue research and development in the real sense.

However, further advancements are constantly being made in the software engineering field. In order to broaden the range of ticketing-related services, to tap into additional sales channels and to continue meeting the requirements of event promoters, box offices and Internet customers, the ticket distribution system is being constantly improved and expanded. In the reporting year, investments of EUR 10.624 million were made in developing the ticketing systems.

When penetrating new markets, the Group's plans include further advancements in new technologies within the online reservation system, the sales network and the sales platform. The objective is the proprietary development of one of the most advanced, high-performance ticketing platforms, the further advancement of specific seat reservations, mobile ticketing and electronic access control systems. Other areas of focus include the additional development of RFID solutions and extended functions for personalising tickets.

The progressive digitalisation of ticketing means that data are becoming increasingly important for the creation of added-value. The CTS Group is responding to the trend generally circumscribed as 'Big Data' by creating a new department for Information Science. In addition to implementing a best-in-class infrastructure for data management, compliant with all data protection requirements, efforts are also focused on creating an international competence centre staffed with highly skilled experts for analytical solutions. The portfolio comprises three fields of application: customer relationship management for eCommerce customers, insights solutions for B2B partners, and business performance management.

Software development costs are recognised as Group assets if they meet the criteria specified in IAS 38.

No expense needs to be stated under research and development.

3.4 OVERVIEW OF THE COURSE OF BUSINESS

3.4.1 MACROECONOMIC CONDITIONS

According to leading economic research institutions, fundamental economic development in the eurozone failed to meet expectations in 2014. This is largely due to developments in major eurozone economies. In France, the economy stagnated in the first half of the year, while Italy had recession to contend with in the first half of the year and the German economy also lost momentum. By contrast, Spain showed positive development with four quarters in succession of production expansion.

The unemployment rate in the eurozone fell over the course of 2014, and employment rose accordingly. There were noticeable increases in former problem regions Spain and Ireland. In addition, crisis-hit countries in southern Europe made progress in improving their budgets.

High levels of private and public debt and efforts to reduce this debt have negatively impacted the economic development of some eurozone member states. However, economic research institutions believe that the impact will subside beyond 2014. Developments at important trading partners and the devaluation of the Euro had a positive effect in 2014, which led to a further increase in exports.

The German economy was in solid shape in 2014. The rate of employment increased and unemployment remained at a low level. The increase in consumer prices in 2014 was below that of the increase in nominal wages, meaning that real wages and therefore available income rose. Companies benefited from favourable financing conditions and low levels of debt on average. However, economic development in Germany suffered a setback midway through the year. The economic recovery of important trading partners in the eurozone slowed down, which caused leading economists and economic research institutions to lower their expectations in terms of macroeconomic growth in Germany.

Despite a solid start to 2014, boosted by a rise of consumer spending, investment in capital equipment and increased construction investment thanks to the mild weather conditions, economic development subsided over the course of the year. This was due to a decline in capital investments caused by a slowdown in the economic output of European trading partners. Aside from economic risks in the eurozone and their effects on the German economy, the ongoing conflict between Russia and Ukraine – and the resulting trade sanctions – also fostered uncertainty. Even though there were barely any tangible consequences for the German economy in real terms, there was a significant downturn in companies' expectations over the course of the second half of 2014. This was also the main reason for the revised growth forecast from the German Council of Economic Advisers, which was lowered from 1.9% to 1.2% in 2014.

3.4.2 INDUSTRY CONDITIONS

The ticketing and live entertainment industry remains dominated by a high level of globalisation and digitisation. Continued digitisation has a particular effect on the value chain due to the rising volume of information and data.

In the years 2013 to 2018, average annual growth is expected of 6.6% (Asia/Pacific), 8.9% (Middle East/Africa), 6.6% (Latin America), 1.3% (North America), 1.7% (Central and Eastern Europe) and 4.9% (Western Europe). According to statistics portal Statista, the anticipated growth in the number of internet users is to be driven by the Asia/Pacific, Middle East/Africa and Latin America regions. The largest growth in user numbers among industrialised economies is forecast in Western Europe.

The development of mobile internet and of mobile devices plays a major role in these forecasts, with media content consumption irrespective of time and place continuously gaining significance.

Social media remains one of the most important online applications. According to the study of the consulting firm Faktenkontor GmbH, Hamburg, ‘Social Media Atlas 2014/2015’ two-third of all social media users in Germany use a mobile device to access social networks. This represents an increase of 20 percentage points compared to the year 2012. Communication in social networks, and the networking of all mobile devices via cloud computing, is broadening the use of the internet and is leading to the digitisation of traditional industries. In the process, high-speed internet access not just through fixed connections but also via mobile infrastructure is becoming increasingly important.

Consumer awareness of various online marketplaces and their sheer diversity of applications is now firmly established. Apps are among the most popular ways of using smartphones and tablets. In a PwC study entitled ‘German Entertainment and Media Outlook 2014-2018’, an average annual growth rate of 3.6% is forecast for the period from 2014 to 2018, from a baseline of roughly EUR 14 billion in revenues in the internet access market in Germany in 2014. Companies are adapting to this progressive digitisation of society in order to participate in the growth of the entertainment and media industry. The needs of ‘networked consumers’ are influencing business models, business processes and organisational structures.

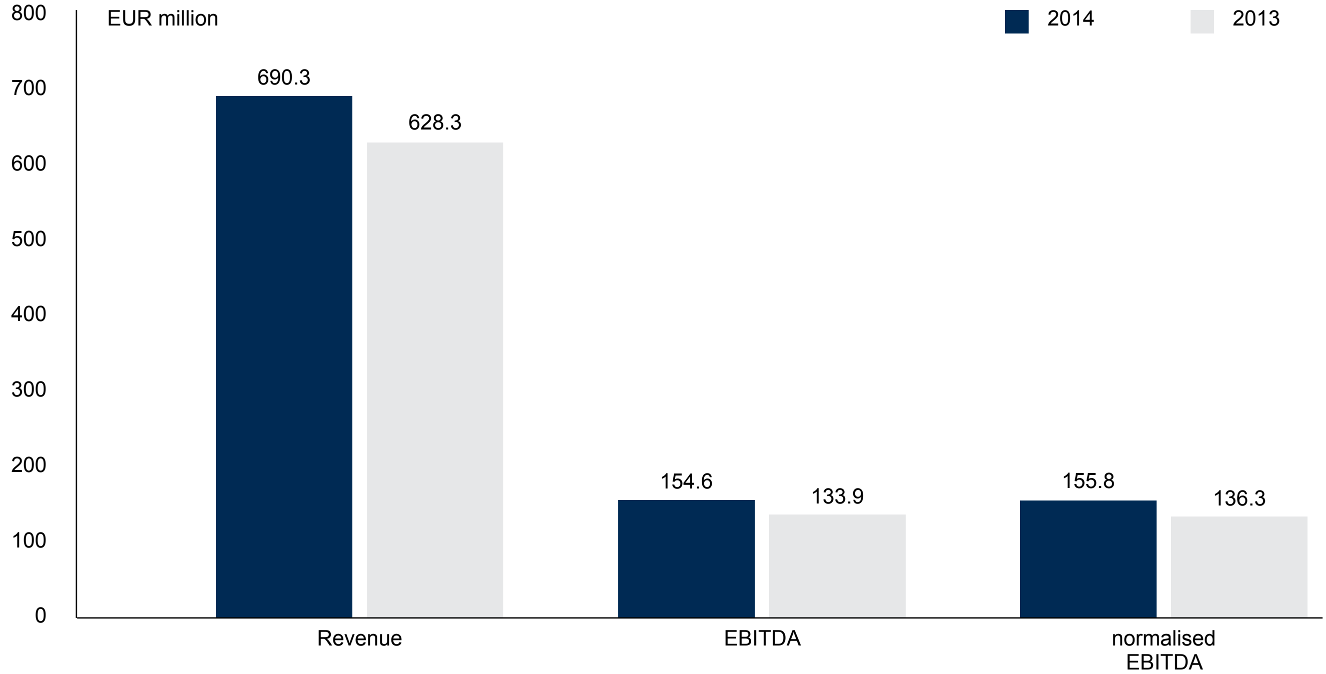
The trend towards live entertainment continues. Despite periods of economic uncertainty and competition from computer games and online games, videos, CDs, music streaming and the internet, people are still prepared to attend live events and to buy admission tickets. In a consumer study published by industry association Bundesverband der Veranstaltungswirtschaft e.V. and ‘Musikmarkt’ trade magazine, it was found that, of all entertainment segments, music events rank second in revenue after the book market.

3.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The **CTS Group** boosted revenue and earnings to record level in the 2014 financial year and continued to reinforce its leadership in the European ticketing and live events markets. Despite phases of economic weakness in some individual European countries, the business model of the CTS Group proved to be very robust.

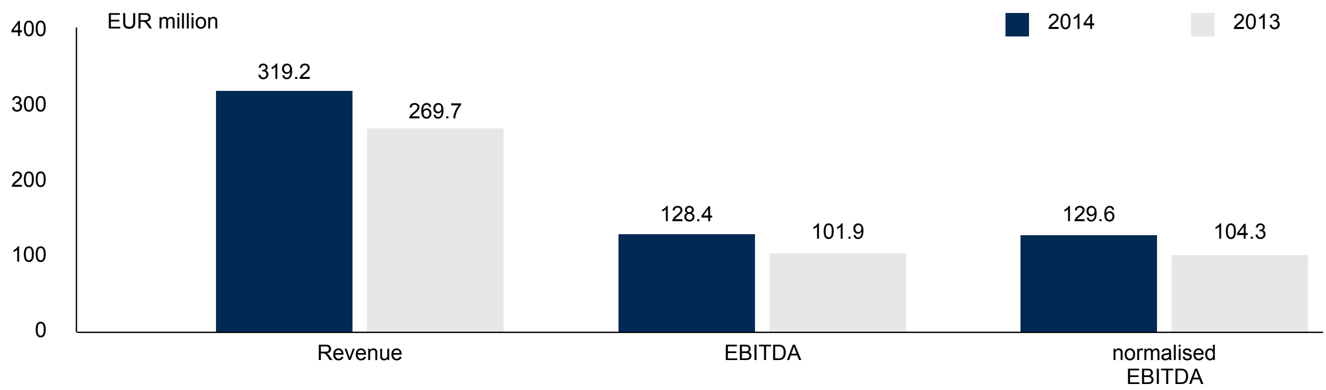
In the 2014 financial year, CTS KGaA and the Group achieved significant increases in both revenue and earnings, thus meeting in full the revenue and earnings forecasts for the year 2014.

Key performance figures are shown in the table below:



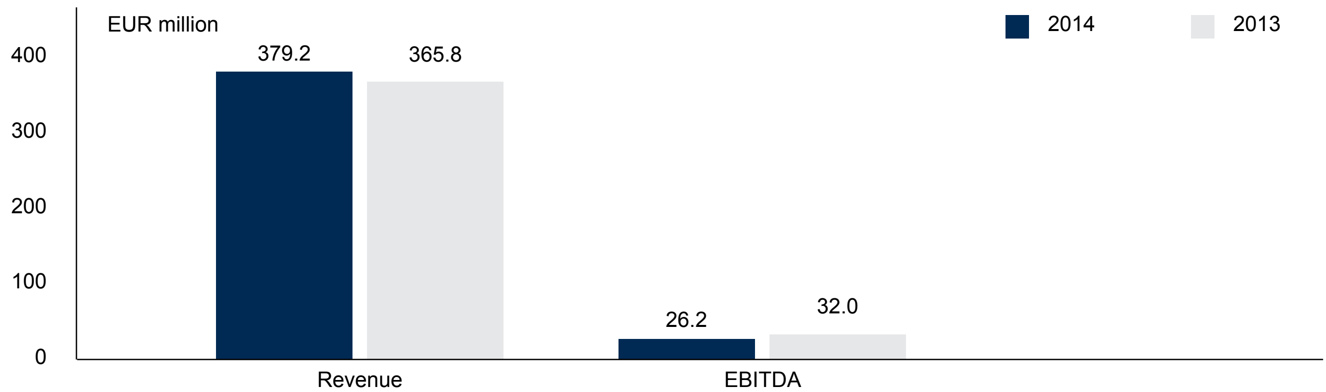
Driven by a large number of attractive live events and a strong fourth quarter, the **Ticketing segment** increased revenue and earnings year-on-year significantly. In the period under review, 30.7 million tickets were sold via the Internet – which equates to a year-on-year increase of around 29% (23.8 million tickets).

Key performance figures in the Ticketing segment are shown in the table below:



The **Live Entertainment segment** showed a positive performance in the 2014 financial year by 3.6% due to expanding the number of companies included in consolidation. This was offset by a lower number of major events, partly due to the Football World Cup; the result was therefore negatively impacted.

Key performance figures in the Live Entertainment segment are shown in the table below:



3.4.4 CTS EVENTIM SHARE PERFORMANCE

CTS EVENTIM shares succeeded in continuing their long-term growth trend in the 2014 financial year as well. The CTS EVENTIM share price alone rose by 33.1% in the 2014 financial year. Adding the EUR 0.32 dividend (pro forma after capital increase to 96 million shares) paid for the 2013 financial year results in an overall performance of 35.1% in 2014. This means that CTS EVENTIM shares far outperformed the SDAX index in 2014.

A detailed report on the performance of CTS EVENTIM shares and general information on the work of Investor Relations can be found in chapter 3 of the Annual Report 2014.

4. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW

4.1 EARNINGS PERFORMANCE

4.1.1 GROUP EARNINGS PERFORMANCE (IFRS)

	2014	2013	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**690,300**	**628,349**	**61,951**	**9.9**
Gross profit	**229,810**	**207,046**	**22,764**	**11.0**
EBITDA	**154,584**	**133,876**	**20,708**	**15.5**
EBIT	**126,221**	**110,924**	**15,297**	**13.8**
Non-recurring items:				
Acquisition costs / workforce restructuring costs	1,255	508	747	147.0
Legal / consultancy costs in connection with the arbitration proceedings against Live Nation	0	1,879	-1,879	-100.0
	1,255	**2,387**	**-1,132**	**-47.4**
Normalised EBITDA	**155,839**	**136,262**	**19,577**	**14.4**
Amortisation from purchase price allocation	**11,077**	**10,383**	**694**	**6.7**
Normalised EBIT before amortisation from purchase price allocation	**138,553**	**123,693**	**14,860**	**12.0**
Financial result	-4,799	-6,418	1,619	-25.2
Earnings before tax (EBT)	**121,422**	**104,506**	**16,916**	**16.2**
Taxes	-36,393	-35,122	-1,271	3.6
Non-controlling interest	-8,353	-8,242	-111	1.3
Net income after non-controlling interest	**76,676**	**61,142**	**15,534**	**25.4**

4.1.1.1 REVENUE GROWTH

Group revenue growth is shown in the following table:

2004 [EUR'000]	222,746
2005 [EUR'000]	256,179
2006 [EUR'000]	342,927
2007 [EUR'000]	384,375
2008 [EUR'000]	404,348
2009 [EUR'000]	466,698
2010 [EUR'000]	519,577
2011 [EUR'000]	502,814
2012 [EUR'000]	520,334
2013 [EUR'000]	628,349
2014 [EUR'000]	690,300

The CTS Group achieved an excellent growth in revenue in the last ten years with an average growth rate (CAGR) of around 12.0%.

The **CTS Group** achieved again a significant growth in revenue in the 2014 financial year and extended its leadership in the European ticketing and live events markets. Following a successful first quarter start to 2014, the second and third quarters were affected by the Football World Cup in Brazil, a major sports event whose dominance meant fewer events being offered in ticketing presales and fewer events being held. In the traditionally strong fourth quarter, operating figures were significantly boosted by numerous presale launches for major forthcoming events. In the reporting period EUR 690.300 million in revenue was generated (previous year: EUR 628.349 million). Revenue (before consolidation between segments) breaks down into EUR 319.223 million in the Ticketing segment (previous year: EUR 269.702 million) and EUR 379.170 million in the Live Entertainment segment (previous year: EUR 365.838 million).

Group revenue amounted in the reporting year to EUR 690.300 million (previous year: EUR 628.349 million) and breaks down as follows: Germany EUR 466.518 million (previous year: EUR 472.342 million), Austria EUR 42.542 million (previous year: EUR 46.176 million), Switzerland EUR 94.506 million (previous year: EUR 48.900 million), Italy EUR 38.162 million (previous year: EUR 31.371 million), Great Britain EUR 10.562 million (previous year: EUR 9.076 million) and other countries EUR 38.010 million (previous year: EUR 20.484 million). The decline in revenue in Germany and Austria is due to the Live Entertainment segment, as a lower number of major events were carried out; in the Ticketing segment, however, significant revenue growth in Germany and Austria were achieved. In Switzerland, in addition to organic revenue growth in the Ticketing segment in particular, the newly consolidated subsidiaries in 2013 in the Live Entertainment segment increased revenue.

In the 2014 financial year, the **Ticketing segment** achieved revenue of EUR 319.223 million, compared to EUR 269.702 million in 2013 (+18.4%). This increase was driven by strong growth in the core European markets in particular in Germany, Italy, Great Britain and Austria as well as acquisitions. Revenue increased due to an internet ticket volume growth in existing and new markets. In the 2014 financial year, tickets sold via the Internet portals operated by the Group increased to 30.7 million (previous year: 23.8 million). Revenue growth was generated both nationally and internationally; the share of revenue generated by foreign subsidiaries increased to around 44.2% (previous year: 40.7%).

The **Live Entertainment segment** year-on-year increase in revenue was mainly due to additional revenue generated by the Swiss Live Entertainment companies newly consolidated the year before. This was offset by lower revenue due to the absence of major events that was also partly attributable to the Football World Cup. Revenue resulted in year-on-year revenue growth of EUR 13.332 million (+3.6%) to EUR 379.170 million (previous year: EUR 365.838 million).

4.1.1.2 EARNINGS GROWTH

GROSS PROFIT

The gross profit of the **CTS Group** for the 2014 reporting period is EUR 229.810 million, compared to the previous-year figure of EUR 207.046 million (+11.0%). The consolidated gross margin increased from 33.0% to 33.3%.

In the **Ticketing segment**, the gross margin slightly decreased in the 2014 reporting period from 58.1% to 57.8%. In addition to higher expenses in the increasing technological development (trend towards mobile devices), the gross margin is also negatively affected by newly consolidated subsidiaries with still lower profit contributions.

In the **Live Entertainment segment**, the gross margin decreased from 13.8% in the previous year to 11.9%.

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

	2014 [in %]	2013 [in %]
Group	33.3	33.0
Ticketing	57.8	58.1
Live Entertainment	11.9	13.8

NON-RECURRING ITEMS

Non-recurring items in the Ticketing segment caused a temporary EUR 1.255 million drop (previous year: EUR 2.387 million) in **CTS Group** earnings in the period under review, due to implemented and planned acquisitions. In the previous year, non-recurring items from legal fees and settlement costs in connection with the Live Nation arbitration proceedings were normalised.

NORMALISED EBITDA / EBITDA

The normalised **CTS Group** EBITDA figure increased by EUR 19.577 million (+14.4%) from EUR 136.262 million to EUR 155.839 million. This growth in normalised EBITDA of EUR 19.577 million breaks down into EUR 25.326 million in the Ticketing segment and EUR -5.750 million in the Live Entertainment segment. The normalised EBITDA margin was 22.6%, compared to 21.7% the year before. Foreign subsidiaries accounted for 25.2% of normalised Group EBITDA (previous year: 21.5%).

CTS Group EBITDA improved by EUR 20.708 million or 15.5% to EUR 154.584 million (previous year: EUR 133.876 million). This growth in EBITDA of EUR 20.708 million breaks down into EUR 26.458 million in the Ticketing segment and EUR -5.750 million in the Live Entertainment segment. The Group EBITDA margin amounts up to 22.4% (previous year: 21.3%). The share of normalised EBITDA generated by foreign subsidiaries increased to 25.0% (previous year: 21.7%).

In the **Ticketing segment**, the normalised EBITDA figure rose by EUR 25.326 million (+24.3%) from EUR 104.295 million to EUR 129.621 million. The normalised EBITDA was primarily positively influenced due to further increases in the volume of tickets sold via the Internet in existing markets and the acquisitive expansion in the scope of consolidation. The already very successful business in the seasonally strong fourth quarter, improved in particular by numerous presales for major events in the fourth quarter of 2014. The normalised EBITDA margin was 40.6% to (previous year: 38.7%). The share of normalised EBITDA generated by foreign subsidiaries increased to 29.0% (previous year: 27.6%).

In the Ticketing segment, the EBITDA figure rose by EUR 26.458 million (+26.0%) to EUR 128.366 million (previous year: EUR 101.908 million). The EBITDA margin was 40.2% (previous year: 37.8%). The share of EBITDA generated by foreign subsidiaries increased to 28.8% (previous year: 28.1%).

After record earnings in the business year 2013, the **Live Entertainment segment** generated a lower EBITDA by EUR 5.750 million. As expected, EBITDA felt from EUR 31.968 million to EUR 26.218 million due to the absence of major events that was also partly attributable to the Football World Cup. The EBITDA margin was 6.9%, after 8.7% the year before.

NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised **CTS Group** EBIT before amortisation from purchase price allocation (for an explanation of this key performance figure, see also page 24, 3.2.1 ‘Corporate management’) increased by EUR 14.860 million from EUR 123.693 million to EUR 138.553 million. The normalised EBIT margin was 20.1%, compared to 19.7% the year before.

The Group EBIT figure, at EUR 126.221 million, is significantly higher at 13.8% year-on-year (previous year: EUR 110.924 million). The EBIT margin was 18.3% (previous year: 17.7%).

Total depreciation and amortisation within the Group, at EUR 28.363 million, is higher than the previous year (EUR 22.952 million) and include EUR 11.077 million (previous year: EUR 10.383 million) in amortisation from purchase price allocations for companies acquired from 2010 onwards. The increase in depreciation is mainly attributable to depreciation on capitalised development costs (Global Ticketing System); the ticket distribution systems are constantly improved to develop new sales channels and future revenue potential.

In the **Ticketing segment**, the normalised EBIT before amortisation from purchase price allocation rose from EUR 93.855 million by EUR 20.573 million to EUR 114.428 million (+21.9%). The normalised EBIT margin was 35.9%, compared to 34.8% the year before.

EBIT rose from EUR 81.610 million to EUR 102.620 million (+25.7%). The EBIT margin was 32.2% (previous year: 30.3%).

The **Live Entertainment segment** achieved a normalised EBIT before amortisation from purchase price allocation of EUR 24.125 million, compared to EUR 29.839 million the year before. The normalised EBIT margin decreased to 6.4% (previous year: 8.2%). EBIT decreased from EUR 29.314 million the year before to EUR 23.601 million (-19.5%). The EBIT margin was 6.2% (previous year: 8.0%).

FINANCIAL RESULT

The financial result, at EUR -4.799 million (previous year: EUR -6.418 million) mainly includes EUR 1.746 million in financial income (previous year: EUR 1.895 million), EUR -6.536 million in financial expenses (previous year: EUR -7.427 million) and EUR -35 thousand in income from investments in associates accounted for at equity (previous year: EUR -896 thousand).

Financial income was primarily interest income. Financial expenses mainly comprise borrowing costs (particularly interest expense and other borrowing costs) for financing acquisitions. The result from investments in associates accounted for at equity relate to the Live Entertainment segment.

TAXES

Tax expenses increased in fiscal 2014 by EUR 1.271 million to EUR 36.393 million. Tax expenses include deferred tax income (EUR 2.567 million; previous year: EUR 2.136 million) that is offset against the factual tax expenses of the consolidated standalone companies (EUR 38.960 million; previous year: EUR 37.258 million). The deferred tax income results primarily from deferred tax liabilities that were recognised not through profit and loss, when conducting the purchase price allocations, and which were reversed through profit and loss in the period after initial consolidation.

Deferred tax income and tax expenses were formed on the basis of existing and useable tax loss carryforwards and recognised for temporary differences between IFRS carrying amounts and tax carrying amounts and are set-off within tax expenses. Tax loss carryforwards for which deferred tax assets were formed in the past are reduced by positive net income of the standalone companies and lead via reductions to deferred tax expenses.

The taxation rate for the Group as a whole shows the ratio between taxes (including deferred taxes) and earnings before tax. The taxation rate in fiscal 2014 was 30.0% (previous year: 33.6%). The decrease in the Group's taxation rate results from tax refunds for previous years and the use of loss carryforwards.

NON-CONTROLLING INTEREST

Non-controlling interest comprises the share in current profits allocated to other shareholders and increase by EUR 111 thousand from EUR 8.242 million to EUR 8.353 million. The non-controlling interest reported in the income statement increased because of growth in profits in the Ticketing segment.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interest amounts to EUR 76.676 million (previous year: EUR 61.142 million). Earnings per share (EPS) for the 2014 financial year improved significantly to EUR 0.80, compared to 0.64 (pro forma calculated on the basis of 96 million shares after capital increase) the year before.

The net income for the year of CTS KGaA as a standalone company, in accordance with HGB, was EUR 56.368 million (previous year: EUR 46.196 million), and the distributable earnings per share for the CTS KGaA standalone company were EUR 0.59 (previous year: EUR 0.48; pro forma calculated on the basis of 96 million shares after capital increase).

Reconciling the net income in accordance with HGB with the net income according to IFRS for CTS KGaA mainly involved the elimination of goodwill amortisation (EUR +7.813 million) and differences in amortisation of intangible assets (EUR -1.015 million).

4.1.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2014	2013	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	65,182	60,580	4,602	7.6
thereof non-recurring items	*0*	*1,879*	*-1,879*	*-100.0*
General administrative expenses	43,902	37,415	6,487	17.3
Other operating income	16,809	14,612	2,197	15.0
Other operating expenses	11,314	12,739	-1,425	-11.2
thereof non-recurring items	*1,255*	*508*	*747*	*147.0*

SELLING EXPENSES

Selling expenses rose by EUR 4.602 million to EUR 65.182 million. The increase in selling expenses is mainly due to higher personnel expenses (EUR +1.724 million), depreciation (EUR +255 thousand) and other operating expenses (EUR +1.197 million) caused by an expansion in the scope of consolidation. Furthermore the expenses for advertising costs (EUR +374 thousand) and legal and consulting fees (EUR +496 thousand) increased. As a percentage of revenue, selling expenses fell from 9.6% to 9.4%.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses rose by EUR 6.487 million to EUR 43.902 million. The increase in general administrative expenses is principally due to higher personnel expenses (EUR +1.277 million), depreciation (EUR +260 thousand) and other operating expenses (EUR +711 thousand) as a results of expanding the number of companies included in consolidation as well as higher charge and insurance expenses (EUR +285 thousand) and legal and consulting fees (EUR +636 thousand). As a percentage of revenue, general administrative expenses increased from 6.0% to 6.4%.

OTHER OPERATING INCOME

Other operating income rose by EUR 2.197 million to EUR 16.809 million. This was due to, among other things, other operating income of EUR 1.081 million from the initial consolidation of Entradas See Tickets and CTS Eventim France (formerly: Top Ticket France S.A.S.). Pursuant to IFRS 3, gains from lucky buy from these acquisitions resulted in higher other operating income. Furthermore, income from currency translation and income from the receipt of already written off receivables led to an increase in other operating income in the reporting year.

OTHER OPERATING EXPENSES

Other operating expenses decreased by EUR 1.425 million year-on-year to EUR 11.314 million. As a percentage of revenue, other operating income fell from 2.0% to 1.6%.

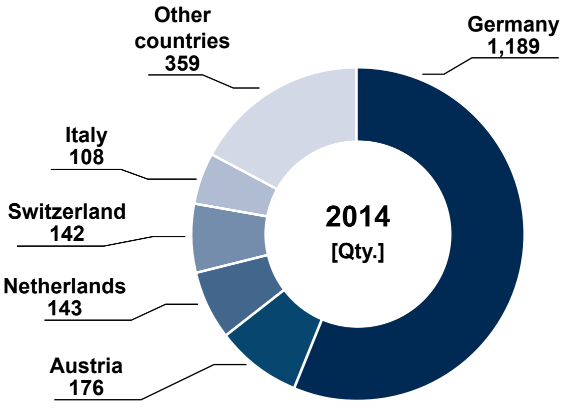
4.1.1.4 PERSONNEL

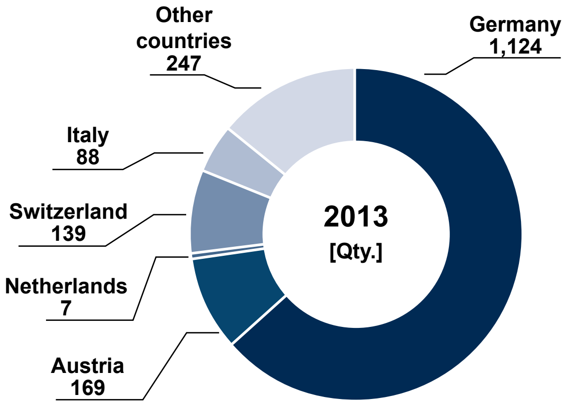
Personnel expenses, at EUR 92.627 million, are higher year-on-year (previous year: EUR 81.174 million). The increase in personnel expenses of EUR 11.453 million (+14.1%) breaks down in the Ticketing segment (EUR 10.973 million) and in the Live Entertainment segment (EUR 480 thousand). The increase in personnel expenses in the Ticketing segment is primarily due to the expansion of the number of companies included in consolidation, implementation of international projects and technological development. The increase in personnel expenses in the Live Entertainment segment results from the expansion of the number of companies included in consolidation.

Breakdown of workforce by segment (permanent / temporary employees), year-end figures:

	2014	2013	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,564	1,296	268	20.7
Live Entertainment	553	478	75	15.7
Total	**2,117**	**1,774**	**343**	**19.3**

Breakdown of workforce by region (year-end figures):





On average during 2014, the Group had 368 more employees than in the 2013 financial year.

4.1.1.5 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2011	2012	2013	2014
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	228.7	231.5	269.7	319.2
Gross profit	131.4	141.0	156.6	184.6
Gross margin	57.4%	60.9%	58.1%	57.8%
EBITDA	75.8	93.5	101.9	128.4
Normalised EBITDA	85.4	92.8	104.3	129.6
Normalised EBIT before amortisation from purchase price allocation	75.3	82.1	93.9	114.4

In the years 2011 – 2014 annual revenue growth in the Ticketing segment averaged 11.8%. Of the total revenue in this segment in the 2014 reporting year, EUR 215.492 million (previous year: EUR 170.924 million) were generated via the Internet, equivalent to Internet revenue growth of 26.1%. Revenue generated via the Internet increased year-on-year to 67.5% (previous year: 63.4%) of total Ticketing segment revenue in the 2014 financial year.

Up to 2014, EBITDA improved annually by an average of 19.2%. Normalised EBITDA improved annually by 14.9% on average up to 2014.

LIVE ENTERTAINMENT

	2011	2012	2013	2014
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	281.0	296.4	365.8	379.2
Gross profit	31.0	38.7	50.4	45.2
Gross margin	11.0%	13.0%	13.8%	11.9%
EBITDA	18.8	27.5	32.0	26.2
EBIT	16.9	25.4	29.3	23.6

In the years 2011 – 2014 annual revenue growth in the Live Entertainment segment averaged 10.5%. After a record year in 2013, in the reporting year 2014, revenue improved due to the expansion of the number of companies included in consolidation.

Up to 2014, EBITDA improved annually by an average of 11.7%. In the excellent 2013 financial year EBITDA increased for the first time to over EUR 30 million; reason for this was a number of major events and the extended operation of venues. Due to a lower number of executed major events, also partly attributable to the Football World Cup, EBITDA decreased in accordance with the forecast given for 2014.

4.1.2 EARNINGS PERFORMANCE OF CTS KGaA (HGB)

	2014	2013	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**169,889**	**150,011**	**19,878**	**13.3**
Gross profit	**96,217**	**82,031**	**14,186**	**17.3**
EBITDA	**68,024**	**54,292**	**13,732**	**25.3**
EBIT	**51,810**	**37,061**	**14,749**	**39.8**
Non-recurring items:				
Acquisition costs	600	215	385	179.1
Workforce restructuring costs	0	143	-143	-100.0
Legal / consultancy costs in connection with the arbitration proceedings against Live Nation	0	1,879	-1,879	-100.0
	600	**2,237**	**-1,637**	**-73.2**
Normalised EBITDA	**68,624**	**56,529**	**12,095**	**21.4**
Normalised EBIT	**52,410**	**39,298**	**13,112**	**33.4**
Financial result	27,806	26,185	1,621	6.2
Earnings before tax (EBT)	**79,616**	**63,246**	**16,370**	**25.9**
Extraordinary income	0	482	-482	-100.0
Taxes	-23,248	-17,532	-5,716	32.6
Net income for the year	**56,368**	**46,196**	**10,172**	**22.0**

4.1.2.1 REVENUE GROWTH

Following a successful first-quarter start to 2014, the second and third quarters were affected by the Football World Cup in Brazil, a major sports event whose dominance meant fewer events being offered in ticketing presales. In the traditionally strong fourth quarter, operating figures were significantly boosted by numerous presale launches for major forthcoming events.

In the 2014 financial year, CTS KGaA revenue increased by EUR 19.878 million from EUR 150.011 million to EUR 169.889 million; this equates to a 13.3% growth in revenue. The main factor accounting for this improvement in revenue was the further growth in the number of tickets sold via the Internet.

4.1.2.2 EARNINGS GROWTH

GROSS PROFIT

Gross profit increased by EUR 14.186 million year-on-year mainly due to the highly profitable Internet business. The gross margin increased to 56.6% (previous year: 54.7%).

NON-RECURRING ITEMS

CTS KGaA earnings in the reporting year were reduced by non-recurring items consisting of EUR 600 thousand (previous year: EUR 215 thousand) for planned and implemented acquisitions. In the previous year, EUR 1.879 million legal/consultancy fees in connection with arbitration proceedings against Live Nation and EUR 143 thousand for workforce restructuring costs were normalised.

NORMALISED EBITDA / EBITDA

A very successful business performance in the seasonally strong fourth quarter of 2014 and a further increase in the volume of tickets sold online were the main factors accounting for the strong growth in normalised EBITDA to a figure of EUR 68.624 million (previous year: EUR 56.529 million). In contrast, higher expenses in the increasing technological development expenses led to margin pressures. The normalised EBITDA margin was 40.4% (previous year: 37.8%). The EBITDA improved to EUR 68.024 million (previous year: EUR 54.292 million). The EBITDA margin was 40.0% (previous year: 36.2%).

NORMALISED EBIT / EBIT

Normalised EBIT increased operationally by EUR 13.112 million to EUR 52.410 million. The normalised EBIT margin was 30.8% (previous year: 26.2%). The EBIT figure for the reporting year increased to EUR 51.810 million (previous year: EUR 37.061 million), and the EBIT margin rose to 30.5% (previous year: 24.7%).

FINANCIAL RESULT

The financial result rose by EUR 1.621 million, from EUR 26.185 million the previous year to EUR 27.806 million.

The financial result includes EUR 31.140 million in income in the form of dividends and profit transfer agreements and profit shares in partnerships (previous year: EUR 30.403 million), EUR 14 thousand in expenses from investments (previous year: EUR 0), EUR 1.162 million in interest income (previous year: EUR 1.167 million), EUR 3.631 million in interest expenses (previous year: EUR 4.484 million) and other financial expenses amounting to EUR 852 thousand (previous year: EUR 901 thousand).

An increase in income in the form of profit transfer agreements, by EUR 5.470 million, is offset by a decrease in income in the form of dividends from participations, by EUR 4.746 million.

Interest expense and other financial expenses mainly relate to borrowing costs (particularly interest expenses and other borrowing costs) from financing of acquisitions.

EXTRAORDINARY RESULT

An extraordinary result did not occur in the reporting period. In the previous year, a merger-related profit of EUR 482 thousand was recognised in respect of the merger of eventim Online Holding GmbH, Bremen.

TAXES

Tax expenses increased by EUR 5.716 million from EUR 17.532 million to EUR 23.248 million. These tax expenses mainly include EUR 23.247 million in taxes on income (previous year: EUR 17.485 million) and EUR 1 thousand in other taxes (previous year: EUR 47 thousand). The taxation rate (taxes on income / earnings before tax) is 29.2% (previous year: 27.7%).

NET INCOME FOR THE YEAR

The net income for the year, according to HGB, increased by EUR 10.172 million from EUR 46.196 million to EUR 56.368 million.

4.1.2.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE INCOME STATEMENT

	2014	2013	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	31,694	31,470	224	0.7
thereof non-recurring items	*0*	*1,879*	*-1,879*	-100.0
General administrative expenses	14,306	13,155	1,151	8.8
Other operating income	6,763	5,035	1,728	34.3
Other operating expenses	5,171	5,381	-210	-3.9
thereof non-recurring items	*600*	*358*	*242*	*67.6*

SELLING EXPENSES

Selling expenses rose slightly by EUR 224 thousand to EUR 31.694 million.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 1.151 million increase in general administrative expenses in the reporting year, to EUR 14.306 million, is mainly the result of higher proportional personnel expenses (EUR +328 thousand), higher costs for external personnel (EUR +404 thousand), higher insurance expenses (EUR +262 thousand) as well as higher costs for legal and consulting fees (EUR +128 thousand).

OTHER OPERATING INCOME

Other operating income rose by EUR 1.728 million to EUR 6.763 million. Other operating income was positively affected by a higher income from receivables already written off (EUR +739 thousand), higher income from currency translation (EUR +461 thousand) and increased income from passed on expenses (EUR +346 thousand).

OTHER OPERATING EXPENSES

Other operating expenses decreased slightly by EUR 210 thousand to EUR 5.171 million.

PERSONNEL

Personnel expenses increased year-on-year by EUR 856 thousand from EUR 18.538 million to EUR 19.394 million.

At the end of the 2014 financial year, CTS KGaA had 276 employees on its payroll (previous year: 300 employees). The average number of employees over the year increased from 261 the previous year to 279 in the reporting period.

4.2 FINANCIAL POSITION

4.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2014		31.12.2013		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	505,843	46.0	375,736	42.9	130,107
Trade receivables	30,903	2.8	26,305	3.0	4,598
Receivables from affiliated and associated companies accounted for at equtiy	3,211	0.3	1,833	0.2	1,378
Inventories	2,426	0.2	2,123	0.2	303
Payments on account	29,675	2.7	13,452	1.5	16,223
Other assets	84,440	7.7	58,849	6.7	25,591
Total current assets	**656,498**	**59.7**	**478,298**	**54.5**	**178,200**
Non-current assets					
Fixed assets	157,573	14.3	129,316	14.8	28,257
Goodwill	270,940	24.6	257,380	29.4	13,560
Trade receivables	22	0.0	34	0.0	-12
Receivables from affiliated companies and associated companies accounted for at equity	2,668	0.2	4,699	0.5	-2,031
Other assets	3,237	0.3	3,711	0.4	-474
Deferred tax assets	9,354	0.9	3,437	0.4	5,917
Total non-current assets	**443,794**	**40.3**	**398,577**	**45.5**	**45,217**
Total assets	**1,100,292**	**100.0**	**876,875**	**100.0**	**223,417**

	31.12.2014		31.12.2013		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	77,837	7.1	34,734	4.0	43,103
Trade payables	73,052	6.6	57,993	6.6	15,059
Payables to affiliated and associated companies accounted for at equity	1,615	0.1	113	0.0	1,502
Advance payments received	190,982	17.4	118,209	13.5	72,773
Provisions	28,792	2.6	23,926	2.7	4,866
Other liabilities	305,547	27.8	208,055	23.7	97,492
Total current liabilities	**677,825**	**61.6**	**443,030**	**50.5**	**234,795**
Non-current liabilities					
Medium- and long-term financial liabilities	97,731	8.9	161,357	18.4	-63,626
Other liabilities	220	0.0	168	0.0	52
Pension provisions	8,346	0.8	4,792	0.6	3,554
Deferred tax liabilities	16,376	1.5	14,326	1.6	2,050
Total non-current liabilities	**122,673**	**11.2**	**180,643**	**20.6**	**-57,970**
Shareholders' equity					
Share capital	96,000	8.7	48,000	5.5	48,000
Capital reserve	1,890	0.2	1,890	0.2	0
Statutory reserve	5,218	0.5	2,400	0.3	2,818
Retained earnings	177,615	16.1	182,474	20.8	-4,859
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	18,855	1.7	17,307	2.0	1,548
Other comprehensive income	-1,921	-0.2	-442	-0.1	-1,479
Currency differences	2,189	0.2	1,625	0.2	564
Total shareholders' equity	**299,794**	**27.2**	**253,202**	**28.9**	**46,592**
Total shareholders' equity and liabilities	**1,100,292**	**100.0**	**876,875**	**100.0**	**223,417**

CURRENT ASSETS increased by EUR 178.200 million to EUR 656.498 million due to an increase in cash and cash equivalents (EUR +130.107 million), trade receivables (EUR +4.598 million), payments on account (EUR +16.223 million) and other assets (EUR +25.591 million).

The EUR 130.107 million increase in **cash and cash equivalents** mainly results from higher liabilities in respect of ticket monies at the reporting date, particularly by numerous presales in the fourth quarter of 2014 for major events in 2015. Additional cash inflows from the positive consolidated net income are supplemented by the distribution of dividends in the second quarter of 2014 and purchase price payments for acquisitions in the reporting period.

Cash and cash equivalents, at EUR 505.843 million (previous year: EUR 375.736 million) include ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced in the Ticketing segment), which are reported in other liabilities (EUR 251.515 million; previous year: EUR 161.498 million). Other assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 52.515 million; previous year: EUR 34.239 million).

Trade receivables increased by EUR 4.598 million in the context of ongoing business operations.

The EUR 16.223 million increase in **payments on account** (production expense payments for future events) is mainly attributable to events and major tours in the subsequent quarters in the Live Entertainment segment.

Other assets rose by EUR 25.591 million, mainly because of the increase in receivables relating to ticket monies from presales in the Ticketing segment.

NON-CURRENT ASSETS were EUR 45.217 million higher, at EUR 443.794 million. The increase mainly related to fixed assets (EUR 28.257 million), to goodwill (EUR 13.560 million) and deferred tax assets (EUR 5.917 million). On the other hand receivables from affiliated and associated companies accounted for at equity (EUR -2.031 million) declined.

The EUR 28.257 million change in **fixed assets** mainly relates to in the context of the preliminary purchase price allocation capitalized assets such as intangible distribution rights/customer base, brands for acquired companies in the reporting period. Furthermore, investments for software development services and hardware for the data center increased.

The decrease in **receivables from affiliated and associated companies accounted for at equity** (EUR -2.031 million) results primarily from scheduled repayments of debts.

The EUR 13.560 million increase in **goodwill** results from the acquisition of CTS Eventim Nederland (formerly: See Tickets Nederland; EUR 2.485 million) and of Listicket (EUR 9.838 million). Currency translation effects associated with the measurement of goodwill in foreign currencies as at the closing date of 31 December 2014 led also to an increase (EUR 1.235 million; Euro to Swiss Francs).

Assets tied up for the long term account for 40.3% of the balance sheet total (previous year: 45.5%); therefore, assets tied up for the long term are partly financed by shareholders' equity.

CURRENT LIABILITITES rose by EUR 234.795 million to EUR 677.825 million. This increase is mainly attributable to short-term financial liabilities (EUR +43.103 million), trade payables (EUR +15.059 million), to advance payments received (EUR +72.773 million) and to other liabilities (EUR +97.492 million).

The EUR 43.103 million increase in **short-term financial liabilities** is mainly due to the timely reclassification of financial liabilities in short-term financial liabilities.

Trade payables increased by EUR 15.059 million in the context of ongoing business operations.

The EUR 72.773 million increase in **advance payments received** is mainly attributable to the Live Entertainment segment. The increase is due to the fact that in the fourth quarter 2014 more ticket monies were received from presales for events held in 2015. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

The EUR 97.492 million change in **other liabilities** is predominantly due to higher liabilities in the Ticketing segment in respect of ticket monies that have not yet been invoiced. Compared to the prior year, there were more events that had not yet been invoiced, as at 31 December 2014, due to the closure date, so that the liabilities for ticket monies not yet invoiced were increased accordingly.

NON-CURRENT LIABILITIES decreased by EUR 57.970 million, mainly due to a reduction in medium- and long-term financial liabilities (EUR -63.626 million). On the other hand pension provision increased by EUR 3.554 million.

Medium- and long-term financial liabilities decreased by EUR 63.626 million due to the timely reclassification from medium- and long-term financial liabilities to short-term financial liabilities.

Pension provisions increased by EUR 3.554 million particularly due to the actuarial assumptions of lower interest rates.

SHAREHOLDERS' EQUITY increased by EUR 46.592 million to EUR 299.794 million, mainly as a result of the positive Group net income of EUR 76.676 million as well as increased non-controlling interest of EUR 1.548 million. The increase is offset, inter alia, by the reduction in shareholders' equity following the distribution of EUR 30.717 million as dividend for the 2013 financial year.

At the Annual Shareholders' Meeting on 8 May 2014 the share capital was increased by EUR 48.000 million from company funds to EUR 96.000 million.

The equity ratio (shareholders' equity divided by the balance sheet total) decreased due to considerably higher total assets from 28.9% to 27.2%.

The return on equity (consolidated net income divided by shareholders' equity) is 25.6%, compared to 24.2% in the previous year.

OTHER DISCLOSURES

The **net debt/equity ratio** is as follows:

	31.12.2014	**31.12.2013**
	[EUR'000]	**[EUR'000]**
Debt [1]	382,028	332,207
Cash and cash equivalents	-505,843	-375,736
Net debt	**-123,815**	**-43,529**
Shareholders' equity	299,794	253,202
Net debt to shareholders' equity	-41.3%	-17.2%

[1] Debt is defined as long- and short-term borrowings and other financial liabilities. Other financial liabilities are set off against the receivables from ticket monies.

Net debt indicates the amount of debts a company has after all financial liabilities have been redeemed with cash and cash equivalents. The CTS Group has more cash and cash equivalents than debt at the end of 2014. The negative net debt/equity ratio means that the Group is de facto free of debt. The leverage of loan capital is expected to have positive effects on the return on equity.

Of the external loans, EUR 126.485 million (previous year: EUR 142.529 million) are tied up at the balance sheet date to comply with standard financial covenants for companies with good creditworthiness ratings. Other than fulfillment of these ‘financing covenants’, there are no specific restrictions that might adversely affect the availability of funds. The CTS Group assumes that the ‘financing covenants’ will be honored in the years ahead.

4.2.2 FINANCIAL POSITION OF CTS KGaA(HGB)

	31.12.2014		31.12.2013		Change
	[EUR’000]	[in %]	[EUR’000]	[in %]	[EUR’000]
Current assets					
Cash and cash equivalents	208,863	35.8	159,969	32.0	48,894
Trade receivables	6,337	1.1	5,931	1.2	406
Receivables from affiliated companies and participations	26,105	4.5	14,080	2.8	12,025
Inventories	1,008	0.2	626	0.1	382
Other assets and prepaid expenses	22,994	3.9	17,681	3.5	5,313
Total current assets	**265,307**	**45.5**	**198,287**	**39.7**	**67,020**
Non-current assets					
Fixed assets	252,508	43.3	225,564	45.2	26,944
Goodwill	57,370	9.8	65,183	13.0	-7,813
Receivables from affiliated companies and participations	4,105	0.7	6,084	1.2	-1,979
Other assets and prepaid expenses	3,832	0.7	4,318	0.9	-486
Deferred tax assets	1	0.0	107	0.0	-106
Total non-current assets	**317,816**	**54.5**	**301,256**	**60.3**	**16,560**
Total assets	**583,123**	**100.0**	**499,543**	**100.0**	**83,580**

	31.12.2014		31.12.2013		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	73,350	12.6	28,344	5.7	45,006
Advance payments received	0	0.0	1,892	0.4	-1,892
Trade payables	9,799	1.7	12,868	2.6	-3,069
Payables to affiliated companies and participations	5,463	0.9	5,847	1.2	-384
Provisions	30,650	5.3	17,765	3.5	12,885
Other liabilities and deferred income	186,301	31.9	121,464	24.3	64,837
Total current liabilities	**305,563**	**52.4**	**188,180**	**37.7**	**117,383**
Non-current liabilities					
Medium- and long-term financial liabilities	60,857	10.4	120,143	24.1	-59,286
Deferred tax liabilities	1,501	0.3	1,668	0.3	-167
Total non-current liabilities	**62,358**	**10.7**	**121,811**	**24.4**	**-59,453**
Shareholders' equity					
Share capital	96,000	16.5	48,000	9.6	48,000
less par value of treasury stock	-9	0.0	-4	0.0	-5
Capital reserve	2,400	0.4	2,400	0.5	0
Statutory reserve	5,218	0.9	2,400	0.5	2,818
Balance sheet profit	111,593	19.1	136,756	27.3	-25,163
Total shareholders' equity	**215,202**	**36.9**	**189,552**	**37.9**	**25,650**
Total shareholders' equity and liabilities	**583,123**	**100.0**	**499,543**	**100.0**	**83,580**

The balance sheet total of CTS KGaA increased year-on-year by EUR 83.580 million to EUR 583.123 million (+16.7%).

CURRENT ASSETS increased by EUR 67.020 million to EUR 265.307 million (+33.8%). The changes mainly derive from the EUR 48.894 million increase in cash and cash equivalents, in receivables from affiliated companies and participations (EUR +12.025 million) as well as other assets and prepaid expenses (EUR +5.313 million).

Cash and cash equivalents rose in the financial year by EUR 48.894 million. This increase is attributable to higher liabilities for ticket monies that have not yet been invoiced at the balance sheet date, in particular from ticket sales in the fourth quarter of 2014 for major tours in 2015. Furthermore, liquidity inflows from higher net income for the year (EUR 56.368 million) and cash outflows for disbursement of dividends in the second quarter of 2014 (EUR -30.717 million), purchase price payments for acquisitions (EUR -19.689 million) as well as capital contributions to newly founded companies (EUR -6.189 million).

Cash and cash equivalents, at EUR 208.863 million (previous year: EUR 159.969 million) include ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced), which are reported in other liabilities (EUR 171.159 million; previous year: EUR 108.229 million). Other assets also include receivables relating to ticket monies from presales (EUR 19.461 million; previous year: EUR 14.443 million).

Receivables from affiliated companies and participations rose by EUR 12.025 million. The increase is mainly attributable to loans receivable in connection with the acquisition of Entradas See Tickets (EUR 3.361 million). In addition, loans were granted to consolidated subsidiaries to finance international acquisitions (EUR 4.666 million). Furthermore, the receivables from affiliated companies increased due to operating activities. This was offset by scheduled repayments of loans.

Other assets and prepaid expenses increased by EUR 5.313 million, mainly because of the increase in receivables relating to ticket monies from presales (EUR +5.018 million).

NON-CURRENT ASSETS increased by EUR 16.560 million to EUR 317.816 million. A major portion of that increase, EUR 26.944 million, relates to fixed assets. This was offset by a reduction in goodwill (EUR -7.813 million) and receivables from affiliated companies and participations (EUR -1.979 million).

Additions to **fixed assets**, at EUR 26.944 million mainly relate to intangible assets for further development of the Global Ticketing System (EUR +6.723 million), IT hardware for operating the Global Ticketing System and for connecting box offices to the Global Ticketing System (EUR +2.165 million). These are offset by systematic depreciation (EUR -16.215 million). The additions in financial assets, at EUR 25.878 million, relate to the acquisitions in Spain, France and the Netherlands as well as contribution payments to the capital reserve of JUG Jet Air GmbH & Co. KG, Bremen.

The EUR 7.813 million decrease in **goodwill** derives from the scheduled amortisation of goodwill according to HGB (mainly in connection with the completed chain merger in the previous year of See Tickets Germany GmbH, Hamburg, and Ticket Online Software GmbH, Hamburg).

CURRENT LIABILITIES increased by EUR 117.383 million to EUR 305.563 million, mainly by the increase in current financial liabilities (EUR +45.006 million), provisions (EUR +12.885 million) and other liabilities and deferred expenses (EUR +64.837 million).

The EUR 45.006 million increase in **short-term financial liabilities**, resulted from the timely reclassification of medium- and long-term bank liabilities in short-term financial liabilities.

The EUR 12.885 million increase in **provisions** mainly derives from higher tax provisions in the reporting period (EUR +8.374 million) and other provisions (EUR +4.511 million). The increase in other provisions mainly results from higher provisions for outstanding invoices and commissions (EUR +2.743 million) as well as outstanding credit notes (EUR +1.667 million) in the reporting period.

The EUR 64.837 million increase in **other liabilities and deferred expenses** is mainly caused by increased liabilities in respect of ticket monies that have not yet been invoiced (EUR +62.931 million), in particular from ticket presales in the fourth quarter of 2014 for major tours in 2015. There was also an increase of EUR 867 thousand in liabilities for gift vouchers sold but not yet redeemed and of VAT liabilities by EUR 1.350 million.

NON-CURRENT LIABILITIES decreased by EUR 59.453 million to EUR 62.358 million. This reduction mainly results from the timely reclassification of medium and long-term financial liabilities to short-term financial liabilities (EUR -59.286 million).

SHARHOLDERS' EQUITY rose by EUR 25.650 million to EUR 215.202 million. The net income for the reporting year, at EUR 56.368 million, is offset by the EUR 30.717 million dividend for the 2013 financial year that was adopted at the Annual Shareholders' Meeting in May 2014.

At the Annual Shareholders' Meeting on 8 May 2014 the share capital was increased by EUR 48.000 million from company funds to EUR 96.000 million.

The equity ratio decreased due to considerably higher total assets from 37.9% to 36.9%.

The return on equity (net income for the year divided by shareholders' equity) increased to 26.2%, compared to 24.4% in 2013.

4.3 CASH FLOW
4.3.1 CONSOLIDATED CASH FLOW (IFRS)

	2014 [EUR'000]	2013 [EUR'000]	Change [EUR'000]
Cash flow from:			
Operating activities	245,637	142,898	102,739
Investing activities	-58,604	-41,415	-17,189
Financing activities	-56,457	-44,274	-12,183
Net increase / decrease in cash and cash equivalents	**130,576**	**57,209**	**73,367**
Net increase / decrease in cash and cash equivalents due to currency translation	-469	-987	518
Cash and cash equivalents at beginning of period	375,736	319,514	56,222
Cash and cash equivalents at end of period	**505,843**	**375,736**	**130,107**

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 2013, cash and cash equivalents increased by EUR 130.107 million from EUR 375.736 million to EUR 505.843 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

Cash flow from operating activities increased year-on-year by EUR 102.739 million from EUR 142.898 million to EUR 245.637 million. The main reason for this increase in cash flow from operating activities is the EUR 15.534 million increase in consolidated net income after non-controlling interest and other liabilities (EUR +129.861 million). This was offset by a year-in-year decrease in cash flow mainly due to changes in other non-cash transactions (EUR -7.250 million), in income tax payments (EUR -11.973 million), in payments on account (EUR -19.196 million) and a change in receivables and other assets (EUR -15.536 million).

The negative cash-flow effect of EUR 7.250 million from changes in **non-cash transactions** was mainly the result of actuarial changes in the financial assumptions used in the valuation of pension provisions, income from a lucky buy as part of the purchase price allocation and lower allowances for bad debts.

Income taxes paid of EUR 11.973 million increased due to higher prepayments in 2014 and payments made for previous years.

The negative cash-flow effect of EUR 19.196 million from changes in **payments on account** was mainly the result of an increase in production cost payments for future events to be held in the business year 2015 in the Live Entertainment segment.

The negative cash-flow effect of EUR 15.536 million from changes in **receivables and other assets** was mainly the result of a higher accumulation of receivables relating to ticket monies from presales, in particular by presales in the fourth quarter of 2014 for major events and due to changes in the scope of consolidation.

The EUR 129.861 million positive cash flow effect due to the change in **liabilities** mainly results from higher increase of advance payments received in the Live Entertainment segment (EUR +69.615 million) and higher liabilities of ticket monies that have not yet been invoiced in the Ticketing segment (EUR +54.429 million).

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. In the reporting period, as in the prior year, presales for events held after the balance sheet data resulted in a stronger cash inflow.

As at the end of the year, owing to the seasonally very high level of ticket presales in the fourth quarter, there is usually a large amount of **liabilities in respect of ticket monies that have not yet been invoiced** in the Ticketing segment, which leads in the course of the following year to cash outflows of ticket monies to promoters due to many events being held and invoiced.

CASH FLOW FROM INVESTING ACTIVITIES

The negative cash flow from investing activities increased by EUR 17.189 million from EUR 41.415 million to EUR 58.604 million due to higher cash outflows for acquisitions in the reporting period and higher investing activities in tangible assets especially IT-hardware for the data center.

CASH FLOW FROM FINANCING ACTIVITIES

The negative cash flow from financing activities rose year-on-year by EUR 12.183 million from EUR 44.274 million to EUR 56.457 million. In the reporting period, less financial loans from existing syndicated credit facility (Revolving Credit Facility) were taken out (EUR -12.000 million). This was offset by lower redemption of financial liabilities (EUR +4.061 million). Furthermore, higher dividends to shareholders (EUR -3.360 million) were paid out.

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

4.3.2 CASH FLOW CTS KGaA (HGB)

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	131,254	99,256	31,998
Investing activities	-37,363	-21,255	-16,108
Financing activities	-44,997	-35,877	-9,120
Net increase / decrease in cash and cash equivalents	**48,894**	**42,124**	**6,770**
Cash and cash equivalents at beginning of period	159,969	117,845	42,124
Cash and cash equivalents at end of period	**208,863**	**159,969**	**48,894**

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 2013, cash and cash equivalents increased by EUR 48.894 million from EUR 159.969 million to EUR 208.863 million.

Cash flow for operating activities increased by EUR 31.998 million to EUR 131.254 million. The year-on-year increase in 2014 mainly results from positive operative cash flow due to the higher net income for the year (EUR +10.172 million). In addition positive cash flow effects result from a change in liabilities (EUR +52.607 million) and other provisions (EUR +4.164 million). These were offset by negative impacts resulting from the change in receivables (EUR -29.459 million) and advance payments received (EUR -1.335 million). In addition negative cash flow effects of EUR 3.290 million resulted from the merger carried out in the previous period.

The EUR 29.459 million negative cash flow effect in respect of **receivables** mainly relates to changes in receivables from affiliated companies and participations (EUR -19.825 million), other receivables related to ticket monies (EUR -4.630 million) and trade receivables (EUR -2.571 million). The negative cash flow effect in respect of receivables from affiliated companies and participations mainly relates to loans granted to subsidiaries to finance foreign acquisitions while in the same period last year a positive cash flow effect resulted due to higher loan repayments.

The positive cash flow effect in respect of **liabilities**, at EUR 52.607 million, is due to higher liabilities in respect of ticket monies that have not yet been invoiced in particular for major events (EUR +38.804 million), liabilities to affiliated companies and participations (EUR +13.042 million) and other liabilities (EUR +1.530 million).

The positive cash flow effect in respect of the change of **other provisions** (EUR +4.164 million) result mainly from higher provisions for outstanding invoices (EUR +1.781 million) and credit notes (EUR +1.667 million).

Negative **cash flow for investing activities** of EUR 37.363 million increased from EUR 21.255 million by EUR 16.107 million. The increase in cash outflow due to purchase price payments related to acquisition of shares in newly acquired companies in the reporting period (EUR -25.878 million) was offset by lower cash outflows in investments in intangible assets (EUR +10.407 million).

Negative **cash flow from financing activities** increased year-on-year by EUR 9.120 million from EUR 35.877 million to EUR 44.997 million. The payment of taking up loans decreased in the reporting period by EUR 11.936 million, because less investments were leveraged over the previous period. Due to the acquisitions made in the reporting period, temporary financial loans of EUR 20.000 million were received and repaid within the existing syndicated credit line (Revolving Credit Facility). Repayments of financial loans decreased by EUR 6.176 million whereas higher dividends were paid to shareholders (EUR -3.360 million).

4.4 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

CTS KGaA and the Group as a whole yet again achieved successful results in the year under review, significantly increasing both revenue and earnings and thus reinforcing their leadership of the European market. Despite phases of economic weakness in some individual European countries, the business model of the CTS Group proved once again to be very robust.

Key performance figures were improved in the Ticketing segment in line with the previous year's forecast. As forecasted, this was based on the consistent expansion of online ticketing, the continued international expansion and also the launch of new products and services. The average growth rates from 2011 to 2013 of approximately 10% were considerably improved upon. The increase in net profit developed faster than the growth rate of revenue. The organic growth and growth based on acquisitions as well as the improved traditionally strong fourth quarter, in particular through ticket presales for major tours in 2015, were responsible for the improvements in forecasted key figures.

Business in the Live Entertainment segment developed as planned in the reporting year. Additional revenue was generated year-on-year based on the companies newly consolidated in 2013 in Germany and Switzerland; this was offset by a lower number of large events, which was also a result of the Football World Cup. After the record result in the 2013 financial year, the Live Entertainment segment generated lower results during the reporting year as expected.

The corporate management assesses the economic situation of the CTS Group at the time of preparation of the management report positive. The CTS Group is well positioned with its portfolio and its financial profile in the market.

5. APPROPRIATION OF EARNINGS BY CTS KGaA

In the 2013 financial year, CTS KGaA generated net income for the year (according to HGB) of EUR 46.196 million. The Annual Shareholders' Meeting on 8 May 2014 adopted a resolution to distribute EUR 30.717 million (EUR 0.32 per eligible share; based on 96 million shares after share capital increase from own funds) of the balance sheet profit of EUR 136.756 million as at 31 December 2013 to shareholders. Payment of this dividend was effected on 9 May 2014. Based on the approved capital increase to EUR 96.000 million EUR 48.000 million were allocated to share capital. The remaining balance sheet profit after increase of par value difference in treasury stock (EUR 4 thousand) of EUR 58.035 million was carried forward to the new account.

In the 2014 financial year, CTS KGaA generated EUR 56.368 million in net income (according to HGB). The Management Board of the general partner and the Supervisory Board of the company propose to the Shareholders' Meeting that a dividend of EUR 38.397 million (EUR 0.40 per eligible share) be distributed. The proposed dividend is based as in previous yeas to 50% of net income for the Group. The remaining EUR 15.153 million, after allocation to statutory reserve (EUR 2.818 million), shall be carried forward to the new account.

6. DEPENDENCIES REPORT FOR CTS KGaA

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 section 312 AktG finishes with the following statement by the Management Board of EVENTIM Management AG:

'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 section 312 AktG.'

7. EVENTS AFTER THE BALANCE SHEET DATE

Since the closing date, there have been not events requiring disclosure.

8. RISK AND OPPORTUNITIES REPORT

The Group's risk policy is geared towards systematic and continuous growth in enterprise value. It is therefore a major component of business policy. The reputation of CTS KGaA and the Group, as well as the individual brands is 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 reasonable value added. Risks and opportunities are defined as deviations from business planning.

The corporate management is broadly guided by the following principles of risk policy:

a) achieving business success invariably involves risk,
b) no action or decision may involve a risk to the company as a going concern,
c) risks in respect of earnings must be associated with corresponding returns,
d) risks, to the extent that they are economically acceptable, must be hedged accordingly and
e) residual risks must be controlled by means of a risk management system.

The opportunities and risk management of the CTS Group is based on a comprehensive, multi-stage approach which comprises the segments' operating management, control and management systems (risk management within a more limited sense) and internal audit activities. The risk management system is integrated as a continuous process (control loop) into business processes, its aim being to identify, assess, control and document material risks and risks that threaten the continued existence of the company as a going concern and to seize, identify and realise opportunities.

The CTS Group primarily aims to enhance the company's value and achieve a good balance between opportunities and risks.

8.1 STRUCTURE AND OPERATION OF THE RISK AND OPPORTUNITIES 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. Operational risk management includes the process of systematic risk analysis of business processes. The risk and opportunities management system is integrated as a continuous process (control loop) into business processes, its aim being to identify, assess, control and document material risks, as well as risks that threaten the continued existence of the company as a going concern.

The opportunity and risk management system is carried out at operating process, department and company level in the segments and subsidiaries. The opportunity and risk management system is an integral part of corporate management and monitoring.

CTS KGaA and its consolidated subsidiaries are informed in the Risk Management Guidelines about the risk policies, risk management principles, operational risk management and risk identification, the structure of the risk management system, the risk management process and reporting flows.

All major subsidiaries of the Ticketing and Live Entertainment segments are integrated into the opportunity and risk management system via a model which defines roles and responsibilities. Officers are appointed by all reporting entities. The opportunity and risk management system has been integrated into Group controlling. A joint officer is responsible for compliance with processes, the systematic development of the system and supporting the segments and subsidiaries. The risk committee at CTS KGaA validates and questions the evaluations and reports to corporate management. The Supervisory Board is informed of the opportunity and risk reports and monitors the efficiency of the system.

Quarterly reports ensure that the company's management is promptly informed of potential risks and opportunities affecting the company's future development. They are evaluated according to impact and likelihood and the status of measures is monitored. The period under review comprises the current and following financial year.

The risk management system operated by the CTS Group thus serves the purpose not only of detecting existential risks at an early stage, as required by the German Corporate Control and Transparency Act (KonTraG), but also detects any identified risks which might materially impair the earnings performance of the Group.

This results in minimising the identified risks through the processes of the internal control system derived from measures both integrated into the process and independent of the process. If necessary, individual measured are implemented and their effectiveness is monitored. In preparing the consolidated financial statements, sufficient precautions were taken to cover 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. Risks are 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 to be taken.

Other instruments, such as the reporting system with consolidated budgets, monthly financial statements and regular review meetings, are also used to identify and analyse various opportunities and risks, and to inform corporate management of the business development in the individual entities.

The CTS Group divides risks into seven risk categories:

Risk category	Description
1. Strategy	Risks and opportunities which represent a significant threat or opportunity and which arise from strategic decisions: • Risks of future economic development • Sector, market and competition
2. Market	Risks and opportunities based on changes in the market (prices, competition etc.): • Products, services, innovations
3. Performance	Risks and opportunities related to services provided and the required resources: • Stability and safety of IT infrastructure • Risks from security threats from the Internet • Procurement • Personnel risks
4. Projects	Risks and opportunities arising from large projects
5. Finance	Financially-based risks and opportunities: • Liquidity risks • Credit risks • Currency risks • Interest risks • Other price risks • Taxes • Litigation and claims for damages • Risks relating to reporting and budgeting • Capital management
6. Political/legal	Risks and opportunities arising from changes in the political or legal framework
7. Compliance	Risks arising from non-compliance with laws, regulations and sector standards

This process is supported by the 'R2C_risk to chance' risk management software.

The appropriateness and capability of the CTS Group's risk management system is continuously monitored and developed, also in collaboration with external consultants and the internal audit department.

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

8.2 MAJOR RISK CATEGORIES

Of all the identified risks facing the Group, the general and specific risks that may have an adverse impact on the financial position, cash flow and earnings performance are briefly described below.

Risk assessment involves analysing the likelihood of risks materialising, and the maximum theoretical loss that could occur. The maximum theoretical loss multiplied by the likelihood of the risk materialising is the expectation value. Risks are classified as 'high' (expectation value of the risk impairs EBIT by more than 10%), 'medium' (expectation value of the risk impairs EBIT by more than 1% and less than 10%) and 'low' (expectation value of the risk impairs EBIT by less than 1%). Unless otherwise specified, the risks described below relate to both segments.

8.2.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

The macroeconomic environment remained challenging in 2014. According to the German Council of Economic Experts, the German economy suffered a sharp setback after a surprisingly strong start to the year. The main reasons were in all likelihood geopolitical risks as well as the adverse development in the eurozone. The Council forecasts that the global economy will remain divided in 2015, with the USA and UK representing the growth engines. Economists forecast subdued Growth in the eurozone.

The European Central Bank (ECB) has lowered its base interest rates to almost zero and has implemented extensive quantitative easing measures. This policy harbours risks for long-term economic development in the eurozone, not least in the form of subsiding reform and consolidation measures by member states. The consensus among economists according to Bloomberg is projected growth of just 1.15% for the eurozone in 2015.

As past business trends have shown, the events market of the CTS Group developed fairly independently of economic trends. The risk is classified as low.

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 of offer. This includes, for example, an exclusive presale service, online reservation of specific seats via an interactive seating plan, ticket sales by Mobile Shop and the apps for iPhone and Android, state of the art applications for promotions and VIP package deals, internet-base ticket exchange, high-quality FanTicket, special business offers, print-at-home smartphone solutions and the powerful mobile access control system, 'eventim.access'.

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

8.2.2 MARKET RISKS

PRODUCTS, SERVICES AND INNOVATION

Further development of the CTS ticketing software (‘Global Ticketing System’ and inhouse products) occurs in a context of very rapid changes in the information technology field, which produces a constant flow of new industry standards, new products and new services. It is uncertain that the CTS Group can always launch new technologies in a timely manner and without impairing the speed and responsiveness of the system. The CTS Group uses technologies developed by external specialists from whom licences have been purchased. If the rights to use these technologies are lost for whatever reason, this could delay development and limit operation of the products, or could result in higher royalties being paid.

The Group’s business operations and the enterprise 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 enterprise 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.

Uncertainties on markets worldwide may have negative impacts on the events and ticketing market and hence on the business development of the CTS Group. The CTS Group will respond to any competitive and price-related pressures arising by new industry-specific or customer-specific services and sales initiatives. Market risks are classified at low risk. The previous year’s classification of medium risk has been reduced due to the increased assessment basis of budgeted EBIT.

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 an IT security policy adopted by the corporate management.

Technical and organisational measures are taken to safeguard the availability and security of the platforms operated, the IT infrastructure and the data stored and processed on those platforms.

To ensure its physical security, for example with protection against fire, power failures, natural disasters or burglary, the infrastructure is operated in an external, equipped with multi-redundant power and Internet connections, separate fire protection zones and permanent surveillance.

IT systems are operated in accordance with documented rules and procedures. Data protection guidelines, stipulations for handling information and for operating and servicing systems and networks, staff training, regular risk reports and planning for emergencies are core measures in that regard.

System malfunctions and failures are prevented with a highly redundant system architecture and permanent monitoring of all system components. A mirrored system architecture, with multi-redundant system components and backup systems, does not of itself guarantee platform availability, but allows peak loads to be handled by intelligent load distribution algorithms, both automatically and manually controlled.

A multi-threaded test environment ensures that changes to software and systems do not enter productive operations unless they have successfully completed quality assurance and load testing procedures and do not compromise productive operations in any way.

A multilayer security system with firewalls and intrusion detection blocks attacks on the productive infrastructure. To that end, the security of all platforms is tested and continuously improved on the basis of regular security tests conducted on the networks, servers and software by independent organisations. The risk is classified as a medium risk in the Ticketing segment.

RISKS FROM INTERNET SECURITY THREATS

Processes within the CTS Group, such as software development, networking of ticketing systems, online ticketing operations, data exchange between the system and financial transactions are dependent on the IT infrastructure and IT applications. A number of measures have been taken to safeguard the security of the information processed in the IT systems.

Unauthorised users may nevertheless attempt to access CTS systems by conducting cyberattacks and to perpetrate theft, unauthorised use or sabotage of intellectual property and confidential data. Any infringement of the IT security policy and any abuse or theft could have negative impacts on business operations and on earnings performance, financial position and cash flow. The risk is classified as a medium risk in the Ticketing segment.

PROCUREMENT

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

PERSONNEL RISKS

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

The objects of the business activities in the Live Entertainment segment are to plan, prepare and execute tours and events, especially music events and concerts, and to market music productions. Contacts with artists and their managers, combined with the professional organisation and execution of events are key success factors in this regard. The positive business development in the Live Entertainment segment is based in large measure on the activity and special commitment of certain key people with important leadership roles. Financial success will continue to depend on these skilled managers remaining in the employ of the company. The risk is classified as medium.

8.2.4 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, risks relating to deadlines, foreign exchange risks, and political and legal risks. Examples include, but are not limited to major projects for customers, IT projects (software development, provision and/or technical handling and implementation) and new types of events. Project-related risks are identified and managed with an appropriate system of project management. Project handling often involves the customer deploying a considerable amount of resources, as well as exposure to many risks over which the CTS Group often has no control. The risk is classified as medium.

8.2.5 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 are in place with various banks. The extension risk is minimised by varying credit terms. In addition to existing financing of acquisitions, a medium- to long-term working capital credit facility is also available as part of general corporate financing. The Group had sufficient cash reserves as at the balance sheet date of 31 December 2014.

As at 31 December 2014, the Group has bank liabilities of EUR 171.491 million (previous year: EUR 188.217 million). Of the external loans, EUR 126.485 million (previous year: EUR 142.529 million) are tied up to comply with standard financial 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. The risk is classified as low.

CREDIT 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 liabilities owed to the same debtor if set-off is possible. In the annual financial statements of CTS KGaA 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.

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 2014 business year, security amounting to EUR 10.554 million (previous year: EUR 11.505 million) was provided for Group companies, mainly to hedge the risks in ticket presales by various box offices (EUR 10.213 million, previous year: EUR 11.167 million). The risk is classified as low.

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 performers as well as licensing agreements are transacted in foreign currencies.

Foreign exchange risks which do not affect the cash flow of the Group (that is, 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. Within the CTS Group, derivatives are used solely to hedge risks, but not as vehicles for speculation.

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 shareholders' 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 2014, the consolidated net income after tax would have been EUR 2.119 million lower (or higher, respectively) (previous year: EUR 1.839 million lower (higher)). The hypothetical effect on net income after tax results mainly from EUR/CHF currency sensitivity (EUR -838 thousand; previous year: EUR -486 thousand for EUR/CHF), from EUR/USD (EUR -816 thousand; previous year: EUR -107 thousand for EUR/USD) and from EUR/GBP (EUR -656 thousand; previous year: EUR -1.109 million for EUR/GBP). The risk has been reduced to low.

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for long-term loans (with fixed-interest periods of 1, 4 and 5 years). Short-term credit lines are not used continuously throughout the year. An extended and increased syndicated credit line (revolving credit facility) is used for specific projects.

Risks associated with changes in interest rates exist due to potential changes in market interest rates and may lead to a change in fair value in the case of fixed-rate financial instruments, and to variation of interest payments in the case of financial instruments with variable interest rates.

Variable-interest loans and medium-term, fixed-interest loan agreements are regularly reviewed for possible hedging against interest rate changes. Due to the current market situation, it is assumed that interest rates will not rise significantly in the short term.

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.

Hypothetical changes in market interest rates as at 31 December 2014 would have effects on ongoing interest payments and/or interest income and expenditure in pre-tax profits and on shareholders' equity. The hypothetical effect on consolidated income results from the potential effects of original cash and cash equivalents and financial debts of EUR 263.084 million (previous year: EUR 133.875 million).

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2014, consolidated net income after tax would have been EUR 1.894 million higher (EUR 27 thousand lower). The effect on consolidated net income after tax concerns cash and cash equivalents and financial debts. The interest rate hedges as at 31 December 2013 were classified into the 'held for trading' category and were closed in the first quarter 2014.

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2013, consolidated net income after tax would have been EUR 2.133 million higher (EUR 1.411 million lower). The effect on consolidated net income after tax concerns cash and cash equivalents and financial debts (EUR 930 thousand higher; EUR 375 thousand lower) and interst rate hedges in 2013 (EUR 1.203 million higher; EUR 1.036 million lower).The risk is classified as low.

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 2014 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 2 thousand higher (lower) (previous year: EUR 23 thousand). The risk is classified as low.

TAXES

Different opinions on fiscal matters may lead to subsequent tax demands being imposed that have adverse impacts on the financial situation. Tax arrears are evaluated on the basis of a best possible estimate. The Group audit for 2005 to 2009 was completed and the ensuing tax arrears were recognised under tax provisions. An audit for 2010 to 2013 is scheduled for the end of 2015. The risk is classified as medium.

LITIGATION AND CLAIMS FOR DAMAGES

The CTS Group is involved in pending proceedings and processes as they arise in the ordinary course of business. Additional reporting is made in section 7.7 of the notes to the consolidated financial statements. The risk is classified as low.

RISKS RELATING TO REPORTING AND BUDGETING

Compliance with all the accounting standards applying to the CTS Group and with all new announcements of relevance is subjected to regular review. Future announcements on accounting methods and standards, for example on recognition of revenue or Leasing, may also have effects on financial data. A forecast of revenue in the CTS Group is dependent on many factors and therefore involves uncertainties. These factors include, but are not limited to social trends, geographical markets, seasonal variations, number of events, sales volume per channel, ticket price, genre, market share, budget changes at customers, time slots and assessment for 'artist booking' for annually changing content in the Live Entertainment segment, as well as currency and interest rate premisses. Operating expenditures are based on anticipated revenue. If anticipated revenue do not materialise, this may lead to fluctuations in operating profits. The use of estimates by management may have impacts on earnings performance, financial position and cash flow. The risk is classified as medium.

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, capital management ensures appropriate equity levels, the financing of investments and the creation or dismantling of debts. The risk is classified as low.

8.2.6 POLITICAL / LEGAL RISKS

Political and legal risks may arise when conditions are stipulated or modified by government activities, in particular by legislation. Examples of political or legal risks are developments in commercial and tax law and competition law, market regulation measures, stricter consumer protection laws, competition / anti-trust restrictions (of organic and acquisition-based growth) and contractual stipulations and risk-relevant effects of consumer protection organisations. Expert advice is received in all legal matters. The risk is classified as medium.

At the end of November 2014, CTS KGaA received a demand for information relating to administrative proceedings by the German Federal Cartel Office to analyse, following the recent merger approval, the market position of CTS KGaA in Germany. All the questions relating to the demand for information were answered in a complete and timely manner. Given the previous status of the proceedings, neither the length nor the progress of the proceedings can be estimated with certainty; it is likely that the German Federal Carel Office will also ask other market participants. The Group currently expects that the legal framework conditions were maintained.

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. Officers have been appointed for specific risk areas (PCI Compliance, IT Security and Data Protection). The legal department provides ongoing support by advising on the identifying and managing compliance risks, especially with regard to the Group becoming increasing international. The risk is degraded as low.

8.3 OPPORTUNITIES

Opportunity management within the CTS Group is aimed at identifying and evaluating opportunities at an early stage and taking appropriate steps so that opportunities are exploited and result in successful business development. Contrary to risks, opportunities are regarded as potential positive budget deviations. Risks are not offset against opportunities.

Responsibility for the systematic recognition and exploitation of opportunities which arise lies with the operations managers. The CTS Group evaluates organic growth and acquisition-based growth opportunities as part of its annual budget planning and on an ongoing basis throughout the year.

Continuation of the company's growth depends above all on the ability to launch innovative software solutions on the market and to create value-added for customers on a continuous basis. In a structured software specification process, market requirements and functions are assessed according to various business administration and strategic criteria to produce a list of priorities.

The aim is to identify and materialise opportunities in the core business segments. Opportunities are identified particularly in the permanent evaluation of new business areas, realization and implementation of large projects in the Ticketing segment, new types of events in the Live Entertainment segment and strategic acquisitions in Germany and abroad as well as product diversification and information science.

Individual growth initiatives are assessed according to strategic and financial criteria using contribution accounting, investment accounting and discounted cash flow accounting.

8.4 ASSESSMENT OF THE GROUP'S OPPORTUNITIES AND RISK EXPOSURE

An overview of risks shows that the Group is mainly exposed to performance and political/legal risks. The assessment of individual opportunities and risks has not changed significantly in relation to the prior year.

The CTS Group sees future opportunities primarily in high-margin Internet sales and also on the basis of its excellent market position in Germany and other countries, its technological leadership in the Ticketing segment and its compelling business model combining the Live Entertainment and Ticketing segments. With one of the most sophisticated ticketing platforms in existence and a complex, extensive distribution network, the Group enables many national and international promoters to sell tickets through a high-performance system.

Corporate management currently assumes that the risks, as in the previous year, are limited and transparent on the whole and that they do not jeopardise CTS KGaA and the Group as going concerns. There are no identifiable risks at present that might jeopardise their continued existence as going concerns.

It cannot be ruled out that additional factors will emerge in the future which are not yet known or are currently rated as immaterial and which could jeopardise the continued existence of the CTS Group as a going concern.

9. INTERNAL ACCOUNTING CONTROL SYSTEM

The internal accounting control system (IACS) contains the policies, procedures and measure designed to ensure correct and reliable accounting, and is subjected to continuous improvement.

Process-integrated and process-independent monitoring measures are the key elements of the internal control 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.

An Accounting Policies and Procedures Manual stipulates accounting, measurement and disclosure rules in accordance with IFRS/IAS, and the associated reporting requirements for the relevant subsidiaries, for preparation of the consolidated financial statements and for all financial information to be reported by the companies included in the consolidated financial statements. The Accounting Policies and Procedures Manual contains an overview of the Standards and Interpretations adopted by the EU, as well as the dates from which they have to be applied.

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.

In the standalone financial statements of the subsidiaries of CTS KGaA, 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 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 deployed by CTS KGaA has been used for many years already to prepare the consolidated financial statements of CTS EVENTIM. All the 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 or malicious 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 centralised performance of impairment tests for from the Group's view specific cash-generating units (so called CGU) ensures that consistent and standardized evaluation criteria is used. The cash-generating units correspond to the Group's reporting units (segments) Ticketing and Live Entertainement. The scope of regulations extends at group level, inter alia, to the central definition of requirements for parameters in the valuation of pension provisions. Furthermore, the preparation and aggregation of additional data for the preparation of the notes and the management report (including significant events after the balance sheet date) is performed at Group level.

By means of the organisational, control and monitoring systems stipulated within the CTS Group, the internal accounting control and risk management system makes it possible to record, process and analyse company information and to present it properly in the Group accounting. 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 limited effectiveness and reliability of the internal control and risk management system. This means 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.

10. DISCLOSURES PURSUANT TO §§ 289 (4) AND 315 (4) HGB

Further disclosures refer to CTS KGaA.

COMPOSITION OF SHARE CAPITAL; RESTRICTIONS RELATING TO VOTING RIGHTS OR THE TRANSFER OF SHARES (§ 315 (4) NO. 1 AND 2 HGB)

The share capital of CTS KGaA amounts to EUR 96,000,000 and is divided into 96,000,000 no-par value bearer shares. Each share entitles the bearer to one vote.

Management is not aware of any restrictions that affect voting rights or transfer of shares.

DIRECT OR INDIRECT SHAREHOLDINGS (§ 315 (4) NO. 3 HGB)

The general partner with no capital contribution is EVENTIM Management AG. Mr. Klaus-Peter Schulenberg, Bremen, holds 100% of the voting rights in EVENTIM Management AG and 50.2% of the voting rights in CTS KGaA. The company has no knowledge of any other shareholdings, direct or indirect, that exceed 10% of the voting rights.

HOLDERS OF SHARES WITH SPECIAL RIGHTS (§ 315 (4) NO. 4 HGB)

Shares with special rights that grant power of control do not exist.

PROCEDURES FOR MONITORING VOTING RIGHTS IN THE EVENT OF EMPLOYEE INVESTMENTS IN THE COMPANY (§ 315 (4) NO. 5 HGB)

There are no special procedures for monitoring voting rights in the event that employees hold shares in the company's capital.

LEGAL REGULATIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION FOR THE START AND END OF THE LEGAL STATUS OF THE GENERAL PARTNER AS MANAGEMENT AND REPRESENTATION RIGHTS AND CHANGES TO THE ARTICLES OF ASSOCIATION (§ 315 (4) NO. 6 HGB)

The company is represented by the general partner, which entered in the CTS KGaA within the change in legal form. Until its departure the authority ceases. The departure of the general partner is governed by § 10 of the articles of association of CTS KGaA. The general partner leaves the company apart from a possible agreement to that effect as soon as all shares in the general partner are no longer held by a person who holds more than 10% of the share capital of the company either directly or indirectly through a dependent company pursuant to § 17 (1) German Stock Corporation Act (AktG); this does not apply if all shares in the general partner are held by the company either directly or indirectly. In addition, the general partner leaves the company if the shares in the general partner are acquired by a person who has not submitted a takeover or mandatory offer to the company's shareholders in accordance with the provisions of the German Securities Acquisition and Takeover Act (WpÜG) and the requirements detailed in the articles of association within a period of twelve months following the acquisition taking effect.

In the case that the general partner leaves the company or that the general partner's departure is foreseeable, the articles of association contain the following clause to prevent the liquidation of CTS KGaA: The Supervisory Board of CTS KGaA is entitled and obliged to assume into CTS KGaA a stock corporation, all shares in which are held by CTS KGaA, as general partner immediately after or rather upon the departure of the previous general partner. If EVENTIM Management AG departs CTS KGaA as general partner without a new general partner being assumed simultaneously, CTS KGaA will be managed by the shareholders during a transitional period. In this case, the Supervisory Board of CTS KGaA must request immediately the appointment of an emergency representative to represent CTS KGaA until the assumption of a new general partner, particularly in relation to the acquisition or foundation of said general partner.

In this case, the Supervisory Board of CTS KGaA is entitled to correct the wording of the articles of association in line with the change of general partner.

According to § 179 (1) AktG, the articles of association 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). Under § 18 (3) of the articles of association of CTS KGaA, the option provided for in § 179 (2) AktG is utilised, setting forth 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 Annual Shareholders' Meeting by a two-thirds majority unless otherwise stipulated by mandatory statutory provisions. Any decisions on amendments of articles of association require the approval of the general partner pursuant to § 18 (6) of the articles of association of CTS KGaA.

EVENTIM Management AG is represented both in legal matters and in general terms by its Management Board.

AUTHORISATION OF THE MANAGEMENT BOARD TO ISSUE AND BUY BACK SHARES (§ 315 (4) NO. 7 HGB)

According to § 4 (4) of the articles of association, the general partner was authorised, subject to approval by the Supervisory Board, to increase the share capital in full or in part on one or several occasions by a maximum of EUR 48,000,000 until 7 May 2019 by issuing up to 48,000,000 bearer shares in return for cash deposits and/or contributions in kind (approved capital 2014). Approved capital 2009 was cancelled effective as of the entry of approved capital 2014 into the commercial register.

The share capital is increased conditionally by up to EUR 1,440,000. The contingent capital increase shall be conducted 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 general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation.

The share capital of the company is increased conditionally by up to EUR 44,000,000 by issuing up to 44,000,000 new no-par value bearer shares entitled to participate in profits as of the beginning of the financial year in which they were issued (contingent capital 2013). This contingent increase is for granting shares to the holders of warranty bonds or convertible bonds issued in accordance with the authorisation of the Annual Shareholders' Meeting from 8 May 2013 to 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent capital increase shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and as far as the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The general partner is authorised to stipulate further details for implementing the contingent capital increase.

The company is authorised to purchase, by 11 May 2015 and as treasury stock, up to 4,800,000 no-par value bearer shares 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.

MATERIAL AGREEMENTS CONTINGENT ON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID (§ 315 (4) NO. 8 HGB)

Credit agreements concluded with major banks contain 'change of control' clauses; these can lead to the revision of existing credit agreements.

COMPENSATION AGREEMENTS (§ 315 (4) NO. 9 HGB)

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

11. CORPORATE GOVERNANCE DECLARATION

The executive bodies of CTS KGaA are guided in their actions by the principles of responsible and good corporate governance. The Management Board of EVENTIM Management AG 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.

12. REPORT ON EXPECTED FUTURE DEVELOPMENT

12.1 FUTURE MACROECONOMIC ENVIRONMENT

Many economists regard the impact of a disinflationary shock triggered by the drop in fuel prices in 2014 as the driving force behind economic growth in 2015. The subsequently low rate of inflation should positively affect global consumption through rising real income and continue to support the expansionary monetary policy of many central banks. In the USA, economic growth of 3.1% is expected for 2015, which indicates a stronger upswing compared to 2014 (source: Bloomberg-consensus). This growth is supported by further stabilisation of the US housing market as well as more robust consumption fuelled by lower energy prices.

With regard to emerging markets, economists forecast a mixed recovery, according to the Bloomberg consensus. Some economies have grown more than others even in 2014 and this trend should strengthen in 2015. Future growth in emerging markets will be affected by numerous factors, such as the degree of dependence on the USA or China or commodity markets and the pace of necessary structural reform. According to the Bloomberg consensus, economists predict that emerging markets with relatively close economic ties to the USA as opposed to China will see stronger growth, as robust growth will continue in the USA. Subsequently, economists forecast that countries like Mexico and Korea with close trade ties with the USA will register stronger growth than Brazil or Indonesia for example, whose economies will be held back by the cool down in China.

The prospects for Europe are mixed according to the Bloomberg consensus forecasts. The depreciation of the Euro against the US dollar in 2014 should stimulate demand abroad and impact its competitiveness on a global scale. The loose money policy of the European Central Bank (ECB) and the ongoing austerity programmes of some governments will support modest economic growth. The Bloomberg economic consensus predicts economic growth of 1.2% for the Eurozone in 2015 compared to 0.9% in 2014. Nevertheless, the high degree of debt of individual member countries as well as the ECB monetary policy, which has not yet fully begun to take effect, represents a risk to the overall economy of the Eurozone in 2015.

During the course of 2014 it became increasingly apparent that the monetary policy of the major central banks was diverging – an issue which will remain relevant in 2015. The economic perspective is that currencies and interest rates will largely offset the global effects of diverging monetary policies of the central banks, resulting in high exchange rate volatility. As the ECB continues to pursue its easy money policy while the US Federal Reserve is normalising its policy, the Bloomberg consensus economists continue to forecast an appreciation of the US dollar. Subsequently, the ensuing shift in international demand and a slight increase in financing conditions in the USA are likely to take off the pressure on the US Federal Reserve to lift interest rates any time soon.

According to German industry association 'Bundesverband der Deutschen Industrie', the trend seen in Germany last year will continue. Even if private consumption continues to support growth thanks to a stable labour market, the economic weakness which started in 2014 is beginning to show first visible effects. The rise in employment has decelerated which, in conjunction with the introduction of a minimum wage, is counteracting economic growth. Germany's future economic trend will remain dependent on the development of key trading partners. Given stronger economic growth in the USA, the UK and China, economists (according to the Bloomberg consensus) forecast stable demand for German exports. On the other hand, a modest decline in demand is expected from other EU trading partners. The consensus among economists (according to the Bloomberg consensus) is gross domestic product (GDP) growth of 1.5% for Germany compared to 1.6% in 2014.

According to economists, global economic risks include a hard landing in China, additional geopolitical tension and an unexpectedly sharp acceleration in inflation in the USA, which could induce the US Federal Reserve to lift interest rates sooner than expected. In China, the situation on the commodities markets and the global economy could deteriorate further and hurt various emerging countries at different degrees. Geopolitical problems such as the Russian-Ukrainian conflict or tension in the Middle East could continue and undermine certain regions in 2015.

12.2 EXPECTED EARNINGS PERFORMANCE

The combination of a highly sophisticated ticket network and attractive range of events is at the heart of the CTS Group's business model, which has been successful for many years. The basis for the ongoing success is the Ticketing and Live Entertainment segments, which complement each other. Investments in concert promoters in the Live Entertainment segment, and beyond that the excellent contacts established over many years with other promoter, ensure that the CTS Group has a very large number of attractive events on offer in the Ticketing segment. As a final factor, the advanced, high-performance ticketing software guarantees that fans can quickly and easily buy the tickets they want.

CTS KGaA and the CTS Group again achieved revenue and earnings growth in the 2014 financial year and expanded their market leadership. Despite phases of economic weakness in some individual European countries, the business model of the CTS Group again proved to be very robust. CTS KGaA and the Group thus met in full the revenue and earnings targets for the 2014 financial year.

Corporate management currently rates the economic position of the CTS Group as positive. The CTS Group is well positioned on the market with its service portfolio and financial profile. The CTS Group will consistently pursue its sustainable and profitable growth strategy. In the current financial year, the CTS Group plans to further strengthen its market position in Europe by developing new innovative ticketing services and constantly improving its applied technology. By winning the tender for the ticketing for the Olympic games in Rio de Janeiro in 2016, the CTS Group has also made an important milestone on the Latin American market.

TICKETING

In line with forecasts, the Ticketing segment saw a significant improvement in key figures in the 2014 reporting year. The forecasted expansion of Internet ticketing, the ongoing international expansion and the introduction of new products and services were primarily responsible for this trend. The estimated revenue growth based on average growth rates of around 10% from 2011 to 2013 was substantially exceeded in the reporting year at 18.4%. At over 25%, the increase in revenue developed disproportionately to revenue growth. Organic and acquisition-based growth and the improved generally strong fourth quarter, particularly generated by ticket presales for large tours in 2015, were responsible for the improvement in the forecasted figures.

The Ticketing segment remained the market leader in Europe last year and number two worldwide in terms of sales figures with over 100 million sold tickets. In addition to sales via the Internet, box office sales remained an essential platform for ticket sales. With around 20,000 box offices, the CTS Group has a unique sales network.

A particular focus is the continued expansion of the highly profitable online ticketing segment. As the value added generated by Internet sales is significantly higher than in the case of traditional box office sales, the aim of the CTS Group for the medium term is to sell half its total ticket volume via the Internet. This objective is supported by the general trend among consumers to shop online.

2015 will be marked by a series of new innovations.

To further strengthen Internet sales, new web-based services are constantly being developed for today's and future customers. This includes user-friendly ticket apps for iPhone and Android with features like interactive seating plans with a 360-degree view to help select the best seat. Using Smartphone tickets or services for printing tickets from the comfort of the home through the CTS Group' s Internet portals appeal to an increasing number of customers.

CTS EVENTIM FanTicket has become standard in the market and no other competitor has anything comparable, for now. Fans, promoters and artists welcome the emotional degree of this product. With FanTicket, the CTS Group has succeeded in creating an advertising space in the customer's home. FanTicket advertises events on the original buyers' pin boards and fridges and encourages friends and relatives to buy tickets. The CTS Group has become a leader in 'mobile' services thanks to its investments in recent years and will benefit from its head start. The use of digital/mobile tickets depends largely on the availability of electronic admission control. The CTS Group will contribute significantly to the growing use of electronic admission controls in 2015.

Another highlight in 2015 will be the ongoing roll-out of our panoramic seating plan with a 360-degree view. This gives end customers the opportunity to see inside the venue before they buy a ticket and helps them choose exactly where they want to sit. This feature also works on the latest mobile devices.

This will also allow promoters to develop their marketing plans more efficiently. The CTS Group offers promoters 'EVENTIM Analytics', a tool to help customers plan their marketing activities more exactly. The promoter has access to anonymous demographic and geographic data of concertgoers.

Besides technological innovations, new genres and new types of events are being developed. The CTS Group will strengthen its focus on comedy in Germany, for example. Through close cooperation with specialised comedy promoters, the CTS Group is constantly creating new themes. The same applies to a number of young German artists who are building up their success while collaborating closely with the CTS Group. They are consciously counting on the innovation and reliability of CTS EVENTIM systems. In addition to technical expertise, the CTS Group's marketing experts draw up plans which directly support the tours' success.

Organic growth in the Ticketing segments is complemented with targeted acquisitions. The CTS Group took over Stage Entertainment Group's ticketing companies in Spain, the Netherlands and France as well as ticket sales in Russia in 2014 and integrated them successfully. The CTS Group acquired the entire Italian ticketing business (Listicket), which specialises in sports, from G-Tech/Lottomatica Group.

The CTS Group now offers customers highly specialised software solutions for sports and culture ticket management and ticket sales.

In sports, the CTS Group's objective is to utilise its leading expertise as a ticket seller to fulfill its promise to sell more tickets for its customers than the competition. In this regard, CRM-based campaigns are conducted by e-mail, online and search engine marketing at the request of the customer. In terms of the product, this is achieved by using the latest marketing, tracking and reporting functions in the CRM product. Thanks to innovative functions and data generated in Ticketing, new sources of income are opening up for sports promoters in merchandising, catering and sponsoring through innovative web and mobile technologies.

The CTS Group intends to expand its existing customer base continuously in 2015 and above all to gain new customers from other sports leagues, especially in other European countries.

In the cultural field, leading promoters of cultural events in Europe, such as La Scala Milan, the Zurich Opera House or the 'Berlinale' International Film Festival, the Finish National Opera in Helsinki or the Berliner Philharmoniker use the specialised EVENTIM.Inhouse ticketing solution of the CTS Group to organise ticketing operations and visitor management in theatres, opera and concert houses in the best way possible. The EVENTIM.Inhouse product was further expanded in 2014 and adapted to the changing market demands of theatres, operas and concert halls and festivals.

With its unique expertise, the CTS Group became one of the world's few ticketing service providers able to manage large events such as the Olympic Games and world championships in football, handball and ice hockey smoothly. With its order to handle the ticketing of the Olympic Games in Rio de Janeiro in 2016, the CTS Group will be managing another spectacular sporting event after Turin 2006 and Sochi 2014, which will involve the sale of around nine million tickets. In future the focus will be on processing large sporting events in Germany and abroad and to actively participate in promising tenders.

Based on its budget figures for 2015, CTS KGaA expects higher income from participations and existing profit transfer agreements.

The CTS Group will also strengthen this business through technological innovations and strategic acquisitions in Germany and abroad.

LIVE ENTERTAINMENT

Business developments in the Live Entertainment segment were in line with forecasts in the reporting year. Compared to the previous year, additional sales contributions were generated by newly consolidated companies in Germany and Switzerland. On the other hand, revenue decreased due to the lower number of large events, partly as a result of the Football World Cup. After generating record earnings in the 2013 financial year, the Live Entertainment segment reported lower earnings in the reporting year, as expected.

Following the takeover of the ABC Production AG in Switzerland and Arena Berlin in 2013, a joint venture agreement was concluded with Stage Entertainment for Holiday on Ice. As part of the new joint venture, Stage Entertainment and CTS EVENTIM will collaborate closely to support Holiday on Ice in the development, production and global implementation of the ice skating shows.

The CTS Group is extremely well positioned with its subsidiaries and participations in the Live Entertainment segment. A close network established over many years with promoters, artists and their agents allows for the optimum marketing of live events. We operate three of the most successful venues in Europe – the Waldbühne in Berlin, Eventim Apollo in London and the Lanxess Arena in Cologne. The lease agreement for the Waldbühne was extended with the federal state of Berlin at the beginning of the year.

After the anticipated decline in earnings in 2014 due to lack of major events during the Football World Cup, high-profile tours, events and festivals and new types of events formats are expected to contribute to a positive business development in Live Entertainment in the future. Diversification in this business segment will also be pushed at both national and international level.

12.3 EXPECTED CASH FLOW

Future investments are partly made from operating cash flow. Owing to current conditions on the lending market for companies with good creditworthiness ratings, external borrowing will continue to be considered as a means of financing acquisitions and sales strategies, in order to retain cash flow within the business.

12.4 GENERAL ASSESSMENT OF THE GROUP'S PROSPECTIVE DEVELOPMENT

If business expectations and the strategic objectives are fulfilled, further improvement in the business development of the CTS Group can be expected in the 2015 financial year, with a slight increase in the key performance indicators revenue and earnings figures. These expectations are also backed by the ongoing expansion of Internet ticketing operations and the introduction of new products and services by the CTS Group. Taking into account the beginning of presales for large tours in the successful fourth quarter of 2014, we forecast growth in the mid-single-digit range in both sales and earnings for the Ticketing segment (and at CTS KGaA) in the 2015 financial year, provided that the share of Internet business can be further expanded. In the Live Entertainment segment, we forecast a sales and earnings increase of around 10% based on the 2014 financial year, which was negatively affected by the low number of large events in the second and third quarter (primarily due to the Football World Cup). Prevailing uncertainty on global markets could have negative implications for the events and ticketing market and subsequently for the CTS Group's business development.

The amount of any dividend will continue to be based on earnings and on the strategic development of the Group.

Bremen, 13 March 2015

CTS EVENTIM AG & Co. KGaA
represented by:
EVENTIM Management AG, general partner

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2014

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014 (IFRS)

ASSETS		31.12.2014	31.12.2013
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	505,842,631	375,735,787
Trade receivables	(2)	30,902,736	26,304,814
Receivables from affiliated and associated companies accounted for at equity	(3)	3,210,780	1,832,956
Inventories	(4)	2,425,605	2,123,469
Payments on account	(5)	29,675,237	13,452,439
Receivables from income tax	(6)	10,485,425	7,591,067
Other assets	(7)	73,955,301	51,256,972
Total current assets		**656,497,715**	**478,297,504**
Non-current assets			
Property, plant and equipment	(8)	22,048,978	13,375,462
Intangible assets	(9)	113,714,906	97,533,383
Investments	(10)	2,847,637	2,737,245
Investments in associates accounted for at equity	(11)	18,743,440	15,510,447
Loans	(12)	218,425	159,712
Trade receivables	(13)	21,733	33,511
Receivables from affiliated and associated companies accounted for at equity	(14)	2,667,946	4,699,230
Other assets	(15)	3,237,247	3,710,970
Goodwill	(16)	270,939,864	257,380,478
Deferred tax assets	(17)	9,354,474	3,436,649
Total non-current assets		**443,794,650**	**398,577,087**
Total assets		**1,100,292,365**	**876,874,591**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2014	31.12.2013
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities	(18)	77,837,293	34,734,248
Trade payables	(19)	73,051,696	57,992,796
Payables to affiliated and associated companies accounted for at equity	(20)	1,614,716	113,107
Advance payments received	(21)	190,981,571	118,208,998
Other provisions	(22)	3,594,752	2,227,949
Tax provisions	(23)	25,196,613	21,697,085
Other liabilities	(24)	305,548,147	208,054,992
Total current liabilities		**677,824,788**	**443,029,175**
Non-current liabilities			
Medium- and long-term financial liabilities	(25)	97,730,656	161,357,275
Other liabilities	(26)	220,276	167,978
Pension provisions	(27)	8,345,582	4,792,013
Deferred tax liabilities	(28)	16,377,287	14,325,843
Total non-current liabilities		**122,673,801**	**180,643,109**
Shareholders' equity			
Share capital	(29)	96,000,000	48,000,000
Capital reserve		1,890,047	1,890,047
Statutory reserve		5,218,393	2,400,000
Retained earnings		177,614,461	182,474,103
Treasury stock		-52,070	-52,070
Non-controlling interest		18,854,781	17,306,982
Other comprehensive income		-1,920,518	-441,816
Currency differences		2,188,682	1,625,061
Total shareholders' equity		**299,793,776**	**253,202,307**
Total shareholders' equity and liabilities		**1,100,292,365**	**876,874,591**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014 (IFRS)

		01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
		[EUR]	[EUR]
Revenue	(1)	690,299,943	628,348,646
Cost of sales	(2)	-460,489,530	-421,303,144
Gross profit		**229,810,413**	**207,045,502**
Selling expenses	(3)	-65,182,197	-60,579,634
General administrative expenses	(4)	-43,901,525	-37,415,441
Other operating income	(5)	16,808,805	14,612,239
Other operating expenses	(6)	-11,314,421	-12,738,790
Operating profit (EBIT)		**126,221,075**	**110,923,876**
Income / expenses from participations	(7)	26,008	11,055
Expenses / income from investments in associates accounted for at equity	(8)	-34,713	-896,397
Financial income	(9)	1,746,011	1,894,535
Financial expenses	(10)	-6,536,136	-7,426,915
Income before tax (EBT)		**121,422,245**	**104,506,154**
Taxes	(11)	-36,393,697	-35,122,323
Net income before non-controlling interest		**85,028,548**	**69,383,831**
Thereof attributable to non-controlling interest	(12)	-8,352,581	-8,241,622
Net income after non-controlling interest		**76,675,967**	**61,142,209**
Earnings per share (in EUR); undiluted (= diluted)		0.80	0.64 [1]
Average number of shares in circulation; undiluted (= diluted)		96 million	48 million

[1] Adjusted figure calculated on the basis of 96 million shares after share capital increase using own funds

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014 (IFRS)

	01.01.2014 - 31.12.2014 [EUR]	01.01.2013 - 31.12.2013 [EUR]
Net income before non-controlling interest	85,028,548	69,383,831
Remeasurement of the net defined benefit obligation for pension plans	-2,149,864	-262,973
Items that will not be reclassified to profit or loss	**-2,149,864**	**-262,973**
Exchange differences on translating foreign subsidiaries	693,343	60,930
Available-for-sale financial assets	-25,702	14,356
Cash flow hedges	12,748	332,884
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**680,389**	**408,170**
Other results	**-1,469,475**	**145,197**
Total comprehensive income	**83,559,073**	**69,529,028**
Total comprehensive income attributable to		
Shareholders of CTS KGaA	75,760,886	61,447,121
Non-controlling interest	7,798,187	8,081,907

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

	Share capital	Capital reserve	Statutory reserve	Retained earnings	Treasury stock	Non-controlling interest	Other com-prehensive income	Currency differences	Total shareholders' equity
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Status 01.01.2013	**48,000,000**	**1,890,047**	**2,400,000**	**148,790,918**	**-52,070**	**14,600,832**	**-589,750**	**1,468,083**	**216,508,060**
Change in the scope of consolidation	0	0	0	-101,503	0	-110,434	0	0	-211,937
Dividends to non-controlling interest	0	0	0	0	0	-5,265,323	0	0	-5,265,323
Dividends to shareholders of CTS KGaA	0	0	0	-27,357,521	0	0	0	0	-27,357,521
Consolidated net income	0	0	0	61,142,209	0	8,241,622	0	0	69,383,831
Available-for-sale financial assets	0	0	0	0	0	0	14,356	0	14,356
Cash flow hedges	0	0	0	0	0	0	332,884	0	332,884
Foreign exchange differences	0	0	0	0	0	-96,048	0	156,978	60,930
Remeasurement of the net defined benefit obligation for pension plans	0	0	0	0	0	-63,667	-199,306	0	-262,973
Status 31.12.2013	**48,000,000**	**1,890,047**	**2,400,000**	**182,474,103**	**-52,070**	**17,306,982**	**-441,816**	**1,625,061**	**253,202,307**
Increase in share capital	48,000,000	0	0	-48,000,000	0	0	0	0	0
Allocation to the statutory reserve	0	0	2,818,393	-2,818,393	0	0	0	0	0
Dividends to non-controlling interest	0	0	0	0	0	-6,250,388	0	0	-6,250,388
Dividends to shareholders of CTS KGaA	0	0	0	-30,717,216	0	0	0	0	-30,717,216
Consolidated net income	0	0	0	76,675,967	0	8,352,581	0	0	85,028,548
Available-for-sale financial assets	0	0	0	0	0	0	-25,702	0	-25,702
Cash flow hedges	0	0	0	0	0	0	12,748	0	12,748
Foreign exchange differences	0	0	0	0	0	129,722	0	563,621	693,343
Remeasurement of the net defined benefit obligation for pension plans	0	0	0	0	0	-684,116	-1,465,748	0	-2,149,864
Status 31.12.2014	**96,000,000**	**1,890,047**	**5,218,393**	**177,614,461**	**-52,070**	**18,854,781**	**-1,920,518**	**2,188,682**	**299,793,776**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014 (IFRS)

	01.01.2014 - 31.12.2014 [EUR]	01.01.2013 - 31.12.2013 [EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	76,675,967	61,142,209
Non-controlling interest	8,352,581	8,241,622
Depreciation and amortisation on fixed assets	28,362,643	23,151,965
Changes in pension provisions	3,553,569	230,055
Deferred tax expenses / income	-2,567,260	-2,135,581
Cash flow	**114,377,500**	**90,630,270**
Other non-cash transactions	172,417	7,422,498
Book profit / loss from disposal of fixed assets	317,299	16,576
Interest expenses / Interest income	3,858,120	4,310,416
Income tax expenses	38,960,956	37,257,903
Interest received	1,348,920	2,310,333
Interest paid	-5,540,936	-5,512,251
Income tax paid	-38,694,644	-26,722,389
Increase (-) / decrease (+) in inventories	131,849	563
Increase (-) / decrease (+) in payments on account	-16,147,373	3,048,703
Increase (-) / decrease (+) in receivables and other assets	-16,374,576	-839,129
Increase (+) / decrease (-) in provisions	1,329,225	-1,062,898
Increase (+) / decrease (-) in liabilities	161,898,323	32,036,920
Cash flow from operating activities (1)	**245,637,080**	**142,897,515**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-14,659,322	-30,949,138
Payments for investments in property, plant and equipment	-13,604,981	-5,837,992
Payments for investments in non-current financial assets	-3,559,489	-1,007,046
Proceeds from disposal of property, plant and equipment	190,264	110,253
Proceeds from disposal of non-current financial assets	15,000	279,629
Proceeds / payments for acquisition of consolidated companies	-26,985,267	-4,010,916
Cash flow from investing activities (2)	**-58,603,795**	**-41,415,210**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	20,000,000	32,000,000
Payments for redemption of financing loans	-37,419,778	-41,480,997
Payments for the acquisition of companies already consolidated	-2,070,000	-2,170,000
Dividend payments to non-controlling interest	-6,250,388	-5,265,323
Dividend payments to shareholders of CTS KGaA	-30,717,216	-27,357,521
Cash flow from financing activities (3)	**-56,457,382**	**-44,273,841**
D. Net increase / decrease in cash and cash equivalents	**130,575,903**	**57,208,464**
Net increase / decrease in cash and cash equivalents due to currency translation	-469,059	-986,910
Cash and cash equivalents at beginning of period	375,735,787	319,514,233
E. Cash and cash equivalents at end of period	**505,842,631**	**375,735,787**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	505,842,631	375,735,787
Cash and cash equivalents at end of period	**505,842,631**	**375,735,787**

CONTENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2014 (IFRS)

1. PRELIMINARY STATEMENTS

CHANGE IN LEGAL FORM

The Annual Shareholders' Meeting of CTS EVENTIM AG, Munich (hereinafter: CTS AG) resolved on 8 May 2014 to change the legal form of CTS AG into a Kommanditgesellschaft auf Aktien (KGaA – partnership limited by shares) as CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA). This transformation resolution took effect as at 30 June 2014 upon its entry into the commercial register. The shareholders of CTS AG received one common share in CTS KGaA for each common share they held in CTS AG. The mathematic proportion of each bearer share in relation to the share capital remains unchanged. The change in legal form of CTS AG into a KGaA does not result in the liquidation of the company nor the establishment of a new legal person, and the company retains its legal and financial identity. The general partner, EVENTIM Management AG, Hamburg, manages CTS KGaA. The general partner is neither entitled nor obliged to make a capital contribution. Incumbent members of the CTS AG Supervisory Board also form the first Supervisory Board of CTS KGaA in accordance with § 203 sentence 1 German Transformation Act (UmwG).

2. PRINCIPLES

2.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

The consolidated financial statements include all significant subsidiaries in addition to the CTS KGaA as the parent company. The CTS KGaA, Dingolfingerstrasse 6, D-81673 Munich, Germany, is registered in the Commercial Register at Munich Local Court under no. HRB 212700. The company's head office is in Bremen, Germany. Shares in CTS KGaA are traded under securities code 547030 in the SDAX segment of the Frankfurt Stock Exchange.

The Group is organized in two segments, Ticketing and Live Entertainment, and operates in the market for leisure events. 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 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 enterprises and with direct ticket selling by promoters. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, market music productions and to operate venues.

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

These consolidated financial statements and the combined management report were approved by the Management Board of EVENTIM Management AG, Hamburg, on 13 March 2015, for presentation to the Supervisory Board.

2.2 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 as 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.

2.3 NEW AND AMENDED STANDARDS WITH MANDATORY APPLICATION IN 2014

The following new and amended standards have been applied for the first time as from 1 January 2014:

- IFRS 10 'Consolidated Financial Statements' (applicable on or after 1 January 2014)
- IFRS 11 'Joint Arrangements' (applicable on or after 1 January 2014)
- IFRS 12 'Disclosure of Interests in Other Entities' (applicable on or after 1 January 2014)
- IAS 27 'Separate Financial Statements' (revised May 2011) (applicable on or after 1 January 2014)
- IAS 28 'Investments in Associates and Joint Ventures (revised May 2011)' (applicable on or after 1 January 2014)
- Amendments to IAS 32 'Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities' (applicable on or after 1 January 2014)
- Amendments to IAS 36 'Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets' (applicable on or after 1 January 2014)
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting' (applicable on or after 1 January 2014)
- Amendments to the transitional provisions of IFRS 10, IFRS 11, IFRS12 (applicable on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – 'Investment Entities' (applicable on or after 1 January 2014)

The CTS Group has applied all relevant accounting standards adopted by the EU and effective for the periods beginning on or after 1 January 2014.

IFRS 10 now governs the determination of the companies to be included in consolidation and the subsidiaries to be included in the consolidated financial statements. The conversion from IAS 27 to IFRS 10 did not require the CTS Group to make any adjustments. Consequently, no companies needed to be newly consolidated or deconsolidated. One subsidiary, where the parent-subsidiary relationship does not result in the parent company holding a majority of the voting rights, continues to be fully consolidated on account of the rights of influence granted to the CTS Group.

IFRS 11 governs the definition and the treatment of joint arrangements in consolidated financial statements and replaces the provisions of IAS 31. As existing joint ventures are to be classed as joint ventures, the application of IFRS 11 had no impact on the Group's consolidated financial statements.

IFRS 12 includes all disclosures of interests in subsidiaries, joint arrangements, associated companies as well as consolidated and unconsolidated structured entities. The new IFRS 12 combines the disclosure requirements for all investments in subsidiaries, joint ventures, associated companies and not consolidated structured entities in a single standard. According to this new standard, quantitative and qualitative disclosures must be provided to enable users of the financial statements to assess the types of risks and financial effects associated with the company's involvement in these subsidiaries. Since 1 January 2014, joint ventures and associated companies are only permitted to apply the equity method pursuant to IAS 28. These companies are no longer permitted to use the proportionate method of consolidation. As the CTS Group did not previously apply the proportionate method of consolidation, the elimination of this option does not require any adjustments.

There were no material effects on the presentation of the earnings performance, financial position and cash flow in the CTS group financial report due to all relevant accounting standards effective for the periods beginning on or after 1 January 2014.

2.4 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 2014 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2014.

- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible asset – clarification of acceptable methods of depreciation and amortisation' (applicable on or after 1 January 2016)

- IAS 27 'Separate Financial Statements' – Equity method in separate financial statements (applicable on or after 1 January 2016)

- IAS 19 'Employee benefits – Employee contributions' (applicable on or after 1 July 2014)

- IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' – Sale or contribution of assets between an investor and its associate or joint venture' (applicable on or after 1 January 2016)

- IFRS 11 'Joint arrangements – acquisitions of interests in joint operations' (applicable on or after 1 January 2016)

- Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Discloure of interest in other entities' and IAS 28 'Investments in Associates' – Investment Entities: Applying the Consolidation Exception' (applicable on or after 1 January 2016)

- Annual Improvements Process (AIP). The IASB published an additional amendments standard within the scope of its process to make smaller amendments to standards and interpretations. These apply to standards IFRS 5, IFRS 7, IAS 19 and IAS 34 (applicable on or after 1 January 2016)

- IFRS 14 'Regulatory deferrel accounts' (applicable on or after 1 January 2016)

- IFRS 15 'Revenue form contracts with customers' (applicable on or after 1 January 2017)

- IFRS 9 'Financial instruments' (applicable on or after 1 January 2018)

- Annual Improvements Process 2010-2012: Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 38, IAS 24 (applicable on or after 1 February 2015)

- Annual Improvements Process 2011-2013: Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40 (applicable on or after 1 January 2015)

- Annual Improvements Process 2012-2014: Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34 (applicable date is pending)

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

2.5 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, financial position and cash flow. 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 fully consolidated companies is identical to that of the CTS KGaA parent company.

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 consideration transferred in a business combination 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 business combination 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 consideration transferred is less than the net assets of the acquired subsidiary measured at fair value, the difference is recognised in the income statement. According to 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 is acquired, 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% ('associated companies included at equity'). Joint ventures in which a 50% share in voting rights is held are likewise accounted for by applying the equity method. Investments measured at equity are carried at the proportionate adjusted 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 in associates. If the Group's share in losses from an associate included at equity is equal to or greater that the Group's share in that company, the Group does not post any further losses unless it has entered into obligations in respect of the associate, or has made payments for the associate.

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

2.6 BUSINESS COMBINATIONS
2.6.1 BUSINESS COMBINATIONS IN THE TICKETING SEGMENT
2.6.1.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes occurred in the scope of consolidation in the reporting period and/or in relation to 31 December 2013 closing date:

FULLY CONSOLIDATED COMPANIES

As part of the geographic market expansion and to strengthen its market position in existing countries CTS KGaA (formerly: CTS AG) acquired 100% of the shares in three Stage Entertainment Group ticketing companies in an agreement concluded on 6 March 2014. These include See Tickets Nederland B.V., based in Amsterdam, Entradas See Tickets S.A., which is based in Madrid, and CTS Eventim France S.A.S. (formerly: Top Ticket France S.A.S.), based in Paris. At the same time, CTS KGaA also took over the ticket distribution for Stage Entertainment in Russia. The total purchase price was around EUR 25 million. In accordance with IFRS 3, the ancillary expenses of EUR 350 thousand were reported as other operating expenses in 2014. The change in company name from Top Ticket France S.A.S., Paris, to CTS Eventim France S.A.S., Paris, (hereinafter: CTS Eventim France) took effect as at 12 November 2014, when the name change was entered in the commercial register.

CTS KGaA and CTS Eventim Sports GmbH, Hamburg, founded CTS Eventim Brasil Sistemas e Servicos de Ingressos Ltda., Rio de Janeiro (hereinafter: CTS Eventim Brasil), on 16 May 2014. CTS KGaA holds 70% and CTS Eventim Sports GmbH, Hamburg, holds 30% of shares in CTS Eventim Brasil. Following an international tender, CTS Eventim Brasil has signed a contract as the exclusive ticketing partner with the Organising Committee for the RIO 2016 Olympic Games in Rio de Janeiro.

To strengthen its market position in sports, on 16 July 2014 TicketOne S.p.A., Milan (hereinafter: TicketOne), acquired the entire ticketing business (Listicket) of the G-Tech/Lottomatica Group for a purchase price of EUR 13.9 million. Under its Listicket brand, Lottomatica handles the ticketing operations for 12 clubs in the first Italian football league, known as 'Serie A'. Listicket sells a total of more than 5 million tickets annually. In accordance with IFRS 3, the ancillary expenses of EUR 655 thousand were reported as other operating expenses in 2014.

With an agreement concluded on 1 August 2014 CTS KGaA holds 100% of the shares in the newly founded JUG Jet Air GmbH & Co. KG, Bremen. The company's purpose is the use and chartering of aircrafts. At the same time JUG Jet Air Verwaltungs-GmbH, Bremen, was implemented as general partner.

The merger of CTS Eventim Nederland B.V., Amsterdam, with See Tickets Nederland B.V., Amsterdam, and the name change from See Tickets Nederland B.V. to CTS Eventim Nederland B.V. took effect as at 15 December 2014, when the relevant entry was made in the commercial register.

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY

In a contracted date 29 April 2014, Lippupiste Oy, Tampere, Finland, acquired 19% of the shares in Liigalippu Suomi Oy (hereinafter: Liigalippu), Helsinki, Finland. Liigalippu is a ticketing company focused on the sport sector and specialised in combining ticketing systems with access control and cashier systems in venues. Liigalippu is accounted for using the equity method.

2.6.1.2 PURCHASE PRICE ALLOCATIONS

FINAL PURCHASE PRICE ALLOCATION CREA

As at 31 October 2014, the purchase price allocation relating to the acquisition of CREA Informatica S.r.l., Milan (hereinafter: CREA), was finally completed within the stipulated 12-month-period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed. No adjustments needed to be made in respect of the purchase price allocation for the acquisition of CREA finally completed as at 31 October 2014. An overview of the fair values of the respective balance sheet positions as at initial consolidation is disclosed in the notes section of the Annual Report 2013.

PROVISIONAL PURCHASE PRICE ALLOCATION OF CTS EVENTIM NEDERLAND (FORMERLY: SEE TICKETS NEDERLAND B.V.)

CTS Eventim Nederland sells, in addition to tickets for Stage Entertainment Musicals, admission tickets for many concerts, sports and other events in the Netherlands.

Since its initial consolidation as at 6 March 2014, CTS Eventim Nederland has generated revenue of EUR 8.942 million and earnings of EUR 69 thousand. Cash equivalents of EUR 3.301 million were taken over in the course of the acquisition of this company.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation of CTS Eventim Nederland:

	Fair value at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Cash and cash equivalents	3,301
Inventories	46
Trade receivables	130
Other assets	6,385
Accrued expenses	623
Total current assets	**10,485**
Property, plant and equipment	665
Intangible assets	12,341
Deferred tax assets	1,832
Total non-current assets	**14,838**
Trade payables	2,773
Other liabilities	8,523
Total current liabilities	**11,296**
Deferred tax liabilities	2,933
Total non-current liabilities	**2,933**
Total net assets	**11,094**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. At the time of initial consolidation, intangible assets (ticket distribution rights and customer base) were recognised at a fair value of EUR 12.341 million. Deferred tax liabilities of EUR 2.933 million were formed on the temporary difference arising from the remeasurement of intangible assets.

As at 31 December 2014, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

The present value of trade receivables amounted to EUR 130 thousand; there were no allowances for bad debts.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	13,580
Cash and cash equivalents	3,301
Inventories	46
Trade receivables	130
Other assets	6,385
Accrued expenses	623
Property, plant and equipment	665
Intangible assets	12,341
Deferred tax assets	1,832
Trade payables	-2,773
Other liabilities	-8,523
Deferred tax liabilities	-2,933
Total net assets / shareholders' equity	**11,094**
Goodwill	2,486

The difference of EUR 2.486 million between the consideration transferred (paid purchase price EUR 13.580 million) and the share in net assets was allocated to goodwill and mainly reflects future synergy and growth potentials.

If CTS Eventim Nederland had been acquired at the beginning of the year 2014, the company would have contributed EUR 10.441 million to revenue and EUR 234 thousand to earnings in the Ticketing segment.

PROVISIONAL PURCHASE PRICE ALLOCATION OF ENTRADAS SEE TICKETS

Entradas See Tickets S.A., Madrid (hereinafter: Entradas See Tickets), sells, in addition to tickets for Stage Entertainment Musicals, admission tickets for many concerts, sports and other events in Spain.

Since its initial consolidation as at 6 March 2014, Entradas See Tickets has generated revenue of EUR 7.462 million and earnings of EUR 33 thousand. Cash equivalents of EUR 4.040 million were taken over in the course of the acquisition of this company.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation of Entradas See Tickets:

	Fair value at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Cash and cash equivalents	4,040
Inventories	83
Trade receivables	1,094
Receivables from affiliated companies	3
Other assets	158
Accrued expenses	107
Total current assets	**5,485**
Property, plant and equipment	596
Intangible assets	6,782
Investments	32
Deferred tax assets	4,096
Total non-current assets	**11,506**
Trade payables	847
Payables to affiliated companies	3,837
Other liabilities	4,995
Deferred income	248
Other provisions	125
Total current liabilities	**10,052**
Deferred tax liabilities	1,568
Total non-current liabilities	**1,568**
Total net assets	**5,371**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. At the time of initial consolidation, intangible assets (ticket distribution rights, customer base, software and trademarks) were recognised at a fair value of EUR 5.216 million. Deferred tax liabilities of EUR 1.565 million were formed on the temporary difference arising from the remeasurement of intangible assets. Deferred tax assets mainly relate to deferred taxes on acquired tax loss carryforwards.

As at 31 December 2014, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

The present value of trade receivables, at EUR 1.094 million, derives from a gross carrying value of receivables, at EUR 1.153 million, and allowances for bad debts amounting to EUR 59 thousand.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	4,530
Cash and cash equivalents	4,040
Inventories	83
Trade receivables	1,094
Receivables from affiliated companies	3
Other assets	158
Accrued expenses	107
Property, plant and equipment	596
Intangible assets	6,782
Investments	32
Deferred tax assets	4,096
Trade payables	-847
Payables to affiliated companies	-3,837
Other liabilities	-4,995
Deferred income	-248
Other provisions	-125
Deferred tax liabilities	-1,568
Total net assets / shareholders' equity	**5,371**
Lucky buy	-841

In the course of the business combination, CTS KGaA acquired intercompany loan receivables from the former shareholders from Entradas See Tickets in the amount of EUR 3.832 million; these are reported under liabilities to affiliated companies. Taking into account the considation transferred (EUR 4.530 million) and the cost of acquired intercompany and the loan receivables the paid purchase price totals EUR 8.362 million.

At the time of the initial consolidation (purchase price allocation), assets (in particular intangible assets) and liabilities were recognised at fair value and resulted in a lucky buy. The favorable purchase price resulted in a lucky buy of EUR 841 thousand, pursuant to IFRS 3, this resulted in other operating income.

If Entradas See Tickets had been acquired at the beginning of the year 2014, the company would have contributed EUR 8.879 million to revenue and EUR 308 thousand to earnings in the Ticketing segment.

PROVISIONAL PURCHASE PRICE ALLOCATION OF CTS EVENTIM FRANCE (FORMERLY: TOP TICKET FRANCE S.A.S.)

CTS Eventim France sells tickets for Stage Entertainment particularly for musicals in France.

Since its initial consolidation as at 6 March 2014, CTS Eventim France has generated revenue of EUR 742 thousand and earnings of EUR 265 thousand. Cash equivalents of EUR 1.630 million were taken over in the course of the acquisition of this company.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation of CTS Eventim France:

	Fair value at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Cash and cash equivalents	1,630
Trade receivables	1,695
Other assets	3,402
Accrued expenses	1
Total current assets	**6,728**
Property, plant and equipment	12
Intangible assets	2,115
Total non-current assets	**2,127**
Trade payables	165
Other liabilities	6,094
Other provisions	73
Total current liabilities	**6,332**
Deferred tax liabilities	705
Total non-current liabilities	**705**
Total net assets	**1,818**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. At the time of initial consolidation, intangible assets (ticket distribution rights) were recognised at a fair value of EUR 2.115 million. Deferred tax liabilities of EUR 705 thousand were formed on the temporary difference arising from the remeasurement of intangible assets.

As at 31 December 2014, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

The present value of trade receivables, at EUR 1.695 million, derives from a gross carrying value of receivables, at EUR 1.863 million, and allowances for bad debts amounting to EUR 168 thousand.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	1,579
Cash and cash equivalents	1,630
Trade receivables	1,695
Other assets	3,402
Accrued expenses	1
Property, plant and equipment	12
Intangible assets	2,115
Trade payables	-165
Other liabilities	-6,094
Other provisions	-73
Deferred tax liabilities	-705
Total net assets / shareholders' equity	**1,818**
Lucky buy	-239

The consideration transferred amounted to EUR 1.579 million.

At the time of the initial consolidation (purchase price allocation), assets (in particular intangible assets) and liabilities were recognised at fair value and resulted in a lucky buy. The favorable purchase price resulted in a lucky buy of EUR 239 thousand, pursuant to IFRS 3, this resulted in other operating income.

If CTS Eventim France had been acquired at the beginning of the year 2014, the company would have contributed EUR 947 thousand to revenue and EUR 339 thousand to earnings in the Ticketing segment.

ASSET DEAL RUSSIA

An exclusive ticketing agreement was concluded on 6 March 2014 in Russia for the sale of tickets for two Stage Entertainment theatres in Moscow. This agreement does not constitute a business combination within the meaning of IFRS 3. Intangible assets in the amount of EUR 1.000 million were acquired in the course of this asset deal.

PROVISIONAL PURCHASE PRICE ALLOCATION LISTICKET

On 16 July 2014 TicketOne acquired the ticketing business of the G-Tech/Lottomatica Group in Italy. Under its Listicket brand, Lottomatica handles the ticketing operations of 12 clubs in the first Italian football league, known as ‚Serie A'.

Since its initial consolidation in the mid of July 2014, the ticketing business Listicket has generated revenue of EUR 3.263 million and earnings of EUR 452 thousand.

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation of Listicket:

	Fair value at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Inventories	313
Total current assets	**313**
Property, plant and equipment	539
Intangible assets	3,812
Total non-current assets	**4,351**
Other liabilities	160
Total current liabilities	**160**
Pension provisions	437
Total non-current liabilities	**437**
Total net assets	**4,067**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. At the time of initial consolidation, intangible assets (customer base, trademark, software) were recognised at a fair value of EUR 3.660 million.

As at 31 December 2014, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

The following table shows the reconciliation of consideration transferred as at initial consolidation:

	[EUR'000]
Consideration transferred	13,905
Inventories	313
Property, plant and equipment	539
Intangible assets	3,812
Other liabilities	-160
Pension provisions	-437
Total net assets	**4,067**
Goodwill	9,838

The difference of EUR 9.838 million between the consideration transferred (purchase price EUR 13.905 million) and the share in net assets was allocated to goodwill and mainly reflects future synergy and growth potentials. The goodwill is deductible for tax purposes.

If Listicket had been acquired at the beginning of the year 2014, the company would have contributed EUR 7.082 million to revenue and EUR 953 thousand to earnings in the Ticketing segment.

2.6.2 BUSINESS COMBINATIONS AND JOINT VENTURES IN THE LIVE ENTERTAINMENT SEGMENT

2.6.2.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes occurred in the scope of consolidation in the reporting period and/or in relation to 31 December 2013 closing date:

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY

On 2 October 2014, MEDUSA Music Group GmbH, Bremen (hereinafter: MEDUSA), acquired an 50% stake in SETP/HOI Holding B.V., Amsterdam, at a purchase price of EUR 3.2 million. This is a joint venture agreement with Stage Entertainment B.V., Amsterdam. As part of this joint venture, Stage Entertainment B.V., Amsterdam, and the CTS Group will work together closely. The acquisition of one of the most famous live entertainment brands in the world will also help to further diversify the Live Entertainment segment. Since 1943, Holiday on Ice is one of the world’s most established show and entertainment companies and has made a name for itself all over the world with its spectacular ice shows, entertaining audiences of all ages. This cooperation will give Holiday on Ice (HOI) an excellent platform from which to expand the reach of its current and future ice shows and open up a new dimension of international expansion. In accordance with IFRS 3, the ancillary expenses of EUR 25 thousand were reported as other operating expenses in 2014.

By virtue of articles of incorporation dated 22 December 2014, Stargarage AG based in Olten, Switzerland, was established. Show-Factory Entertainment GmbH, Bregenz, Austria, holds 50% of the shares in this company. The objects of the company is the booking/agency and management of artists, marketing for artists and events.

2.6.2.2 PURCHASE PRICE ALLOCATIONS

FINAL PURCHASE PRICE ALLOCATION ABC PRODUCTION AG

As at 30 June 2014, and in accordance with IFRS 3.45, the purchase price allocation relating to the acquisition of ABC Production AG, Opfikon (hereinafter: ABC Production), was finally completed within the stipulated 12-month period. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed, and subsequently revised if necessary. No adjustments needed to be made in respect of the purchase price allocation for the acquisition of ABC Production finally completed as at 30 June 2014. An overview of the fair values of the respective balance sheet positions as at initial consolidation is disclosed in the notes section of the Annual Report 2013.

2.6.3 PRO-FORMA DISCLOSURES

The following pro-forma statement presents the financial data of the CTS Group, including the consolidated Group companies which were acquired during the financial year 2014, under the assumption that these companies had already been integrated in the consolidated financial statements at the beginning of the financial year 2014 with their actual acquisition conditions.

	2014 [EUR'000]
Revenue	
Reported	690,300
Pro-forma	697,239
Net income	
Reported	76,676
Pro-forma	77,775

When determining the pro-forma disclosures, amortisation of recognised hidden reserves and deferred taxes from remeasuring the intangible assets in the process of the purchase price allocation were taken into account. Material intercompany relations were eliminated for the entire financial year 2014 when recognising revenue.

2.6.4 DISCLOSURES OF INTEREST IN OTHER ENTITIES
2.6.4.1 DISCLOSURES ON INTERESTS IN JOINT VENTURES

The CTS Group holds 50% of the shares in joint ventures HAL Apollo, domiciled in Great Britain, and Holiday on Ice, domiciled in the Netherlands. HAL Apollo operates the venue Eventim Apollo Theatre in London and Holiday on Ice produces high quality ice shows. Liigalippu is classed as a joint venture despite an interest held of 19%, as strategic decisions, for example, can only be reached jointly. Joint ventures are reported at equity.

The joint venture companies have a fiscal year that differs from that of the CTS Group (Holiday on Ice: 1 August to 31 July and Liigalippu: 1 June to 31 May). The average number of employees in the reporting period since first time of consolidation was 134.

The key figures of the significant joint ventures reflect financial information based on a 100% shareholding and not the CTS Group's proportionate shareholdings in these companies. Liigalippu is considered as an insignificant joint venture. This financial information also includes the accounting and measurements methods pursuant to IFRS, as well as the effects of the purchase price allocations. Pursuant to IFRS 12, as at 31 December 2014 the following disclosures represent significant joint ventures HAL Apollo and Holiday on Ice:

	HAL Apollo		Holiday on Ice
	01.01.2014 - 31.12.2014	01.01.2013 31.12.2013	02.10.2014 - 31.12.2014
	[EUR'000]	[EUR'000]	[EUR'000]
Current assets	1,283	1,748	7,007
Non-current assets	50,620	50,096	5,320
Current liabilities	8,463	9,151	9,286
Non-current liabilities	11,421	13,342	761
Revenue	8,374	5,956	3,524
EBITDA	4,596	2,413	-980
Result of the period	612	-1,074	-982

In the reporting period, the HAL Apollo joint venture generated as per the Group's proportional share revenue amounting to EUR 4.187 million (previous year: EUR 2.978 million) and EBITDA of EUR 2.298 million (previous year: EUR 1.207 million). From the date of acquisition, the Holiday on Ice joint venture generated as per the Group's proportional share revenue amounting to EUR 1.762 million and EBITDA of EUR -490 thousand. The recognized carrying amount of the participation in Liigalippu amounts to EUR 191 thousand and the proportionate share of net profit total EUR 1 thousand.

The carrying amount of the significant and insignificant joint ventures recognised by the Group is shown in the following table:

	2014	2013
	[EUR'000]	[EUR'000]
Net book value 1 January	15,473	16,010
Profit/loss	-202	-537
Addition	3,359	0
Net book value 31 December	18,630	15,473

2.6.4.2 DISCLOSURES ON INTERESTS IN ASSOCIATES

The CTS Group reported low carrying amounts for interests in associated companies of EUR 114 thousand as at 31 December 2014 (previous year: EUR 38 thousand). Income from participations attributable to associated companies amounted to EUR 166 thousand (previous year: EUR -360 thousand). As at 31 December 2014, the CTS Group does not identify any material interests in individual associated companies. The pro rata profits of an associated company of EUR 101 thousand were not stated; the cumulative share of losses pursuant to IFRS 12.22 amounts to EUR -648 thousand and is not to be recognised when the equity method is applied.

2.6.4.3 DISCLOSURES ON INTERESTS IN SUBSIDIARIES WITH NON-CONTROLLING INTEREST

In the following overview, participation rates and non-controlling interests for each subsidiary / subgroup with non-controlling interest, which are significant for the Group are presented:

		31.12.2014	31.12.2014	31.12.2014	31.12.2014
			[EUR'000]	[EUR'000]	
Name and location	**Country**	**Proportional share of non-controlling interests [1]**	**Net income attributable to non-controlling interests [2]**	**Net book value of accumulated non-controlling interests [2]**	**Effective ratio of the net book value of accumulated non-controlling interests in total shareholders' equity of the subgroup [2]**
Subgroup Ticketcorner Holding AG, Rümlang	Switzerland	50.0%	2,131	8,482	48.4%
Subgroup Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	Austria	14.0%	1,125	2,269	32.7%
Subgroup MEDUSA Music Group GmbH, Bremen	Germany	5.6%	4,888	6,293	22.3%
Subsidiaries with individually significant non-controlling interests				17,044	
Subsidiaries with individually insignificant non-controlling interests				1,811	
Total non-controlling interests				**18,855**	

[1] The proportional share of non-controlling interest includes only the level of the parent company

[2] The values shown here include both the non-controlling interests at the level of the parent company as well as other non-controlling interests within the subgroup

Both the subgroup Ticketcorner Holding AG, Rümlang (hereinafter: subgroup TC AG), and the subgroup Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: subgroup TEX), are allocated to the Ticketing segment. The subgroup TC AG includes the Ticketcorner Holding AG, Rümlang, and its subsidiary, the Ticketcorner AG, Rümlang. The subgroup TEX includes the Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, as the parent company and its subsidiaries.

The subgroup MEDUSA Music Group GmbH, Bremen (hereinafter: subgroup MEDUSA), represents a substantial part of companies that are allocated to the Live Entertainment segment.

The summarized financial information for each subsidiary / subgroup with non-controlling interest, which is significant for the Group is presented in the following tables.

Significant non-controlling interests in the Ticketing segment:

Summarised balance sheet:	Subgroup TC AG		Subgroup TEX	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Current assets	46,073	17,768	53,394	42,609
Non-current assets	64,271	64,227	3,207	3,111
Current liabilities	53,128	27,327	49,132	37,838
Non-current liabilities	39,694	40,659	529	448

Summarised income statement:	Subgroup TC AG		Subgroup TEX	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	30,923	29,443	22,991	19,202
Taxes	-805	-363	-1,767	-1,626
Net income	4,260	3,490	4,703	3,575
Net income attributable to non-controlling interests	-2,131	-1,740	-1,125	-953
Dividend payments to non-controlling interests	0	0	-653	-658

Summarised cash flow statement:	Subgroup TC AG		Subgroup TEX	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from operation activities	29,588	-3,297	16,897	7,818
Cash flow from investing activities	-1,554	-620	-784	-1,533
Cash flow from financing activities	-2,567	-1,624	-5,114	-5,084
Net increase / decrease in cash and cash equivalents	25,467	-5,541	10,999	1,201
Net increase / decrease in cash and cash equivalents due to currency translation	500	-275	-54	1
Cash and cash equivalents at beginning of period	10,770	16,586	28,828	27,626
Cash and cash equivalents at end of period	36,737	10,770	39,773	28,828

Significant non-controlling interests in the Live Entertainment segment:

Summarised balance sheet:	Subgroup MEDUSA	
	31.12.2014 [EUR'000]	31.12.2013 [EUR'000]
Current assets	246,852	169,784
Non-current assets	43,834	40,934
Current liabilities	259,389	176,451
Non-current liabilities	3,031	4,521

Summarised income statement:	Subgroup MEDUSA	
	31.12.2014 [EUR'000]	31.12.2013 [EUR'000]
Revenue	340,515	330,949
Taxes	-7,663	-10,192
Net income	11,958	16,502
Net income attributable to non-controlling interests	-4,888	-5,412
Dividend payments to non-controlling interests	-452	-475

Summarised cash flow statement:	Subgroup MEDUSA	
	31.12.2014 [EUR'000]	31.12.2013 [EUR'000]
Cash flow from operation activities	55,007	24,964
Cash flow from investing activities	-6,594	-4,563
Cash flow from financing activities	-15,041	-14,543
Net increase / decrease in cash and cash equivalents	33,372	5,858
Net increase / decrease in cash and cash equivalents due to currency translation	262	-41
Cash and cash equivalents at beginning of period	115,263	109,446
Cash and cash equivalents at end of period	148,897	115,263

2.7 LIST OF INVESTMENTS

The disclosures pursuant to § 313 (2) HGB are stated online at the CTS KGaA website, under www.eventim.de/tickets.html?affiliate=TUG&fun=tdoc&doc=eventim/default/info/de/investor/investorStructure.

2.8 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 consolidated financial statements are presented in Euro which is the reporting currency of the CTS KGaA.

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. Income 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.

2.9 MAIN ACCOUNTING PRINCIPLES AND METHODS

ACCOUNTING PRINCIPLES AND METHODS

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

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 calculate the potential purchase price obligations, it was necessary to reclassify these non-controlling shares as liabilities instead of 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 shares, provided that the purchase price obligations resulting from put options are for a contractually agreed exercise price and all opportunities and risks deriving from the put option are kept within the CTS Group. The change in the present value of purchase price obligations in respect of put options is recorded in the financial result.

NOTE CONCERNING RECOGNITION IN ACCORDANCE WITH IFRS 3 AND IAS 27

Changes in the interest held in subsidiaries that are already fully consolidated, and which do not lead to a loss of control, are not to be reported as an increase or decrease in goodwill, but as an increase or decrease in shareholders' equity. When a sale of shares results in a loss of control, the remaining interest is to be recognised at fair value and any profit or loss arising from remeasurement must be reported in the income statement.

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 and in some cases at fair value not through profit and loss. The Group is basically exposed to potential default risks in respect of receivables and other assets. 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. In the reporting period no borrowing costs were capitalized.

PAYMENTS ON ACCOUNT

Payments on account in the Live Entertainment segment are carried at cost of purchase.

FINANCIAL INSTRUMENTS

The stated values of the Group's financial instruments, which include cash and cash equivalents, loans, financial investments, trade receivables and payables, receivables from and payables to affiliated companies and associates included at equity, other financial assets and liabilities, financial liabilities and derivative financial instruments 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

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

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

At the reporting date the Group classifies no financial assets as ‘at fair value through profit and loss’. At the balance sheet date, financial assets are classified as ‘loans and receivables’, ‘held-to-maturity investments’ and as ‘available-for-sale financial assets’.

Derivative financial instruments must be classified as a basic principle in the ‘held for trading’ category, in accordance with IAS 39, and carried as financial assets or liabilities according to their positive or negative market value. At the reporting date no financial instruments are classified in the category ‘held for trading’. The CTS Group selectively uses derivative financial instruments such as forward exchange contracts to hedge exchange rate risks; foreign exchanged risks are hedged to the extent in which they influence the cash flow of the Group. The interest rate risks result from the Group’s financing activities. The foreign exchange risks result mainly from operating activities.

The changes in the fair values must be recognised through profit and loss. Exceptions to this rule are derivatives which are designed as cash flow hedging instruments and which are effective as such (hedge accounting). No financial instruments were classified as ‘held for trading’ as at the reporting date.

In the reporting period, the CTS Group has hedged current foreign exchange payments based on hedge ratios. At company level future transactions, that have a very high probability to occur, are hedged against currency translation risks. Within the CTS Group a 12 month budget plan is applied, on which basis maturity-congruent forward foreign exchange hedges are acquired. These cash flow and fair value hedges are continuously accounted for in accordance with IAS 39.

The effective portion of the gains or losses from cash flow hedges are recognised in shareholders’ equity and are transferred to the income statement as soon as the hedge payments affect the income statement. The ineffective portion of the hedging transaction is immediately recognised in the income statement.

If the derivative financial instruments expire as hedging instruments, are sold, or no longer satisfy the hedge accounting criteria, the accumulated gain or loss not recognised through profit and loss remains in shareholders' equity and is not recognised through profit and loss until the originally hedged future transaction actually occurs. If the future transaction is irrevocably no longer expected to occur, the cumulative gain or loss that has been recognised in shareholders' equity has to be reclassified immediately to profit or loss.

Gains or losses from fair value hedges are immediately recognised within the income statement.

'Held-to-maturity investments' are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group intends to hold until maturity and is also capable of holding these until maturity. These financial instruments are measured at cost.

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 companies and associates accounted for at equity, 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 in other companies are stated at their respective cost of purchase because there is no active market for these companies, and because 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 definite 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.

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

- Software, licences and similar rights: 2 - 10 years
- Trademarks: 5 - 10 years
- Customer base: 4 - 12 years
- Other property, plant and office equipment: 3 - 20 years

In accordance with IAS 36, 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 2014 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 recognised for temporary differences between the carrying amounts in the consolidated balance sheet and in the fiscal balance sheets of the standalone companies, 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 or the loss carryforwards can be applied. In particular for tax loss carryforwards an internal planning horizon of 5 years is generally used. 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 as tax income or expense.

LIABILITIES

Liabilities are recognised at amortised cost of purchase 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 and defined contribution plans. These are obligations on the part of the company resulting from pension expectancies and ongoing benefits paid to active employees who are eligible 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 in shareholders' equity without affecting net income.

If reinsurance policies and cash resources 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 provision 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 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.

RECOGNITION OF EXPENSES

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 (measurement uncertainties) 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. The actual amounts may deviate from the respective estimates.

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 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 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.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents of EUR 505.843 million (previous year: EUR 375.736 million) are predominantly bank balances.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 30.903 million (previous year: EUR 26.305 million) are payable within one year. Trade receivables increased by EUR 4.598 million in the course of normal business operations and by the change in the scope of consolidation.

RECEIVABLES FROM AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (CURRENT) (3)

The EUR 3.211 million in current receivables from affiliated companies and associates included at equity (previous year: EUR 1.833 million) relate principally to receivables from subsidiaries in Eastern Europe that are not consolidated due to insignificance (EUR 1.122 million; previous year: EUR 1.719 million) and receivables from associated companies accounted for at equity (EUR 2.065 million; previous year: EUR 80 thousand). The increase in receivables from associated companies accounted for at equity results among other things from the timely reclassification of long-term receivables.

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2014	31.12.2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	350	223	127
Finished goods and merchandise	2,076	1,900	176
	2,426	**2,123**	**303**

Raw materials and supplies mainly comprise ticket blanks. Finished goods and merchandise mainly include IT hardware, merchandising articles and tickets. No impairments of inventories were made.

PAYMENTS ON ACCOUNT (5)

Payments on account, at EUR 29.675 million (previous year: EUR 13.452 million) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2015.

RECEIVABLES FROM INCOME TAX (CURRENT) (6)

Receivables from income tax, at EUR 10.485 million (previous year: EUR 7.591 million), relate in particular to capital gains tax and to tax refund claims from tax audit findings and advance prepayments.

OTHER ASSETS (CURRENT) (7)

Other assets, at EUR 73.955 million (previous year: EUR 51.257 million) comprise financial assets (EUR 60.336 million; previous year: EUR 41.792 million) and non-financial assets (EUR 13.619 million, previous year: EUR 9.465 million).

Other financial assets relate, inter alia, to receivables relating to ticket monies from presales in the Ticketing segment, at EUR 52.515 million (previous year: EUR 34.239 million), to current loans and borrowings, at EUR 3.494 million (previous year: EUR 3.201 million), mainly comprising receivables from promoters from ongoing operations.

The **other non-financial assets** relate mainly to refund claims in respect of sales tax and other taxes, at EUR 4.445 million (previous year: EUR 2.403 million) and to items for recognition and accrual of expenses and income according to period, at EUR 7.424 million (previous year: EUR 6.161 million). The latter relates, inter alia, to marketing expenses and production costs in the Live Entertainment segment and in the Ticketing segment to accrued prepayments to promoters for ticket distribution rights and accrued prepayments for IT hardware and software support.

As at 31 December 2014, there were collaterals amounting to EUR 873 thousand (previous year: EUR 837 thousand) was provided by Group companies, including EUR 830 thousand for rental deposits (previous year: EUR 788 thousand).

PROPERTY, PLANT AND EQUIPMENT (8)

The composition and development of these assets 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]
2013					
Historical cost					
1 January 2013	1,036	724	38,479	0	40,239
Addition from change in the scope of consolidation	7	0	218	0	225
Addition	108	76	5,577	77	5,838
Disposal	-2	-16	-1,043	0	-1,061
Reclassification	0	0	8	0	8
Currency differences	0	19	-88	0	-69
31 December 2013	**1,149**	**803**	**43,151**	**77**	**45,180**
Accumulated depreciation and amortisation					
1 January 2013	352	659	25,985	0	26,996
Addition	177	23	5,605	0	5,805
Disposal	0	-15	-921	0	-936
Reclassification	0	0	-23	0	-23
Currency differences	1	-3	-35	0	-37
31 December 2013	**530**	**664**	**30,611**	**0**	**31,805**
Carrying value as at 31 December 2013	**619**	**139**	**12,540**	**77**	**13,375**
2014					
Historical cost					
1 January 2014	1,149	803	43,151	77	45,180
Addition from change in the scope of consolidation	470	762	618	0	1,850
Addition	1,142	157	11,621	685	13,605
Disposal	-226	-4	-2,470	0	-2,700
Reclassification	0	66	474	-485	55
Currency differences	5	-7	-80	0	-82
31 December 2014	**2,540**	**1,777**	**53,314**	**278**	**57,909**
Accumulated depreciation and amortisation					
1 January 2014	530	664	30,611	0	31,805
Addition	244	349	5,997	0	6,590
Disposal	-220	-3	-2,310	0	-2,533
Attribution	18	9	0	0	27
Reclassification	0	-2	57	0	55
Currency differences	-2	-2	-80	0	-84
31 December 2014	**570**	**1,015**	**34,275**	**0**	**35,860**
Carrying value as at 31 December 2014	**1,970**	**762**	**19,039**	**278**	**22,049**

Additions to other property, plant and office equipment mainly relate to hardware for new IT infrastructure (including servers for data centres and equipment for box offices/promoters and hardware for admission control in venues), business and office equipment as well as exhibition inventory for events. Investments were also made in an aircraft by the subsidiary JUG Jet Air GmbH & Co. KG, Bremen, for the purpose of implementing international ticketing projects and market expansion in Europe.

INTANGIBLE ASSETS (9), GOODWILL (16)

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

	Software, licences and similar rights	Capitalised 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]
2013						
Historical cost						
1 January 2013	52,699	25,730	257,394	86,513	825	423,161
Addition from change in scope of consolidation	5	49	5,630	1,225	0	6,909
Addition	23,274	3,760	0	0	2,690	29,724
Disposal	-205	-536	0	0	-2	-743
Reclassification	133	1,176	0	0	-1,317	-8
Currency differences	-166	-62	-954	-288	0	-1,470
31 December 2013	**75,740**	**30,117**	**262,070**	**87,450**	**2,196**	**457,573**
Accumulated depreciation and amortisation						
1 January 2013	43,236	6,609	4,690	31,967	0	86,502
Addition	6,040	2,032	0	9,075	0	17,147
Disposal	-205	-536	0	0	0	-741
Reclassification	-46	68	0	0	0	22
Currency differences	-74	-54	0	-143	0	-271
31 December 2013	**48,951**	**8,119**	**4,690**	**40,899**	**0**	**102,659**
Carrying value as at 31 December 2013	**26,789**	**21,998**	**257,380**	**46,551**	**2,196**	**354,914**
2014						
Historical cost						
1 January 2014	75,740	30,117	262,070	87,450	2,196	457,573
Addition from change in scope of consolidation	19,700	615	12,324	5,024	250	37,913
Addition	4,036	5,482	0	0	5,141	14,659
Disposal	-2,794	-565	-9	-1,009	0	-4,377
Reclassification	228	2,882	0	0	-3,110	0
Currency differences	7	-12	1,236	349	1	1,581
31 December 2014	**96,917**	**38,519**	**275,621**	**91,814**	**4,478**	**507,349**
Accumulated depreciation and amortisation						
1 January 2014	48,951	8,119	4,690	40,899	0	102,659
Addition from change in scope of consolidation	27	-27	0	0	0	0
Addition	8,411	4,715	0	8,646	0	21,772
Disposal	-496	-565	-9	-957	0	-2,027
Reclassification	135	-135	0	0	0	0
Currency differences	25	8	0	257	0	290
31 December 2014	**57,053**	**12,115**	**4,681**	**48,845**	**0**	**122,694**
Carrying value as at 31 December 2014	**39,864**	**26,404**	**270,940**	**42,969**	**4,478**	**384,655**

Investments in intangible assets and goodwill, at EUR 14.659 million, relate to additions for software, licences and similar rights (EUR 4.036 million), capitalised development costs (EUR 5.482 million) and to advance payments / proprietary software under development (EUR 5.141 million).

Additions to software, licences and similar rights mainly include payments for licences for third-party software connected with the ticket distribution systems, brand and ticket distribution rights (EUR 4.036 million).

Additions to capitalised development costs (EUR 5.482 million) relate to the development of ticket distribution systems. Of those investments, EUR 3.714 million are for proprietary software and EUR 1.768 million for external software development.

Additions to goodwill relate to acquisitions in the reporting period. Notes on the development of goodwill are presented below under ‘Goodwill (16)’.

Additions to payments on account/proprietary software in progress (EUR 5.141 million) relate mainly to payments on account of the as yet uncompleted development of the ticket distribution systems.

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

INVESTMENTS (10), INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (11), LOANS (12)

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

	Shares in affiliated companies	Participations	Investments in associates accounted for at equity	Loans due to affiliated companies	Security investments	Other loans	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
2013							
Historical cost							
1 January 2013	580	2,119	16,539	0	18	369	19,625
Addition from change in scope of consolidation	0	0	0	0	0	2	2
Addition	0	0	0	0	1,007	0	1,007
Disposal	0	-26	-1,029	0	-13	-109	-1,177
Currency differences	1	0	0	0	0	-2	-1
31 December 2013	**581**	**2,075**	**15,510**	**0**	**1,012**	**260**	**19,438**
Accumulated depreciation and amortisation							
1 January 2013	1	725	0	0	5	100	831
Addition	0	200	0	0	0	0	200
31 December 2013	**1**	**925**	**0**	**0**	**5**	**100**	**1,031**
Carrying value as at 31 December 2013	**580**	**1,150**	**15,510**	**0**	**1,007**	**160**	**18,407**
2014							
Historical cost							
1 January 2014	581	2,075	15,510	0	1,012	260	19,438
Addition from change in scope of consolidation	0	0	0	31	0	0	31
Addition	120	0	3,233	0	38	40	3,431
Disposal	-73	0	0	0	0	-15	-88
Currency differences	3	23	0	0	0	2	28
31 December 2014	**631**	**2,098**	**18,743**	**31**	**1,050**	**287**	**22,840**
Accumulated depreciation and amortisation							
1 January 2014	1	925	0	0	5	100	1,031
Addition	0	0	0	0	0	0	0
31 December 2014	**1**	**925**	**0**	**0**	**5**	**100**	**1,031**
Carrying value as at 31 December 2014	**630**	**1,173**	**18,743**	**31**	**1,045**	**187**	**21,809**

INVESTMENTS (10)

Investments, at EUR 2.848 million (previous year: EUR 2.737 million) relate to shares in affiliated companies, primarily subsidiaries located in eastern Europe that are not consolidated due to insignificance (EUR 630 thousand; previous year: EUR 580 thousand), participations (EUR 1.173 million; previous year: EUR 1.150 million) and held-to-maturity security investments EUR 1.045 million (previous year: EUR 1.007 million).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (11)

Investments in associates accounted for at equity increased by EUR 3.233 million from EUR 15.510 million to EUR 18.743 million.

The associates accounted for at equity acquired during the course of the reporting year caused a rise of EUR 2.909 million, particularly due to acquisition costs and pro-rata income of joint ventures Holiday on Ice, Liigalippu and Stargarage AG, Olten. Furthermore, positive income of EUR 456 thousand attributable to the joint venture HAL Apollo, Greenfield Festival AG and Greensave GmbH were generated. The cumulative loss of not to be recognised according to IAS 28 amounted to EUR 648 thousand in the 2014 financial year (previous year: EUR 749 thousand), down EUR 101 thousand due to positive results.

LOANS (12)

Loans, at EUR 218 thousand (previous year: EUR 160 thousand), relate entirely to loans to third parties, especially in the Ticketing segment.

TRADE RECEIVABLES (NON-CURRENT) (13)

Trade receivables with a remaining term of between one and five years amount to EUR 22 thousand (previous year: EUR 34 thousand).

RECEIVABLES FROM AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (NON-CURRENT) (14)

Receivables from affiliated and associated companies accounted for at equity relate to receivables in connection with the modernisation of the London concert and event venue ‘Eventim Apollo’ of EUR 1.948 million (previous year: EUR 4.699 million) against the joint venture HAL Apollo. Receivables from the subgroup FKP Scorpio amount to EUR 720 thousand.

OTHER ASSETS (NON-CURRENT) (15)

Of the non-current other assets, at EUR 3.237 million (previous year: EUR 3.711 million), EUR 3.190 million (previous year: EUR 3.711 million) are financial assets. These receivables have a maturity of between one and five years and relate to receivables from promoters in the course of ordinary business activities.

GOODWILL (16)

The disclosed goodwill totalling EUR 270.940 million (previous year: EUR 257.380 million) breaks down into EUR 230.445 million in the Ticketing segment (previous year: EUR 216.967 million) and EUR 40.495 million in the Live Entertainment segment (previous year: EUR 40.413 million).

In the Ticketing segment, goodwill increased by EUR 13.478 million in the reporting year. The increase was mainly due to the acquisition of CTS Eventim Nederland (EUR 2.485 million) and the ticketing business (Listicket) of the Italien G-Tech/Lottomatica Group (EUR 9.838 million). Goodwill increased as at 31 December 2014, particularly in the Ticketing segment, due to currency translation effects resulting from the measurement of goodwill in foreign currencies (EUR/CHF; EUR 1.235 million).

Goodwill was allocated to two cash generating units (CGUs) for impairment testing purposes. The CGUs are the same as the Group reporting entities (operating segments), i.e. Ticketing and Live Entertainment. The carrying amount of goodwill allocated to the Ticketing and Live Entertainment segments is significant in relation to the total carrying amount of goodwill.

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 discounted cash flow (DCF) determined valuation model and can be assigned to level two in the fair value hierarchy according to IFRS 13. This procedure and the basic assumptions apply to all CGUs with goodwill that is subject to impairment tests. The 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. At the beginning of the detailed planning period, an EBITDA margin of around 40% in the Ticketing segment and around 7% in the Live Entertainment segment was used as a basis. In subsequent years, a moderately rising EBITDA margin is assumed, based on an anticipated increase in high-margin ticket sales via the Internet. In the Ticketing segment a discount rate of 7.9% and in the Live Entertainment segment a discount rate of 7.5% was applied for this purpose. The discount rates used are interest rates after tax and reflect the specific risks to which the respective CGUs are exposed. The Group applies constant growth rates of 1% (previous year: 1%) to extrapolate cash flows after the detailed planning period. 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. The growth rates take external macroeconomic data and trends within the industry into account. No impairment of goodwill, subdivided according to segment, was required in the 2014 financial year. If the estimated discount factor was one percentage point higher or the EBITDA margin in the Ticketing segment or in the Live Entertainment segment were 10% lower, no impairment of goodwill would have been required in the respective segment.

In accordance with IFRS 3, negative differences resulting from a business combination are recognised through profit and loss, after allocation of hidden reserves and hidden liabilities and after subsequent review, in the period in which the business combination occurred.

The corporate management assumes that any reasonably possible change in the key assumptions on which the recoverable amount of the CGUs is based will not lead to the carrying value of the CGUs exceeding the recoverable amount.

DEFERRED TAXES (17)

The **deferred tax assets**, at EUR 9.354 million, pertain to the following:

	31.12.2014	31.12.2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	5,556	1,890	3,666
Temporary differences	3,798	1,547	2,251
	9,354	**3,437**	**5,917**

The EUR 3.666 million increase in tax loss carryforwards is largely due to tax loss carryforwards relating to acquisitions in the reporting period.

It is assumed that there is sufficient likelihood that the deferred tax assets on loss carryforwards of EUR 5.556 million (previous year: EUR 1.890 million) as at 31 December 2014, can be used, as the respective companies will generate tax profits of least the same amount in future periods.

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

	31.12.2014		31.12.2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Receivables	327	81	154	64
Other assets	279	11	457	21
Current assets	**606**	**92**	**611**	**85**
Property, plant and equipment	208	28	12	0
Intangible assets	2,471	18,013	1,162	15,866
Loans	0	55	0	43
Non-current assets	**2,679**	**18,096**	**1,174**	**15,909**
Other provisions	347	5	345	0
Other liabilities	671	542	328	266
Current liabilities	**1,018**	**547**	**673**	**266**
Financial liabilities	133	0	134	0
Pension provisions	1,720	0	905	16
Non-current liabilities	**1,853**	**0**	**1,039**	**16**
Loss carryforwards	5,556	0	1,890	0
Total	**11,712**	**18,735**	**5,387**	**16,276**
Offset	-2,358	-2,358	-1,950	-1,950
Deferred taxes	**9,354**	**16,377**	**3,437**	**14,326**

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 allocations.

The rate of deferred domestic taxation was between 29.3% and 32.7%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and municipal trade tax at between 13.5% and 16.8%. For foreign subsidiaries, the respectively applicable local tax rates were applied.

Deferred taxes are recognised in the amount of EUR 985 thousand (previous year: EUR 933 thousand) for current assets and liabilities realised within 12 months.

As at 31 December 2014, the fiscal **loss carryforwards** were as follows:

	31.12.2014	31.12.2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
up to 5 years	16	159	-143
up to 10 years	3,136	0	3,136
indefinite	23,902	8,242	15,660
	27,054	**8,401**	**18,653**

It is assumed that there is sufficient likelihood that the EUR 27.054 million (previous year: EUR 8.401 million) in fiscal loss carryforwards as at 31 December 2014 can be used, as the respective companies will generate tax profits of at least the same amount in future periods. The increase of tax losses carryforwards result due to the revaluation of tax losses and the changes in the scope of consolidated companies. On contrary, the usage of taxable losses led to a reduction.

Deferred tax assets amounting to EUR 24.992 million were formed in respect of corporation tax losses (previous year: EUR 4.875 million), and to EUR 156 thousand (previous year: EUR 79 thousand) in respect of municipal trade tax losses, even though the respective companies have a history of losses and there are no corresponding deferred tax liabilities. However, positive earnings are planned for these companies.

No deferred tax assets were recognised for loss carryforwards for municipal trade tax purposes of EUR 697 thousand (previous year: EUR 702 thousand) and for other loss carryforwards for foreign taxation purposes of EUR 2.414 million (previous year: EUR 2.616 million), as the arising tax benefits are not expected to be realised in the planning period. An expiry of tax benefits relating to other loss carryforwards for foreign taxation purposes of EUR 1.499 million is possible within the next five years (previous year: EUR 1.375 million).

In the statement of comprehensive income (see consolidated statement of comprehensive income page 83), deferred tax liabilities for the remeasurement of the net debt from defined benefit obligations of EUR 675 thousand (previous year: EUR 139 thousand) are included, EUR -9 thousand (previous year: EUR 4 thousand) for the disposal of available-for-sale financial assets and EUR -6 thousand (previous year: EUR 1 thousand) for cash flow hedges.

SHORT-TERM FINANCIAL LIABILITIES (18)

Of the EUR 77.837 million in short-term financial liabilities (previous year: EUR 34.734 million), EUR 75.188 million relate to liabilities to banks (previous year: EUR 30.755 million), and EUR 2.649 million to purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (previous year: EUR 3.979 million).

The increase in liabilities to banks is primarily related to the timely reclassification into the short-term financial liabilities.

Liabilities to banks were subject to interest at normal market rates.

TRADE PAYABLES (19)

Trade payables, at EUR 73.052 million (previous year: EUR 57.993 million) are payable within one year.

PAYABLES TO AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (20)

Payables to affiliated and associated companies accounted for at equity, at EUR 1.615 million (previous year: EUR 113 thousand), are primarily for supplies and services; of that total, EUR 1.594 million (previous year: EUR 96 thousand) are liabilities to associates accounted for at equity in the Live Entertainment segment.

ADVANCE PAYMENTS RECEIVED (21)

The advance payments received, at EUR 190.982 million (previous year: EUR 118.209 million), mainly include ticket monies already received for future events in the Live Entertainment segment. The increase in advance payments received is mainly attributable to the fact that higher ticket monies were received in the fourth quarter from presales for major events held in 2015.

These advance payments are posted to revenue after the respective events have taken place and accounts have been settled.

OTHER PROVISIONS (22)

Changes in other provisions are shown in the following table:

	Workforce restructuring	Other	Total
	[EUR'000]	[EUR'000]	[EUR'000]
1 January 2013	**340**	**2,338**	**2,678**
Change in scope of consolidation	0	148	148
Consumption	-340	-837	-1,177
Reversal	0	-229	-229
Addition	0	808	808
31 December 2013	**0**	**2,228**	**2,228**
1 January 2014			
Change in scope of consolidation	0	198	198
Consumption	0	-980	-980
Reversal	0	-965	-965
Addition	0	3,111	3,111
Currency differences	0	3	3
31 December 2014	**0**	**3,595**	**3,595**

The addition to the other provisions concerns in particular contracted maintenance expenses for venues and outstanding costs in the Live Entertainment segment. Numerous issues with individual carrying amounts of only secondary importance, such as commission and litigation risks, also have an effect.

It is anticipated that EUR 2.181 million will be utilised in the business year 2015 and EUR 875 thousand will be used in the business year 2016.

TAX PROVISIONS (23)

Changes in tax provisions are shown in the following table:

	2014 [EUR'000]	2013 [EUR'000]
1 January	**21,697**	**12,300**
Change in consolidated companies	10	101
Consumption	-9,778	-6,404
Reversal	-467	-359
Currency differences	-1	-18
Addition	13,736	16,077
31 December	**25,197**	**21,697**

As a result of higher income tax prepayments, allocations to tax provisions were lower in the 2014 financial year compared to the previous year.

OTHER LIABILITIES (CURRENT) (24)

Other liabilities comprise EUR 258.829 million in financial liabilities (previous year: EUR 170.224 million) and EUR 46.719 million in non-financial liabilities (previous year: EUR 37.831 million).

The **financial liabilities** include liabilities in respect of ticketing monies that have not yet been invoiced, at EUR 251.515 million (previous year: EUR 161.498 million), liabilities from ticket insurance, at EUR 1.641 million (previous year: EUR 2.674 million), liabilities from third-party concerts in the Live Entertainment segment, at EUR 2.047 million (previous year: EUR 1.444 million), liabilities from finance leases, at EUR 174 thousand (previous year: EUR 63 thousand), and EUR 3.452 million in other financial liabilities (previous year: EUR 4.546 million).

The **non-financial liabilities** result from tax liabilities, at EUR 16.591 million (previous year: EUR 12.966 million), credit voucher liabilities, at EUR 11.881 million (previous year: EUR 10.548 million), liabilities to personnel, at EUR 9.397 million (previous year: EUR 9.333 million), income and accrued expenses, at EUR 5.775 million (previous year: EUR 3.314 million), social insurance liabilities, at EUR 1.703 million (previous year: EUR 580 thousand), and other non-financial liabilities, at EUR 1.372 million (previous year: EUR 1.089 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (25)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 97.731 million were disclosed (previous year: EUR 161.357 million). Of the medium- and long-term financial liabilities, EUR 96.303 million relate to bank loans (previous year: EUR 157.462 million) and EUR 1.428 million to purchase price obligation in respect of the put option which was mandatorily reported in accordance with IAS 32 (previous year: EUR 1.362 million). In the previous year liabilities from purchase price obligations for subsidiaries already included in consolidation of EUR 2.534 million were recorded.

Medium and long-term financial liabilities were lower due to the timely reclassification of medium and long-term bank liabilities into short-term financial liabilities.

OTHER LIABILITIES (NON-CURRENT) (26)

Other long-term liabilities, at EUR 220 thousand (previous year: EUR 168 thousand) mainly concern liabilities from finance leases (EUR 123 thousand; previous year: EUR 107 thousand). These liabilities are due in one to five years.

STATEMENT OF LIABILITIES

The composition and remaining term of the liabilities as at 31 December 2014 are shown in the following 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'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	175,568 (2013: 196,092)	77,837 (2013: 34,734)	70,369 (2013: 132,032)	27,362 (2013: 29,326)	
Advance payments received	190,982 (2013: 118,209)	190,982 (2013: 118,209)			
Trade payables	73,052 (2013: 57,993)	73,052 (2013: 57,993)			
Payables to affiliated and associated companies accounted for at equity	1,615 (2013: 113)	1,615 (2013: 113)			
Other liabilities	305,768 (2013: 208,223)	305,548 (2013: 208,055)	220 (2013: 168)		1) 16,591 (2013: 12,966) 2) 1,703 (2013: 580)
Liabilities, total	**746,985** (2013: 580,630)	**649,034** (2013: 419,104)	**70,589** (2013: 132,200)	**27,362** (2013: 29,326)	

DETAILS TO FINANCIAL LIABILITIES

The financial liabilities recognised on the balance sheet date EUR 175.568 million (previous year: EUR 196.092 million) include loans of EUR 171.491 million (previous year: EUR 188.217 million) as well as EUR 4.077 million in purchase price obligations (previous year: EUR 7.875 million).

As at 31 December 2014, the loans include the following main items:

- EUR 57.143 million annuity loan with a remaining term of 4 years
- EUR 45.000 million final-maturity loan against promissory notes, with a remaining term of less than 1 year
- EUR 37.342 million annuity loan with a remaining term of around 5 years.This loan was taken out in Swiss Francs and is subject to variations in carrying amount due to the translation of foreign currency liabilities as at the closure date.
- EUR 18.000 million annuity loan with a remaining term of around 3 years
- EUR 14.000 million partial use of a syndicated loan (revolving credit facility), with a remaining term of less than one year

On 1 April 2014, CTS KGaA raised the existing syndicated credit line (revolving credit facility) amounting to EUR 60 Mio. by EUR 45 Mio. to a total amount of EUR 105 Mio., with a remaining term of around three years as at the balance sheet date.

The greater part of the loans is at fixed interest rates for periods between one and five years.

PENSION PROVISIONS (27)

There are pension commitments in the CTS Group that must be classified as defined benefit plans and as defined contribution commitments in accordance with IAS 19. These pension commitments are dependent on the legal, fiscal and economic situation in the respective country in which a company operates, and are generally based on the number of service years and the amount of pay received by employees.

For some German companies in the CTS Group, there are both defined contribution and defined benefit plans. These plans provide retirement pensions, early retirement pensions, pensions due to disability and survivor’s pensions. The amount pension benefit is calculated using the total pension entitlements acquired during continuous employment in the company.

The insurance policies used in Switzerland to provide occupational pensions cover all the benefits according to regulations. The invalidity, mortality and longevity risks are fully underwritten in these pension schemes. The insurers invest the plan assets and provide a 100% guarantee on capital and interest. These ‘full-cover’ BVG plans (BVG: Swiss Federal Law on Occupational, Survivor’s and Invalidity Pension Plans) are classified under IAS 19 as defined benefit plans, because there is no guarantee that the benefit can be continued at the same conditions if the plan is terminated and because different risk and cost premiums can be expected. Benefits which are due are paid out by the insurance companies directly to the beneficiaries.

The pension obligations in Italy are 'Trattamento di Fine Rapporto' (TFR) – a form of severance indemnity pursuant to Article 2120 of the Italian Civil Code (Codice Civile – CC). Benefits accrue from TFR in every employment relationship. This is an additional pension entitlement regulated by public law. The TFR is owed 'on termination of employment' (Article 2120 CC). Until 31 December 2006, the severance indemnity scheme in Italy (TFR) was classified as a defined benefit plan. The legislation governing the scheme was revised by the Law No. 296 dated 27 December 2006 (the 'Finance Act 2007') and by subsequent rules and regulations dating from the first half of 2007. In view of these changes, and with special reference to companies with at least 50 employees, this scheme remains classified as a defined benefit plan only for those benefits for which provisions were made previous to 1 January 2007 (and which were still outstanding at the closing date), whereas commitments after that date are classified as a defined contribution plan.

The pension provisions in Austria relate to 'former severance payments'. Severance payments are once-only payments when employment ends, except when the employee gives notice. In accordance with IAS 19, only those employment relationships entered into until 31 December 2002 are taken into account when calculating the pension provisions.

The companies in the CTS Group are exposed to various risks in connection with existing pension plans. The CTS Group is exposed to general actuarial risks such as longevity risk and the risk of changing interest rates. There is also exposure to currency risks and to equity market or investment risks.

The pension provisions were measured at the closing date on the basis of actuarial expertises, 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 in shareholders's equity, not in profit and loss.

The pension provisions stated in the balance sheet are equal to the present value of the commitment as at the closing date, minus the fair value of the plan assets.

The amount of provisions in the balance sheet is calculated as follows:

	2014	2013
	[EUR'000]	[EUR'000]
Fair value of plan assets	-10,822	-9,811
Present value of obligations	19,168	14,603
Pension provisions	**8,346**	**4,792**

If reinsurance policies and cash resources 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 plan assets and were offset against pension provisions in accordance with IAS 19. Some pension commitments are financed by means of independently management funds, particularly in Switzerland and Germany. Whereas the fund assets are measured using the market values of the invested funds at the closing date, the pension commitments are measured using actuarial calculations and assumptions.

The present value of commitments developed as follows:

	2014	2013
	[EUR'000]	[EUR'000]
Beginning of the year	14,603	11,982
Changes due to business combinations	437	661
Current service costs	748	721
Past service costs	0	58
Interest expenses	351	282
Experience adjustments	-63	171
Actuarial gain/losses from change in financial assumptions	2,950	-16
Currency differences	228	-156
Contributions by plan participants	886	1,470
Amounts paid	-972	-570
End of year	**19,168**	**14,603**

Past service cost results from the fact that, for some insured persons who were not covered by additional lump-sum death benefit cover as at 31 December 2012, were first covered as from 1 January 2013 by risk insurance for lump-sum death benefit equal to 300% of their annual pay.

The following essential actuarial assumptions were made:

	2014	2013
Discount rate	1.25% - 2.0%	2.0% - 3.7%
Expected return on plan assets	1.75% - 2.0%	2.0% - 3.7%
Future salary increases	1.0% - 2.5%	1.0% - 3.0%
Future pension increases	1.0% - 3.0%	1.0% - 3.0%

The current 2005 G Heubeck Tables are applicable for demographic assumptions when accounting for pension obligations in Germany. In Switzerland, the generation tables for 2010 in the Swiss Federal Law on Occupational, Survivors' and Disability Pension Plans (BVG) are used. The Pagler & Pagler tables (AVÖ 2008-P 'Employees' – Principles for calculating pension insurance benefit) were used to calculate the pension provisions for the Austrian companies. In Italy the RG48 tables and a study by the INPS were taken as the basis.

The interest rate used for measurement in accordance with the international accounting standards must be determined according to the maturity of the liability, on the basis 'high quality corporate bonds'. The discount interest rate applicable to pension provisions is calculated on the basis of bonds from the Bloomberg indices. Given that the interest rate according to IAS 19.78 is only meant to represent the 'time value of money', which by definition cannot include any risks of default, only bonds which have no interest-distorting options were used for calculation purposes. Bonds offering much higher or lower interest rates in comparison with other bonds in their risk class were ignored.

Changes in plan assets are shown in the table below:

	2014	2013
	[EUR'000]	[EUR'000]
Fair value of plan assets as at 1 January	9,811	7,859
Expected return on plan assets, excluding interest income	55	76
Experience adjustments	-83	8
Interest income	185	144
Currency differences	194	-120
Changes due to business combinations	0	377
Contributions by the employer	533	451
Contributions by plan participants	886	1,470
Amounts paid	-759	-454
Fair value of plan assets as at 31 December	**10,822**	**9,811**

The plan assets consist of insurance policies (reinsurance policies) for EUR 10.503 million (previous year: EUR 9.538 million), and fixed-term deposits of EUR 319 thousand (previous year: EUR 273 thousand). Unlike insurance policies, deposits are assets which have an active market value.

The following amounts were recognised in profit and loss:

	2014	2013
	[EUR'000]	[EUR'000]
Current service costs	748	721
Past service costs	0	58
Net interest expense / income	166	138
Total amount	**914**	**917**

The following amounts were recognised in shareholders' equity, not in profit and loss:

	2014	2013
	[EUR'000]	[EUR'000]
Experience adjustments	-20	163
Actuarial gain/losses from change in financial assumptions	-2,951	-16
Expected return on plan assets, excluding interest income	55	-76
Obligations and plan assets assumed in the course of business combinations	0	284
Total amount	**-2,916**	**355**

The actuarial losses in the reporting year were caused primarily by a change in interest rates. The adjustment of the financial assumptions particularly in interest rates from 2.0% to 1.25% in Switzerland and from 3.7% to 2.0% in Europe, led to high actuarial losses.

An increase or decrease in the main actuarial assumptions would have had the following effects on the present value of the pension commitments as at 31 December 2014:

	Change in assumption	**Increase of the assumption**	**Decrease of the assumption**
		[EUR'000]	**[EUR'000]**
Discount rate	0.50%	-1,753	2,050
Future salary increases	1.00%	172	-167
Future pension increases	1.00%	1,119	0
Life expectancy	1 year	255	-249

An increase or decrease in the main actuarial assumptions would have had the following effects on the present value of the pension commitments as at 31 December 2013:

	Change in assumption	**Increase of the assumption**	**Decrease of the assumption**
		[EUR'000]	**[EUR'000]**
Discount rate	0.50%	-890	1,019
Future salary increases	1.00%	207	-235
Future pension increases	1.00%	832	0
Life expectancy	1 year	171	-167

The above sensitivity analysis is based on the change in one assumption, with all other assumptions remaining constant. It is improbable that this scenario would happen in reality, because changes in some assumptions could correlate. When calculating the sensitivity of the commitment to actuarial assumptions, the same method was applied as is used to calculate the pension provisions in the balance sheet.

The present value of the pension commitments is distributed as follows among the individual groups of beneficiaries:

- Active employees with pension entitlement: EUR 17.481 million (previous year: EUR 13.005 million)

- Beneficiaries of invalidity pensions (Switzerland): EUR 1.555 million (previous year: EUR 1.531 million)

- Retirees with pension entitlement: EUR 126 thousand (previous year: EUR 66 thousand)

The weighted average term of commitment, as at 31 December 2014, is 17.6 years (previous year: 14.7 years).

In the 2015 financial year, the Group expects contributions of EUR 764 thousand (previous year: EUR 621 thousand).

DEFERRED TAXES (28)

Deferred tax liabilities, at EUR 16.376 million (previous year: EUR 14.326 million), result from temporary differences between the carrying amounts stated in the consolidated balance sheet and their value for tax purposes.

The increase in deferred tax liabilities mainly resulted from temporary differences arising from the fair value measurement of intangible assets in the context of the purchase price allocation. On the other hand, the decline in deferred tax liabilities from the reversal of temporary differences between IFRS carrying values and fiscal carrying values related to the systematic straight-line amortisation of intangible assets recognised in the past.

SHAREHOLDERS' EQUITY (29)

The parent company of the Group has the legal form of a partnership limited by shares. The shareholders are liable only to the extent of their capital contribution.

Shareholders' equity rose by EUR 46.592 million to EUR 299.794 million, mainly as a result of the positive net income in the reporting period of EUR 76.676 million and non-controlling interest of EUR 1.548 million, which is largely attributable to minority interests in the operating result in the Ticketing segment.

As at the closing date, measurement of the derivative financial instruments (foreign currency derivatives) results in a profit on effective hedges, which is recognised in shareholders' equity under accumulated other comprehensive income. EUR 19 thousand (previous year: EUR -1 thousand) in derivative financial instruments is stated under accumulated other comprehensive income. Deferred taxes on derivative financial instruments amount to EUR -6 thousand (previous year: EUR 1 thousand). There are no gains or losses from an ineffective portion of the hedging instruments.

At the Annual Shareholders' Meeting on 8 May 2014, a EUR 48.000 million increase in the share capital from company funds to EUR 96.000 million was resolved. As the capital reserve no longer accounted for 10% of the registered capital after the capital increase, a statutory reserve of 5% in accordance with § 150 German Stock Corporation Act (AktG) of net income for the year of CTS KGaA according to the German Commercial Code (HGB) (EUR 2.818 million) was allocated as of the balance sheet date.

Reference is made to the consolidated statement of changes in equity on page 84.

Share capital of CTS KGaA is EUR 96,000,000 and is divided into 96,000,000 no-par value bearer shares. Each share has a voting right and presents an arithmetic share in the share capital of EUR 1.00. The CTS KGaA holds 8,700 own shares, 95,991,300 shares were in circulation during the entire financial year 2014. Capital and legal reserve are limited in their use according to AktG (German stock corporation Act).

Shares with special rights, granting power of control, do not exist. The Management Board of EVENTIM Management AG, Hamburg, is not aware of any restrictions which affect voting rights or transfer of shares.

RESOLUTIONS OF THE ANNUAL SHAREHOLDERS' MEETING:

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' decisions on 23 August 2005, 13 May 2011 and 8 May 2014 to increase the share capital to a total of EUR 96,000,000, this contingent share capital has increased accordingly to a total of EUR 1,440,000 in accordance with Section 218 sentence 1 AktG. No use has been made so far of this authorisation.

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 using company funds implemented in October 2005, EUR 12,000,000 of the **capital reserve** was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

The Annual Shareholders' Meeting of the company held on 23 August 2005 resolved to increase the **share capital** of CTS KGaA (formerly: CTS AG), originally amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the subscribed share capital of CTS KGaA (formerly: CTS AG) from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from company funds. The Annual Shareholders' Meeting of the company held on 8 May 2014 resolved to increase the share capital of CTS KGaA (formerly: CTS AG) from EUR 48,000,000 by converting EUR 48,000,000 from reserves. As at the closing date, the company had thus issued 96,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share captial of EUR 1.00.

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.

By resolution of the Shareholders' Meeting held on 8 May 2013, the Management Board has been authorised, with a resolution of a **contingent capital**, to issue **warrant bonds and convertible bonds** by 7 May 2018, to a total par value of up to EUR 275,000,000 and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 22,000,000 new no-par bearer shares of the company, equal to share capital of up to EUR 22,000,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulted through this resolution, a contingent capital of EUR 22,000,000 was formed (contingent capital 2013). By resolution of the Annual Shareholders' Meeting on 8 May 2014, the company's contingent capital 2013 was increased to EUR 44,000,000 by issuing up to 44,000,000 new no-par bearer shares entitled to participate in profits as from the beginning of the financial year in which they were issued. This contingent increase in capital is for granting shares to the holders of warranty bonds or convertible bonds issued in accordance with the authorisation of the Shareholders' Meeting of 8 May 2013 until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent capital increase shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and as far as the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The general partner is authorised to stipulate further details for implementing the contingent increase.

The Annual Shareholders' Meeting of CTS AG on 8 May 2014 resolved to **change the legal form** of CTS AG into a partnership limited by shares (CTS KGaA). This resolution to change the legal form took effect upon entry into the commercial register on 30 June 2014. For every ordinary share held in the company to be transformed, the shareholders of CTS AG received one ordinary CTS KGaA share. The notional amount of the share capital accounted for by each no-par value bearer share remains unchanged.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The share capital is increased conditionally by up to EUR 1,440,000. This conditional capital increase shall be conducted 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 general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation.

The share capital of the company is increased conditionally by up to EUR 44,000,000 by issuing up to 44,000,000 new no-par value bearer shares entitled to participate in profits as of the beginning of the financial year in which they were issued (contingent capital 2013). This contingent increase in capital is for granting shares to the holders of warranty bonds or convertible bonds issued in accordance with the authorisation of the Shareholders' Meeting of 8 May 2013 until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent capital increase shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and as far as the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The general partner is authorised to stipulate further details for implementing the contingent increase.

Furthermore, by resolution of the Annual Shareholders' Meeting, the general partner is authorised to increase the share capital in full or partial amounts, on one or more occasions, by up to EUR 48,000,000 by 7 May 2019, contingent on Supervisory Board approval, by issuing up to 48,000,000 new bearer shares against cash contributions or contributions in kind (approved capital 2014). The approved capital 2009 was repealed on the date that the approved capital 2014 is entered in the commercial register.

NON-CONTROLLING INTEREST

Non-controlling interests comprise the shares held by third parties in the shareholders' equity of the consolidated subsidiaries. In accordance with IAS 1, non-controlling interests are presented separately within shareholders' equity. Non-controlling interests increased by EUR 1.548 million to EUR 18.855 million and mainly results from proportionate shares in the consolidated net income for 2014 (EUR 8.353 million), balanced against distributions to non-controlling interest in the 2014 financial year (EUR -6.250 million).

4. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS (IFRS 7)
4.1 FINANCIAL ASSETS

The following table shows the structure of financial assets according to age as at 31 December 2014:

			Thereof: not impaired but overdue at the balance sheet date			
	Carrying value 31.12.2014	Thereof: 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	30,924	22,931	3,008	843	269	536
Receivables from affiliated and associated companies accounted for at equity	5,879	4,220	467	0	0	90
Other financial assets	63,045	60,448	1,062	254	166	225
Other financial assets (at fair value not through profit and loss)	480	480	0	0	0	0
Held-to-maturity investments	1,045	1,045	0	0	0	0
Investments (at amortised cost)	1,803	1,803	0	0	0	0
Loans	218	218	0	0	0	0
	103,394	**91,145**	**4,537**	**1,097**	**435**	**851**

The following table shows the structure of financial assets according to age as at 31 December 2013:

	Carrying value 31.12.2013	Thereof: neither impaired nor overdue at the balance sheet date	Thereof: not impaired but overdue at the balance sheet date: Less than 30 days	Between 30 - 90 days	Between 90 - 180 days	More than 180 days
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Trade receivables	26,338	17,511	6,145	835	374	325
Receivables from affiliated and associated companies accounted for at equity	6,532	5,084	0	0	0	254
Other financial assets	44,706	38,574	2,003	466	698	1,112
Other financial assets (at fair value not through profit and loss)	766	766	0	0	0	0
Held-to-maturity investments	1,007	1,007	0	0	0	0
Investments (at amortised cost)	1,730	1,730	0	0	0	0
Loans	160	160	0	0	0	0
	81,239	**64,832**	**8,148**	**1,301**	**1,072**	**1,691**

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 developed as follows:

	2014	2013
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts 1 January	6,993	4,860
Change in scope of consolidated companies	227	11
Consumption	-985	-1,055
Reversal	-265	-164
Addition	2,441	3,417
Currency differences	-545	-76
Allowances for doubtful accounts as at 31 December	**7,866**	**6,993**

4.2 FINANCIAL LIABILITIES

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original and derivative financial liabilities and derivative financial assets, as at 31 December 2014:

	Carrying value 31.12.2014	Redemption < 1 year	Interest < 1 year	Redemption < 2 year	Interest < 2 year	Redemption < 4 year	Interest < 4 year	Redemption > 4 year	Interest > 4 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	175,568	-79,854	-2,263	-13,805	-1,727	-15,949	-1,054	-65,703	-796
Trade payables	73,052	-72,657	0	-154	0	-241	0	0	0
Payables to affiliated and associated companies accounted for at equity	1,615	-1,615	0	0	0	0	0	0	0
Other original financial liabilities	258,857	-257,498	-4	-904	-3	-114	-2	-341	0
Other derivative financial liabilities	118	-118	0	0	0	0	0	0	0
Derivative financial assets	-21	21	0	0	0	0	0	0	0
	509,189	**-411,721**	**-2,267**	**-14,863**	**-1,730**	**-16,304**	**-1,056**	**-66,044**	**-796**

The carrying amount of the financial liabilities as at 31 December 2014 is lower due to amortisation of the transaction costs at a constant effective interest rate.

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original and derivative financial liabilities derivative financial assets, as at 31 December 2013:

	Carrying value 31.12.2013	Redemption < 1 year	Interest < 1 year	Redemption < 2 year	Interest < 2 year	Redemption < 4 year	Interest < 4 year	Redemption > 4 year	Interest > 4 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	196,092	-51,301	-3,117	-63,760	-2,024	-32,727	-1,745	-48,955	-283
Trade payables	57,993	-57,993	0	0	0	0	0	0	0
Payables to affiliated and associated companies accounted for at equity	113	-113	0	0	0	0	0	0	0
Other original financial liabilities	169,932	-169,803	0	0	0	-129	0	0	0
Other derivative financial liabilities	421	-74	-243	-50	-196	0	309	0	120
Derivative financial assets	-20	20	0	0	0	0	0	0	0
	424,531	**-279,263**	**-3,360**	**-63,810**	**-2,220**	**-32,856**	**-1,436**	**-48,955**	**-163**

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 previous to 31 December 2014. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

4.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying values, recognition and fair values for the 2014 financial year are shown in the following table according to recognition categories:

		Balance sheet value according to IAS 39				
	Carrying value 31.12.2014	At amortised cost	At fair value through profit and loss	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS						
Cash and cash equivalents	505,843	505,843				505,843
Trade receivables	30,924	30,924				30,822
Receivables from affiliated and associated companies accounted for at equity	5,879	5,879				5,796
Other original financial assets	63,026	63,026				62,787
Other original financial assets (at fair value not through profit and loss)	480			480		480
Other derivative financial assets (at fair value not through profit and loss)	21			21		21
Investments (held-to-maturity)	1,045	1,045				1,006
Investments (at armortised cost)	1,803				1,803	
Loans	218	218				231
LIABILITIES						
Short-term financial liabilities	77,837	77,837				79,054
Medium- and long-term financial liabilities	97,731	97,731				100,771
Trade payables	73,052	73,052				72,812
Payables to affiliated and associated companies accounted for at equity	1,615	1,615				1,606
Other original financial liabilities	258,857	258,857				258,004
Other derivative financial liabilities (at fair value through profit and loss)	118		118			118
Categories according to IAS 39:						
Loans and receivables	605,890	605,890				605,479
Financial liabilities at amortised cost	509,090	509,090				512,247
Available-for-sale financial assets	2,283			480	1,803	480
Held-to-maturity investments	1,045	1,045				1,006

Carrying values, recognition and fair values for the 2013 financial year are shown in the following table according to recognition categories:

	Carrying value 31.12.2013	Balance sheet value according to IAS 39: At amortised cost	At fair value through profit and loss	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS						
Cash and cash equivalents	375,736	375,736				375,736
Trade receivables	26,338	26,338				26,191
Receivables from affiliated and associated companies accounted for at equity	6,532	6,532				6,479
Other original financial assets	44,717	44,717				44,402
Other original financial assets (at fair value not through profit and loss)	766			766		766
Other derivative financial assets (at fair value through profit and loss)	20		20			20
Investments (held-to-maturity)	1,007	1,007				984
Investments (at amortised cost)	1,730				1,730	
Loans	160	160				169
LIABILITIES						
Short-term financial liabilities	34,734	34,734				35,365
Medium- and long-term financial liabilities	161,357	161,357				161,311
Trade payables	57,993	57,993				57,668
Payables to affiliated and associated companies accounted for at equity	113	113				113
Other original financial liabilities	169,932	169,932				168,975
Other derivative financial liabilities (at fair value through profit and loss)	422		422			422
Categories according to IAS 39:						
Loans and receivables	453,483	453,483				452,976
Financial liabilities at amortised cost	424,129	424,129				423,431
Available-for-sale financial assets	2,496			766	1,730	766
Held-to-maturity investments	1,007	1,007				984

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

If financial instruments are listed on an active market, like fund shares, in particular, the respective listed price signifies the fair value on that market. In the case of unlisted financial 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 accounted for at equity, other financial assets, financial liabilities, payables to affiliated companies and associates included at equity, and other original 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 companies and associates included at equity, other original financial assets, financial liabilities, payables to affiliated companies and associates accounted for at equity and other financial liabilities are equal to the present value of the cash flows associated with the financial instruments.

Financial investments, which are held-to-maturity, are measured at amortised cost.

Derivative financial instruments are recognised at their fair value. The carrying amount of the interest and currency derivatives is therefore equal to their respective fair value. Since the fair values are determined on the basis of observable market parameters (in particular, interest and exchange rates), they qualify as level-two fair values in the IFRS 7 fair value hierarchy.

Of the total available-for-sale financial assets, EUR 480 thousand (previous year: EUR 766 thousand) are accounted for at fair value but not through profit and loss, and EUR 1.803 million are accounted for at cost (previous year: EUR 1.730 million). As the fair values (EUR 480 thousand; previous year: EUR 766 thousand) correspond to observable market prices, they qualify as level-1 fair values in the IFRS 7 fair value hierarchy.

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

	2014 [EUR'000]	2013 [EUR'000]
Available-for-sale financial assets as at 1 January	2,496	4,711
Addition	55	22
Disposal	-281	-2,037
Depreciation on financial assets	0	-200
Currency difference	25	0
Total comprehensive income	-13	0
Available-for-sale financial assets as at 31 December	**2,282**	**2,496**

NET PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

	2014	2013
	[EUR'000]	[EUR'000]
Loans and receivables	-2,326	-4,160
Held-to-maturity investments	38	0
Available-for-sale financial assets	13	-189
Financial liabilities	-5,465	-7,056
Derivative financial instruments in hedging relationships	-57	-372
	-7,797	**-11,777**

The profit and loss of held-to-maturity investments is recorded in the financial result in the income statement.

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 560 thousand (previous year: EUR 632 thousand).

The gains and losses of available-for-sale financial assets are stated in shareholders' equity under accumulated other comprehensive income, not through profit and loss for other original financial asset and for investments at cost through profit and loss.

Foreign currency derivative contracts were concluded in some cases to hedge against foreign exchange risks. Derivative financial instruments are recognised at their fair value. The carrying amount of the foreign forward exchange transactions is therefore equal to the respective fair value. The negative change in value of the foreign currency derivatives, amounting in the reporting period to EUR 76 thousand (previous year: EUR 60 thousand), was recognised as ensuing from effective fair value hedges and stated in the statement of income. The positive change in value of the foreign exchange derivatives, which are classified as cash flow hedges, is recognised under accumulated other comprehensive income in shareholders' equity, not through profit and loss, at EUR 19 thousand.

The interest rate swaps prevailing as at 31 December 2013 were terminated in the first quarter 2014 and recorded in the financial result at EUR -370 thousand.

FINANCIAL RISKS

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

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

FOREIGN CURRENCY DERIVATIVES AND HEDGES

In the reporting year 2013, CTS KGaA concluded forward foreign exchange transactions to hedge against foreign exchange risks in connection with loan receivables denominated in Pound Sterling (GBP). Fair value hedges were formed in respect of the underlying loan receivables. As at the closing date, the underlying transactions included in the hedge (receivables from affiliated companies) amount to EUR 977 thousand (previous year: EUR 1.957 million). The fair value of the derivatives as at the closing date is EUR -115 thousand (previous year: EUR -87 thousand).

CTS KGaA also concluded forward foreign exchange transactions in the reporting year to hedge against budgeted royalties denominated in Swiss Francs (CHF). Cash flow hedges were formed for the share in expected future royalty income. As at the closing date, the underlying transactions of the hedges (expected share in royalties) amounted to EUR 245 thousand (previous year: EUR 303 thousand). The fair value of the derivatives as at the closing date is EUR -3 thousand (previous year: EUR -3 thousand).

CTS KGaA concluded forward foreign exchange transactions in the reporting year to hedge against budgeted royalties denominated in Brazilian real (BRL). Cash flow hedges were formed for the share in expected future royalty income. As at the closing date, the underlying transactions of the hedges (expected share in royalties) amounted to EUR 625 thousand. The fair value of the derivatives as at the closing date is EUR 21 thousand.

The effectiveness of the hedging instruments is assessed prospectively and retrospectively on the basis of the dollar offset method, in which the absolute changes in the value of the hedged item and the hypothetical derivative are compared.

The hedging instruments for foreign exchange risks are accounted for in accordance with the rules in IAS 39 Hedge Accounting. The risks deriving from foreign exchange rate fluctuations are thus controlled in a deliberate manner and the volatility in earnings is reduced.

The effective portion of a cash flow hedging instrument is recognised in shareholders' equity, not in profit and loss, whereas the ineffective portion is recognised immediately in profit or loss. In the case of fair value hedges, the effective portion of the changes in value are recognised in profit or loss for the hedged item and the hedging instrument.

4.5 DISCLOSURES REGARDING FAIR VALUE

The principles and methods used to determine fair values are unchanged compared to the year before.

Financial instruments are measured on the basis of uniform valuation methods and parameters.

Cash and cash equivalents, trade receivables and other financial assets generally have short remaining terms. The reported carrying amounts as at the balance sheet date are therefore approximations of fair value.

In the case of receivables and other financial assets with remaining terms of more than one year, the fair values represent the present value of the future payments associated with the assets, taking current interest parameters into account.

Trade payables and other financial liabilities generally have short remaining terms. The reported carrying amounts as at the balance sheet date are therefore approximations of fair value.

The fair values of medium- and long-term financial liabilities are equal to the present values of the future payments associated with the debts, taking current interest parameters into account.

If financial instruments are listed on an active market, like fund shares, in particular, the respective listed price signifies the fair value on that market. In the case of unlisted 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.

Derivative financial instruments are recognised at their fair value. The carrying amount of interest derivatives and forward exchange transactions is therefore equal to the respective fair value.

According to IFRS 13, the fair values of financial assets and liabilities are classified according to the three levels of the fair value hierarchy. Level 1 contains fair values of financial instruments for which a market price can be quoted; securities are an example. In Level 2, fair values are based on market data, such as currency rates or interest curves, using market-based valuation techniques. Examples include derivatives. Fair values in Level 3 are derived using valuation techniques based on unobservable inputs, due to the lack of an active or measurable market.

Reclassifications between the levels within the fair value hierarchy are carried out at the beginning of the respective quarter in which the reason or the change in circumstances occurred that results in the reclassification. In 2014, no reclassifications were carried out.

The following table provides an overview of the financial assets and liabilities measured at fair value, and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 31 December 2014:

	31.12.2014		
	Level 1	Level 2	Total
	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS			
Cash and cash equivalents	0	505,843	505,843
Trade receivables	0	30,822	30,822
Receivables form affiliated and associated companies accounted for at equity	0	5,796	5,796
Other original financial assets	0	62,787	62,787
Other original financial assets (at fair value not through profit and loss)	480	0	480
Other derivative financial assets (at fair value not through profit and loss)	0	21	21
Loans	0	231	231
	480	**605,500**	**605,980**
LIABILITIES			
Short-term liabilities	0	79,054	79,054
Medium- and long-term financial liabilities	0	100,771	100,771
Trade payables	0	72,812	72,812
Payables to affiliated and associated companies accounted for at equity	0	1,606	1,606
Other original financial liabilities	0	258,004	258,004
Other derivative financial liabilities (at fair value through profit and loss)	0	118	118
	0	**512,365**	**512,365**

The following table provides an overview of the financial assets and liabilities measured at fair value, and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 31 December 2013:

	31.12.2013		
	Level 1	Level 2	Total
	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS			
Cash and cash equivalents	0	375,736	375,736
Trade receivables	0	26,191	26,191
Receivables form affiliated and associated companies accounted for at equity	0	6,479	6,479
Other original financial assets	0	44,402	44,402
Other original financial assets (at fair value not through profit and loss)	766	0	766
Other derivative financial assets (at fair value through profit and loss)	0	20	20
Loans	0	169	169
	766	**452,997**	**453,763**
LIABILITIES			
Short-term liabilities	0	35,365	35,365
Medium- and long-term financial liabilities	0	161,311	161,311
Trade payables	0	57,668	57,668
Payables to affiliated and associated companies accounted for at equity	0	113	113
Other original financial liabilities	0	168,975	168,975
Other derivative financial liabilities (at fair value through profit and loss)	0	422	422
	0	**423,854**	**423,854**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the 2014 financial year, the Group generated a revenue of EUR 690.300 million (previous year: EUR 628.349 million). Revenue (before consolidation between segments) breaks down into EUR 319.223 million in the Ticketing segment (previous year: EUR 269.702 million) and EUR 379.170 million in the Live Entertainment segment (previous year: EUR 365.838 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 total cost 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 size and personnel expenses. Using this conversion code, material expenses, personnel expenses, depreciation, amortisation and other operating expenses of the individual companies according to the total cost method are assigned to the 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 total cost method.

Material expenses (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of materials, supplies and purchased merchandise	7,419	5,910	1,509
Cost of purchased services	389,815	364,848	24,967
	397,234	**370,758**	**26,476**

Material expenses measured using the total cost method are allocated in full to cost of sales using the cost of sales method.

In the material expenses costs for tours of a subsidiary were reclassified from cost of materials, supplies and purchased merchandise in cost of purchased services; previous year figure has been adjusted accordingly.

Personnel expenses (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	78,455	69,408	9,047
Social insurance contributions and expenses for pension and employee support	14,172	11,766	2,406
	92,627	**81,174**	**11,453**

Personnel expenses according to the total cost 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 38.932 million were recognised as cost of sales (previous year: EUR 32.515 million), EUR 26.801 million as selling expenses (previous year: EUR 24.534 million) and EUR 26.894 million as general administrative expenses (previous year: EUR 24.125 million).

The increase in the Ticketing segment is mainly the result of the greater scope of consolidation, the processing of international projects and technological development. The increase in the Live Entertainment segment is mainly the result of the greater scope of consolidation.

In Germany, the employer's share of pension insurance amounts to 9.45%. Social security and expenses for pension and employee support include EUR 7.467 million (previous year: EUR 6.084 million) in contributions to statutory pension insurance. Statutory pension insurance is a defined contribution plan.

Depreciation and amortisation (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	28,363	22,952	5,411
	28,363	**22,952**	**5,411**

Depreciation and amortisation calculated using the total cost method are allocated on a direct and percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Depreciation and amortisation include EUR 11.077 million (previous year: EUR 10.383 million) in amortisation from purchase price allocations.

Other operating expenses (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	63,628	57,551	6,077
	63,628	**57,551**	**6,077**

The year-on-year change in other operating expenses according to cost method mainly relates to higher expenses from conversion at spot rate exchange rates, legal and consulting fees and higher expenses relating to the expansion in the scope of consolidation.

Other operating expenses measured using the total cost method are allocated on a direct or 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 13.844 million were recognised as cost of sales (previous year: EUR 9.885 million), EUR 24.097 million as selling expenses (previous year: EUR 23.538 million) and EUR 14.511 million as general administrative expenses (previous year: EUR 11.401 million). The remaining EUR 11.176 million (previous year: EUR 12.727 million) was allocated to other operating expenses.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 4.602 million increase in selling expenses is mainly due to higher personnel expenses (EUR +1.724 million), depreciation (EUR +255 thousand) and other operating expenses (EUR +1.197 million) caused by an expansion in the scope of consolidation. Furthermore the expenses for advertising costs (EUR +374 thousand) and legal and consulting costs (EUR +496 thousand) increased.

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 6.487 million increase in general administrative expenses is principally due to higher personnel expenses (EUR +1.277 million), depreciation (EUR +260 thousand) and other operating expenses (EUR +711 thousand) as a result of expanding the number of companies included in consolidation, increased expenditure for contributions and insurance contributions (EUR +285 thousand) and legal and consulting fees (EUR +636 thousand).

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from advertising and marketing	4,595	4,720	-125
Income from passed on expenses	2,110	2,092	18
Income from written-off liabilities and receivables	2,076	1,252	824
Income relating to other periods	1,526	514	1,012
Income from currency translation	1,093	671	422
Lucky buy from acquisitions	1,081	0	1,081
Income from insurance compensation	986	1,563	-577
Income from the reversal of allowances for doubtful accounts	265	164	101
Payments of damages	106	248	-142
Other operating income	2,971	3,390	-419
	16,809	**14,612**	**2,197**

Other operating income includes income from commission and grants, collection fees and refunds.

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Currency translation expenses	2,323	1,894	429
Expenses for third-party services	1,727	4,392	-2,665
Expenses passed on from third parties	1,653	1,738	-85
Non-recurring items	1,255	508	747
Expenses relating to other periods / non-operating costs	626	842	-216
Loss from disposal of fixed assets	387	53	334
Cost for the supply of goods sold	313	391	-78
Donations	225	97	128
Other operating expenses	2,805	2,824	-19
	11,314	**12,739**	**-1,425**

The non-recurring items relate to expenses for executed and planned acquisitions of EUR 1.255 million in the Ticketing segment.

Other operating expenses include uncancellable tickets, expenses in respect of litigation risks, and emoluments for the Supervisory Board.

INCOME / EXPENSES FROM PARTICIPATIONS (7)

Income from participations, at EUR 26 thousand (previous year: EUR 11 thousand) result from distributions from companies in which participations are held.

EXPENSES / INCOME FROM INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (8)

Expenses for investments in associates accounted for at equity relate to the Live Entertainment segment (EUR -35 thousand; previous year: EUR -896 thousand) and include EUR -202 thousand (previous year: EUR -537 thousand) in respect of the joint ventures and interest in associates of EUR +166 thousand (previous year: -360 thousand).

FINANCIAL INCOME (9)

Financial income includes EUR 1.693 million in interest (previous year: EUR 1.888 million) and EUR 53 thousand (previous year: EUR 6 thousand) in other financial income.

FINANCIAL EXPENSES (10)

Financial expenses comprise interest expense, at EUR 5.551 million (previous year: EUR 6.199 million) and EUR 985 thousand in other financial expenses (previous year: EUR 1.028 million). Financial expenses mainly comprise borrowing costs for acquisitions made. In the previous year, depreciation on financial assets amounted to EUR 200 thousand.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income taxes	38,960	37,258	1,702
Deferred taxes	-2,567	-2,136	-431
	36,393	**35,122**	**1,271**

Deferred tax expenses are measured by applying the taxation rules applicable on the closure date in the respective countries in which the subsidiaries operate and generate taxable income.

Current tax expenses include actual tax income of other periods, at EUR 400 thousand (previous year: tax expenses of EUR 375 thousand), and deferred tax income of other periods, at EUR 195 thousand (previous year: EUR 446 thousand).

Deferred tax income (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 taxes amounting to EUR 660 thousand (previous year: EUR 144 thousand) were recognised in shareholders' equity, not through profit and loss, under total comprehensive income.

Deferred tax income / expenses developed as follows:

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-2,567	-2,136	-431
thereof:			
from temporary differences	-2,700	-1,705	-995
from tax loss carryforwards	133	-430	563

Deferred taxes from temporary differences mainly result from the purchase price allocations in respect of the acquisitions made from 2010 onwards.

The following table shows the reconciliation of the tax expenses expected in the respective financial year with the tax expense as actually disclosed. To determine the expected tax expense for 2014, an average tax rate of 31.6% (previous year: 31.0%) was multiplied by the pre-tax profit. The average tax rate is the effective tax rate for CTS KGaA, which is composed of German corporation tax at a rate of 15% (previous year: 15%) plus 5.5% solidarity supplement and local municipal trade tax at around 15.8% (previous year: around 15.0%).

	2014	2013
	[EUR'000]	[EUR'000]
Profit before tax (EBT)	121,422	104,506
Reconciliation to effective tax expenses		
Expected income taxes	**38,369**	**32,397**
Deviations from expected tax rate	-2,098	-349
Changes in value adjustment of deferred tax assets	-195	-446
Usage of not capitalised tax loss carryforwards	-561	0
Changes of deferred taxes due to changes in tax rates	-918	27
Losses without the formation of deferred tax assets	56	82
Effects due to municipal trade tax additions and reductions	273	182
Actual taxes referring to previous years	-400	375
Non-deductible expenses / Non-taxable income	785	842
Other	1,082	2,012
Income taxes according to income statement	**36,393**	**35,122**

NON-CONTROLLING INTEREST (12)

The non-controlling interest in net income for 2014 increased from EUR 8.242 million to EUR 8.353 million. Non-controlling interest in the Ticketing segment amounts to EUR 3.459 million (previous year: EUR 2.843 million) and in the Live Entertainment segment to EUR 4.888 million (previous year: EUR 5.412 million).

6. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities increased year-on-year by EUR 102.739 million from EUR 142.898 million to EUR 245.637 million. The main reason for this increase in cash flow from operating activities is the EUR 15.534 million increase in consolidated net income and other liabilities (EUR +129.861 million). This was offset by a year-in-year decrease in cash flow mainly due to changes in other non-cash transactions (EUR -7.250 million), in income tax payments (EUR -11.973 million), in payments on account (EUR -19.196 million) and a change in receivables and other assets (EUR -15.536 million).

The negative cash flow effect of EUR 7.250 million from changes in **non-cash transactions** was mainly the result of actuarial changes in the financial assumptions used in the valuation of pension provisions, income from a lucky buy as part of the purchase price allocation and lower allowances for bad debts.

The increase in **income tax paid** (EUR -11.973 million) was mainly the result of higher prepayments in 2014 and payments made for previous years.

The negative cash flow effect of EUR 19.196 million from changes in **payments on account** was mainly the result of an increase in production cost payments for future events to be held in the business year 2015 in the Live Entertainment segment.

The negative cash flow effect of EUR 15.536 million from changes in **receivables and other assets** was mainly the result of a higher accumulation of receivables relating to ticket monies from presales, in particular by presales in the fourth quarter of 2014 for major events and due to changes in the scope of consolidation.

The EUR 129.861 million positive cash flow effect due to the change in **liabilities** mainly results from higher increase of advance payments received in the Live Entertainment segment (EUR +69.615 million) and higher liabilities of ticket monies that have not yet been invoiced in the Ticketing segment (EUR +54.429 million).

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. In the reporting period, as in the prior year, presales for events held after the balance sheet date resulted in a stronger cash inflow.

As at the end of the year, owing to the seasonally very high level of ticket presales in the fourth quarter, there is usually a large amount of **liabilities in respect of ticket monies that have not yet been invoiced** in the Ticketing segment, which leads in the course of the following year to cash outflows of ticket monies to promoters due to many events being held and invoiced.

CASH FLOW FROM INVESTING ACTIVITIES (2)

The negative cash flow from investing activities increased by EUR 17.189 million from EUR 41.415 million to EUR 58.604 million due to higher cash outflows for acquisitions in the reporting period, a purchase payment relating to an acquisition of a company in the previous year and for property, plant and equipment (particularly hardware for the data centre).

CASH FLOW FROM FINANCING ACTIVITIES (3)

The negative cash flow from financing activities rose year-on-year by EUR 12.183 million from EUR 44.274 million to EUR 56.457 million. In the reporting period, less financial loans from existing syndicated credit facility (Revolving Credit Facility) were taken out (EUR -12.000 million). On the other hand, redemptions of financial liabilities were lower (EUR +4.061 million). In addition, higher dividends were paid to shareholders in the reporting period (EUR -3.360 million).

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

7. OTHER NOTES

7.1 EARNINGS PER SHARE

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

	2014	2013
	[EUR]	[EUR]
Net income after non-controlling interest	76,675,967	61,142,209
Number of shares	96,000,000	96,000,000 [1]
Earnings per share	**0.80**	**0.64**

[1] Adjusted prior-year figure on the basis of 96 million shares after share capital increase using own funds

7.2 SEGMENT REPORTING

The Group operates in the leisure events market with its Ticketing and Live Entertainment divisions. CTS KGaA, 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 KGaA. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) using the internet (eventim.de) and using its market-leading network platform (eventim.net), the inhouse ticketing product (eventim.inhouse), the sport ticketing product (eventim.tixx) and a solution for ticket sales and admission control (eventim.access). The basic object of the Live Entertainment division is to organise and execute events as well as the operation of venues.

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 IFRS 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 2014, the companies operating in the segments were as follows:

TICKETING

• CTS EVENTIM KG & Co. KGaA • 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. • GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG • CTS Eventim Solutions GmbH • CTS Eventim Sports GmbH • CTS Eventim Nederland B.V. (formerly: See Tickets Nederland B.V.) • 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 • CTS Eventim Sweden AB • Lippupiste Oy • Eventim UK Limited • Eventim CZ s.r.o. • Eventim Sp. z.o.o • Eventim.ro SRL • Ticketcorner AG • Ticketcorner GmbH • Ticket Online Sales & Service Center GmbH • CTS Eventim Israel Ltd. • getgo consulting GmbH • nolock Softwarelösungen GmbH • Ticket Online Consulting GmbH • CREA Informatica S.r.l. • Entradas See Tickets S.A. • CTS Eventim France S.A.S. (formerly: Top Ticket France S.A.S.) • CTS Eventim Brasil Sistemas e Servicos de Ingressos Ltda. • JUG Jet Air GmbH & Co. KG •

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 • Show-Factory Entertainment GmbH • Act Entertainment AG • Seekers Event GmbH • Arena Management GmbH • ABC Production Group • Arena Berlin Betriebs 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. Revenues between the segments were 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 revenues of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total segments	
	2014 [EUR'000]	2013 [EUR'000]	2014 [EUR'000]	2013 [EUR'000]	2014 [EUR'000]	2013 [EUR'000]
External revenue	315,404	265,833	374,896	362,516	690,300	628,349
Internal revenue	44,948	40,150	59,393	89,075	104,341	129,225
Total revenue	**360,352**	**305,983**	**434,289**	**451,591**	**794,641**	**757,574**
Consolidation within the segment	-41,129	-36,281	-55,119	-85,753	-96,248	-122,034
Revenue after consolidation within the segment	**319,223**	**269,702**	**379,170**	**365,838**	**698,393**	**635,540**

Reconciliation of the operating profit (EBIT) of the segments with Group earnings:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2014 [EUR'000]	2013 [EUR'000]	2014 [EUR'000]	2013 [EUR'000]	2014 [EUR'000]	2013 [EUR'000]	2014 [EUR'000]	2013 [EUR'000]
Revenue	319,223	269,702	379,170	365,838	-8,093	-7,191	690,300	628,349
EBITDA	128,366	101,908	26,218	31,968	0	0	154,584	133,876
EBIT	102,620	81,610	23,601	29,314	0	0	126,221	110,924
Depreciation and amortisation	-25,746	-20,299	-2,617	-2,653	0	0	-28,363	-22,952
Financial result							-4,799	-6,418
Earnings before tax (EBT)							121,422	104,506
Taxes							-36,393	-35,122
Net income before non-controlling interest							85,029	69,384
Non-controlling interest							-8,353	-8,242
Net income after non-controlling interest							76,676	61,142
Average number of employees	1,520	1,220	553	485			2,073	1,705
Normalised EBITDA	129,621	104,295	26,218	31,968	0	0	155,839	136,262
Normalised EBIT before amortisation from purchase price allocation	114,428	93,855	24,125	29,839	0	0	138,553	123,693

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the 2014 financial year, broken down by geographical distribution:

	2014	2013
	[EUR'000]	[EUR'000]
Germany	466,518	472,342
Austria	42,542	46,176
Switzerland	94,506	48,900
Italy	38,162	31,371
Great Britain	10,562	9,076
Other countries	38,010	20,484
	690,300	**628,349**

The decline in revenue in Germany and Austria is due to the Live Entertainment segment, as a lower number of major events were carried out; in the Ticketing segment, however, significant revenue growth in Germany and Austria were achieved. In Switzerland, in addition to organic revenue growth in the Ticketing segment in particular, the newly consolidated subsidiaries in 2013 in the Live Entertainment segment increased revenue.

The carrying values of **non-current, non-financial assets** for the 2014 financial year are shown in the following table according to geographical distribution:

	2014	2013
	[EUR'000]	[EUR'000]
Germany	324,004	299,688
Austria	1,787	1,709
Switzerland	67,702	67,545
Italy	23,388	10,016
Great Britain	1,959	2,362
Other countries	6,708	2,480
	425,548	**383,800**

7.3 EMPLOYEES

On average over the year, 2,073 salaried staff (previous year: 1,705) were employed by the Group. Of that total, 1,177 (previous year: 1,087) were employed in Germany, and 896 (previous year: 618) in foreign countries.

7.4 FINANCIAL OBLIGATIONS

The rental and leasing agreements must be allocated to the 'operating lease' category in accordance with IAS 17. The rental obligations relate to rental payments for office premises and the Lanxess Arena in Cologne. The leasing obligations pertain primarily to maintenance agreements for software and telecommunication, vehicles and business service agreements.

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

	2014			2013		
	< 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	13,055	44,909	13,697	12,529	41,287	20,000
Leasing obligations	720	658	0	559	413	0
Other obligations	1,138	179	0	881	116	0
	14,913	**45,746**	**13,697**	**13,969**	**41,816**	**20,000**

There were no other contingent liabilities of any significance. Payments made in operating leases which are recorded in the reporting period as expenses amounted to EUR 13.748 million.

7.5 LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 174 thousand (previous year: EUR 63 thousand), and the long-term financial liabilities include liabilities from finance leases with a remaining term of up to four years, at EUR 123 thousand (previous year: EUR 107 thousand). The interest rates on which the leasing agreements are based vary between 1.9% and 3.2%, depending on the market rates and the date of conclusion. The main leases relate to motor vehicles. The present value of future minimum lease payments amount to EUR 110 thousand with a remaining term of up to one year and EUR 141 thousand between one and five years.

7.6 EVENTS AFTER THE BALANCE SHEET DATE

No events requiring disclosure took place after the balance sheet date.

7.7 PENDING COURT PROCEEDINGS

The Group is involved in pending proceedings and litigation as arise in the normal course of business. In the view of the company's legal representatives, there will no material impact on the earnings performance, financial position and cash flow of the Group when these matters are brought to an end. Provisions amounting to EUR 378 thousand were formed as at the balance sheet date to cover litigation expenses.

At the end of November 2014, CTS KGaA received a demand for information relating to administrative proceedings by the German Federal Cartel Office to analyse, following the recent merger approval, the market position of CTS KGaA in Germany. All the questions relating to the demand for information were answered in a complete and timely manner. Given the previous status of the proceedings, neither the length nor the progress of the proceedings can be estimated with certainty; it is likely that the German Federal Carel Office will also ask other market participants. The Group currently expects that the legal framework conditions were maintained. The Group is unable to derive any contingent liabilities from these proceedings at present.

7.8 DECLARATION OF COMPLIANCE

On 26 August 2014, the Management Board of the general partner and the Supervisory Board of CTS KGaA 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 KGaA website (http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorCorporateGovernance/correspondingDeclaration).

7.9 APPLICATION OF § 264 (3) HGB AND § 264B HGB

Some consolidated corporate companies and business partnerships of CTS KGaA qualify for § 264 (3) HGB and § 264b HGB with regard to the reporting and disclosure of their annual financial statements. Therefore, the consolidated financial statements of CTS KGaA are the exempting consolidated financial statements for these subsidiaries. The company marked with an asterisk (*) also qualify for the release from the requirement to prepare a management report:

- CTS Eventim Solutions GmbH, Bremen
- GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen
- Ticket Online Sales & Service Center GmbH, Parchim*
- Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main
- Peter Rieger Konzertagentur GmbH & Co. KG, Cologne

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

In the business year 2014, executive officers of CTS KGaA engaged in the following transactions involving no-par value bearer shares in the company (ISIN DE0005470306):

Name	Position	Transaction	Date	Number of shares (before increase in share capital)
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	27.01.2014	900
Edmund Hug	Member of Supervisory Board	Sale	17.02.2014	2,000
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	19.05.2014	200
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	20.05.2014	600
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	22.05.2014	600

Name	Position	Transaction	Date	Number of shares (after increase in share capital)
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	27.08.2014	500
Edmund Hug	Member of Supervisory Board	Purchase	16.10.2014	4,440

7.11 RELATED PARTY DISCLOSURES

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

The transactions of the CTS Group with related companies and persons pertain to reciprocal services and were concluded only at the arm's-length conditions which normally apply between third parties. As the majority shareholder of the general partner of EVENTIM Management AG and majority shareholder of CTS KGaA, Mr. Klaus-Peter Schulenberg is the controlling shareholder. He is also the controlling shareholder of other companies associated with the KPS Group. The majority shareholder of CTS KGaA is a controlling shareholder of other companies associated with the Group, the KPS Group.

The contractual relationships with related companies and persons resulted in the following goods and services being sold to and bought from related parties in the 2014 reporting period:

Goods and services supplied by the Group	2014 [EUR'000]	2013 [EUR'000]
Services related to events	7,431	7,470
Passing on of operating costs	892	1,035
Supply of ticketing software	181	290
Other	555	358
	9,059	**9,153**

EUR 504 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (previous year: EUR 921 thousand), EUR 1.944 million to associates accounted for at equity (previous year: EUR 1.517 million) and EUR 6.611 million to other related parties (KPS Group) (previous year: EUR 6.715 million).

Goods and services received by the Group	2014 [EUR'000]	2013 [EUR'000]
Fulfilment and customer services, transfer of postage	16,819	14,692
Production costs for events	3,590	2,014
Call center operations	2,277	2,410
Tenancy agreements	1,051	983
Business service agreements	1,019	999
Payment services	862	796
Other	137	160
	25,755	**22,054**

EUR 738 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (previous year: EUR 167 thousand), while EUR 2.229 million in goods and services were supplied by associates accounted for at equity (previous year: EUR 1.491 million) and EUR 22.788 million were supplied by other related parties (KPS Group) (previous year: EUR 20.396 million).

Receivables from	2014 [EUR'000]	2013 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	1,122	1,289
Associates accounted for at equity	4,733	4,829
Other related parties	178	293
	6,033	**6,411**

Liabilities to	2014 [EUR'000]	2013 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	8	4
Associates accounted for at equity	1,594	560
Other related parties	4,677	5,230
	6,279	**5,794**

Compensation paid to managers in key positions are disclosed under item 7.13 in the notes to the consolidated financial statements. Remuneration paid to members of the Supervisory Board is disclosed under item 7.14 in the notes to the consolidated financial statements.

7.12 AUDITOR EXPENSES

In the 2014 financial year, auditing expenses of EUR 301 thousand (previous year: EUR 355 thousand), fees amounting to EUR 44 thousand for other services (previous year: EUR 117 thousand) and other assurance services of EUR 34 thousand (previous year: EUR 39 thousand) were charged.

7.13 MANDATES AND EMOLUMENTS OF THE CORPORATE MANAGEMENT

During the reporting year, the members of the Management Board of EVENTIM Management AG, Hamburg, did not hold any supervisory board positions requiring disclosure.

The amounts of compensation paid to individual members of the corporate management (within the meaning of § 315a (1) HGB, in combination with § 314 (1) No. 6 HGB) were as follows:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	2,000,000	2,000,000	2,000,000	2,000,000
Ancillary benefits	11,805	12,115	12,115	12,115
Total	**2,011,805**	**2,012,115**	**2,012,115**	**2,012,115**
One-year variable cash remuneration	500,000	400,000	0	400,000
Multi-year variable cash remuneration	0	100,000	0	100,000
Total	**500,000**	**500,000**	**0**	**500,000**
Service costs	0	0	0	0
Total remuneration	**2,511,805**	**2,512,115**	**2,012,115**	**2,512,115**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	17,939	18,093	18,093	18,093
Total	**467,939**	**468,093**	**468,093**	**468,093**
One-year variable cash remuneration	205,000	204,000	0	204,000
Multi-year variable cash remuneration	0	51,000	0	51,000
Total	**205,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**672,939**	**723,093**	**468,093**	**723,093**

	Volker Bischoff | CFO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	20,461	20,180	20,180	20,180
Total	**470,461**	**470,180**	**470,180**	**470,180**
One-year variable cash remuneration	105,000	124,000	0	124,000
Multi-year variable cash remuneration	0	31,000	0	31,000
Total	**105,000**	**155,000**	**0**	**155,000**
Service costs	0	0	0	0
Total remuneration	**575,461**	**625,180**	**470,180**	**625,180**

* The final variable renumerations which are to be paid out are fixed at the time of the preparation of the compensation report

The emoluments paid to members of the Management Board include EUR 910 thousand (previous year: EUR 810 thousand) in performance-based components and EUR 2.950 million (previous year: EUR 2.950 million) in fixed components. All amounts of compensation paid to individual members of the corporate management were short-term employee benefits within the meaning of IAS 24.17 (a).

7.14 MANDATES AND EMOLUMENTS OF THE SUPERVISORY BOARD

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

Edmund Hug, Businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:

- Scholz AG, Aalen (until 31 May 2014)

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –
Other supervisory board memberships:

- Vattenfall GmbH, Berlin
- Verlagsgesellschaft Madsack GmbH & Co. KG, Hanover (Vice-Chairman)

Dr Bernd Kundrun, Businessman, Hamburg
Other supervisory board memberships:

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS KGaA received emoluments totalling EUR 100 thousand (previous year: EUR 100 thousand) as well as reimbursed expenses of EUR 6 thousand (previous year: EUR 5 thousand) for the 2014 financial year. These amounts are all short-term benefits within the meaning of IAS 24.17 (a).

7.15 PARTICIPATING PERSONS

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

Fidelity Management & Research Company, Boston, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 24 March 2014 and amounted on the latter date to 2.78% (1,332,642 votes) and that these voting rights (1,332,642 votes) are allocated in their entirety to Fidelity Management & Research Company under § 22 (1) sentence 1 no. 6 WpHG.

Tremblant Holdings LLC, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Holdings LLC under § 22 (1) sentence 1 no. 1 WpHG.

Tremblant Capital LP, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Capital LP under § 22 (1) sentence 1 no. 6 WpHG.

Tremblant Capital LLC, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Capital LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

Brett Barakett, U.S.A., notified in accordance with § 21 (1) WpHG that his share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Brett Barakett under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG as well as § 22 (1) sentences 1 no. 1 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 14 May 2014 and amounted on the latter date to 2.99% (1,435,720 votes) and that these voting rights (1,435,720 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 19 May 2014 and amounted on the latter date to 3.01% (1,445,537 votes) and that these voting rights (1,445,537 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 21 May 2014 and amounted on the latter date to 2.90% (1,394,296 votes) and that these voting rights (1,394,296 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 18 November 2014 and amounted on the latter date to 3.05% (2,928,067 votes) and that these voting rights (2,928,067 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2014.

The Management Board of EVENTIM Management AG released the consolidated financial statements to the Supervisory Board on 13 March 2015.

8. ASSURANCE BY LEGAL REPRESENTATIVES

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

Bremen, 13 March 2015

CTS EVENTIM AG & Co. KGaA
represented by:
EVENTIM Management AG, general partner

Klaus-Peter Schulenberg	Volker Bischoff	Alexander Ruoff

7. AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the CTS EVENTIM AG & Co. KGaA, Munich, comprising the balance sheet, the income statement, the statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the CTS EVENTIM AG & Co. KGaA, Munich, for the business year from 1 January to 31 December 2014. 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) is the responsibility of the Management Board of the general partner. 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 in such a way that misstatements materially affecting the presentation of the Group's earnings performance, financial position and cash flow 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 of 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 in the combined management report are examined primarily on a sampling basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board of the general partner, 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 knowledge we gained during 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 Group's earnings performance, financial position and cash flow in accordance with these requirements. 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, 13 March 2015

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Gregor Solfrian (German Public Auditor)	ppa. Dr. Achim Lienau (German Public Auditor)

8. FINANCIAL STATEMENTS OF CTS KGaA 2014

BALANCE SHEET OF CTS KGaA AS AT 31 DECEMBER 2014 (HGB)

ASSETS	31.12.2014	31.12.2013
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	125,601	0
2. Concessions, industrial property rights and similar rights and assets, and licences in such right and assets	43,959,315	44,226,606
3. Goodwill	57,369,850	65,182,698
4. Payments on account	2,622,901	1,809,956
	104,077,667	**111,219,260**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	9,889	44,223
2. Technical equipment and machinery	1	1
3. Other facilities, operating and office equipment	4,482,858	4,053,529
	4,492,748	**4,097,753**
III. Investments		
1. Shares in affiliated companies	201,301,133	175,423,320
2. Participations	6,540	6,540
	201,307,673	**175,429,860**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	970,094	545,622
2. Payments on account	38,067	80,589
	1,008,161	**626,211**
II. Receivables and other assets		
1. Trade receivables	6,337,410	5,930,811
2. Receivables from affiliated companies	29,226,327	20,057,163
3. Receivables from participations	983,307	106,898
4. Other assets	23,305,158	18,268,260
	59,852,202	**44,363,132**
III. Cheques, cash in hand and bank balances	**208,862,594**	**159,968,480**
C. PREPAID EXPENSES	**3,521,026**	**3,731,477**
D. DEFERRED TAX ASSETS	**718**	**106,549**
Total assets	**583,122,789**	**499,542,722**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2014	31.12.2013
	[EUR]	[EUR]
A. SHAREHOLDERS' EQUITY		
I. Share capital	96,000,000	48,000,000
less par value of treasury stock	-8,700	-4,350
II. Capital reserve	2,400,000	2,400,000
III. Statutory reserve	5,218,393	2,400,000
IV. Balance sheet profit	111,592,824	136,756,219
	215,202,517	**189,551,869**
B. PROVISIONS		
1. Tax provisions	19,159,675	10,785,684
2. Other provisions	11,489,633	6,979,128
	30,649,308	**17,764,812**
C. LIABILITIES		
1. Liabilities to banks	134,206,941	148,487,190
2. Advance payments received	0	1,892,253
3. Trade payables	9,798,823	12,867,522
4. Liabilities to affiliated companies	5,457,457	5,836,821
5. Liabilities to participations	5,398	10,306
6. Other liabilities	186,163,235	121,244,268
	335,631,854	**290,338,360**
D. DEFERRED INCOME	**137,846**	**220,108**
E. DEFERRED TAX LIABILITIES	**1,501,264**	**1,667,573**
Total shareholders' equity and liabilities	**583,122,789**	**499,542,722**

INCOME STATEMENT OF CTS KGaA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014 (HGB)

	01.01.2014 - 31.12.2014 [EUR]	01.01.2013 - 31.12.2013 [EUR]
1. Revenue	169,888,864	150,010,581
2. Cost of sales	-73,671,371	-67,979,611
3. Gross profit	**96,217,493**	**82,030,970**
4. Selling expenses	-31,694,331	-31,470,138
5. General administrative expenses	-14,305,825	-13,154,637
6. Other operating income thereof from currency translation EUR 1,217,118 (2013: EUR 65,148)	6,762,898	5,035,206
7. Other operating expenses thereof from currency translation EUR 239,238 (2013: EUR 759,156)	-5,170,624	-5,380,602
8. Income from participations	12,506,425	17,238,781
9. Expense from participations	-13,665	0
10. Income from profit transfer agreements	18,634,055	13,164,549
11. Other interest and similar income	1,162,321	1,166,666
12. Interest and similar expenses	-4,482,973	-5,384,647
13. Profit from ordinary business activities (EBT)	**79,615,774**	**63,246,148**
14. Extraordinary income	0	481,464
15. Income taxes thereof from deferred taxes EUR 60,478 (2013: EUR 1,231,558)	-23,247,230	-17,484,834
16. Other taxes	-680	-47,013
17. Net income for the year	**56,367,864**	**46,195,765**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2014 FINANCIAL YEAR

1. PRELIMINARY STATEMENTS

CHANGE IN LEGAL FORM

The Annual Shareholders' Meeting of CTS EVENTIM AG, Munich (hereinafter: CTS AG) resolved on 8 May 2014 to change the legal form of CTS AG into a Kommanditgesellschaft auf Aktien (KGaA – partnership limited by shares) as CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA). This transformation resolution took effect as at 30 June 2014 upon its entry into the commercial register. The shareholders of CTS AG received one common share in CTS KGaA for each common share they held in CTS AG. The mathematic proportion of each bearer share in relation to the share capital remains unchanged. The change in legal form of CTS AG into a KGaA does not result in the liquidation of the company nor the establishment of a new legal person, and the company retains its legal and financial identity. The general partner, EVENTIM Management AG, Hamburg, manages CTS KGaA. The general partner is neither entitled nor obliged to make a capital contribution. Incumbent members of the CTS AG Supervisory Board also form the first Supervisory Board of CTS KGaA in accordance with § 203 sentence 1 German Transformation Act (UmwG).

2. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2014 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) and the Stock Corporation Act (Aktiengesetz). The financial year is the calendar year. CTS KGaA 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.

3. ACCOUNTING POLICIES
3.1 GENERAL DISCLOSURES

The layout of the balance sheet complies with that specified in § 266 HGB in combination with § 152 AktG; the income statement conforms to the German form of income statement showing 'cost of sales', pursuant to § 275 (3) HGB. The supplementary disclosures pursuant to § 158 AktG are provided in the notes.

When the requirements for forming valuation units are met, the hedging and underlying transactions are combined in a single valuation unit, pursuant to § 254 HGB.

The accounting policies remained unchanged compared to the year before.

For greater clarity and simplicity of presentation, the remarks to be made in accordance with statutory requirements in respect of items in the balance sheet and the income statement, and which may be made in the balance sheet or in the income statement, respectively, are mostly presented in the notes.

3.2 RECOGNITION AND MEASUREMENT

Intangible assets acquired for consideration are recognised at cost. Internally generated intangible assets are recognised at cost according to the reporting option under § 248 (2) HGB. In the reporting year, internal development costs accounted for the total of recognised costs of EUR 125 thousand. Intangible assets are amortised on a straight-line basis pro rata temporis in the year of acquisition. A useful life of ten years is assumed for the capitalised releases of the 'Global Ticketing System'. Other intangible assets, such as software and licences, are amortised over a useful life of two to ten years. Trademarks are amortised over five to ten years.

The **goodwill** from bringing in the ticketing business, recognised in the course of stock exchange listing, is fully amortised as at 31 December 2014. The goodwill capitalised in connection with the chain merger of Ticket Online Software and See Tickets Germany is subject to systematic straight-line amortisation over a useful life of 9.5 years. The useful life of the goodwill capitalised in connection with the chain merger is defined on the basis of an important distribution agreement concluded at the time of acquisition of See Tickets Germany / Ticket Online Group.

Property, plant and equipment are measured at cost, minus systematic depreciation if depreciable. Systematic depreciation is performed on a straight-line basis, based on the normal useful life. Depreciation is carried out on a pro rata temporis basis. Systematic depreciation of other property, plant and office equipment is mainly based on a useful life between 3 and 13 years. Extraordinary depreciation to lower fair values is performed where relevant.

Investments are recognised at cost, with extraordinary depreciation to the lower fair value, where relevant, for any permanent or temporary reduction in value that is expected.

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

Receivables and other assets are measured at their nominal value minus adjustments for all discernible risks. Impairments are made to account for any discernible risk exposure in respect of insolvencies or creditworthiness. Overall impairments amounting to 1% of the net amount of receivables are made.

Cash in hand and bank balances are carried at their nominal value on the balance sheet date.

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

Deferred tax assets are recognised to account for differences in the accounting policies governing pending losses in the HGB balance sheet and the fiscal balance sheet, in accordance with § 274 (1) sentence 1 HGB. A tax rate of 31.6% is applied when calculating deferred taxes.

Shareholders' equity is measured at nominal value. Treasury stocks are openly deducted from 'share capital'.

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. Future increases in prices and costs were taken into account when determining provisions. Provisions with a remaining term of more than one year are discounted in relation to their remaining terms at the average market interest rate of the past seven years, as published by the Deutsche Bundesbank.

Liabilities are shown at their settlement amount.

Deferred tax liabilities are recognised to account for differences in the accounting policies governing the commercial balance sheet and the fiscal balance sheet, in accordance with § 274 (1) sentence 1 HGB. A tax rate of 31.6% is applied when calculating deferred taxes.

3.3 CURRENCY TRANSLATION

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

4. NOTES AND COMMENTS ON SPECIFIC ITEMS OF THE ANNUAL FINANCIAL STATEMENTS
4.1 BALANCE SHEET

ASSETS

Statement of changes in assets for the period from 1 January to 31 December 2014 (HGB)

	Historical cost				
	01.01.2014	Addition	Disposal	Reclas-sification	31.12.2014
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	0	125,601	0	0	125,601
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	85,232,591	6,523,592	2,016,184	1,732,159	91,472,158
3. Goodwill	77,574,530	0	0	0	77,574,530
4. Payments on account	1,809,956	2,545,104	0	-1,732,159	2,622,901
	164,617,077	**9,194,297**	**2,016,184**	**0**	**171,795,190**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	281,969	0	0	0	281,969
2. Technical equipment and machinery	572,445	0	0	0	572,445
3. Other property, plant and office equipment	13,620,851	2,338,501	137,550	0	15,821,802
	14,475,265	**2,338,501**	**137,550**	**0**	**16,676,216**
III. Investments					
1. Shares in affiliated companies	175,423,320	25,877,813	0	0	201,301,133
2. Participations	576,034	0	0	0	576,034
	175,999,354	**25,877,813**	**0**	**0**	**201,877,167**
Total	**355,091,696**	**37,410,611**	**2,153,734**	**0**	**390,348,573**

Accumulative depreciation and amortisation				Carrying value	
01.01.2014	Addition	Disposal	31.12.2014	31.12.2014	31.12.2013
[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
0	0	0	0	125,601	0
41,005,985	6,514,761	7,903	47,512,843	43,959,315	44,226,606
12,391,832	7,812,848	0	20,204,680	57,369,850	65,182,698
0	0	0	0	2,622,901	1,809,956
53,397,817	**14,327,609**	**7,903**	**67,717,523**	**104,077,667**	**111,219,260**
237,746	34,334	0	272,080	9,889	44,223
572,444	0	0	572,444	1	1
9,567,322	1,852,818	81,196	11,338,944	4,482,858	4,053,529
10,377,512	**1,887,152**	**81,196**	**12,183,468**	**4,492,748**	**4,097,753**
0	0	0	0	201,301,133	175,423,320
569,494	0	0	569,494	6,540	6,540
569,494	**0**	**0**	**569,494**	**201,307,673**	**175,429,860**
64,344,823	**16,214,761**	**89,099**	**80,470,485**	**309,878,088**	**290,746,873**

The EUR 37.411 million in additions to **assets** (previous year: EUR 28.080 million) relate to additions to intangible assets (EUR 9.194 million; previous year: EUR 25.601 million), to property, plant and equipment (EUR 2.339 million; previous year: EUR 2.440 million) and to financial assets (EUR 25.878 million; previous year: EUR 38 thousand). The additions to intangible assets result primarily from the development of the Global Ticketing System (EUR 6.723 million; previous year: EUR 5.096 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System (EUR 1.953 million; previous year: EUR 1.462 million) and for connecting box offices to the Global Ticketing System (EUR 211 thousand; previous year: EUR 570 thousand). The additions to financial assets in the reporting year relate to acquisitions in Spain, France and the Netherlands (EUR 19.689 million) as well as payments to the limited partner contributions and capital reserve of JUG Jet Air GmbH & Co. KG, Bremen (EUR 6.164 million).

All **trade receivables** are payable within one year.

Receivables from affiliated companies include trade receivables amounting to EUR 6.111 million (previous year: EUR 4.510 million) and loan receivables of EUR 16.808 million (previous year: EUR 10.707 million). With an amount of EUR 4.105 million (previous year: EUR 6.084 million) receivables from affiliated companies have a remaining term of more than one year.

Receivables from participations include trade receivables amounting to EUR 78 thousand (previous year: EUR 33 thousand), as well as loan receivables amounting to EUR 905 thousand (previous year: EUR 74 thousand). Receivables from participations are payable within one year.

Other assets include EUR 2.776 million in receivables with a remaining term of between one and five years (previous year: EUR 3.116 million).

Prepaid expenses mainly comprise EUR 1.502 million in prepaid financing expenses (previous year: EUR 1.870 million), EUR 1.622 million in maintenance expenses (previous year: EUR 1.177 million), EUR 106 thousand in marketing and advertising expenses (previous year: EUR 265 thousand).

SHAREHOLDERS' EQUITY AND LIABILITIES

As at the closing date, the company had issued 96,000,000 no-par value bearer shares. Each share represents an arithmetic share in the **share capital** of EUR 1.00.

The **contingent capital** totals EUR 44,000,000 at 31 December 2014.

Treasury stock of EUR 8.700 was doubled in 2014 as a consequence of the share capital increase. Originally 2,175 shares were purchased on 31 July 2007 at a price of EUR 28.99 per share due to a shareholder resolution according to § 71 (1) No. 8 AktG. As a result of the share capital increase the number of treasury stock currently amounts to 8.700 shares at an appropriate purchase price of EUR 7.25. They represent 0.009% or EUR 8.700 of the registered share capital. In the context of application of the recognition and measurement rules according to the BilMoG (Bilanzrechtsmodernisierungsgesetz), the arithmetic par value of treasury stock had to be clearly distinguished from the subscribed capital.

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 using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

According to § 150 AktG, corporations require a **statutory reserve** if the capital reserve does not constitute 10% of the registered capital. Annual allocations to the statutory reserve amount to 5% of net income for the year until 10% of subscribed share capital is covered by the capital reserve and statutory reserve. The statutory reserve at CTS KGaA was increased by EUR 2,818,393.

Based on its option right for measuring internally generated assets in accordance with § 248 (2) HGB, an amount of EUR 85 thousand is derived which is barred from distribution. Internally generated intangible assets of EUR 125 thousand recorded and based in these deferred tax liabilities of EUR 40 thousand were recognised. As there are sufficient available reserves compared to the amount bared from distribution, the **payout restriction** according to § 268 (8) HGB does not come into effect.

In the reporting period, an amount of EUR 48,000,000 was transferred from the balance sheet profit to the earnings reserve and taken at the same time for the purpose of capital increase using company funds by resolution of the Shareholders´ Meeting held on 8 May 2014.

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

	2014	2013
	[EUR'000]	[EUR'000]
Balance sheet profit as at 1 January	136,756	117,918
Increase of par value difference in treasury stock	4	0
Allocation to share capital	-48,000	0
Net income for the year	56,368	46,196
Allocation to statutory reserve according to §150 AktG	-2,818	0
	142,310	**164,114**
Dividends	-30,717	-27,358
Balance sheet profit as at 31 December	**111,593**	**136,756**

RESOLUTIONS OF THE SHAREHOLDERS' MEETING

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' decisions on 23 August 2005, 13 May 2011 and 8 May 2014 to increase the share capital to a total of EUR 96,000,000, this contingent share capital has increased accordingly to a total of EUR 1,440,000 in accordance with Section 218 sentence 1 AktG. No use has been made so far of this authorisation.

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 using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

The Annual Shareholders' Meeting of the company held on 23 August 2005 resolved to increase the **share capital** of CTS KGaA (formerly: CTS AG), originally amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the subscribed share capital of CTS KGaA (formerly: CTS AG) from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from company funds. The Annual Shareholders' Meeting of the company held on 8 May 2014 resolved to increase the share capital of CTS KGaA (formerly: CTS AG) from EUR 48,000,000 by converting EUR 48,000,000 from reserves. As at the closing date, the company had thus issued 96,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share captial of EUR 1.00.

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.

By resolution of the Shareholders' Meeting held on 8 May 2013, the Management Board has been authorised, with a resolution of a **contingent capital**, to issue **warrant bonds and convertible bonds** by 7 May 2018, to a total par value of up to EUR 275,000,000 and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 22,000,000 new no-par bearer shares of the company, equal to share capital of up to EUR 22,000,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulted through this resolution, a contingent capital of EUR 22,000,000 was formed (contingent capital 2013). By resolution of the Annual Shareholders' Meeting on 8 May 2014, the company's contingent capital 2013 was increased to EUR 44,000,000 by issuing up to 44,000,000 new no-par bearer shares entitled to participate in profits as from the beginning of the financial year in which they were issued. This contingent increase in capital is for granting shares to the holders of warranty bonds or convertible bonds issued in accordance with the authorisation of the Shareholders' Meeting of 8 May 2013 until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent capital increase shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and as far as the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The general partner is authorised to stipulate further details for implementing the contingent increase.

The Annual Shareholders' Meeting of CTS AG on 8 May 2014 resolved to **change the legal form** of CTS AG into a partnership limited by shares (CTS KGaA). This resolution to change the legal form took effect upon entry into the commercial register on 30 June 2014. For every ordinary share held in the company to be transformed, the shareholders of CTS AG received one ordinary CTS KGaA share. The notional amount of the share capital accounted for by each no-par value bearer share remains unchanged.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The share capital is increased conditionally by up to EUR 1,440,000. This conditional capital increase shall be conducted 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 general partner is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation.

The share capital of the company is increased conditionally by up to EUR 44,000,000 by issuing up to 44,000,000 new no-par value bearer shares entitled to participate in profits as of the beginning of the financial year in which they were issued (contingent capital 2013). This contingent increase in capital is for granting shares to the holders of warranty bonds or convertible bonds issued in accordance with the authorisation of the Shareholders' Meeting of 8 May 2013 until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent capital increase shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and as far as the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The general partner is authorised to stipulate further details for implementing the contingent increase.

Furthermore, by resolution of the Annual Shareholders' Meeting, the general partner is authorised to increase the share capital in full or partial amounts, on one or more occasions, by up to EUR 48,000,000 by 7 May 2019, contingent on Supervisory Board approval, by issuing up to 48,000,000 new bearer shares against cash contributions or contributions in kind (approved capital 2014). The approved capital 2009 was repealed on the date that the approved capital 2014 is entered in the commercial register.

Other provisions include EUR 2.554 million in provisions for personnel expenses (previous year: EUR 2.609 million), EUR 4.941 million for outstanding supplier invoices (previous year: EUR 2.425 million), EUR 1.667 million for outstanding credit notes, EUR 1.030 million for outstanding commission (previous year: EUR 804 thousand), EUR 472 thousand for accounting and auditing expenses (previous year: EUR 390 thousand), EUR 92 thousand for Supervisory Board emoluments (previous year: EUR 92 thousand) and EUR 2 thousand for pending losses for financial instruments (previous year: EUR 343 thousand).

Of the **liabilities to affiliated companies**, EUR 3.361 million (previous year: EUR 1.965 million) relate to trade payables and EUR 1.994 million (previous year: EUR 2.058 million) to loan liabilities.

Liabilities to participations consist entirely of trade payables amounting to EUR 5 thousand (previous year: EUR 10 thousand).

The residual terms of the liabilities as at 31 December 2014 are shown in the following statement of liabilities:

	Total	**Remaining term**		
		Due within 1 year	Due between 1 year and 5 years	1) from taxes
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**
Liabilities to banks	134,206,941 (2013: EUR'000 148,487)	73,349,805 (2013: EUR'000 28,344)	60,857,136 (2013: EUR'000 120,143)	
Advance payments received	0 (2013: EUR'000 1,892)	0 (2013: EUR'000 1,892)		
Trade payables	9,798,823 (2013: EUR'000 12,868)	9,798,823 (2013: EUR'000 12,868)		
Liabilities to affiliated companies	5,457,457 (2013: EUR'000 5,837)	5,457,457 (2013: EUR'000 5,837)		
Liabilities to participations	5,398 (2013: EUR'000 10)	5,398 (2013: EUR'000 10)		
Other liabilities	186,163,235 (2013: EUR'000 121,244)	186,163,235 (2013: EUR'000 121,244)		1) 4,104,894 (2013: EUR'000 2,731)
Total liabilities	**335,631,854**	**274,774,718**	**60,857,136**	

Other liabilities, at EUR 186.163 million, mainly include EUR 171.159 million in liabilities in respect of ticket monies that have not yet been invoiced (previous year: EUR 108.228 million). These liabilities result primarily from presales 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 revenue, as stated under other assets. Other liabilities include EUR 21.625 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (previous year: EUR 14.160 million). Taxes account for EUR 4.105 million of the other liabilities (previous year: EUR 2.731 million).

Deferred tax liabilities relate primarily to different accounting policies governing the recognition of intangible assets in the commercial balance sheet and fiscal balance sheet in connection with the chain merger of See Tickets Germany GmbH, Hamburg, and Ticket Online Software GmbH, Hamburg in the previous year (EUR 1.384 million; previous year: EUR 1.591 million) and the recognition of internally generated intangible assets in the reporting year (EUR 40 thousand). Deferred tax liabilities were also set aside for different accounting policies relating to participations in affiliated companies (EUR 77 thousand; previous year: EUR 77 thousand).

Measurement of deferred taxes are based on an effective taxation rate of 31.6%, obtained from a corporate tax rate of 15.0% plus a solidarity supplement of 5.5% on corporation tax, and a municipal trade tax rate of 15.8%.

4.2 INCOME STATEMENT

Revenue is broken down as follows:

	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	136,823	118,291	18,532
Licence fees	9,938	9,040	898
Other revenue			
Data line charges	3,844	3,875	-31
System rental / maintenance / installation	4,162	3,414	748
Commission income	4,578	5,197	-619
Sales of merchandise	351	403	-52
Package travel	830	683	147
Other	9,363	9,108	255
	169,889	**150,011**	**19,878**

EUR 11.952 million of total revenue was generated in foreign countries (previous year: EUR 11.611 million).

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

Material expenses (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	728	881	-153
Cost of purchased services	65,556	59,520	6,036
	66,284	**60,401**	**5,883**

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

Personnel expenses (according to total cost method)	2014	2013	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	17,329	16,624	705
Social security contributions and expenses for pension and employee support	2,065	1,914	151
	19,394	**18,538**	**856**

The **selling expenses** for the 2014 financial year (according to the 'cost of sales' method) include EUR 7.813 million in amortisation of goodwill as a result of the chain merger (previous year: EUR 7.976 million) and on intangible assets and property, plant and equipment of EUR 4.279 million (previous year: EUR 4.534 million).

Other operating income includes EUR 534 thousand in non-periodic income from the reversal of provisions (previous year: EUR 348 thousand), EUR 1.123 million in income from derecognised liabilities (previous year: EUR 451 thousand), EUR 94 thousand in retroactive refunds (previous year: EUR 43 thousand) and EUR 48 thousand income from disposal of fixed assets (previous year: EUR 22 thousand).

Other operating expenses include EUR 157 thousand (previous year: EUR 93 thousand) in non-periodic expenses from follow-up invoices and granted credit notes and losses from disposal of fixed assets, at EUR 65 thousand (previous year: EUR 7 thousand).

The EUR 12.506 million in **income from participations** was entirely generated by affiliated companies (previous year: EUR 17.239 million).

The EUR 14 thousand in **expenses from participations** resulted entirely by affiliated companies.

Other interest and similar income includes EUR 690 thousand in income from affiliated companies (previous year: EUR 636 thousand). Discounted interest income was not recognised as in previous year.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 48 thousand (previous year: EUR 107 thousand). Discounted interest expense was not recognised as in previous year.

Income Taxes include EUR 11.401 million in municipal trade tax (previous year: EUR 9.168 million), EUR 10.776 million in corporation tax (previous year: EUR 8.919 million) and EUR 592 thousand (previous year: EUR 491 thousand) in solidarity supplement to corporation tax for the 2014 financial year. Taxes on income also include foreign withholding tax expense, at EUR 62 thousand (previous year: EUR 68 thousand), non-periodic expenses for retrospective tax refunds for previous years, at EUR 299 thousand (previous year: EUR 520 thousand), non-periodic income for retrospective tax payments for previous years, at EUR 2 thousand (previous year: EUR 448 thousand) and expenses for foreign branches, at EUR 179 thousand (previous year: EUR 39 thousand). Furthermore, income taxes include expenses from the formation of deferred tax assets at EUR 106 thousand (previous year: EUR -106 thousand) and income from the reversal of deferred tax liabilities at EUR 166 thousand (previous year: EUR 1.125 million).

Income taxes mainly relate to profit from ordinary business activities and only account for a small part to the extraordinary income.

Other taxes amounting to EUR 1 thousand (previous year: EUR 47 thousand) relate to income for subsequent VAT tax at EUR 6 thousand (previous year: EUR -41 thousand) and vehicle tax expenses at EUR 7 thousand (previous year: EUR 6 thousand).

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

	2014	**2013**
	[EUR'000]	**[EUR'000]**
Net income for the year	56,368	46,196
Profit carried forward	106,039	90,560
Increase of par value difference in treasury stock	4	0
Allocation to share capital	-48,000	0
Allocation to statutory reserve according to § 150 AktG	-2,818	0
Balance sheet profit as at 31 December	**111,593**	**136,756**

Of the balance sheet profit for the previous year, at EUR 136.756 million, EUR 30.717 million were distributed to shareholders and EUR 106.039 million were carried forward to the new account.

5. OTHER DISCLOSURES

5.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the closing date, CTS Eventim Solutions GmbH, Bremen, has no liabilities to banks. CTS KGaA also bears liability for bank credit and guarantee facilities granted to subsidiaries, which amount to EUR 5.750 million (previous year: EUR 800 thousand). As at the closing date, there was a claim for guarantee facilities amounting to EUR 2.988 million. It is not expected that any claims will be asserted against CTS KGaA on account of this assumption of liability, given the positive future earnings position and financial situation of the subsidiaries.

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 Ticketcorner Holding AG, Rümlang (hereinafter: Ticketcorner Holding AG). The debts owed to banks by Ticketcorner Holding AG amount to CHF 44.900 million as at the closing date. Due to the positive earnings performance expected of the Ticketcorner Group, it is assumed that Ticketcorner Holding AG as holding company will be able to honour its obligations. No demands on CTS KGaA due to the assumption of liability are therefore expected. As further collateral for these liabilities, the company has pledged its shares, which amount to 50% of the share capital of Tickercorner Holding AG, to the bank. For the aforementioned reasons, it is not expected that any claims will be made against the pledge.

As at the closing date, other financial obligations relating to short- and medium-term rental, leasing and other contractual agreements amount to EUR 6.469 million (previous year: EUR 3.124 million). Of that total, EUR 2.456 million (previous year: EUR 2.284 million) are due within one year. Future rental obligations account for EUR 5.439 million (previous year: EUR 2.371 million), leasing obligations for EUR 361 thousand (previous year: EUR 270 thousand) and other obligations for EUR 670 thousand (previous year: EUR 483 thousand). The other financial commitments are EUR 54 thousand to affiliated companies (previous year: EUR 56 thousand).

5.2 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at market value. When the requirements for forming valuation units are met the hedging and underlying transactions are combinded in a single valuation unit. The basis for the formed valuation units are micro-hedge-relationship where the risk from the underlying transaction is hedged by each hedging instrument.

In 2013 CTS KGaA concluded forward foreign exchange transactions to hedge against foreign exchange risks in connection with loan receivables denominated in Pound Sterling (GBP). Single valuation units were formed in respect of the underlying loan receivables, in the sense of § 254 HGB. As at the closing date, the underlying transactions included in the hedge (receivables from affiliated companies) amount to EUR 977 thousand. The fair value of the derivatives as at the closing date is EUR -115 thousand.

In 2014 CTS KGaA concluded forward foreign exchange transactions to hedge against budgeted royalties denominated in Swiss Francs (CHF) with a term ending 16 January 2015. Single valuation units were formed, in the sense of § 254 HGB, for the share in expected future royalty income. As at the closing date, the underlying transactions of the hedges (expected share in royalties) amounted to EUR 245 thousand. The fair value of the derivatives as at the closing date is EUR -3 thousand.

In 2014 CTS KGaA concluded forward foreign exchange transactions to hedge against budgeted royalties denominated in Brazilian Real (BRL) with a term ending 30 March 2015. Single valuation units were formed, in the sense of § 254 HGB, for the share in expected future royalty income. As at the closing date, the underlying transactions of the hedges (expected share in royalties) amounted to EUR 625 thousand. The fair value of the derivatives as at the closing date is EUR 21 thousand.

The effectiveness of the hedging instruments is assessed prospectively and retrospectively on the basis of the dollar offset method, in which the absolute changes in the value of the hedged item and the hypothetical derivative are compared.

The valuation unit for foreign exchange risks was recognised by using the net hedge presentation method. Effective results from hedging instruments are not recorded until the underlying business transaction takes place. Negative impacts (ineffectiveness) were valued using the imparity principle and recorded as provision for pending losses. Provisions for pending losses of EUR 2 thousand were set aside as of the balance sheet date.

5.3 APPROPRIATION OF EARNINGS

In the 2014 financial year, CTS KGaA generated EUR 56.368 million in net income according to the German Commercial Code. The Management Board of the general partner and Supervisory Board of the company propose to the Shareholders' Meeting that a dividend of EUR 38.397 million (EUR 0.40 per eligible share) be distributed and that the remaining EUR 15.153 million be carried forward to the new account.

5.4 LIST OF PARTICIPATIONS

A list of shareholdings is published on the companys website. These disclosures are published on the CTS KGaA website under http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorStructure.

5.5 EXECUTIVE BODIES OF CTS KGaA

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

Klaus-Peter Schulenberg, Bremen – Chief Executive Officer –
– Director for Corporate Strategy, New Media and Marketing –

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 corporate management of the general partner were as follows:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	2,000,000	2,000,000	2,000,000	2,000,000
Ancillary benefits	11,805	12,115	12,115	12,115
Total	**2,011,805**	**2,012,115**	**2,012,115**	**2,012,115**
One-year variable cash remuneration	500,000	400,000	0	400,000
Multi-year variable cash remuneration	0	100,000	0	100,000
Total	**500,000**	**500,000**	**0**	**500,000**
Service costs	0	0	0	0
Total remuneration	**2,511,805**	**2,512,115**	**2,012,115**	**2,512,115**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	17,939	18,093	18,093	18,093
Total	**467,939**	**468,093**	**468,093**	**468,093**
One-year variable cash remuneration	205,000	204,000	0	204,000
Multi-year variable cash remuneration	0	51,000	0	51,000
Total	**205,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**672,939**	**723,093**	**468,093**	**723,093**

Granted Benefits / Allocations*	Volker Bischoff | CFO 2013	2014	2014 (Min)	2014 (Max)
Fixed salary	450,000	450,000	450,000	450,000
Ancillary benefits	20,461	20,180	20,180	20,180
Total	**470,461**	**470,180**	**470,180**	**470,180**
One-year variable cash remuneration	105,000	124,000	0	124,000
Multi-year variable cash remuneration	0	31,000	0	31,000
Total	**105,000**	**155,000**	**0**	**155,000**
Service costs	0	0	0	0
Total remuneration	**575,461**	**625,180**	**470,180**	**625,180**

* The final variable renumerations which are to be paid out are fixed at the time of the preparation of the compensation report

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

Edmund Hug, Businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:

- Scholz AG, Aalen (until 31 May 2014)

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –
Other supervisory board memberships:

- Vattenfall GmbH, Berlin
- Verlagsgesellschaft Madsack GmbH & Co. KG, Hanover (Vice-Chairman)

Dr Bernd Kundrun, Businessman, Hamburg
Other supervisory board memberships:

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS KGaA received emoluments totalling EUR 100 thousand (previous year: EUR 100 thousand) as well as reimbursed expenses of EUR 6 thousand (previous year: EUR 5 thousand) for the 2014 financial year.

5.6 EMPLOYEES

On average, 279 persons were employed by the company during the year (previous year: 261). These were all salaried employees.

5.7 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

The declaration by the Management Board of the general partner 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/cgi-bin/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorCorporateGovernance/correspondingDeclaration).

5.8 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.

Fidelity Management & Research Company, Boston, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 24 March 2014 and amounted on the latter date to 2.78% (1,332,642 votes) and that these voting rights (1,332,642 votes) are allocated in their entirety to Fidelity Management & Research Company under § 22 (1) sentence 1 no. 6 WpHG.

Tremblant Holdings LLC, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Holdings LLC under § 22 (1) sentence 1 no. 1 WpHG.

Tremblant Capital LP, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Capital LP under § 22 (1) sentence 1 no. 6 WpHG.

Tremblant Capital LLC, New York, U.S.A., notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Tremblant Capital LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

Brett Barakett, U.S.A., notified in accordance with § 21 (1) WpHG that his share of voting rights in CTS KGaA fell below the 3% threshold on 28 March 2014 and amounted on the latter date to 2.94% (1,410,952 votes) and that these voting rights (1,410,952 votes) are allocated in their entirety to Brett Barakett under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG as well as § 22 (1) sentences 1 no. 1 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 14 May 2014 and amounted on the latter date to 2.99% (1,435,720 votes) and that these voting rights (1,435,720 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 19 May 2014 and amounted on the latter date to 3.01% (1,445,537 votes) and that these voting rights (1,445,537 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% threshold on 21 May 2014 and amounted on the latter date to 2.90% (1,394,296 votes) and that these voting rights (1,394,296 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA exceeded the 3% threshold on 18 November 2014 and amounted on the latter date to 3.05% (2,928,067 votes) and that these voting rights (2,928,067 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentences 2 WpHG.

Mr. Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2014.

5.9 AUDITOR EXPENSES

Disclosure of the fees paid to the company's auditor is waived because these details are provided in item 7.12 of the notes to the consolidated financial statements.

5.10 ASSURANCE BY LEGAL REPRESENTATIVES

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

Bremen, 13 March 2015

CTS EVENTIM AG & Co. KGaA
represented by:
EVENTIM Management AG, general partner

Klaus-Peter Schulenberg | Volker Bischoff | Alexander Ruoff

9. 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 CTS EVENTIM AG & Co. KGaA, Munich, for the business year from 1 January to 31 December 2014. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Management Board of the general partner. 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 Management Board of the general partner 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, 13 March 2015

pwc

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. G. Solfrian	ppa. Dr. Achim Lienau
German Public Auditor	German Public Auditor

FORWARD-LOOKING STATEMENTS

This Annual Report contains forecasts based on assumptions and estimates by the management of CTS KGaA. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as believe, assume, expect etc. Even though management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. CTS KGaA does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this Annual Report. CTS KGaA has no intention and undertakes no obligation to update forward-looking statements in order to adjust them to actual events or developments occurring after the date of this report.

The German version of the Annual Report takes priority over the English translation in the event of any discrepancies. Both language versions can be downloaded at www.eventim.de.

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