ANNUAL REPORT 2015

eventim

KEY GROUP FIGURES

	2015	2014	2013	2012
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	834,227	690,300	628,349	520,334
EBITDA	180,502	155,135 [1]	133,876	120,593
EBITDA margin	21.6%	22.5% [1]	21.3%	23.2%
EBIT	150,204	126,909 [1]	110,924	97,800
EBIT margin	18.0%	18.4% [1]	17.7%	18.8%
Normalised EBITDA	180,996	156,390 [1]	136,262	119,881
Normalised EBIT before amortisation from purchase price allocation	161,741	139,104 [1]	123,693	107,145
Normalised EBITDA margin	*21.7%*	*22.7%* [1]	*21.7%*	*23.0%*
Normalised EBIT margin before amortisation from purchase price allocation	*19.4%*	*20.2%* [1]	*19.7%*	*20.6%*
Non-recurring items [3]	494	1,255	2,387	-713
Amortisation resulting from purchase price allocation	11,043	10,940 [1]	10,383	10,058
Earnings before tax (EBT)	145,357	122,118 [1,2]	104,506	89,814
Net income after non-controlling interest	89,029	77,171 [1,2]	61,142	56,303
Cash flow	127,595	114,937 [1,2]	90,630	82,248
	[EUR]	[EUR]	[EUR]	[EUR]
Earnings per share [4], undiluted (= diluted)	0.93	0.80 [1,2]	0.64	0.59
	[Qty.]	[Qty.]	[Qty.]	[Qty.]
Number of employees [5]	2,215	2,117	1,774	1,657
Of which temporary	(426)	(373)	(269)	(275)

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

[3] Cf. page 33 for non-recurring items for the years 2014 and 2015

[4] Number of shares: 96 million (pro forma on the basis of 96 million shares for the years 2012 and 2013 after share capital increase using own funds in 2014)

[5] Number of employees at end of year (active workforce)

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

The 2015 financial year was another successful one for our company. The admission to the MDAX at the beginning of April last year, 15 years after the IPO of CTS EVENTIM AG & Co. KGaA, marks a milestone in the company's history. The ticketing for the Olympic Games in Rio de Janeiro in August, which is already under way, is an important and major step in our international business strategy. These are just two strong indicators that the CTS Group is on the right track. Our success is reflected in particular in the further double-digit increase in revenue and earnings figures, which I would like to briefly present to you.

DOUBLE-DIGIT INCREASE IN REVENUE AND EARNINGS

Group revenue again increased significantly year on year by 20.8% to EUR 834.2 million. EBITDA improved by 16.4% to EUR 180.5 million. Both Ticketing and the record figures in Live Entertainment made a substantial contribution to this business success. This outcome and the outstanding annual result indicate that the CTS Group is well positioned for the future.

RECORD RESULT IN LIVE ENTERTAINMENT

The Live Entertainment segment, which made a splash with a large number of major tours and successful festivals, was a particularly bright spot in 2015, generating revenue of EUR 494.9 million for an increase of 30.5%. EBITDA rose even more sharply by 45.5% to EUR 38.1 million. By signing a new long-term lease agreement for the Waldbühne in Berlin, we also laid the foundation for continuing the success story of Europe's leading open-air theatre in the 2015 financial year.

GROWING E-COMMERCE

In the Ticketing segment, revenue rose by 8.5% to EUR 346.2 million in 2015. EBITDA in Ticketing increased by 10.4% year on year to EUR 142.4 million. The number of tickets sold online rose by 15.6% to 35.5 million in the 2015 financial year. Strategic acquisitions also contributed to this result. To continue increasing online sales in the future, the CTS Group is focusing on consistently advancing its apps for smartphones and tablets, which are making mobile ticket buying increasingly easier and more convenient. The expansion of profitable E-Commerce and the growing international business activities will also continue to be our focus.

CONTINUED EXPANSION ABROAD

We will continue to drive our growth both organically and through acquisitions in future. The ticketing for the Olympic Games in Rio de Janeiro in August, with a volume of around nine million tickets, is our entry into the South American market, making it a major step in our growth outside of Europe. However, we also plan to continue expanding our market leadership in Europe. One example of success from the 2015 financial year is our entry into cinema ticketing in Germany. The CTS Group is already active in cinema ticketing in Italy and Spain as well.

MAJOR SPORTING EVENTS DRIVING GROWTH

Sport also remains an important growth factor for our company. In addition to Rio 2016, the CTS Group successfully handled the ticketing operation for the Formula 1 race in Sochi, Russia. Ticket sales for the Ice Hockey World Championship in Germany and France with around one million spectators have already been secured for 2017. In addition to large international events, we continue counting on the expansion of partnerships and cooperation with more than 100 sports associations, clubs and organisers.

The good 2015 financial year provides incentive to me and the entire Management Board to successfully meet the challenges that lie ahead. Above all, I would like to thank our employees, who make our success possible in the first place. By transferring my interests in CTS EVENTIM AG & Co. KGaA and EVENTIM Management AG to KPS Stiftung, which I founded, I have underscored and strengthened my connection to the company and the shareholders. The voting rights associated with my interests will continue to solely benefit the company and its business success in future.

Yours sincerely,

Klaus-Peter Schulenberg
Chief Executive Officer

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

2. REPORT BY THE SUPERVISORY BOARD

Edmund Hug
Chairman

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 2015 TO 31 DECEMBER 2015.

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. 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 24 March 2015 ("financial statements meeting"), on 6 May 2015, on 27 August 2015 and on 19 November 2015. 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 Bremen, Germany, on 7 May 2015, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Osnabrück, Germany, was chosen to audit the annual financial statements as at 31 December 2015 and the consolidated financial statements as at 31 December 2015. The audit mandate was duly granted by the Chairman of the Supervisory Board on behalf of all Supervisory Board members.

The 2015 annual financial statements, the 2015 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 17 March 2016, corporate management and the Supervisory board discussed in detail the annual financial statements and the consolidated financial statements for 2015 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 2015 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 2015 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 2015 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. 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 17 December 2015, 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 2015 financial year.

17 March 2016

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

3. CTS EVENTIM SHARES

The trend towards increasing volatility on the European stock markets continued in 2015. Following the positive developments in the first quarter of 2015 on the back of the ongoing expansive monetary policy of the European Central Bank (hereinafter: ECB), the appreciation of the US dollar against the Euro as well as the improving economic situation within the European Union (hereinafter: EU), the second quarter of 2015 was marked by a considerable increase in market volatility. The stock indices were put under pressure by the renewed flare-up of the Greek debt crisis, ongoing discussions about the turnaround on interest rates in the US as well as the lacklustre economic data in China. Weak economic parameters in the People's Republic of China negatively affected other emerging markets in the third quarter of 2015 and triggered a drop in commodity prices. This also resulted in significant corrections on the European stock markets. However, the markets were able to recover during the fourth quarter of 2015 based on the ECB's persistent expansive monetary policy, the only very minor increase in the US prime rate, strong economic data in the US as well as very pronounced merger and acquisition activities worldwide.

The shares of CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA) were not able to completely evade market volatility over the past financial year. However, CTS EVENTIM shares performed significantly better than the DAX and MDAX with an overall price development of 51.9% in 2015 compared to 9.6% (DAX) and 22.7% (MDAX). The development of CTS EVENTIM shares clearly set itself apart from the general market environment and the considerable increase in volatility, especially in the second and third quarters of 2015. With this development, CTS EVENTIM shares once again outperformed the MDAX (29.2%) as well as the DAX (42.3%) during the financial year.

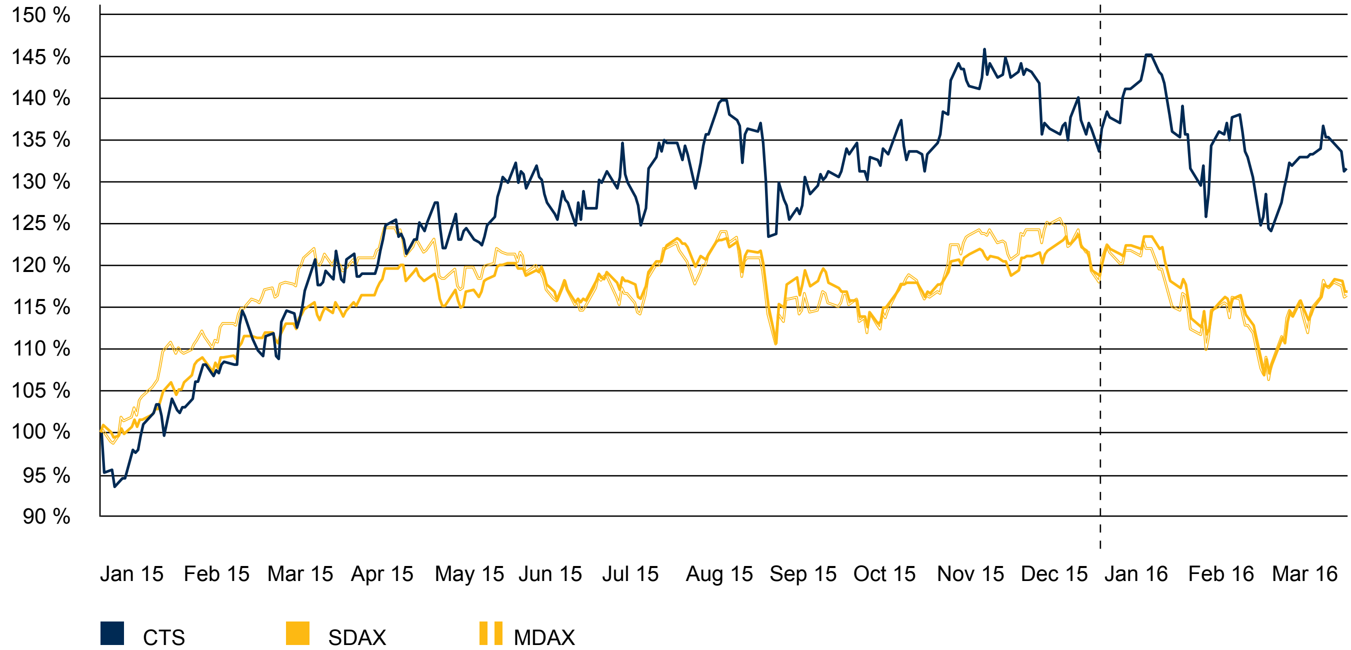
The price development recorded in the 2015 financial year underlines the fact that CTS EVENTIM shares are a sustainable and value-enhancing investment, even in a volatile environment. In addition to a continuous increase in company value based on its successful business model, CTS KGaA paid 50% of net profit as dividend to its shareholders for the ninth year in succession in the 2015 financial year. The dividend policy is yet another demonstration of the reliability and continuity of CTS EVENTIM shares.

The shares of CTS KGaA have been included in the MDAX since 1 April 2015. CTS KGaA is thus one of the 80 largest companies in Germany, measured according to market capitalisation as well as order book volume. Admission to the MDAX increased global interest in CTS EVENTIM shares among institutional investors as well as capital market analysts.

CTS KGaA shares are currently assessed on an ongoing basis by various analysts. Stock experts continue to rate the shares positively based on the stable business model and reliable growth profile. Metzler, Berenberg, Commerzbank, DZ Bank as well as Oddo Seydler all issued buy recommendations for CTS EVENTIM shares. The analysts at Deutsche Bank, Exane BNP Paribas, M.M. Warburg and Nord LB recommend holding CTS EVENTIM shares.

As in the past, CTS KGaA continues to place great value on proactive communication with its shareholders. CTS EVENTIM was represented at a number of different national and international investor conferences, road shows and individual meetings during the past financial year. Transparent communication with all investors is a fundamental component of CTS EVENTIM's corporate philosophy – and this will not change in the future. It is a declared objective of CTS EVENTIM to intensify the excellent relationships with various capital market participants and permanently increase the level of awareness about the CTS EVENTIM shares.

THE CTS SHARE PRICE (1 JANUARY 2015 TO 10 MARCH 2016 – 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	MDAX; Prime All Share
Sectoral index	Prime Media

	2015 EUR	2014 EUR
Earnings per share	0.93	0.80 [1,2]
Cash flow	127,595,187	114,936,755 [1,2]
High (Xetra)	37.32	24.79
Low (Xetra)	22.93	18.30
Year-end-price (Xetra)	36.74	24.50
Market capitalisation (based on year-end-price)	3,527,040,000	2,352,000,000
Shares outstanding on 31.12.	96,000,000	96,000,000
Share capital after IPO	12,000,000	12,000,000

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'
[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

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 17 December 2015, in accordance with § 161 German Stock Corporation Act (AktG):

'Since submitting the last declaration of compliance, CTS Eventim AG & Co. KGaA (hereinafter: CTS KGaA) 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 12 June 2015 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, as 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 Supervisory 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). A regular limit on the length of membership for the members of the Supervisory Board (GCGC 5.4.1 (4)) has not been specified, since the company believes that personnel continuity has proved its worth and regular replacement would negatively impact efficiency.

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 include 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 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 2015, 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.]	Share [in %]
Members of the corporate management:		
Klaus-Peter Schulenberg (Chief Executive Officer/KPS Stiftung*)	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

* Mr. Klaus-Peter Schulenberg has an indirect holding in CTS KGaA via KPS Stiftung. On 28 December 2015, Klaus-Peter Schulenberg transferred 48,194,000 shares with voting rights of CTS KGaA (50.2% of share capital) as well as 50,000 shares with voting rights of EVENTIM Management AG (100% of share capital) to KPS Stiftung seated in Hamburg. According to the current administrative practice of the German Federal Financial Supervisory Authority (hereinafter: BaFin), there is no reporting obligation pursuant to § 15a of the German Securities Trading Act (WpHG) (Directors' Dealings), as the given transfer involves an endowment, or a transfer of shares without any consideration. BaFin has also provided KPS Stiftung with an exemption according to § 37 of the German Securities Acquisition and Takeover Act (WpÜG) from submitting a mandatory takeover offer according to § 35 WpÜG, as Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding.

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 reporting period, there were no transactions by members of the corporate management and Supervisory Board of the CTS KGaA with no-par value bearer shares in the company.

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 2015 business year to EUR 5.056 million (previous year: 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 to be made. There are no contractual commitments regarding payments when Board membership ends. The amounts of compensation paid to the individual members of the corporate management and which must be disclosed by law are shown in the following table.

Compensation (in EUR) paid to corporate management:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	2,000,000	2,500,000	2,500,000	2,500,000
Ancillary benefits	12,115	12,323	12,323	12,323
Total	**2,012,115**	**2,512,323**	**2,512,323**	**2,512,323**
One-year variable cash remuneration	400,000	600,000	0	600,000
Multi-year variable cash remuneration	100,000	150,000	0	150,000
Total	**500,000**	**750,000**	**0**	**750,000**
Service costs	0	0	0	0
Total remuneration	**2,512,115**	**3,262,323**	**2,512,323**	**3,262,323**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	18,093	18,231	18,231	18,231
Total	**468,093**	**618,231**	**618,231**	**618,231**
One-year variable cash remuneration	204,000	240,000	0	240,000
Multi-year variable cash remuneration	51,000	60,000	0	60,000
Total	**255,000**	**300,000**	**0**	**300,000**
Service costs	0	0	0	0
Total remuneration	**723,093**	**918,231**	**618,231**	**918,231**

Granted Benefits / Allocations*	Volker Bischoff | CFO 2014	2015	2015 (Min)	2015 (Max)
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	20,180	19,999	19,999	19,999
Total	**470,180**	**619,999**	**619,999**	**619,999**
One-year variable cash remuneration	124,000	204,000	0	204,000
Multi-year variable cash remuneration	31,000	51,000	0	51,000
Total	**155,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**625,180**	**874,999**	**619,999**	**874,999**

* 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 1.305 million (previous year: EUR 910 thousand) in variable components and EUR 3.751 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 articles of association and rule of procedure. The rule of procedure provide guidance on the internal organisation and on the adoption of resolutions. The Chief Executive Officer exchanges information regularly with the Chairman of the Supervisory Board.

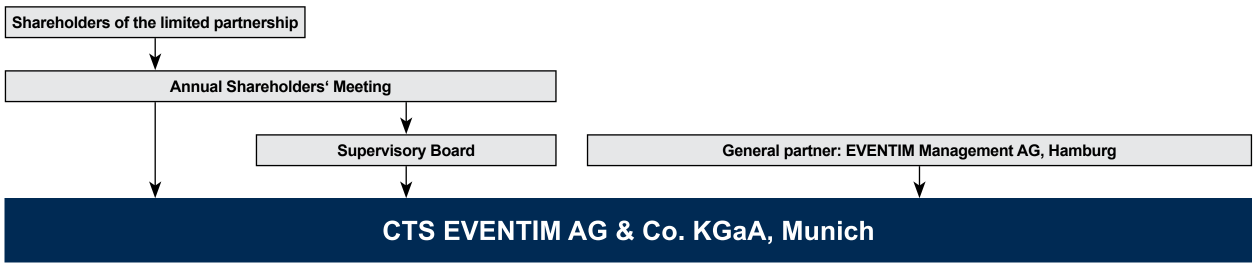
The corporate management normally meets on a weekly basis. As a rule, its resolutions are adopted by simple majority. The allocation of responsibilities to the members of the Management Boards of the general partner involves three main positions: Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Chief Operating Officer (COO).

5. COMBINED MANAGEMENT REPORT

1. EXPLANATIONS OF CORPORATE AND ORGANISATIONAL STRUCTURE OF CTS KGaA

The change in legal form of CTS AG to CTS KGaA was executed in the business year 2014.

The organisational structure of CTS KGaA is as follows:



The corporate management of CTS KGaA is exercised by EVENTIM Management AG. EVENTIM Management AG is represented by the Management Board.

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

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

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 2014. The comparative figures in the income statement and the balance sheet relate to the adjusted consolidated financial statements as at 31 December 2014. The final purchase price allocation of the acquired ticketing companies at the beginning of March 2014, the final purchase price allocation of Italian ticketing business ´Listicket` purchased in July 2014 as well as the final purchase price allocation of SETP/HOI Holding B.V. acquired in October 2014 caused retroactive adjustments to the income statement and balance sheet as at 31 December 2014. Detailed explanations are provided in purchase price allocation section 2.8.1.2 of the notes.

Segment revenue is reported after consolidation within the segments but before consolidation between the segments.

The CTS Group has applied all the accounting standards that have been adopted by the EU and which are mandatory from 1 January 2015 onwards.

As at 6 March 2015, and in accordance with IFRS 3.45, the purchase price allocations relating to the acquisition of CTS Eventim Nederland B.V., Amsterdam, and Entradas Eventim S.A., Madrid, were finally completed within the stipulated 12-month period. As at 16 July 2015, the purchase price allocation relating to the italian ticketing business ‘Listicket’ and the purchase price allocation relating to SETP/HOI Holding B.V. in October 2014, was also finally completed within the stipulated 12-month period in accordance with IFRS 3.45. As part of the purchase price allocations changes arose (see details in point 2.8.1.2 purchase price allocation in the consolidated notes). 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 CTS Eventim France S.A.S. finally completed as at 6 March 2015. 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 2014.

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.

CHANGES TO THE GROUP STRUCTURE

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

In the 2015 reporting period, the following changes in the structure of the Group occurred:

TICKETING

The name change from Entradas See Tickets S.A., Madrid, to Entradas Eventim S.A., Madrid, took effect as at 10 April 2015, when the entry was made in the commercial register.

With a purchase agreement concluded on 23 July 2015 CTS KGaA acquired 51% of the shares in kinoheld GmbH, Munich, (hereinafter: kinoheld) at a purchase price of EUR 650 thousand. Purpose of the company is the sale of cinema tickets, concession items, the software required to sell cinema tickets and the development of such software, as well as online marketing and online publishing.

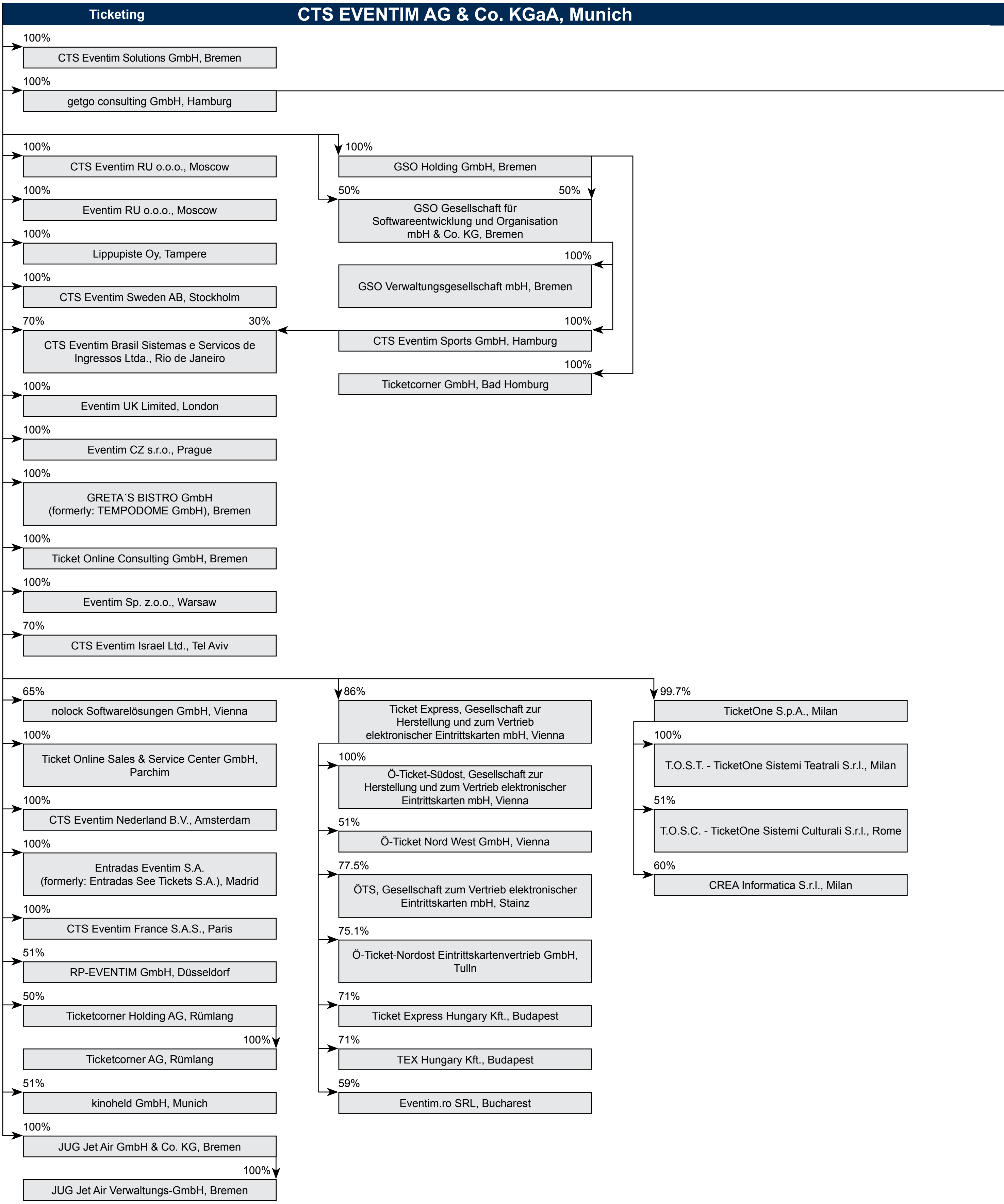
With the purchase agreement dated 10 November 2015, the Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, acquired 33.3% of the shares in Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, and now holds 100% of the shares in the company. The registered office was officially relocated to Vienna, on 17 November 2015, when the relevant entry was made in the commercial register.

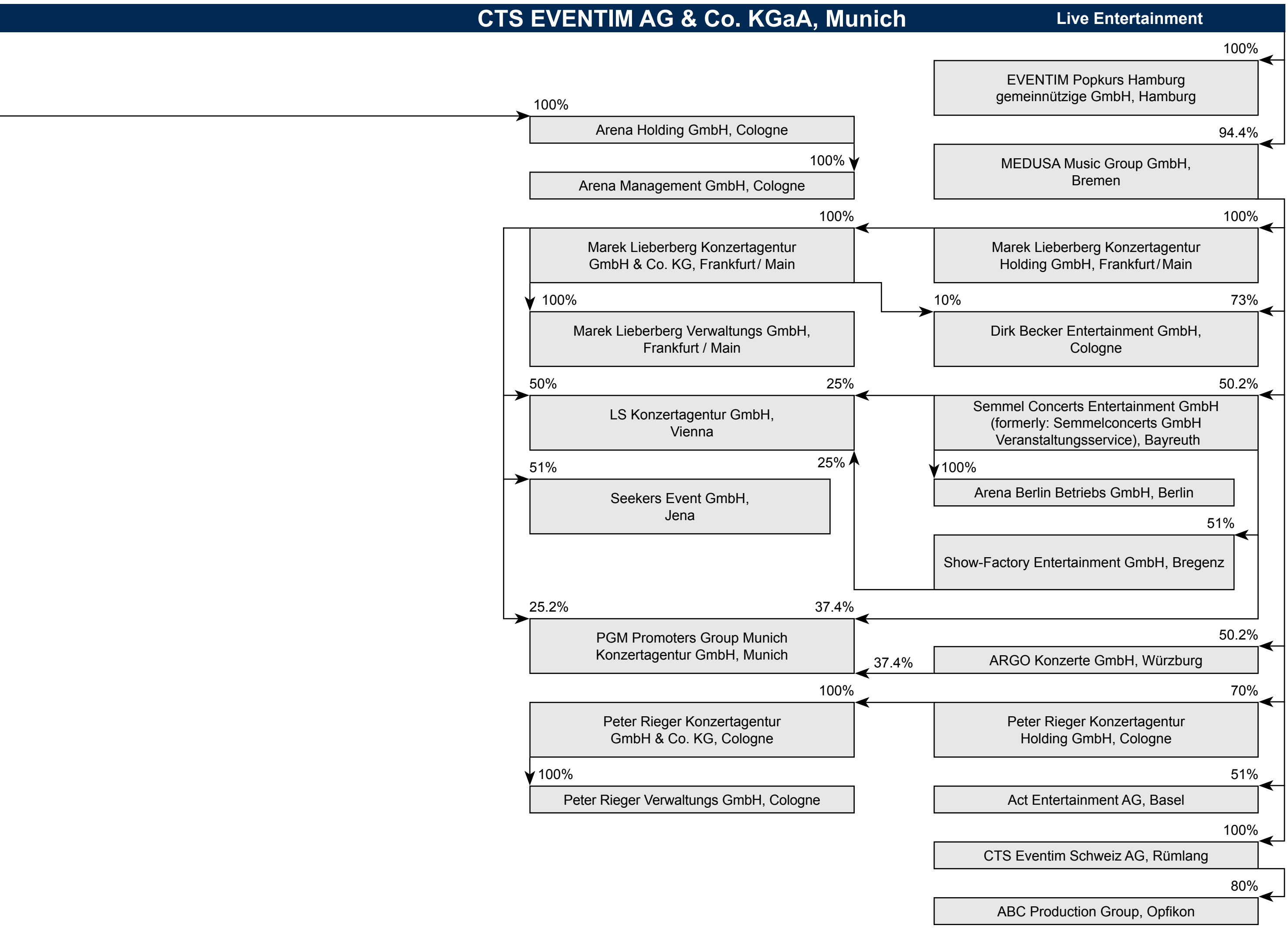
TEMPODOME GmbH, Bremen, was renamed to GRETA'S BISTRO GmbH, Bremen, effective 19 November 2015, when the relevant entry was made in the commercial register.

LIVE ENTERTAINMENT

The name change from Semmelconcerts GmbH Veranstaltungsservice, Bayreuth, to Semmel Concerts Entertainment GmbH, Bayreuth, took effect as at 1 April 2015, when the entry was made in the commercial register.

The following overview includes all companies included in the consolidated financial statements by means of full consolidation as at 31 December 2015:




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%
Semmel Concerts Entertainment GmbH (formerly: Semmelconcerts GmbH Veranstaltungsservice), 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
50.2%
37.4%
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 is the European market leader in ticketing and as a promoter of live music events 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 Apps
- additional social media activities, especially Facebook and Twitter.

The events for which tickets are sold using proprietary CTS EVENTIM ticket-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. In addition to ongoing ticket sales, the CTS Group is also the ticketing partner for national and international major sports events.

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, Serbia, Spain, France and Brasil.

In the Live Entertainment segment, the Group operates in German-speaking countries (Germany, Austria and Switzerland) and in Great Britain through 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. 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 2015 financial year, the members of the Supervisory Board of CTS KGaA received emoluments totalling EUR 100 thousand, as well as reimbursed expenses of EUR 3 thousand.

3.1.5 LEGAL AND ECONOMIC FACTORS

In the context of administrative proceedings, the German Federal Cartel Office is investigating the market position and market behaviour of CTS KGaA, particularly whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent and, in doing so, puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements. All requests for information issued by the Cartel Office in this regard were answered in a complete and timely manner by the company. A request for information is currently in ongoing process. It cannot be excluded that the Cartel Office will take up issue with individual practices or agreements during these proceedings and issue an order for modification. 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 financial figures) for assessing the value growth of the operating business on the Group level and 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 Group-EPS (earnings per share). In the context of the following reporting, the key figures EBITDA (earnings before interest, taxes, amortisation and depreciation), normalised EBITDA, EBIT (earnings before interest and taxes), normalised EBIT before amortisation from purchase price allocation are referred to collectively as 'earnings figures'.

By focuing on sustained increases in the value of the Group, temporary non-recurring items are adjusted by normalisation, which ensures that key assesment criteria can be compared over several years.

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 2015 financial year, the depreciation from purchase price allocation within the Group totalled EUR 11.043 million (previous year: EUR 10.940 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.

In the reporting year 2015, the amount of internet tickets was defined as non-financial key figure in the ticketing segment. Internet ticket volume includes the number of tickets purchased over the Internet.

3.2.2 FINANCIAL MANAGEMENT

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 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 retained earnings.

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

The equity ratio (shareholders` equity divided by the balance sheet total) increased from 27.3% to 32.2%. The return on equity (consolidated net income divided by shareholders` equity) is 25.1.%, compared to 25.7% in the previous year.

The return on capital employed ('ROCE') was further improved from 38.6% in the prior year to 46.0% in the 2015 financial year.

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

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

	31.12.2015 [EUR'000]	31.12.2014 [EUR'000]
Debt [1]	354,644	382,028
Cash and cash equivalents	-500,816	-505,843
Net debt	**-146,172**	**-123,815**
Shareholders' equity	354,172	300,289 [2]
Net debt to shareholders' equity	-41.3%	-41.2%

[1] Debt ist defined as non-current and current financial liabilities and other financial liabilities. The other financial liabilities are set off against receivables from ticket monies that have not yet been invoiced.

[2] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, the italian ticketing business 'Listicket' and SETP/HOI Holding B.V., Amsterdam

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 2015. 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.

The financial liabilities recognised on the balance sheet date amounting to EUR 149.184 million (previous year: EUR 175.568 million) include loans of EUR 146.514 million (previous year: EUR 171.491 million) as well as EUR 2.670 million (previous year: EUR 4.077 million) in purchase price obligations. Of the external loans, EUR 97.848 million (previous year: EUR 126.485 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.

Financial loans from final-maturity loans against promissory notes were repaid in a timely manner during the reporting period. New final-maturity loans against promissory notes with a term of five years were taken out in December 2015.

On 30 October 2015, CTS KGaA redeemed the existing syndicated credit line (revolving credit facility) of EUR 105 million and, by expanding the existing number of banks, agreed on a new syndicated credit line (revolving credit facility) of EUR 200 million with a term of five to no more than seven years (two-year term option) on the same date. In the reporting year 2015, a syndicated credit line was taken partially temporarily, at the balance sheet date as at 31 December 2015 no recourse was revealed.

To hedge currency risks forward foreign exchange transactions derivatives have been used in 2015. To hedge against currency risks from loan receivables in British pounds, to hedge future royalties in Swiss Francs as well as artist fees in U.S. dollars forward foreign exchange transactions were concluded.

Based on a weighted average cost of capital ('WACC') of 7.8%, the CTS Group generated a net return on capital employed of 38.3% in the 2015 financial year (previous year: 31.0%) – a clear indicator of the positive growth in value of the CTS Group. A risk-free 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 2015, under the Svensson method, results in a risk-free rate of 1.35%. In addition, a typical industry capital structure and a typical unlevered industry beta factor of 0.87 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 3.7%. In order to determine borrowing costs, an average spread of 1.13% was added to the risk-free 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 2.41%. Depending on the typical industry capital structure, the combination of these variables results in a WACC of 7.8% on the basis of a conservative calculation approach. In the Ticketing segment a discount rate of 7.9% and in the Live Entertainment segment a discount rate of 7.4% 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.

3.2.3 ORGANISATIONAL STRUCTURE

The management of CTS KGaA is exercised by EVENTIM Management AG; the representation of EVENTIM Management AG is performed by CTS KGaA corporate management. 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 association, CTS KGaA as parent company has its registered office in Munich; the administrative head office is located 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 long-term 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 12.062 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 is 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 development of data-based solutions to optimise added-value in the Ticketing segment is underway in the three significant fields of application: customer relationship management, insights and solutions for B2B partners, and business performance management. Examples of this include recommendation systems that suggest relevant events based on the customer's individual purchase history, systems that forecast the marketable ticket volume for an artist and a region, or dynamic pricing systems that suggest initial prices and dynamic adjustments of tickets.

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 estimates from the German Council of Economic Advisors, the overall economic framework conditions in 2015 enabled positive development that will continue. The German Council of Economic Advisors expects an increase in real gross domestic product of 1.7% in Germany and 1.6% in the eurozone. The positive trend in the eurozone is driven by positive developments in France, Italy and Spain. Particularly the French and Italian economies, which stagnated or contracted in 2014, began to grow again in 2015. Against the backdrop of slowed global economic growth due to falling growth rates in emerging markets, the development in the eurozone can be viewed as positive.

The positive economic performance in the eurozone is based on various special factors, according to the German Council of Economic Advisors. First, the considerable depreciation of the euro. Second, the financing conditions for companies as well as private households continued to improve based on a consistently low interest rate level. Third, the oil price declined significantly. Member states such as France, Italy and Spain were able to overcome weak growth rates, also due to the above-mentioned special factors. The return of growth momentum to these member states was induced not only by the advancement of reform measures, but especially by favourable financing conditions, lower inflation and the export friendly environment due to the value of the euro.

Economic development in 2015 was primarily driven by rising private consumer spending. Low inflation rates, supported by direct effects from the drop in the oil price, as well as the improved situation on the labour market, resulted in a noticeable increase in real income in the eurozone.

Together with the economic development in Germany and the eurozone, the situation on the labour market continued to improve. The rate of unemployment in the eurozone decreased from 11.6% to 10.8%. However, there remain major differences between the member states. The unemployment rate in Spain and Portugal declined by two percentage points, while the level in France remained at 10%.

The willingness to make investments remained noticeably weak in the eurozone. Despite a more positive sentiment among companies and more favourable financing conditions, the readiness to invest was impacted by geopolitical conflicts and especially by the challenges that have been in place since the summer 2015 brought on by the massive migration of refugees from the Middle East and Africa.

In light of the positive special factors, the German Council of Economic Advisors and the Organisation for Economic Co-operation and Development (OECD) have expressed uncertainty about whether the existing economic recovery is a self-supporting upswing or merely disguised momentum brought on by the European Central Bank's (ECB) expansive monetary policy. The OECD states that the current economic growth (2015) is surprisingly weak taking into account the very favourable environment. According to estimates by the German Council of Economic Advisors, the economy in the eurozone would have achieved a growth rate of 0.8% in 2015 at best without the additional support. This disguised momentum challenges the sustainability of the economic development, in particular against the backdrop of a future reversal of the ECB's monetary policy.

3.4.2 INDUSTRY CONDITIONS

The continued digitalisation of value-added chains characterised the Ticketing and Live Entertainment segments as in previous years. The increasing amount of information and data involves challenges, but also significant potential to further advance the CTS Group.

Driven by emerging markets like China, India, Brazil, Indonesia and Russia, the number of internet users worldwide is growing by 6.6% per year, taking into consideration that the penetration rates are still below the figures recorded in developed economies. The ongoing development of the relevant infrastructure continues to play a decisive role: the further expansion of the mobile Internet as well as mobile devices and the increasing acceptance of apps optimised for this infrastructure will further advance the increase in the number of users worldwide in the coming years.

Social media continues to play an important role with regard to applications. According to a study of the consulting firm faktenkontor GmbH, Hamburg, two-thirds of all social media users in Germany were already using a mobile device in 2015 to access social networks.

Communication via social networks, as well as access to the Internet independent of place and time, has changed the nature of consumption fundamentally over the past few years, which entails profound effects for traditional branches of industry.

The development of international online market places is just one example of the changes induced by the advancement of digitalisation. Consumers in particular are able to make purchases via mobile infrastructure independent of time and place, without having to make a time-consuming visit to a traditional shop. In this respect, the share of so-called spontaneous purchases by consumers is also rising and marketing efforts on various portals are increasingly focusing on this type of purchasing behaviour. According to the 'German Entertainment and Media Outlook 2015-2019' study conducted by PricewaterhouseCoopers, the online advertising segment is expected to grow 6.6% on average per year.

The demand for live events continues. Nothing is comparable to visiting a music concert as it is a highly individual experience. The added-value of artists has also changed fundamentally over the past few years. At the turn of the millennium, artists still realised a majority of earnings by selling their recordings. This has changed completely – the main source of earnings today is touring. In this respect, the trend remains intact that music events, in addition to the book market, take the top spot in terms of revenue among all entertainment segments, which was already identified in a consumer study published by industry association Bundesverband der Veranstaltungswirtschaft e.V. and 'Musikmarkt' trade magazine.

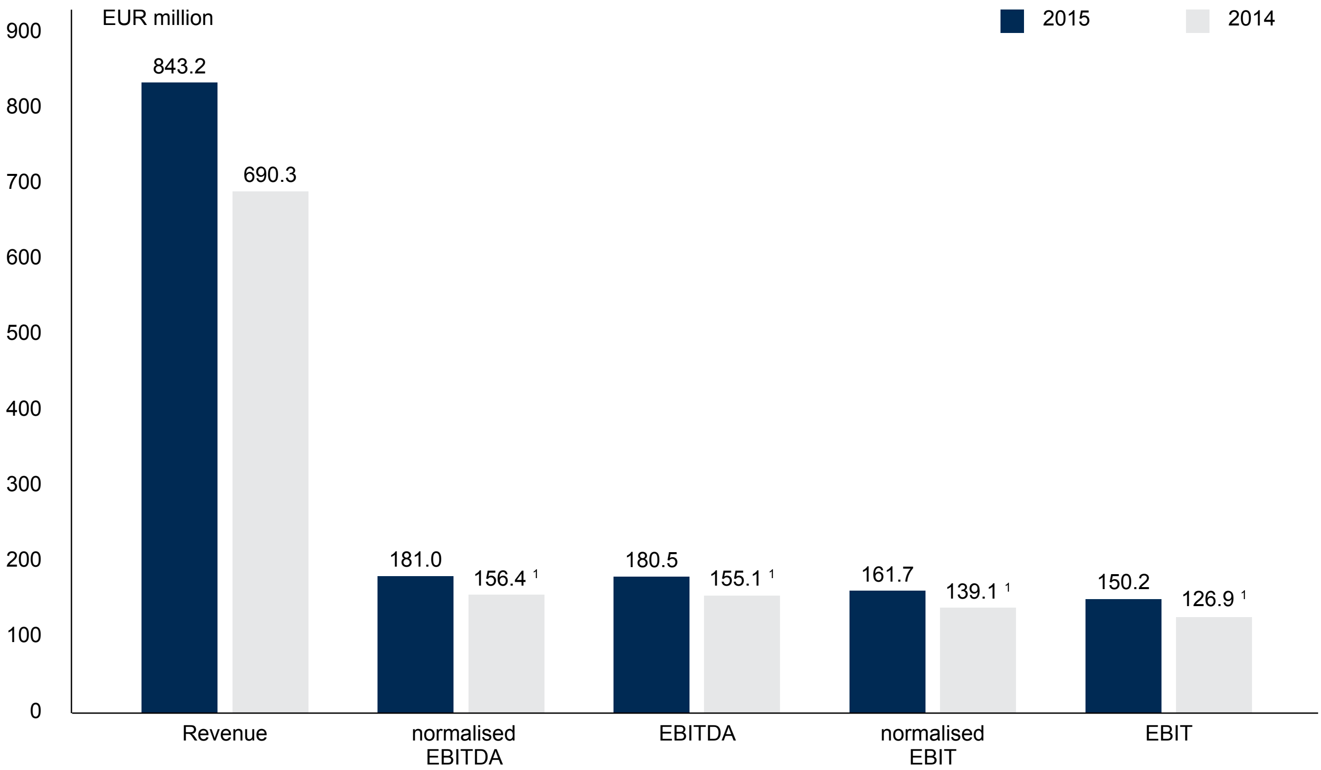
3.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The **CTS Group** achieved significant growth in revenue and earnings in the 2015 financial year and extended its leadership in the European market. Despite phases of economic weakness in some European countries, the business model of the CTS Group proved to be very robust in both segments.

The key financial figures for business management were able to be increased significantly in the 2015 financial year. The forecasts for revenue and earnings for the 2015 financial year were significantly exceeded.

KEY GROUP FIGURES

Key financial figures are shown in the table below:



[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business ‘Listicket‘

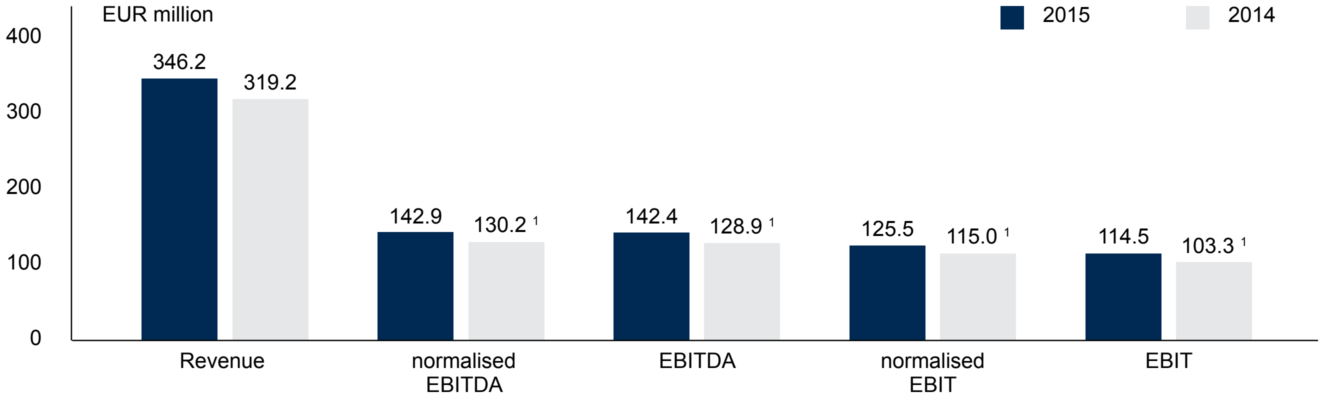
Group-EPS increased from EUR 0.80 to EUR 0.93 in the reporting period.

SEGMENT KEY FIGURES

Segment revenue is reported after consolidation within the segments but before consolidation between the segments.

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.

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

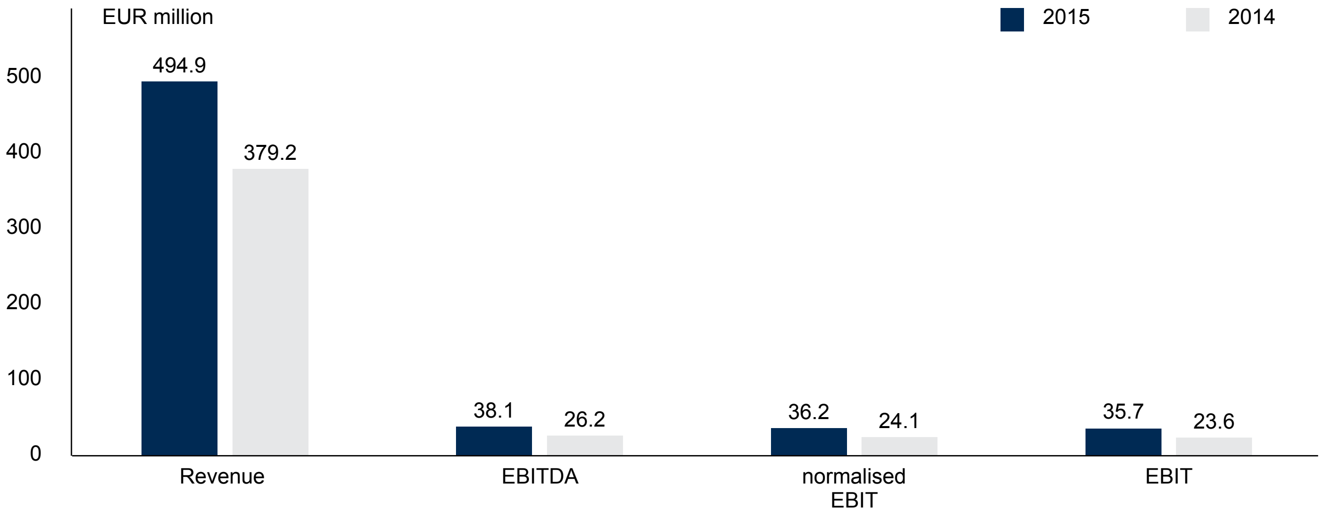


[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

The Internet ticket volume (non-financial key figure) achieved with 35.5 million tickets an increase of 15.6% compared to previous year (30.7 million tickets).

The **Live Entertainment segment** generated very good performance year on year due to attractive live events and a variety of successful major tours as well as renowned festivals.

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



3.4.4 CTS EVENTIM SHARE PERFORMANCE

CTS EVENTIM shares succeeded in once again continuing their long-term growth trend in the 2015 financial year. The CTS EVENTIM share price alone rose by 50% in the 2015 financial year. Adding the EUR 0.40 dividend paid for the 2014 financial year results in an overall performance of just under 52%. This means that CTS EVENTIM shares far outperformed the DAX (+9.6%) and the MDAX (+22.7%) indices.

A detailed report on the performance of CTS shares and general information on the work of Investor Relations can be found in chapter 3 of the Annual Report 2015.

4. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW
4.1 EARNINGS PERFORMANCE
4.1.1 GROUP EARNINGS PERFORMANCE (IFRS)

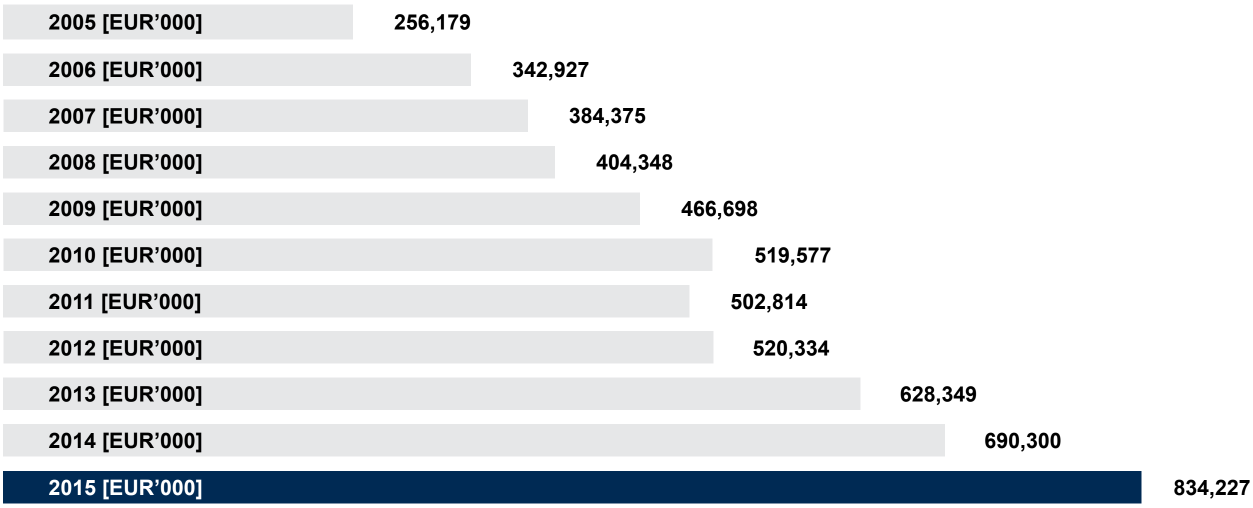
	2015	2014		Change	
	[EUR'000]	[EUR'000]		[EUR'000]	[in %]
Revenue	**834,227**	**690,300**		**143,927**	**20.8**
Gross profit	**262,434**	**229,861**	[1]	**32,573**	**14.2**
EBITDA	**180,502**	**155,135**	[1]	**25,367**	**16.4**
EBIT	**150,204**	**126,909**	[1]	**23,295**	**18.4**
Non-recurring items:					
Acquisition costs	494	1,255		-761	-60.6
Normalised EBITDA	**180,996**	**156,390**	[1]	**24,606**	**15.7**
Amortisation from purchase price allocation	**11,043**	**10,940**	[1]	**103**	**0.9**
Normalised EBIT before amortisation from purchase price allocation	**161,741**	**139,104**	[1]	**22,637**	**16.3**
Financial result	-4,847	-4,791	[2]	-56	1.2
Earnings before tax (EBT)	**145,357**	**122,118**	[1,2]	**23,239**	**19.0**
Taxes	-44,819	-36,595	[1,2]	-8,224	22.5
Non-controlling interest	-11,509	-8,352	[1]	-3,157	37.8
Net income after non-controlling interest	**89,029**	**77,171**	[1,2]	**11,858**	**15.4**

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

4.1.1.1 REVENUE GROWTH

Group revenue growth is shown in the following table:



The CTS Group achieved an excellent growth in revenue in the last ten years with an average growth rate (CAGR) of around 12.5%.

The **CTS Group** achieved again a significant growth in revenue in the 2015 financial year and extended 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 reporting period EUR 834.227 million in revenue was generated (previous year: EUR 690.300 million; +20.8%). Revenue (before consolidation between segments) breaks down into EUR 346.192 million in the Ticketing segment (previous year: EUR 319.223 million; +8.5%) and EUR 494.911 million in the Live Entertainment segment (previous year: EUR 379.170 million; +30.5%).

Group revenue amounted in the reporting year to EUR 834.227 million (previous year: EUR 690.300 million) and breaks down as follows: Germany EUR 569.880 million (previous year: EUR 466.518 million), Austria EUR 59.134 million (previous year: EUR 42.542 million), Switzerland EUR 104.345 million (previous year: EUR 94.506 million), Italy EUR 48.531 million (previous year: EUR 38.162 million), Great Britain EUR 9.146 million (previous year: EUR 10.562 million), Finland EUR 9.959 (previous year: EUR 8.073 million), Spain EUR 8.353 million (previous year: EUR 7.462 million), Netherlands EUR 8.149 million (previous year: EUR 7.334 million) and other countries EUR 16.730 million (previous year: EUR 15.141 million). The increase in revenue in Germany and Switzerland is disproportionately due to the Live Entertainment segment, as a higher number of major events were carried out. In Italy the high revenue growth rates could be achieved in the Ticketing segment.

In the 2015 financial year, the **Ticketing segment** achieved revenue of EUR 346.192 million, compared to EUR 319.223 million in 2014 (+8.5%) due to an internet ticket volume growth in local and foreign markets, increased internationalisation and the introduction of additional products and services. Tickets sold via the Internet portals operated by the

Group increased to 35.5 million (previous year: 30.7 million). Revenue growth was generated both nationally and internationally; the share of revenue generated by foreign subsidiaries increased to around 45.9% (previous year: 44.2%).

The **Live Entertainment segment** was able to expand its revenue compared to the previous year by attractive events and an exceptional concentration of successful major tours at record levels. The diversification with new event formats and the operation of attractive venues contributed to this development. Revenue resulted in year-on-year growth of EUR 115.741 million (+30.5%) to EUR 494.911 million (previous year: EUR 379.170 million).

4.1.1.2 EARNINGS GROWTH

GROSS PROFIT

The gross profit of the **CTS Group** for the 2015 reporting period is EUR 262.434 million, compared to the previous year figure of EUR 229.861 million (+14.2%). Due to a rise in the proportion of the Group's gross profit attributable to the lower-margin Live Entertainment segment, the consolidated gross margin was negatively impacted and fell from 33.3% to 31.5%.

In the **Ticketing segment**, the gross margin increased in the 2015 reporting period from 57.8% to 58.3%. The gross margin is negatively affected by the newly consolidated subsidiaries with currently lower earnings contributions and higher personnel expenses related to ongoing internationalisation and technological development.

In the **Live Entertainment segment**, the gross margin was slightly above previous year's level with 12.2% (previous year: 11.9%).

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

	2015 [in %]	2014 [in %]
Group	31.5	33.3
Ticketing	58.3	57.8
Live Entertainment	12.2	11.9

NON-RECURRING ITEMS

Non-recurring items in the Ticketing segment caused a temporary EUR 494 thousand drop (previous year: EUR 1.255 million) in **CTS Group** earnings in the period under review, due to implemented and planned acquisitions.

NORMALISED EBITDA / EBITDA

The normalised **CTS Group** EBITDA figure increased by EUR 24.606 million (+15.7%) from EUR 156.390 million to EUR 180.996 million. This growth in normalised EBITDA of EUR 24.606 million breaks down into EUR 12.680 million in the Ticketing segment and EUR 11.926 million in the Live Entertainment segment. The normalised EBITDA margin was 21.7%, compared to 22.7% the year before. Foreign subsidiaries accounted for 26.6% of normalised Group EBITDA (previous year: 25.1%).

CTS Group EBITDA improved by EUR 25.367 million or 16.4% to EUR 180.502 million (previous year: EUR 155.135 million). This growth in EBITDA of EUR 25.367 million breaks down into EUR 13.441 million in the Ticketing segment and EUR 11.926 million in the Live Entertainment segment. The Group EBITDA margin amounts up to 21.6% (previous year: 22.5%). The share of normalised EBITDA generated by foreign subsidiaries increased to 26.6% (previous year: 24.9%).

In the **Ticketing segment**, the normalised EBITDA figure rose by EUR 12.680 million (+9.7%) from EUR 130.172 million to EUR 142.852 million. The ticket volume growth on the Internet both national and international contributed to this increase in earnings organically and through acquisitions. In addition, higher income from currency conversions had a positive effect on earnings. The counteracting effect was a lack of earnings from settled Sochi project in 2014 and a lack of income from the purchase price allocation (lucky buy arising from favourable purchase prices) of acquisitions incurred in the same period. The normalised EBITDA margin was 41.3% (previous year: 40.8%). The share of normalised EBITDA generated by foreign subsidiaries decreased to 29.9% (previous year: 30.1%).

In the Ticketing segment, the EBITDA figure rose by EUR 13.441 million (+10.4%) to EUR 142.358 million (previous year: EUR 128.917 million). The EBITDA margin was 41.1% (previous year: 40.4%). The share of EBITDA generated by foreign subsidiaries increased to 30.0% (previous year: 28.3%).

In the **Live Entertainment segment**, EBITDA increased by EUR 38.144 million (previous year: EUR 26.218 million; +45.5%) to record level especially due to positive earnings contributions of major tours and successful events as well as festivals. The EBITDA margin was 7.7%, after 6.9% 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 22, 3.2.1 ‘Corporate management’) increased by EUR 22.637 million from EUR 139.104 million to EUR 161.741 million. The normalised EBIT margin was 19.4%, compared to 20.2% the year before.

The Group EBIT figure, at EUR 150.204 million, is significantly higher at 18.4% year-on-year (EUR 126.909 million). The EBIT margin was 18.0% (previous year: 18.4%).

Total depreciation and amortisation within the **CTS Group**, at EUR 30.298 million, is slightly higher than the previous year (EUR 28.226 million) and include EUR 11.043 million (previous year: EUR 10.940 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 114.979 million by EUR 10.563 million to EUR 125.542 million (+9.2%). The normalised EBIT margin was 36.3%, compared to 36.0% the year before.

The EBIT rose from EUR 103.307 million to EUR 114.507 million (+10.8%). The EBIT margin was 33.1% (previous year: 32.4%).

The **Live Entertainment segment** achieved a normalised EBIT before amortisation from purchase price allocation of EUR 36.199 million, compared to EUR 24.125 million the year before. The normalised EBIT margin increased to 7.3% (previous year: 6.4%). EBIT increased from EUR 23.601 million the year before, compared to EUR 35.697 million (+51.3%). The EBIT margin was 7.2% (previous year: 6.2%).

FINANCIAL RESULT

The financial result, at EUR -4.847 million (previous year: EUR -4.791 million) mainly includes EUR 1.254 million in financial income (previous year: EUR 1.746 million), EUR -5.944 million in financial expenses (previous year: EUR -6.536 million) and EUR -174 thousand result from investments in associates accounted for at equity (previous year: EUR -26 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 2015 by EUR 8.224 million to EUR 44.819 million. Tax expenses include deferred tax income (EUR 4.809 million; previous year: EUR 2.367 million) that is offset against the actual tax expenses of the consolidated standalone companies (EUR 49.629 million; previous year: EUR 38.961 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 effective 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 2015 was 30.8% (previous year: 30.0%).

NON-CONTROLLING INTEREST

Non-controlling interest comprises the share in current profits allocated to other shareholders and increased by EUR 3.157 million from EUR 8.352 million to EUR 11.509 million. The non-controlling interest reported in the income statement increased because of growth in profits in the Live Entertainment segment.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interest amounts to EUR 89.029 million (previous year: EUR 77.171 million). Earnings per share (EPS) for the 2015 financial year improved significantly to EUR 0.93, compared to EUR 0.80 the year before.

The net income for the year of CTS KGaA as a standalone company, in accordance with HGB, was EUR 72.041 million (previous year: EUR 56.368 million), and the distributable earnings per share for the CTS KGaA standalone company were EUR 0.75 (previous year: EUR 0.59).

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 +7.649 million) and of differences in amortisation of intangible assets (EUR -1.101 million).

4.1.1.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2015	2014	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	74,067	65,117	8,950	13.7
General administrative expenses	48,891	43,881	5,010	11.4
Other operating income	20,652	17,360	3,292	19.0
Other operating expenses	9,923	11,314	-1,391	-12.3
thereof non-recurring items	*494*	*1,255*	*-761*	*-60.6*

SELLING EXPENSES

Selling expenses rose by EUR 8.950 million to EUR 74.067 million. The increase in selling expenses is mainly due to higher personnel expenses (EUR +3.512 million), depreciation (EUR +2.358 million) and other operating expenses (EUR +3.080 million). The other operating expenses mainly increased due to advertising costs (EUR +1.505 million) and valuation of receivables (EUR +1.319 million). As a percentage of revenue, selling expenses fell from 9.4% to 8.9%.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses rose by EUR 5.010 million to EUR 48.891 million. The increase in general administrative expenses is principally due to higher personnel expenses (EUR +2.780 million), depreciation (EUR +1.894 million) and other operating expenses (EUR +336 thousand). As a percentage of revenue, general administrative expenses decreased from 6.4% to 5.9%.

OTHER OPERATING INCOME

Other operating income rose by EUR 3.292 million to EUR 20.652 million. 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 due to lower non-recurring items by EUR 1.391 million year-on-year to EUR 9.923 million. As a percentage of revenue, other operating income fell from 1.6% to 1.2%.

4.1.1.4 PERSONNEL

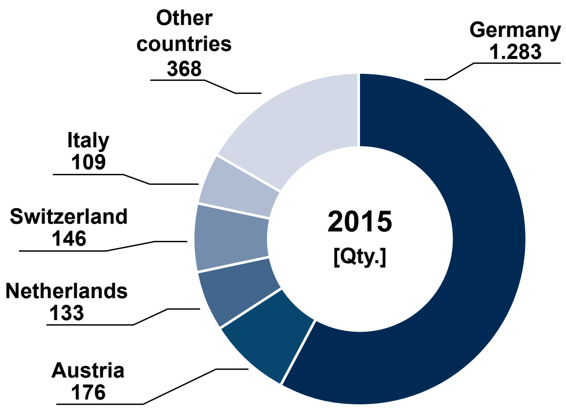
Personnel expenses, at EUR 106.208 million, are higher year-on-year (previous year: EUR 92.627 million). The increase in personnel expenses of EUR 13.581 million (+14.7%) breaks down in the Ticketing segment (EUR 10.075 million) and in the Live Entertainment segment (EUR 3.506 million).

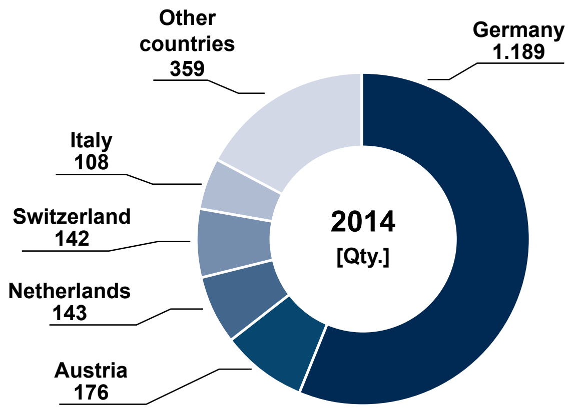
The increase in personnel expenses in the Ticketing segment is due to the expansion of the number of companies included in consolidation, the expanding internationalisation and further technological development. The increase in personnel expenses in the Live Entertainment segment results primarily from the structural development and temporary staff for the operation of the Lanxess Arena and the Arena Berlin.

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

	2015	2014	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,621	1,564	57	3.6
Live Entertainment	594	553	41	7.4
Total	**2,215**	**2,117**	**98**	**4.6**

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





On average during 2015, the Group had 98 more employees than in the 2014 financial year.

4.1.1.5 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2012 [EUR million]	2013 [EUR million]	2014 [EUR million]	2015 [EUR million]
Revenue	231.5	269.7	319.2	346.2
Gross profit	141.0	156.6	184.6 [1]	201.9
Gross margin	60.9%	58.1%	57.8% [1]	58.3%
EBITDA	93.5	101.9	128.9 [1]	142.4
Normalised EBITDA	92.8	104.3	130.2 [1]	142.9
EBIT	72.8	81.6	103.3 [1]	114.5
Normalised EBIT before amortisation from purchase price allocation	82.1	93.9	115.0 [1]	125.5

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

In the years 2012 – 2015 annual revenue growth in the Ticketing segment averaged 14.4%. Of the total revenue in this segment in the 2015 reporting year, EUR 236.207 million (previous year: EUR 215.492 million) were generated via the Internet, equivalent to Internet revenue growth of around 9.6%. Revenue generated via the Internet increased year-on-year at 68.2% (previous year: 67.5%) of total Ticketing segment revenue in the 2015 financial year.

Up to 2015, EBITDA improved annually by an average of 15.1% and normalised EBITDA improved annually by 15.5%.

LIVE ENTERTAINMENT

	2012 [EUR million]	2013 [EUR million]	2014 [EUR million]	2015 [EUR million]
Revenue	296.4	365.8	379.2	494.9
Gross profit	38.7	50.4	45.2	60.5
Gross margin	13.0%	13.8%	11.9%	12.2%
EBITDA	27.5	32.0	26.2	38.1
EBIT	25.4	29.3	23.6	35.7
Normalised EBIT before amortisation from purchase price allocation	25.4	29.8	24.1	36.2

In the years 2012 – 2015 annual revenue growth in the Live Entertainment segment averaged 18.6%. The reporting period 2015 was marked by a number of attractive events and exceptional concentration of major tours at record levels. The diversification of new event formats and the operation of attractive venues also contributed to the positive sales trend.

Up to 2015, EBITDA improved annually by an average of 11.5%.

4.1.2 EARNINGS PERFORMANCE OF CTS KGaA (HGB)

	2015	2014	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**177,830**	**169,889**	**7,941**	**4.7**
Gross profit	**102,639**	**96,217**	**6,422**	**6.7**
EBITDA	**75,424**	**68,024**	**7,400**	**10.9**
EBIT	**58,849**	**51,810**	**7,039**	**13.6**
Non-recurring items:				
Acquisition costs	494	600	-106	-17.7
Normalised EBITDA	**75,918**	**68,624**	**7,294**	**10.6**
Normalised EBIT	**59,343**	**52,410**	**6,933**	**13.2**
Financial result	38,752	27,806	10,946	39.4
Earnings before tax (EBT)	**97,601**	**79,616**	**17,985**	**22.6**
Taxes	-25,560	-23,248	-2,312	9.9
Net income for the year	**72,041**	**56,368**	**15,673**	**27.8**

4.1.2.1 REVENUE GROWTH

In the 2015 financial year, CTS KGaA revenue increased by EUR 7.941 million from EUR 169.889 million to EUR 177.830 million; this equates to a 4.7% 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 by 1.5 million (+11.1%) from 13.5 million up to 15.0 million tickets. The counteracting effect was a lack of project sales in the same period from the settled Winter Olympics in Sochi.

4.1.2.2 EARNINGS GROWTH

GROSS PROFIT

Gross profit increased by EUR 6.422 million year-on-year due to the highly profitable Internet business. The gross margin increased to 57.7% (previous year: 56.6%).

NON-RECURRING ITEMS

CTS KGaA earnings in the reporting year were reduced by non-recurring items consisting of EUR 494 thousand (previous year: EUR 600 thousand) for implemented and planned acquisitions.

NORMALISED EBITDA / EBITDA

A very successful business performance in 2015 due to 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 75.918 million (previous year: EUR 68.624 million). In contrast, higher expenses in the increasing technological development expenses and ongoing internationalisation led to earnings pressures. The normalised EBITDA margin was 42.7% (previous year: 40.4%). The EBITDA improved to EUR 75.424 million (previous year: EUR 68.024 million). The EBITDA margin increased to 42.4% (previous year: 40.0%).

NORMALISED EBIT / EBIT

Normalised EBIT increased operationally by EUR 6.933 million to EUR 59.343 million. The normalised EBIT margin was 33.4% (previous year: 30.9%). The EBIT figure for the reporting year increased to EUR 58.849 million (previous year: EUR 51.810 million), and the EBIT margin rose to 30.5% (previous year: 33.1%).

FINANCIAL RESULT

The financial result rose by EUR 10.946 million from EUR 27.806 million in the previous year to EUR 38.752 million.

The financial result includes mainly income in the form of dividends and transferred profits from participations EUR 41.616 million (previous year: EUR 31.140 million), EUR 928 thousand in interest income (previous year: EUR 1.162 million), EUR 2.803 million in interest expenses (previous year: EUR 3.631 million) and other financial expenses amounting to EUR 1.039 million (previous year: EUR 852 thousand). In the previous year expenses from investments were recorded at EUR 14 thousand.

An increase in income in the form of profit transfer agreements and income in the form of dividends from participations breaks down into EUR 167 thousand for profit transfer agreements and EUR 10.309 million in income in the form of dividends from participations.

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

TAXES

Tax expenses increased by EUR 2.312 million from EUR 23.248 million to EUR 25.560 million. These tax expenses include EUR 25.558 million in taxes on income (previous year: EUR 23.247 million) and EUR 2 thousand in other taxes (previous year: EUR 1 thousand). The taxation rate (taxes on income / earnings before tax) decreased particularly due to the receipt of higher income from participations (lower taxable) to 26.2% (previous year: 29.2%)

NET INCOME FOR THE YEAR

The net income for the year, according to HGB, increased by EUR 15.673 million from EUR 56.368 million to EUR 72.041 million.

4.1.2.3 ADDITIONAL NOTES TO SINGLE ITEMS IN THE INCOME STATEMENT

	2015	2014	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	28,704	31,694	-2,990	-9.4
General administrative expenses	17,912	14,306	3,606	25.2
Other operating income	7,864	6,763	1,101	16.3
Other operating expenses	5,039	5,171	-132	-2.6
thereof non-recurring items	*494*	*600*	*-106*	*-17.7*

SELLING EXPENSES

The decline in selling expenses by EUR 2.990 million to EUR 28.704 million results inter alia from lower expenses from the valuation of receivables (EUR -1.152 million).

GENERAL ADMINISTRATIVE EXPENSES

The EUR 3.606 million increase in general administrative expenses in the reporting year, to EUR 17.912 million, is mainly the result of higher proportional personnel expenses (EUR +1.127 million), higher depreciation (EUR +2.398 million), higher insurance expenses (EUR +112 thousand) as well as higher costs for legal and consulting fees (EUR +148 thousand).

OTHER OPERATING INCOME

Other operating income rose by EUR 1.101 million to EUR 7.864 million. Other operating income was positively affected by a higher income from receivables and liabilities already written off (EUR +268 thousand), higher income from currency translation (EUR +666 thousand) and increased income from passed on expenses (EUR +109 thousand).

OTHER OPERATING EXPENSES

Other operating expenses decreased slightly by EUR 132 thousand to EUR 5.039 million.

PERSONNEL

Personnel expenses increased year-on-year by EUR 3.035 million from EUR 19.394 million to EUR 22.429 million.

At the end of the 2015 financial year, CTS KGaA had 297 employees on its payroll (previous year: 276 employees). The average number of employees over the year increased from 279 the previous year to 283 in the reporting period.

4.2 FINANCIAL POSITION
4.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2015		31.12.2014		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	500,816	45.6	505,843	46.0	-5,027
Marketable securities and other investments	5,878	0.6	480	0.0	5,398
Trade receivables	34,001	3.1	30,903	2.8	3,098
Receivables from affiliated and associated companies accounted for at equtiy	4,746	0.4	3,211	0.3	1,535
Inventories	2,074	0.2	2,426	0.2	-352
Payments on account	27,843	2.5	29,675	2.7	-1,832
Other financial assets	59,152	5.4	59,857	5.4	-705
Other non-financial assets	16,797	1.5	24,103	2.2	-7,306
Total current assets	**651,307**	**59.3**	**656,498**	**59.6**	**-5,191**
Non-current assets					
Fixed assets	150,730	13.7	157,227 [1,2]	14.3	-6,497
Goodwill	278,222	25.3	270,761 [1]	24.6	7,461
Trade receivables	22	0.0	22	0.0	0
Receivables from affiliated and associated companies accounted for at equity	1,534	0.1	2,668	0.2	-1,134
Marketable securities and other investments	1,000	0.1	0	0.0	1,000
Other financial assets	3,429	0.3	3,190	0.3	239
Other non-financial assets	26	0.0	47	0.0	-21
Deferred tax assets	12,209	1.2	10,470 [1]	1.0	1,739
Total non-current assets	**447,172**	**40.7**	**444,385** [1,2]	**40.4**	**2,787**
Total assets	**1,098,479**	**100.0**	**1,100,883** [1,2]	**100.0**	**-2,404**

	31.12.2015		31.12.2014		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	16,622	1.5	77,837	7.1	-61,215
Trade payables	79,942	7.3	73,052	6.6	6,890
Payables to affiliated and associated companies accounted for at equity	598	0.1	1,615	0.1	-1,017
Advance payments received	153,824	14.0	190,982	17.4	-37,158
Provisions	38,205	3.5	28,792	2.6	9,413
Other financial liabilities	245,657	22.3	258,828	23.6	-13,171
Other non-financial liabilities	52,776	4.8	46,719	4.2	6,057
Total current liabilities	**587,624**	**53.5**	**677,825**	**61.6**	**-90,201**
Non-current liabilities					
Medium- and long-term financial liabilities	132,563	12.1	97,731	8.9	34,832
Other financial liabilities	767	0.1	146	0.0	621
Other non-financial liabilities	0	0.0	74	0.0	-74
Pension provisions	9,915	0.9	8,346	0.8	1,569
Deferred tax liabilities	13,438	1.2	16,472 [1]	1.5	-3,034
Total non-current liabilities	**156,683**	**14.3**	**122,769** [1]	**11.2**	**33,914**
Shareholders' equity					
Share capital	96,000	8.7	96,000	8.7	0
Capital reserve	1,890	0.2	1,890	0.2	0
Statutory reserve	7,200	0.7	5,218	0.5	1,982
Retained earnings	225,962	20.6	178,110 [1,2]	16.1	47,852
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	20,881	1.9	18,855	1.7	2,026
Other comprehensive income	-1,906	-0.2	-1,921	-0.2	15
Currency differences	4,197	0.3	2,189	0.2	2,008
Total shareholders' equity	**354,172**	**32.2**	**300,289** [1,2]	**27.2**	**53,883**
Total shareholders' equity and liabilities	**1,098,479**	**100.0**	**1,100,883** [1,2]	**100.0**	**-2,404**

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CURRENT ASSETS decreased by EUR 5.191 million to EUR 651.307 million due to a decline in cash and cash equivalents (EUR -5.027 million), other non-financial assets (EUR -7.306 million) and other financial assets (EUR -705 thousand). These decreases were offset by an increase in marketable securities and other investments of EUR 5.398 million.

The EUR 5.027 million decline in **cash and cash equivalents** mainly results from lower liabilities in respect of ticket monies at the reporting date, lower advance payments received, dividend payments in the second quarter 2015, changes in the financial liabilities and the acquisition of marketable securities. By contrast, are cash inflows from the net income of the year.

Cash and cash equivalents, at EUR 500.816 million (previous year: EUR 505.843 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 financial liabilities (EUR 237.498 million; previous year: EUR 251.515 million). Other financial assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 40.963 million; previous year: EUR 52.515 million). The very high amount of liabilities for ticket monies as at 31 December 2014 of EUR 251.515 million resulted primarily from sales in the fourth quarter of tickets for many major tours and was reduced accordingly by payouts in the reporting period.

Marketable securities and other investments increased due to the acquisition of discount certificates (EUR +5.398 million).

Other financial assets decreased by EUR 705 thousand, mainly because of the decline in receivables relating to ticket monies from presales in the Ticketing segment. By contrast, new factoring receivables led to an increase in other financial assets. In connection with the introduction of new payment methods, a factoring agreement was concluded to hedge retail receivables from end customers with a service provider.

The decline of **other non-financial assets** (EUR -7.306 million) results mainly due to tax refunds for prior years (EUR -5.501 million).

NON-CURRENT ASSETS increased by EUR 2.787 million to EUR 447.172 million due to an increase in goodwill (EUR +7.461 million) and deferred tax assets (EUR +1.739 million). On the other hand fixed assets (EUR -6.497 million) declined.

The EUR 6.497 million decline in **fixed assets** mainly relates to changes in property, plant and equipment in the Ticketing segment due to lower investments as well as in intangible assets which decreased due to scheduled amortisation in the context of the purchase price allocation capitalized assets.

The EUR 7.461 million increase in **goodwill** was mainly the result of currency translation effects associated with the goodwill in Swiss Francs as at the closing date of 31 December 2015 and an acquisition.

The increase of **deferred tax assets** (EUR 1.739 million) was mainly the result of temporary differences from higher other provisions and the recognition of a tax credit in Brasil.

Assets tied up for the long term account for 40.7% of the balance sheet total (previous year: 40.4%); therefore, assets tied up for the long term are partly financed by shareholders' equity.

CURRENT LIABILITITES decreased by EUR 90.201 million to EUR 587.624 million. This decline is mainly attributable to short-term financial liabilities (EUR -61.216 million), to advance payments received (EUR -37.158 million) and to other financial liabilities (EUR -13.171 million). On the other hand trade payables (EUR +6.890 million), provisions (EUR +9.413 million) and other non-financial liabilities (EUR +6.057 million) increased.

Short-term financial liabilities mainly decreased due to the repayment of financial liabilities and purchase price liabilities (EUR -61.215 million). In addition to the repayment of existing resources credit line, promissory notes were repaid in December 2015 amounting to EUR 45.000 million. The expired promissory notes were refinanced over new long term promissory notes with a maturity of 5 years.

Trade payables increased by EUR 6.890 million in the context of ongoing business operations.

The EUR 37.158 million decrease in **advance payments received** is mainly attributable to a variety of major events held the Live Entertainment segment. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

Provisions increased by EUR 9.413 million particularly due to contracted maintenance and modernization measures of a venue as well as provisions for the future held events in the Live Entertainment segment.

The EUR -13.171 million change in **other financial liabilities** is predominantly due to lower liabilities in the Ticketing segment in respect of ticket monies that have not yet been invoiced. Compared to the prior year, there were less events that had not yet been invoiced, as at 31 December 2015, so that the liabilities for ticket monies not yet invoiced decreased accordingly.

The change in **other non-financial liabilities** of EUR 6.057 million is predominantly due to an increase in voucher liabilities and deferred revenue.

NON-CURRENT LIABILITIES increased by EUR 33.914 million, mainly due to higher medium- and long-term financial liabilities (EUR +34.832 million) and pension provision (EUR +1.569 million). On the other hand, a decline in deferred tax liabilities werde recognised (EUR -3.035 million).

Medium- and long-term financial liabilities increased by EUR 34.832 million due to borrowing of mid- and long-term bank loans in connection with the refinancing over long-term promissory note.

Pension provisions increased by EUR 1.569 million particularly due to the actuarial assumptions of lower interest rates and currency effects.

Deferred tax liabilities decreased by EUR 3.035 million particularly due to the release of deferred taxes that were recognised in relation to purchase price allocations.

SHAREHOLDERS' EQUITY increased by EUR 53.883 million to EUR 354.172 million, mainly as a result of the positive Group net income of EUR 89.029 million as well as increased non-controlling interest of EUR 2.026 milllion. The increase is offset, inter alia, by the reduction in shareholders' equity following the distribution of EUR 38.397 million as dividend for the 2014 financial year.

The equity ratio (shareholders' equity divided by the balance sheet total) increased from 27.3% to 32.2%. The return on equity (consolidated net income divided by shareholders' equity) is 25.1%, compared to 25.7% in the prior year.

4.2.2 FINANCIAL POSITION OF CTS KGaA (HGB)

	31.12.2015		31.12.2014		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	174,629	31.7	208,863	35.8	-34,234
Marketable securities	5,000	0.9	0	0.0	5,000
Trade receivables	7,648	1.4	6,337	1.1	1,311
Receivables from affiliated companies and participations	21,040	3.8	26,105	4.5	-5,065
Inventories	351	0.1	1,008	0.2	-657
Other assets and prepaid expenses	23,915	4.3	22,994	3.9	921
Total current assets	**232,583**	**42.3**	**265,307**	**45.5**	**-32,724**
Non-current assets					
Fixed assets	257,250	46.8	252,508	43.3	4,742
Goodwill	49,721	9.0	57,370	9.8	-7,649
Receivables from affiliated companies and participations	6,327	1.2	4,105	0.7	2,222
Other assets and prepaid expenses	4,261	0.8	3,832	0.7	429
Deferred tax assets	0	0.0	1	0.0	-1
Total non-current assets	**317,559**	**57.7**	**317,816**	**54.5**	**-257**
Total assets	**550,142**	**100.0**	**583,123**	**100.0**	**-32,981**

	31.12.2015		31.12.2014		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	14,341	2.6	73,350	12.6	-59,009
Trade payables	10,605	1.9	9,799	1.7	806
Payables to affiliated companies and participations	2,046	0.4	5,463	0.9	-3,417
Provisions	25,914	4.7	30,650	5.3	-4,736
Other liabilities and deferred income	151,385	27.5	186,301	31.9	-34,916
Total current liabilities	**204,291**	**37.1**	**305,563**	**52.4**	**-101,272**
Non-current liabilities					
Medium- and long-term financial liabilities	95,571	17.4	60,857	10.4	34,714
Deferred tax liabilities	1,433	0.3	1,501	0.3	-68
Total non-current liabilities	**97,004**	**17.6**	**62,358**	**10.7**	**34,646**
Shareholders' equity					
Share capital	96,000	17.5	96,000	16.5	0
less par value of treasury stock	-9	0.0	-9	0.0	0
Capital reserve	2,400	0.4	2,400	0.4	0
Statutory reserve	7,200	1.3	5,218	0.9	1,982
Balance sheet profit	143,256	26.0	111,593	19.1	31,663
Total shareholders' equity	**248,847**	**45.2**	**215,202**	**36.9**	**33,645**
Total shareholders' equity and liabilities	**550,142**	**100.0**	**583,123**	**100.0**	**-32,981**

The balance sheet total of CTS KGaA decreased year-on-year by EUR -32.981 million to EUR 550.142 million (-5.7%).

CURRENT ASSETS decreased by EUR -32.724 million to EUR 232.583 million (-12.3%). The changes mainly derive from decrease in cash and cash equivalents, in receivables from affiliated companies and companies in which participations are held (EUR -5.065 million). On the other hand marketable securities increased by EUR +5.000 million.

Cash and cash equivalents declined in the financial year by EUR -34.234 million. This reduction is attributable to lower liabilities for ticket monies at the balance sheet date, cash outflows for disbursement of dividends in the second quarter of 2015, change in financial liabilities, purchase of marketable securities and purchase price payments for acquisitions. In contrast, liquidity inflows from higher net income for the year were recognised.

Cash and cash equivalents, at EUR 174.629 million (previous year: EUR 208.863 million) include ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced), which are reported in other liabilities (EUR 134.169 million; previous year: EUR 171.159 million). Other assets also include receivables relating to ticket monies from presales (EUR 11.702 million; previous year: EUR 19.461 million). The very high amount of liabilities for ticket monies as at 31 December 2014 resulted primarily from sales in the fourth quarter of tickets for many major tours and was reduced accordingly by payouts in the reporting period.

Marketable securities increased due to the acquisition of discount certificates (EUR +5.000 million).

Short-term **receivables from affiliated companies and participations** decreased by EUR -5.065 million mainly because of scheduled repayments of loans.

NON-CURRENT ASSETS decreased by EUR 257 thousand to EUR 317.559 million. A major portion of that decline relates to goodwill (EUR -7.649 million). This was offset by an increase in fixed assets (EUR +4.742 million) and receivables from affiliated companies and participations (EUR +2.222 million).

Additions to **fixed assets**, at EUR 4.742 million mainly relate to intangible assets for further development of the Global Ticketing System (EUR 7.979 million), ticketing distribution rights (EUR 2.743 million), IT hardware for operating the Global Ticketing System and for connecting box offices to the Global Ticketing System (EUR 1.053 million). These are offset by systematic depreciation (EUR -8.926 million). The additions in financial assets, at EUR 817 thousand, relate primarily to the acquisition in kinoheld GmbH, Munich.

The EUR 7.649 million decrease in **goodwill** derives mainly from the scheduled amortisation of goodwill according to HGB.

Long-term **receivables from affiliated companies and participations** increased by EUR 2.222 million because of loan receivables.

CURRENT LIABILITIES decreased by EUR 101.272 million to EUR 204.291 million, mainly by the decrease in current financial liabilities (EUR -59.009 million), provisions (EUR -4.736 million) and other liabilities and deferred expenses (EUR -34.916 million).

The EUR 59.009 million decrease in **short-term financial liabilities**, resulted from the repayment of existing resources credit line (EUR -14.000) and the repayment of the promissory notes in december 2015 amounting to EUR 45.000 million. The expired promissory notes were refinanced over new long term promissory notes with a maturity of 5 years.

The EUR 4.736 million decrease in **provisions** mainly derives from lower tax provisions in the reporting period (EUR -3.239 million) and other provisions (EUR -1.497 million). The decrease in other provisions mainly results from lower provisions for outstanding invoices (EUR -1.514 million). In contrast stands outstanding commissions (EUR +446 thousand) increased in the reporting period.

The EUR -34.916 million change in **other liabilities and deferred expenses** is mainly caused by lower liabilities in respect of ticket monies that have not yet been invoiced. As at 31 December 2014, the very high amount of liabilities for ticket monies not yet invoiced resulted primarily from the tickets sold in the fourth quarter of 2014 for several major tours and was reduced accordingly by payments (EUR -36.990 million) in the reporting period. On the other hand, there was an increase of EUR 1.638 million in liabilities for gift vouchers sold but not yet redeemed and of VAT liabilities by EUR 545 thousand.

NON-CURRENT LIABILITIES increased by EUR 34.646 million to EUR 97.004 million. This increase mainly results from the issuance of medium-term bank liabilities in connection with the inclusion of new promissory notes (EUR +49.000 million). In contrast, timely reclassification of medium and long-term financial liabilities to short-term financial liabilities (EUR 14.286 million) result in a reduction.

SHARHOLDERS' EQUITY rose by EUR 33.645 million to EUR 248.847 million. The net income for the reporting year, at EUR 72.041 million, is offset by the EUR 38.397 million dividend for the 2014 financial year that was adopted at the Annual Shareholders' Meeting in May 2015.

The equity ratio increased from 36.9% to 45.2%. The return on equity (net income for the year divided by shareholders' equity) is 29.0% compared to 26.2% in 2014.

4.3 CASH FLOW

4.3.1 CONSOLIDATED CASH FLOW (IFRS)

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	91,928	245,637	-153,709
Investing activities	-22,347	-58,604	36,257
Financing activities	-79,981	-56,457	-23,524
Net increase / decrease in cash and cash equivalents	**-10,400**	**130,576**	**-140,976**
Net increase / decrease in cash and cash equivalents due to currency translation	5,373	-469	5,842
Cash and cash equivalents at beginning of period	505,843	375,736	130,107
Cash and cash equivalents at end of period	**500,816**	**505,843**	**-5,027**

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 2014, cash and cash equivalents decreased by EUR 5.027 million from EUR 505.843 million to EUR 500.816 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 decreased year-on-year by EUR 153.709 million from EUR 245.637 million to EUR 91.928 million. The main reason for this decline in cash flow from operating activities is the change in liabilities (EUR -202.675 million). This was offset by a positive cashflow effect from consolidated net income after non-controlling interest in EUR 11.857 million, in payments on account (EUR +18.768 million) and a change in receivables and other assets (EUR +10.571 million).

The positive cash-flow effect of EUR 18.768 million from changes in **payments on account** was mainly the result of a decrease in production cost payments for future events to be held after the balance sheet date in the Live Entertainment segment.

The negative cash-flow effect of EUR 10.571 million from changes in **receivables and other assets** was mainly the result of a higher accumulation of trade receivables and other assets. This is offset by a higher reduction of receivables relating to ticket monies from presales in the reporting period.

The EUR -202.675 million negative cash flow effect due to the change in **liabilities** mainly results from higher decrease of liabilities of ticket monies that have not yet been invoiced in the Ticketing segment (EUR -89.706 million) and higher decrease in advance payments received in the Live Entertainment segment (EUR -113.377 million). This was offset by a positive cash flow effect in other liabilities (EUR +5.671 million).

In 2014, a significantly positive cash flow effect was essentially due to higher liabilities from ticket monies that have not yet been invoiced in the Ticketing segment (EUR +72.154 million) caused by the presale of major tours in 2015 (inter alia AC/DC, U2, Helene Fischer) as well as higher advance payments received in the Live Entertainment segment (EUR +72.450 million). With the performance of many major tours in the reporting year 2015, the high level of liabilities from ticket monies amounting to EUR 17.552 million and of advance payments received of EUR 40.927 million resulted in cash outflows. Thus, the positive cash flow effect in 2014 and the negative cash flow effect in 2015 resulted in a material reduction of cash flow from operating activities.

The positive cash flow effect of other liabilities (EUR +5.671 million) includes mainly higher liabilities from gift vouchers and increased deferred income.

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. 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.

CASH FLOW FROM INVESTING ACTIVITIES

The negative cash flow from investing activities decreased by EUR 36.257 million from EUR 58.604 million to EUR 22.347 million due to lower cash outflows for investing activities in tangible assets. Furthermore, less payments were made for acquisitions in comparision to the prior year period.

CASH FLOW FROM FINANCING ACTIVITIES

The negative cash flow from financing activities rose year-on-year by EUR 23.524 million from EUR 56.457 million to EUR 79.981 million. In the reporting period, more financial loans were taken out (EUR +84.000 million) and higher redemptions of financial liabilities (EUR -95.599 million) were made. Furthermore, higher dividends to shareholders (EUR -7.679 million) led to a negative cash flow effect.

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)

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	42,112	131,254	-89,142
Investing activities	-13,664	-37,363	23,698
Financing activities	-62,682	-44,997	-17,685
Net increase / decrease in cash and cash equivalents	**-34,234**	**48,894**	**-83,129**
Cash and cash equivalents at beginning of period	208,863	159,969	48,895
Cash and cash equivalents at end of period	**174,629**	**208,863**	**-34,234**

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 2014, cash and cash equivalents decreased by EUR -34.234 million from EUR 208.863 million to EUR 174.629 million.

Cash flow for operating activities decreased by EUR 89.142 million to EUR 42.112 million. The year-on-year decrease in 2015 mainly results from reduced liabilities (EUR -100.106 million), lower other provisions (EUR -6.007 million) and the purchase of marketable securitites (EUR -5.000 million). These were offset by positive cash flow effects due to the higher net income for the year (EUR +15.673 million) and from the change in receivables (EUR +16.505 million).

The increased **marketable securities** (EUR -5.000 million) result from the purchase of discount certificates.

The EUR 16.505 million positive cash flow effect in respect of **receivables** mainly relates to changes in receivables from affiliated companies and participations (EUR +13.511 million) and other receivables related to ticket monies (EUR +12.778 million). By contrast, new factoring receivables (EUR -9.464 million) led to a negative cash flow effect. In connection with the introduction of new payment methods, a factoring agreement has been concluded with a service provider to hedge retail receivables from ticket monies.

The negative cash flow effect in respect of **liabilities**, at EUR 100.106 million, is due to higher payments of liablities in respect of ticket monies. In 2014, a significantly positive cash flow effect was essentially due to higher liabilities from ticket monies that have not yet been invoiced (EUR +62.931 million) caused by the presale of major tours in 2015 (inter alia AC/DC, U2, Helene Fischer). With the performance of many major tours in the reporting year 2015, the high level of liabilities from ticket monies resulted in cash outflows amounting to EUR 36.990 million.

The negative cash flow effect in respect of the chance of **other provisions** (EUR -6.007 million) result mainly from lower provisions for outstanding invoices (EUR -1.514 million) and for credit notes (EUR -1.241 million).

Negative **cash flow from investing activities** of EUR 13.664 million decreased from EUR 37.363 million by EUR 23.699 million. The decrease in cash outflow due to purchase price payments related to lower acquisitions of shares in acquired companies in the reporting period (EUR +25.878 million) was offset by higher cash outflows in investments in intangible assets (EUR -2.380 million).

Negative **cash flow from financing activities** increased year-on-year by EUR 17.685 million from EUR 44.997 million to EUR 62.682 million. The payment of taking up loans increased in the reporting period by EUR 83.936 million and repayments of financial loans increased by EUR -93.941 million. Furthermore, higher dividends paid to shareholders (EUR -7.679 million) led to negative cash flow effect.

4.4 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

CTS KGaA and the **CTS Group** were able to improve key revenue and earnings figures during the 2015 financial year and, as a result, are well positioned to continue on the successful growth course of the past years. The forecasts on key revenue and earnings figures for the CTS Group were considerably exceeded. Despite phases of economic weakness in some European countries, the business model of the CTS Group again proved to be very robust. Expanding E-Commerce, which is still highly dynamic, remains the focus of the CTS Group's strategy in the Ticketing segment. Commerce activities are increasingly taking place online, which is an advantage for CTS EVENTIM as a technological leader.

The key revenue and earnings figures forecasted in the prior year for the **Ticketing segment** (and CTS KGaA) were considerably exceeded during the reporting period. This was based on the increase in online ticketing volume in Germany and abroad, the continued international expansion and also the launch of new products and services. The average growth rate from 2011 to 2014 of approximately 11% was exceeded during the reporting period. The increase in net profit developed faster than the growth rate of revenue. The improvement in the forecasted figures was due to organic and acquisition-based growth and the improved generally strong fourth quarter, particularly generated by ticket presales for events in 2016.

Business in the **Live Entertainment segment** developed better than planned in the reporting year; popular events and an exceptional concentration of successful major tours resulted in significantly improved key revenue and earnings figures, reaching record level. This trend was also supported by diversification, including new event formats and the operation of attractive venues.

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

5. APPROPRIATION OF EARNINGS BY CTS KGaA

In the 2014 financial year, CTS KGaA generated net income for the year (according to HGB) of TEUR 56.368 million. The Annual Shareholders' Meeting on 7 May 2015 adopted a resolution to distribute EUR 38.397 million (EUR 0.40 per eligible share) of the balance sheet profit of EUR 111.593 million as at 31 December 2014 to shareholders. Payment of this dividend was effected on 8 May 2015. The remaining balance sheet profit of EUR 73.196 million was carried forward to the new account.

In the 2015 financial year, CTS KGaA generated EUR 72.041 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 44.156 million (EUR 0.46 per eligible share) be distributed. The proposed dividend is based as in previous years to 50% of net income for the Group. The remaining EUR 25.903 million, after allocation to statutory reserve (EUR 1.982 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 Mr. Klaus-Peter Schulenberg (indirectly 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

On 10 March 2016, the CTS KGaA signed a transaction agreement with Nordisk Film A/S, Copenhagen, Denmark, which belongs to the Danish Egmont Group. The agreement concerns the formation of a holding company in Denmark, which will be used in the future to provide jointly ticketing services in Scandinavia and to take a leading market position in Denmark, Sweden and Norway. The Swedish ticketing company of CTS KGaA CTS Eventim Sweden AB and the Danish ticketing company Venue Point Holding A / S of Nordisk Film A / S will be sold by the parties to the holding company. CTS KGaA acquires shares in the holding company and therefore exercises the controlling interest in the group.

8. RISK AND OPPORTUNITIES REPORT

The Group's risk and opportunity 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 planned targets.

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 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 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 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 risk management system is carried out at operating process, department and company level in the segments and subsidiaries.

The 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 risk management system via a model which defines roles and responsibilities. Officers must be appointed by all reporting entities. The 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 risk reports and monitors the efficiency of the system.

Quarterly reports ensure that the company's management is promptly informed of potential risks 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 year 2016 and following financial year 2017.

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 measures 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 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	Risk area
1. Strategy	Risks which represent a significant threat which arise from strategic decisions: • Risks of future economic development • Sector, market and competition
2. Market	Risks based on changes in the market (prices, competition etc.): • Products, services, innovations
3. Performance	Risks 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 arising from large projects
5. Finance	Financially-based risks: • 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. Social/political/ legal	Risks arising from changes in the social or 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 AREAS

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 ≥1% and ≤10%) and ‘low’ (expectation value of the risk impairs EBIT by less than 1%). The risk classification is based on the highest individual risk per risk area.

Unless otherwise specified, the risks described below relate to both segments.

8.2.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

Overall economic recovery in Germany and the euro area continued in 2015. Weak growth in emerging markets, however, subdued economic development in Germany, in the euro area as well as worldwide. The OECD predicts economic growth in the emerging markets to accelerate only moderately in 2016 and 2017. Moreover, the sharp fall in commodity prices and geopolitical tensions, not least the complex situation in Syria and the entire Middle East with the resulting terrorist threats, are negatively impacting the global investment climate.

The refugee migration in 2015 has made it clear that Germany is not immune to global challenges. According to the German Council, current estimates show that the expenditure required to meet the challenges of the refugee issues in Germany is manageable due to the solid state of public finances as well as further potential for efficiency-enhancing economic policy.

The ECB continued to pursue its expansive monetary policy in 2015. The extensive quantitative easing measures will also remain in place for 2016. In the view of the German Council, the current low interest rates, however, put the financial stability and sustainability of banks’ and insurance companies’ business models at risk.

According to the German Council, is can be assumed that temporary shocks and a further slowdown in US economic growth may lead to volatile macroeconomic development in 2016 and 2017. But the general sentiment, especially related to economic development in Germany, is positive. This is due to the considerable scope for efficiency-enhancing economic policy decisions, particularly in the areas of the labour market, education, competition, foreign trade, energy and taxes.

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 Shops and the apps for iPhone and Android, cross-selling and upselling, state of the art applications for promotions and VIP package deals, internet-base ticket exchange, high-quality Fan-Ticket, 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.

Changed competitive situations in the core markets of the Live Entertainment segment can lead to changes in the market. The success in the Live Entertainment segment is based on existing promoters, attractive events and tours, leading venues and collaborations with artists grown over the years. The CTS Group has a variety of brands in particular in the area of festivals, famous venues, extensive contacts with artists and their management, reputation in event management, distribution strength and financial strength.

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.

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 2015.

As at 31 December 2015, the Group has bank liabilities of EUR 146.514 million (previous year: EUR 171.491 million). Of the external loans, EUR 97.848 million (previous year: EUR 126.485 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 2015 business year, security amounting to EUR 11.289 million (previous year: EUR 10.554 million) was provided for Group companies, mainly to hedge the risks in ticket presales by various box offices (EUR 11.273 million, previous year: EUR 10.213 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 2015, the consolidated net income after tax would have been EUR 1.166 million lower (or higher, respectively) (previous year: EUR 2.119 million). The hypothetical effect on net income after tax results mainly from EUR/CHF currency sensitivity (EUR -446 thousand; previous year: EUR -589 thousand for EUR/CHF), from EUR/USD (EUR -131 thousand; previous year: EUR -574 thousand for EUR/USD), from EUR/ILS (EUR -173 thousand; previous year: EUR -152 thousand for EUR/ILS), from EUR/RUB (EUR -67 thousand; previous year: EUR -145 thousand for EUR/RUB) and from EUR/GBP (EUR -327 thousand; previous year: EUR -462 thousand for EUR/GBP).

If the Euro had appreciated (or depreciated) in value by 10% against all other currencies as at 31 December 2015, the shareholders`equity would have been EUR 147 thousand lower (or higher, respectively). The hypothetical effect on the shareholders`equity results mainly from EUR/CHF currency sensitivity of EUR 360 thousand and EUR/USD -507 thousand.

The risk is classified as low.

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for long-term loans (with fixed-interest periods of 2, 3 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 2015 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 352.614 million (previous year: EUR 263.084 million).

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2015, consolidated net income after tax would have been EUR 2.432 million higher (EUR 137 thousand lower). The effect on consolidated net income after tax concerns relate exclusively to floating interest rates in cash and cash equivalents and financial debts at banks.

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 relate exclusively to floating interest rates in cash and cash equivalents. The risk is classified as low.

OTHER PRICE RISKS

The marketable securities and other investments 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. The risk is classified as low.

If market prices as at 31 December 2015 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 26 thousand higher (lower) (previous year: EUR 2 thousand).

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. An audit for 2010 to 2013 started in November 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. The risk is classified as low.

Additional reporting is made in section 8.2.6 social/political/legal risk area.

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 SOCIAL/ POLITICAL / LEGAL RISKS

The Group operates in the market for leisure events in the Ticketing and Live Entertainment segments. Market uncertainties based on social and political instability such as those caused by domestic conflicts, terror attacks, civil unrest, war or international conflicts, or by pandemic and natural catastrophes, can negatively impact the financial position and earnings, cash flow and revenue and operating profit figures in both segments.

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, stricter laws and official requirements for events due to an altered security situation (including unrest caused by violence and terror), 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.

In the context of administrative proceedings, the German Federal Cartel Office is investigating the market position and market behaviour of CTS KGaA, particularly whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent and, in doing so, puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements. All requests for information issued by the Cartel Office in this regard were answered in a complete and timely manner by the company. A request for information is currently in ongoing process. It cannot be excluded that the Cartel Office will take up issue with individual practices or agreements during these proceedings and issue an order for modification. No negative effects are presently expected for the business development going forward.

The risk is classified as medium.

8.2.7 COMPLIANCE RISKS

Compliance risks can arise if any applicable laws, regulations, industry standards and voluntary commitments are not complied with. Internal guidelines and control mechanisms support to avoid such risks. For specific risk areas (PCI compliance, IT security and data protection), different officers have been appointed. The legal department and internal auditing support through ongoing consultations, the identification and management of compliance risks, particularly within the background of the increasing internationalization of the Group. The risk is classified as low risk.

8.3 OPPORTUNITY MANAGEMENT

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 that arise lies with the operations managers.

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

The aim is to identify and materialise opportunities in both core business segments Ticketing and Live Entertainment.

Individual growth initiatives are assessed according to strategic and financial criteria based on accounting analyses such as contribution accounting, investment accounting and discounted cash flow accounting.

8.3.1 STRATEGIC OPPORTUNITIES

Potential opportunities have been identified in the areas of market and competition.

Significant growth opportunities in the Ticketing segment involve the development and expansion of business in international markets.

Potential for growth in the Internet ticket sales business is linked to targeted customer communication. Through efficient multi-channel dialogue, the use of Customer Relationship Management (CRM) systems enables improved purchase activation and an overall higher degree of loyalty among e-commerce customers. In this context, the CTS Group is focusing on the development of event recommendation, which allows for demand creation also in the mid- and long-tail area. An improved multi-channel campaign management system will be implemented to automate marketing and increase efficiency.

In view of the development and expansion of additional ticket products, market opportunities have been identified in connection with EVENTIM.Fansale, EVENTIM.Guide and EVENTIM.Light. EVENTIM.Fansale is a resale portal where customers can sell event tickets to other customers. EVENTIM.Guide is an online leisure calendar that closes the gap between ticketing and local leisure planning. With EVENTIM.LIGHT, a new, web-based ticket product was created that offers self-service promoters without specialised knowledge a simple and easy entry into the world of professional ticketing.

The continuing development of new content fields for ticket sales (inter alia cinema) falls within the strategic context of the ongoing expansion of the CTS customer range.

In order to realise other market opportunities, business models are being expanded or newly developed.

Opportunities in the Live Entertainment segment are related to processing attractive major events and establishing new event formats as well as expanding venue operation.

8.3.2 PROJECT OPPORTUNITIES

In order to take advantage of additional project opportunities, the CTS Group will continue to apply for ticket processing projects related to major sports events in Germany and abroad.

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 social, political, and 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 consolidation software deployed by CTS KGaA has been used for many years already to prepare the consolidated financial statements of CTS. 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.

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 Entertainment. 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.

Klaus-Peter Schulenberg has an indirect holding in EVENTIM Management AG and CTS KGaA. On 28 December 2015, Klaus-Peter Schulenberg transferred 48,194,000 shares with voting rights of CTS KGaA (50.2% of share capital) as well as 50,000 shares with voting rights of EVENTIM Management AG (100% of share capital) to KPS Stiftung seated in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding.

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 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 authorized in accordance with the Annual Shareholders' Meeting on 7 May 2015 to purchase by 6 May 2020 up to 9,600,000 treasury shares (up to 10% of the existing share capital) at the price and subject to the conditions defined in the authorisation resolution dated 7 May 2015, 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 http://www.eventim.de/tickets.html?affiliate=GMD&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance website.

12. REPORT ON EXPECTED FUTURE DEVELOPMENT

12.1 FUTURE MACROECONOMIC ENVIRONMENT

Even after the expected interest rate increase by the Federal Reserve System (FED) in early December 2015, economists are still of the opinion that central banks will continue to provide the global economy with sufficient liquidity in 2016. The OECD also assumes that global economic growth of 3.0% in the 2016 financial year will continue to fall short of the long-term average. The OECD projects a slightly higher growth rate of 3.3% for 2017. According to the OECD, growth continues to be driven by private consumption, which benefits from a favourable financing environment due to the consistently low interest rates and compensates for acceleration in wage inflation that has yet to take hold. OECD economists do not perceive any increased risk in terms of credit-driven consumer excesses like those that contributed to the onset of the global economic and financial crisis roughly 10 years ago.

As a result of the merely moderate growth recorded in the emerging markets, which are major contributors to global economic growth due to their ongoing integration into the global economy, the OECD expects overall growth for the global economy to accelerate only moderately in 2016. Modest prospects for growth in 2016 also impact the willingness of investors, which already represented a weak spot in 2015 according to the OECD. The OECD continues to predict a strained investment environment in 2016. On the one hand, this is due to the sharp drop in commodity prices and, on the other hand, to geopolitical factors such as the tensions within the EU because of the refugee crisis, the vote on a 'Brexit', and last but not least, the complex situation in Syria and the entire Middle East including the associated threat of terrorism.

Based on these framework conditions, the OECD forecasts slightly increasing growth rates for the USA, EU and Japan in 2016; but these developments will be countered by the unexpected economic slowdown in China as well as ongoing recessions in Russia and Brazil. Overall, expected global economic growth will be below its long-term average.

As in 2014, the depreciation of the euro against the US dollar stimulated demand abroad and competitiveness in the eurozone in 2015. The OECD believes that these positive effects will continue in 2016. Countries like France, Italy and Spain, whose economies stifled overall European growth in 2014, developed positively in 2015. The OECD forecasts for 2016 that the positive momentum in France, Italy and Spain will continue. Even if an end to the necessary structural reform efforts is nowhere in sight, the value of the euro as well as the ECB's expansive monetary policy contributed to this development.

There is much speculation about the ECB abandoning its expansive monetary policy. Several bank economists expect a tapering debate to begin in Europe already at the end of 2016. These scenarios are coupled with expectations that the ECB will also begin to gradually allow its open market operations to expire starting in the first quarter 2017 and that initial interest rate measures will be possible in 2018. However, these economic views are based on a continued weak value of the euro as well as reserved loan expansion.

For the Federal Republic of German, buoyant domestic demand is the primary reason for the OECD's projected economic growth of 1.3% in 2016. This will be driven primarily by the favourable labour market situation and increases in the real disposable income for private households. However, the export-oriented German economy is currently being impacted by weak demand from emerging markets, which will in turn negatively affect commercial investment activities. A recovery of the sales markets outside Europe and the slight increase in economic growth within the eurozone should enhance the impact of the basic constitution of the German economy in the near future, according to Bundesbank expectations.

12.2 EXPECTED EARNINGS PERFORMANCE

The combination of a highly sophisticated ticket network and an 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 promoters, 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 significant revenue and earnings growth in the 2015 financial year and expanded their market leadership in Europe. The business model of the CTS Group again proved to be very robust. CTS KGaA and the Group thus exceeded the targets for the key figures for the 2015 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. Here, the CTS Group continues to count on organic growth through the continuous optimisation of what are already the world's leading ticketing systems, as well as on examining the international ticketing and live entertainment market for strategic cooperation and acquisition opportunities. In this context, the CTS Group is increasingly focusing on international growth. The ticketing for the 2016 Olympic Games in Rio de Janeiro, which is already underway, is an ideal entry in the highly promising South American market. Further opportunities in Europe to expand on market leadership are currently being assessed.

TICKETING

In line with forecasts, the Ticketing segment saw an improvement in key financial figures in the 2015 reporting year. The forecasted ongoing expansion of Internet ticketing in Germany and abroad, the introduction of new products and services, and the traditionally strong fourth quarter, particularly generated by ticket presales for events in 2016, were responsible for the improvement. Forecasted improvement of key financial figures (revenue and earnings figures) in the mid-single-digit percentage range was realised.

Expanding **E-Commerce** remains the focus of the CTS Group's strategy in the Ticketing segment. The profitable online ticketing segment continues to offer major growth opportunities that the company should continue to leverage in a consistent manner. The trend towards convenient online shopping continues. By consistently improving the CTS Group's leading webshops, the customer is provided with an easier and more convenient way to access live events. In this context, the focus is on the further development of offers for mobile devices. The EVENTIM apps for smartphone and tablets with iOS and Android are already in use.

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 smartphones as tickets or services such as printing tickets from the comfort of the home through the CTS Group' s Internet portals appeal to an increasing number of customers.

The development of customised E-Commerce solutions for event promoters will be further advanced in the future. This involves the professional analysis of user data, allowing us to continue tailoring offers more precisely to the needs of the customers. With EVENTIM Analytics, the CTS Group already offers promoters a tool that can make marketing activities significantly more efficient. The promoter has access to anonymous demographic and geographic data of concertgoers.

In the **Information Science** field, the CTS Group will continue in 2016 to develop the data-based optimisation solutions in the fields of Customer Relationship Management (CRM), analytical solutions for B2B partners (B2B Analytical Services) and Business Performance Management (BPM), focusing on 'sales prognosis systems', 'dynamic pricing' and 'data-driven display advertising'. After successful implementation, these areas of focus represent expansion opportunities for the Eventim.Analytics product for B2B partners in 2016.

Patented, specially designed **FanTickets** – a special souvenir of major live experiences – are presented for most major events. 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.

The CTS Group modernised ticket issuing through investments in the **'mobile'** field. 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 2016.

In addition to E-Commerce, more than 20,000 **points of sale** across Europe also remain an important pillar of our unique distribution network.

EVENTIM.LIGHT, a new, web-based ticketing product, was created in 2015 and offers self-service promoters without specialised knowledge a simple and easy entry into the world of professional ticketing. EVENTIM.LIGHT was tailored specifically to the needs of online-based promoters from fields such as electronic dance music, poetry slam, family entertainment, dinner shows and lectures and readings. The ticketing system is optimised for use with mobile devices such as tablets and smartphones and is easy to operate and requires no prior knowledge. These self-service promoters can create their own ticket shop or enter events with just a few clicks and at no charge. Ticket buyers pay market standard fees when purchasing tickets via EVENTIM.Light.

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

The innovative software solutions provided by the CTS Group in the **sports field**, namely EVENTIM.Tixx and EVENTIM.FaRM, are the leading ticketing and CRM systems on the market and are used by a variety of football, ice hockey, basketball and handball clubs. Motor sports, track and field, winter sports, riding and boxing events are other key areas of focus in the sports field. These customers are provided with software interfaces so that admission tickets for these sports events can also be obtained using CTS distribution network.

The CTS Group made every effort in 2015 to expand its position as a leader in innovation and technology and made significant investments in the further development of its systems. Cross selling functionalities were integrated in the Tixx and FaRM systems to increase revenue in merchandising, catering and sponsoring. Additional advertising space in the online shop as well as on various ticket media (Ticketdirect, Mobile Ticket) was created for sponsors.

The internationalisation of software solutions was yet another focus. In addition to existing markets in Germany, Austria and Switzerland, new customers were acquired in the Netherlands (including Ajax Amsterdam and Feyenoord Rotterdam) and Italy.

The CTS Group's objective is to utilise its leading expertise as a ticket seller and to sell more tickets for its customers than the competition via the 'conversion-optimised' online shops, internet platforms and network of box offices. In this regard, data-based campaigns are also to be 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. The CTS Group also aims to tap new sources of income in the fields of merchandising, catering and sponsoring for sports promoters, on the basis of the data generated by ticketing.

The CTS Group intends to expand its existing customer base continuously in 2016 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 for theatres, opera and concert houses and festivals in the best way possible. The EVENTIM.Inhouse product was continuously expanded and adapted to changing market requirements in the past financial year. As a result of declining state support, the cultural field has recognised the importance of closer ties to their customers and tapping into new sources of income.

The CTS Group aims to expand its broad customer base in 2016 by participating in promising tenders and in particular to gain new customers in other European countries. Promoters of cultural events are to be supported on a long-term basis by further developing functions for acquiring and tying customers and for integrating sales partners.

Besides technological innovations, new **genres and new types of events** are being developed. Within this context, the CTS Group's marketing experts draw up plans which directly support the tours' success.

Organic growth in the Ticketing segments was complemented with targeted **acquisitions** over the past few years. 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 expanded its offer in the cinema ticketing segment in the reporting period. Following Italy and Spain, the cinema ticketing segment was also expanded in Germany with the strategic 51% investment in kinoheld GmbH, Munich. This investment is part of the strategic ongoing expansion of the CTS range of customers.

2016 will be marked by a series of new innovations. In the current financial year, the CTS Group plans to further strengthen its market position, particularly in Europe, by developing new innovative ticketing services and constantly improving its applied technology.

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

LIVE ENTERTAINMENT

Business performance in the Live Entertainment segment exceeded expectations in the reporting year; attractive events and an extraordinary concentration of major tours resulted in considerably improved, record level revenue and earnings figures. This development was also supported by diversification, including new event formats and the operation of attractive venues. The estimated increase in key financial figures (revenue and earnings figures) of around 10% was substantially exceeded. The positive results achieved in the Live Entertainment segment confirm the strategy of further diversification in this business segment at a national and international level. The CTS Group will continue to strengthen its extensive network of subsidiaries and participations in the Live Entertainment segment in the future. Attractive events, tours and leading venues in Germany and abroad characterise the success of the CTS Group in the Live Entertainment segment. We are very well positioned in the events market; a close network established over many years with promoters, artists and their agents allows for the optimum marketing of live events. This success will not be impacted by the departure of our longstanding managing director Marek Lieberberg of Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main, who is moving to Live Nation. Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main, will remain part of the CTS Group and its activities will be continued without disruption. Significant examples of these activities include the ROCK AM RING and ROCK IM PARK festivals, which together attract more 150,000 attendees every year. We will also consistently develop and advance new event formats in order to acquire additional market shares. It is planned to continue the diversification of the Live Entertainment segment at both national and international level.

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 reporting period.

The 2015 reporting period was characterised by extremely successful, record level business development due to a number of major tours. Based on the record level results for the 2015 financial year, we expect only moderate business development in 2016.

In the Live Entertainment segment both acquisitions and share purchases of existing subsidiaries are planned as part of a strategic and geographic market expansion.

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 strategy plans come to fruition, a solide business advancement for the CTS Group can be expected in 2016. These expectations are further supported by the continuous expansion of Internet ticketing operations, by continuing international expansion and by the launching of new products and services by the CTS Group.

We forecast growth in the mid-single-digit percentage range in both revenue and earnings for the Ticketing segment (and at CTS KGaA) in the 2016 financial year, provided that the share of Internet business can be further expanded. In the Live Entertainment segment, we expect business performance to be only moderate, given the record results achieved in the 2015 financial year due to the number of major tours, with a slight decrease in revenue of approximately 10% and roughly 30% for earnings figures. Based on segment forecasts, a slight decline in revenue and earnings in the mid-single-digit percentage range for the CTS Group is expected for the 2016 financial year. However, Group earnings per share (EPS) is planned with a slight improvement in a low-single-digit percentage range for the business year 2016; the expected decline in earnings in the Live Entertainment segment with high non-controlling interests will be countered by earnings growth in the ticketing segment with a low level of non-controlling interest in this segment.

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

Bremen, 10 March 2016

CTS EVENTIM AG & Co. KGaA

represented by:

EVENTIM Management AG, general partner

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2015

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015 (IFRS)

ASSETS		31.12.2015	31.12.2014
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	500,816,217	505,842,631
Marketable securities and other investments	(2)	5,877,799	479,530
Trade receivables	(3)	34,001,185	30,902,736
Receivables from affiliated and associated companies accounted for at equity	(4)	4,746,267	3,210,780
Inventories	(5)	2,074,026	2,425,605
Payments on account	(6)	27,842,808	29,675,237
Receivables from income tax	(7)	4,984,630	10,485,425
Other financial assets	(8)	59,151,666	59,856,822
Other non-financial assets	(9)	11,812,594	13,618,949
Total current assets		**651,307,192**	**656,497,715**
Non-current assets			
Property, plant and equipment	(10)	20,573,962	22,048,978
Intangible assets	(11)	107,513,493	113,360,288 [1]
Investments	(12)	2,965,734	2,847,637
Investments in associates accounted for at equity	(13)	19,485,832	18,751,748 [2]
Loans	(14)	190,835	218,425
Trade receivables	(15)	22,264	21,733
Receivables from affiliated and associated companies accounted for at equity	(16)	1,533,917	2,667,946
Marketable securities and other investments	(17)	1,000,000	0
Other financial assets	(18)	3,429,159	3,190,365
Other non-financial assets	(19)	26,015	46,882
Goodwill	(20)	278,222,458	270,761,170 [1]
Deferred tax assets	(21)	12,208,485	10,470,327 [1]
Total non-current assets		**447,172,154**	**444,385,499** [1,2]
Total assets		**1,098,479,346**	**1,100,883,214** [1,2]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

SHAREHOLDERS‘ EQUITY AND LIABILITIES		31.12.2015	31.12.2014
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities	(22)	16,621,451	77,837,293
Trade payables	(23)	79,942,316	73,051,696
Payables to affiliated and associated companies accounted for at equity	(24)	597,675	1,614,716
Advance payments received	(25)	153,824,211	190,981,571
Other provisions	(26)	10,711,870	3,594,752
Tax provisions	(27)	27,492,725	25,196,613
Other financial liabilities	(28)	245,656,555	258,828,996
Other non-financial liabilities	(29)	52,778,505	46,719,151
Total current liabilities		**587,625,308**	**677,824,788**
Non-current liabilities			
Medium- and long-term financial liabilities	(30)	132,562,780	97,730,656
Other financial liabilities	(31)	766,845	145,786
Other non-financial liabilities	(32)	0	74,490
Pension provisions	(33)	9,914,857	8,345,582
Deferred tax liabilities	(34)	13,438,090	16,473,016 [1]
Total non-current liabilities		**156,682,572**	**122,769,530** [1]
Shareholders' equity			
Share capital	(35)	96,000,000	96,000,000
Capital reserve		1,890,047	1,890,047
Statutory reserve		7,200,000	5,218,393
Retained earnings		225,961,993	178,109,800 [1,2]
Treasury stock		-52,070	-52,070
Non-controlling interest		20,880,626	18,854,562 [1]
Total comprehensive income		-1,905,806	-1,920,518
Currency differences		4,196,676	2,188,682
Total shareholders' equity		**354,171,466**	**300,288,896** [1,2]
Total shareholders‘ equity and liabilities		**1,098,479,346**	**1,100,883,214** [1,2]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business ‘Listicket’

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (IFRS)

		01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
		[EUR]	[EUR]
Revenue	(1)	834,227,295	690,299,943
Cost of sales	(2)	-571,793,345	-460,439,057 [1]
Gross profit		**262,433,950**	**229,860,886** [1]
Selling expenses	(3)	-74,067,164	-65,116,555 [1]
General administrative expenses	(4)	-48,891,489	-43,881,000 [1]
Other operating income	(5)	20,651,774	17,359,751 [1]
Other operating expenses	(6)	-9,923,018	-11,314,421
Operating profit (EBIT)		**150,204,053**	**126,908,661** [1]
Income / expenses from participations	(7)	16,532	26,008
Expenses / income from investments in associates accounted for at equity	(8)	-173,701	-26,405 [2]
Financial income	(9)	1,253,980	1,746,011
Financial expenses	(10)	-5,943,632	-6,536,136
Income before tax (EBT)		**145,357,232**	**122,118,139** [1,2]
Taxes	(11)	-44,819,831	-36,594,471 [1]
Net income before non-controlling interest		**100,537,401**	**85,523,668** [1,2]
Thereof attributable to non-controlling interest	(12)	-11,508,720	-8,352,362 [1]
Net income after non-controlling interest		**89,028,681**	**77,171,306** [1,2]
Earnings per share (in EUR); undiluted (= diluted)		0.93	0.80 [1,2]
Average number of shares in circulation; undiluted (= diluted)		96 million	96 million

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business ‘Listicket’

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (IFRS)

	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
	[EUR]	[EUR]
Net income before non-controlling interest	100,537,401	85,523,668 [1,2]
Remeasurement of the net defined benefit obligation for pension plans	-535,543	-2,149,864
Items that will not be reclassified to profit or loss	**-535,543**	**-2,149,864**
Exchange differences on translating foreign subsidiaries	2,824,885	693,343
Changes from the measurement of available-for-sale financial assets	33,862	-25,702
Cash flow hedges	-60,598	12,748
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**2,798,149**	**680,389**
Other results	**2,262,606**	**-1,469,475**
Total comprehensive income	**102,800,007**	**84,054,193** [1,2]
Total comprehensive income attributable to		
Shareholders of CTS KGaA	91,051,387	76,256,225 [1,2]
Non-controlling interest	11,748,620	7,797,968 [1,2]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

	Share capital	Capital reserve	Statutory reserve	Retained earnings	Treasury stock	Non-controlling interest	Other comprehensive income	Currency differences	Total shareholders' equity
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Status 01.01.2014	**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	77,171,306 [1,2]	0	8,352,362 [1]	0	0	85,523,668 [1,2]
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**	**178,109,800** [1,2]	**-52,070**	**18,854,562** [1]	**-1,920,518**	**2,188,682**	**300,288,896** [1,2]
Change in the scope of consolidation	0	0	0	-798,361	0	-46,677	0	0	-845,038
Allocation to the statutory reserve	0	0	1,981,607	-1,981,607	0	0	0	0	0
Dividends to non-controlling interest	0	0	0	0	0	-9,675,879	0	0	-9,675,879
Dividends to shareholders of CTS KGaA	0	0	0	-38,396,520	0	0	0	0	-38,396,520
Consolidated net income	0	0	0	89,028,681	0	11,508,720	0	0	100,537,401
Available-for-sale financial assets	0	0	0	0	0	0	33,862	0	33,862
Cash flow hedges	0	0	0	0	0	-2,902	-57,696	0	-60,598
Foreign exchange differences	0	0	0	0	0	816,891	0	2,007,994	2,824,885
Remeasurement of the net defined benefit obligation for pension plans	0	0	0	0	0	-574,089	38,546	0	-535,543
Status 31.12.2015	**96,000,000**	**1,890,047**	**7,200,000**	**225,961,993**	**-52,070**	**20,880,626**	**-1,905,806**	**4,196,676**	**354,171,466**

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (IFRS)

	01.01.2015 - 31.12.2015 [EUR]	01.01.2014 - 31.12.2014 [EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	89,028,681	77,171,306 [1,2]
Non-controlling interest	11,508,720	8,352,362 [1]
Depreciation and amortisation on fixed assets	30,297,924	28,226,004 [1]
Changes in pension provisions	1,569,275	3,553,569
Deferred tax expenses / income	-4,809,413	-2,366,486 [1]
Cash flow	**127,595,187**	**114,936,755** [1,2]
Other non-cash transactions	-3,741	-386,835 [1]
Book profit / loss from disposal of fixed assets	108,670	317,299
Interest expenses / Interest income	3,442,201	3,858,120
Income tax expenses	49,629,244	38,960,956
Interest received	844,518	1,348,920
Interest paid	-4,771,059	-5,540,936
Income tax paid	-41,345,464	-38,694,644
Increase (-) / decrease (+) in inventories	356,920	131,849
Increase (-) / decrease (+) in payments on account	2,620,804	-16,147,373
Increase (-) / decrease (+) in marketable securities and other investments	-6,398,269	286,644
Increase (-) / decrease (+) in receivables and other assets	-5,016,886	-15,587,600 [1]
Increase (+) / decrease (-) in provisions	6,716,993	1,329,225
Increase (+) / decrease (-) in liabilities	-41,849,953	160,824,700 [1]
Cash flow from operating activities (1)	**91,929,165**	**245,637,080**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-16,817,740	-14,659,322
Payments for investments in property, plant and equipment	-5,901,801	-13,604,981
Payments for investments in non-current financial assets	-55,972	-3,559,489
Proceeds from sales of property, plant and equipment	772,838	190,264
Proceeds from sales of non-current financial assets	66,525	15,000
Proceeds / payments for acquisition of consolidated companies	-411,209	-26,985,267
Cash flow from investing activities (2)	**-22,347,359**	**-58,603,795**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	104,000,000	20,000,000
Payments for redemption of financing loans	-133,018,867	-37,419,778
Payments for the acquisition of consolidated companies	-2,890,062	-2,070,000
Dividend payments to non-controlling interest	-9,675,879	-6,250,388
Dividend payments to shareholders of CTS KGaA	-38,396,520	-30,717,216
Cash flow from financing activities (3)	**-79,981,328**	**-56,457,382**
D. Net increase / decrease in cash and cash equivalents	**-10,399,522**	**130,575,903**
Net increase / decrease in cash and cash equivalents due to currency translation	5,373,108	-469,059
Cash and cash equivalents at beginning of period	505,842,631	375,735,787
E. Cash and cash equivalents at end of period	**500,816,217**	**505,842,631**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	500,816,217	505,842,631
Cash and cash equivalents at end of period	**500,816,217**	**505,842,631**

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

CONTENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2015 (IFRS)

1. PRELIMINARY STATEMENTS

NOTES TO THE CORPORATE STRUCTURE OF CTS KGaA

The change in legal form of CTS AG into a KGaA was completed in the 2014 financial year. The corporate management of the CTS KGaA is perceived by the EVENTIM Management AG, Hamburg. The representative of EVENTIM Management AG, Hamburg, is given by the Management Board.

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 MDAX 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 10 March 2016, 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 through profit and loss and not through profit and 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 comparative figures in the income statement and the comparative figures in the balance sheet relate to the adjusted consolidated financial statements as at 31 December 2014. The final purchase price allocations of the Stage Entertainment Group ticketing companies in Spain and the Netherlands acquired at the beginning of March 2014, the final purchase price allocation of the Italian ticketing business 'Listicket' purchased in July 2014 as well as the final purchase price allocation of the SETP/HOI Holding B.V. purchased in October 2014 caused adjustments to the comparative figures. Detailed explanations are provided in the purchase price allocations section 2.8.1.2 of the notes.

The balance sheet as at 31 December 2015 reports the items of other financial assets and other non-financial assets as well as other financial liabilities and other non-financial liabilities separately. On the balance sheet as at 31 December 2014, these balance sheet items are reported as other assets or other liabilities. Securities are also reported separately and were disclosed under other assets in the balance sheet as at 31 December 2014.

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

2.3 NEW AND AMENDED STANDARDS IN 2015

The following new and amended standards have been applied for the first time as from 1 January 2015:

- Amendment within the Annual Improvements Process 2011-2013 to IFRS 1, IFRS 3, IFRS 13 and IAS 40 (applicable on or after 1 January 2015)
- IFRIC 21 'Levies' provides interpretative guidance on data and amount of the accounting of levies (applicable on or after 17 June 2014)
- Amendments to IAS 19 'Employee Benefits' (applicable on or after 1 February 2015)
- Amendment within the Annual Improvements Process 2010-2012 to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38 (applicable on or after 1 February 2015)

IFRIC 21 regulates accounting for levies imposed by governments that are not covered by IAS 12 'Income Taxes' or fines and other penalties based on legal infringements. In particular, it clarifies the circumstances in which a liability for levy is to be recognised in the financial statements.

The CTS Group has applied all relevant accounting standards that have been adopted by the EU and are mandatory for periods beginning on or after 1 January 2015.

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 2015 and from 1 February 2015 onwards voluntarily applied accounting principles.

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 2015 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2015.

- Amendments to IAS 1 ‘Presentation of financial statements’ (applicable on or after 1 January 2016)

- IAS 16 ‘Property, plant and equipment’ and IAS 38 ‘Intangible assets’: clarification of acceptable methods of depreciation and amortisation (applicable on or after 1 January 2016)

- IAS 16 ‘Property, plant and equipment’ and IAS 41 ‘Agriculture’: bringing bearer plants into the scope of IAS 16 (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)

- 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)

- Amendments to IFRS 10 ‘Consolidated financial statements’, IFRS 12 ‘Disclosure 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 2012-2014: Amendments of IFRS 5, IFRS 7, IAS 19, IAS 34 (applicable on or after 1 January 2016)

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

- IFRS 14 ‘Regulatory deferral accounts’ (applicable on or after 1 January 2016)

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

- IFRS 15 ‘Revenue form contracts with customers’ (applicable on or after 1 January 2018)

- IFRS 16 ‘Leasing’ (applicable on or after 1 January 2019)

Standards that are not applicable until after the balance sheet date with the exception of voluntarily applied accounting principles as at 1 February 2015 have not been prematurely applied. The resulting impact of IFRS 9, IFRS 15 and IFRS 16 for the Group are currently being analysed. Furthermore the effects of all other 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

The consolidated financial statements include all relevant subsidiaries that are controlled directly or indirectly by CTS KGaA. Control exists where CTS KGaA holds control over the decisive activities, is exposed to variable return flows and has the ability to exercise its control to influence the amount of the variable return flows. The option of the power to control is usually related to an indirect or direct majority holding of voting rights. If the CTS Group no longer holds the majority of voting rights in its subsidiaries, the power to control can exist based on contractual agreements or similar arrangements. When evaluating whether control exists, the existence and effect of material potential voting rights that are currently exercisable or convertible are taken into consideration. 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. As a basic principle, the financial statements of the companies included in the consolidated financial statements are prepared in accordance with uniform accounting policies.

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.

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. 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.

If CTS Group purchases shares from other non-controlling shareholders, these acquisitions are presented as equity transactions. This means that the difference between the acquired proportionate equity of other shareholders and the purchase price are offset directly against equity.

Investments in companies in which a significant influence can be exercised are valued according to the equity method, this is normally the case when voting rights are between 20% and 50% ('at equity companies').

Joint ventures in which a 50% share in voting rights is held are likewise accounted for by applying the equity method. A joint venture exists if CTS KGaA has joint control of the entity together with one or more parties based on a contractual arrangement and the parties exercising joint management have rights to the net assets of the entity. Joint arrangements also include entities in which the CTS Group in fact holds a majority or minority of the voting rights, but decisions regarding the decisive activities can only be taken unanimously as a result of contractual agreements.

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 measured at equity are carried at the proportionate interest in the investee's revalued shareholders' equity. Changes in the proportionate shareholders' equity with effects on net income are recognised in the income statement as profit or loss from investments in associates. If the Group's share in losses from an associate accounted for at equity is equal to or greater than the Group's share in that company, the Group does not post any further losses unless it has entered into obligations in respect of the associate, or has made payments for the associate.

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

2.6 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.

2.7 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 IFRS 10

With regard to the acquisition of shares after obtaining control (increase in shares), the differences between the purchase price and the carrying amount of the acquired shares are recognised directly in shareholders' equity. Similarly, the effects of sales of shares without any loss of controlling influence are also recognised directly in shareholders' equity. These equity transactions result in an adjustment of the carrying values of the controlling and non-controlling interests in such a way that the changes in the respective shares in the subsidiaries are presented.

If there is a loss of control, recognition takes place in profit or loss. In this case, the assets and liabilities of the former subsidiary are derecognised. A retained investment in a former subsidiary is to be recognised at its fair value. Thereafter, a retained investment is recognised according to the relevant IFRS in terms of subsequent measurement as well as all amounts that are owed to or claimed from the former subsidiary.

If the investment in a company recognised at equity is reduced, but the joint control or decisive influence is retained, only the relevant proportion of the amounts previously recognised in shareholders' equity are reclassified in profit and loss.

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.

MARKETABLE SECURITIES AND OTHER INVESTMENTS

Marketable securities and other investments include discount certificates, investment funds and term deposits with a maturity of more than three months. The discount certificates and investment funds are measured at fair value and the term deposits at amortized cost.

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, marketable securities and other investments, 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.

Financial assets and liabilities are only netted and disclosed as net amount in the balance sheet when there is a legal right to offsetting and there is an intention to settle on a net basis, or to replace the recovery of the asset in the related financial liability.

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 original 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. As at the balance sheet date a forward exchange transaction from a resolved cash flow hedging relationship is 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).

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 partially 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 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 amortised 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, marketable securicites and other investments (term deposits), 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. Objective evidence of an occurred impairment loss can be for example, indications of financial problems of a customer and information about insolvency applications. Any impairment expense is carried through profit or loss.

Other financial assets include factoring receivables against an external service provider that arose in connection with the introduction of new types of payment to secure customer receivables from ticket sales. With regard to the sale of receivables (real factoring), all significant opportunities and risks are transferred without giving rise to a sustained engagement.

The available-for-sale financial assets include investments in other companies and marketable securities and other investments (investment funds and discount certificates). The investments in other companies are generally shown at their respective acquisition costs, because for those companies no active market exists and fair values can not be determined at reasonable expense. Unless there are indications of lower fair values, they are recognized. Marketable securities and other investments are initially recognised at their fair value on the settlement date. Gains and losses are recognised in other comprehensive income, 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 basis 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 2015 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 statement of liabilities.

PROVISIONS

In accordance with IAS 37, other provisions were formed when commitments towards third parties exist that are reasonably likely to require settlement. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the closing date.

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

Provisions for defined benefit plans are calculated using the projected unit credit method. This latter method takes account not only of the pensions and acquired benefits known on the reporting date, but also any anticipated increases in salaries and pensions. The calculation is based on actuarial expertises, taking biometric factors into account. Actuarial gains and losses resulting from adjustments and amendments of actuarial assumptions in line with experience are recognised 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 deductions 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 assumptions 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.

2.8 BUSINESS COMBINATIONS AND JOINT VENTURES
2.8.1 BUSINESS COMBINATIONS IN THE TICKETING SEGMENT
2.8.1.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes occurred in the scope of consilidation in the reporting period and/or in relation to 31 December 2014 closing date:

FULLY CONSOLIDATED COMPANIES

The name change from Entradas See Tickets S.A., Madrid, to Entradas Eventim S.A., Madrid, took effect as at 10 April 2015, when the entry was made in the commercial register.

With a purchase agreement concluded on 23 July 2015 CTS KGaA acquired 51% of the shares in kinoheld GmbH, Munich, (hereinafter: kinoheld) at a purchase price of EUR 650 thousand. This effort is within the strategic context of the continuous expansion of customer reach. The CTS Group expands the range of its offer portfolio. Purpose of the company is the sale of cinema tickets and the software required to sell cinema tickets and the development of such software, as well as online marketing and online publishing.

With a purchase agreement concluded on 10 November 2015, Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, acquired 33.3% of the shares in Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, (hereinafter: ÖT SüdOst) and now holds 100% of the shares in the company. The consideration transferred was EUR 403 thousand. The registered office was officially relocated to Vienna on 17 November 2015, when the relevant entry was made in the commercial register. At the acquisition date, the carrying amount of non-controlling interests at the ÖT SüdOst amounts up to EUR 364 thousand. The Group derecognized non-controlling interest shares of EUR 364 thousand and reduced the shareholders` equity by TEUR -39 thousand.

The effects are as follows:

	2015
	[EUR'000]
Book value of the acquired non-controlling interests	364
Purchase price paid for non-controlling interest	403
Excess of the purchase price recognized in shareholders' equity	**-39**

The name change from TEMPODOME GmbH, Bremen, to GRETA'S BISTRO GmbH, Bremen, took effect as at 19 November 2015, when the entry was made in the commercial register.

2.8.1.2 PURCHASE PRICE ALLOCATIONS

PROVISIONAL PURCHASE PRICE ALLOCATION OF KINOHELD

Since its initial consolidation at the end of July 2015, kinoheld contributed with EUR 503 thousand to revenue and with EUR -56 thousand to Group earnings. Cash equivalents of EUR 34 thousand were taken over in the course of 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 kinoheld:

	Fair value at the time of initial consolidation - provisional purchase price allocation -
	[EUR'000]
Cash and cash equivalents	34
Trade receivables	84
Other assets	86
Accrued expenses	7
Total current assets	**211**
Property, plant and equipment	2
Intangible assets	146
Total non-current assets	**148**
Trade payables	-353
Other liabilities	-376
Total current liabilities	**-729**
Deferred tax liabilities	-38
Total non-current liabilities	**-38**
Total net assets	**-408**

Assets and liabilities were recognised at the fair value in the provisional purchase price allocation. At the time of initial consolidation, an intangible asset (trademark) was recognised at a fair value of EUR 121 thousand. Deferred tax liabilities of EUR 38 thousand were recorded on the temporary difference arising from the remeasurement of the intangible asset.

As at 31 December 2015 the purchase price allocation is still provisional because investigations regarding intangible assets and the assesment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve month of the acquisition.

The present value of trade receivables amounted to EUR 84 thousand and the present value of other assets amounted to EUR 86 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	**650**
Cash and cash equivalents	34
Trade receivables	84
Other assets	86
Accrued expenses	7
Property, plant and equipment	2
Intangible assets	146
Trade payables	-353
Other liabilities	-376
Deferred tax liabilities	-38
Total net assets / shareholders' equity	-408
51% of net assets	-208
Goodwill	**858**

The difference between the consideration transferred (EUR 650 thousand) and the share in net assets (EUR -208 thousand) was allocated to goodwill (EUR 858 thousand) and mainly reflects future synergy effects and growth potentials. The amount of non-controlling interest (49%) of the net assets amounted to EUR -200 thousand as at initial consolidation. The goodwill is not tax decductible.

The CTS KGaA acquired in the first step 51% of the shares in kinoheld. In 2018, the CTS KGaA will take over the remaining 49% stake to a performance-related purchase price, which is determined on sold cinema tickets. The accounting for the purchase price for the 49% stake is regulated in accordance with IFRS 10 in conjunction with IAS 32 and IAS 39. At the reporting date, the purchase price obligation is accounted for at the present value of EUR 762 thousand and is disclosed under other financial liabilities.

If kinoheld had been acquired at the beginning of the year 2015, the company would have contributed EUR 657 thousand to revenues and EUR -190 thousand to earnings in the Ticketing segment.

FINAL PURCHASE PRICE ALLOCATION OF THE FULLY CONSOLIDATED CTS EVENTIM NEDERLAND B.V., ENTRADAS EVENTIM S.A., CTS EVENTIM FRANCE S.A.S. AND LISTICKET

As at 6 March 2015, and in accordance with IFRS 3.45, the purchase price allocations relating to the acquisition of CTS Eventim Nederland B.V. and Entradas Eventim S.A. were finally completed within the stipulated 12-month period. As at 16 July 2015, the purchase price allocation relating to the italian ticketing business Listicket was also finally completed within the stipulated 12-month period. As part of the purchase price allocations changes arose. 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 CTS Eventim France S.A.S. finally completed as at 6 March 2015. 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 2014.

The following adjustments were made within the final purchase price allocation of CTS Eventim Nederland B.V., Entradas Eventim S.A. and Listicket.

The following table shows the fair values at the time of initial consolidation after provisional and final purchase price allocation for **CTS Eventim Nederland B.V.**:

	Fair value at the time of initial consolidation - final purchase price allocation -	Fair value at the time of initial consolidation - provisional purchase price allocation -	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash and cash equivalents	3,301	3,301	0
Inventories	46	46	0
Trade receivables	130	130	0
Other assets	6,385	6,385	0
Accrued expenses	623	623	0
Total current assets	**10,485**	**10,485**	**0**
Property, plant and equipment	665	665	0
Intangible assets	12,829	12,341	488
Deferred tax assets	1,832	1,832	0
Total non-current assets	**15,326**	**14,838**	**488**
Trade payables	2,773	2,773	0
Other liabilities	8,523	8,523	0
Total current liabilities	**11,296**	**11,296**	**0**
Deferred tax liabilities	3,055	2,933	122
Total non-current liabilities	**3,055**	**2,933**	**122**
Total net assets	**11,460**	**11,094**	**366**

Within the first twelve months after the company acquisition, a higher fair value of the transferred intangible assets (customer base) in the amount of EUR 488 thousand was determined as part of the final purchase price allocation. This led to a EUR 122 thousand increase in deferred tax liabilities. On the other hand, goodwill was reduced by EUR 366 thousand due to higher net assets.

The following table shows the fair values at the time of initial consolidation after provisional and final purchase price allocation for **Entradas Eventim S.A.**:

	Fair value at the time of initial consolidation - final purchase price allocation -	Fair value at the time of initial consolidation - provisional purchase price allocation -	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash and cash equivalents	4,040	4,040	0
Inventories	83	83	0
Trade receivables	1,094	1,094	0
Receivables from affiliated companies	3	3	0
Other assets	158	158	0
Accrued expenses	107	107	0
Total current assets	**5,485**	**5,485**	**0**
Property, plant and equipment	596	596	0
Intangible assets	6,426	6,782	-356
Investments	32	32	0
Deferred tax assets	4,896	4,096	800
Total non-current assets	**11,950**	**11,506**	**444**
Trade payables	847	847	0
Payables to affiliated companies	3,837	3,837	0
Other liabilities	4,995	4,995	0
Deferred income	248	248	0
Other provisions	125	125	0
Total current liabilities	**10,052**	**10,052**	**0**
Deferred tax liabilities	1,461	1,568	-107
Total non-current liabilities	**1,461**	**1,568**	**-107**
Total net assets	**5,922**	**5,371**	**551**

Within the first twelve months after the company acquisition, a lower fair value of the transferred intangible assets (customer base) in the amount of EUR 356 thousand was determined as part of the final purchase price allocation. This led to a decrease in deferred tax liabilities of EUR 107 thousand. A higher realisable tax loss carry-forward and therefore higher deferred tax assets of EUR 800 thousand were determined as well. Accordingly, there was an increase in the lucky buy (favourable purchase price) that had to be reported as other operating income of EUR 551 thousand in the first quarter of 2014 retroactively.

The following table shows the fair values at the time of initial consolidation after provisional and final purchase price allocation for **Listicket**:

	Fair value at the time of initial consolidation - final purchase price allocation -	Fair value at the time of initial consolidation - provisional purchase price allocation -	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Inventories	313	313	0
Total current assets	**313**	**313**	**0**
Property, plant and equipment	539	539	0
Intangible assets	3,188	3,812	-624
Deferred tax assets	436	0	436
Total non-current assets	**4,163**	**4,351**	**-188**
Other liabilities	160	160	0
Total current liabilities	**160**	**160**	**0**
Pension provisions	437	437	0
Total non-current liabilities	**437**	**437**	**0**
Total net assets	**3,879**	**4,067**	**-188**

As part of the final purchase price allocation a lower fair value of the intangible assets was determined. A final tax review of methods used for assets in the tax balance sheet resulted in a surplus of deferred tax assets and thus led to a change of deductible goodwill in Italy.

EFFECTS OF FINAL PURCHASE PRICE ALLOCATIONS ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

The comparative figures in the income statement and balance sheet as at 31 December 2014 of the CTS Group had to be adjusted on account of the final purchase price allocation of CTS Eventim Nederland B.V., Entradas Eventim S.A., Listicket and the final purchase price allocation for the investment accounted for at equity of SETP/HOI Holding B.V., Amsterdam.

The following table provides an overview of the changes in the consolidated income statement as at 31 December 2014 as a result of the final purchase price allocation:

	Consolidated Income Statement		
	final purchase price allocation 31.12.2014	provisional purchase price allocation 31.12.2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	690,300	690,300	0
Other operating income	17,360	16,809	551
EBITDA	155,135	154,584	551
EBIT	126,909	126,221	688
Financial results	-4,791	-4,799	8
EBT	122,118	121,422	696
Taxes	-36,595	-36,394	-201
Non-controlling interests	-8,352	-8,353	1
Net income after non-controlling interest	77,171	76,676	495

The final purchase price allocations performed led to no deviation on the basis of the rounded EPS of EUR 0.80 per share.

The following table provides an overview of the changes in the consolidated balance sheet as at 31 December 2014 as a result of the final purchase price allocation:

	Consolidated Balance Sheet		
	final purchase price allocation 31.12.2014	provisional purchase price allocation 31.12.2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS			
Intangible assets	113,360	113,715	-355
Investments in associates accounted for at equity	18,752	18,743	9
Goodwill	270,761	270,940	-179
Deferred tax assets	10,470	9,355	1,115
			590
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deferred tax liabilities	16,473	16,377	96
Retained earnings	178,110	177,615	495
Non-controlling interests	18,854	18,855	-1
			590

2.8.2 BUSINESS COMBINATIONS AND JOINT VENTURES IN THE LIVE ENTERTAINMENT SEGMENT

2.8.2.1 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 2014 closing date:

FULLY CONSOLIDATED COMPANIES

The name change from Semmelconcerts GmbH Veranstaltungsservice, Bayreuth, to Semmel Concerts Entertainment GmbH, Bayreuth, took effect as at 1 April 2015, when the entry was made in the commercial register.

2.8.3 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 2015, under the assumption that these companies had already been integrated in the consolidated financial statements at the beginning of the financial year 2015 with their actual acquisition conditions.

	2015
	[EUR'000]
Revenue	
Reported	834,227
Pro-forma	834,884
Net income after non-controlling interest	
Reported	89,029
Pro-forma	88,842

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 2015 when recognising revenue.

2.8.4 DISCLOSURE OF INTEREST IN OTHER ENTITIES
2.8.4.1 DISCLOSURE 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 Suomi Oy, Helsinki, is a subsidiary of Lippupiste Oy, Tampere, Finland, is focused on the field of sport and dedicated to the connection of ticket systems access control and POS systems of venues. The Liigalippu is classified as a joint venture despite a holding of less than 50% as important strategic decisions 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 for Joint ventures in the reporting period was 166.

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 2015 the following disclosures represent significant joint ventures HAL Apollo and Holiday on Ice:

	HAL Apollo		Holiday on Ice	
	01.01.2015 - 31.12.2015 [EUR'000]	01.01.2014 - 31.12.2014 [EUR'000]	01.01.2015 - 31.12.2015 [EUR'000]	02.10.2014 - 31.12.2014 [EUR'000]
Current assets	2,839	1,283	9,453	7,007
Non-current assets	50,796	50,620	4,572	5,199 [1]
Current liabilities	8,764	8,463	12,192	9,286
Non-current liabilities	10,504	11,421	496	623
Revenue	8,967	8,374	22,621	3,524
EBITDA	4,959	4,596	79	-980
Result of the period	394	612	-960	-966 [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

In the reporting period, the HAL Apollo joint venture generated as per the Group's proportional share revenue amounting to EUR 4.484 million (previous year: EUR 4.187 million) and EBITDA of EUR 2.480 million (previous year: EUR 2.298 million). The Holiday on Ice joint venture generated as per the Group's proportional share revenue amounting to EUR 11.311 million (previous year: EUR 1.762 million) and EBITDA of EUR 40 thousand (previous year: EUR -490 thousand).

The carrying amount of the participation in HAL Apollo amounts to EUR 16.944 million (previous year: EUR 15.762 million) and the carrying amount in the participation of Holiday on Ice is EUR 2.212 million (previous year: EUR 2.685 million). The recognized carrying amount of the participation in Liigalippu amounts to EUR 207 thousand (previous year: EUR 191 thousand) and the proportionate share of net profit total EUR 15 thousand (previous year: EUR 1 thousand).

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

	2015	2014
	[EUR'000]	[EUR'000]
Net book value 1 January	18,638	15,473
Profit/loss	-243	-194 [1]
Addition	2	3,359
Other comprehensive income	966	0
Net book value 31 December	19,363	18,638

[1] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

2.8.4.2 DISCLOSURE ON INTERESTS IN ASSOCIATES

The CTS Group reported low carrying amounts for interests in associated companies of EUR 123 thousand as at 31 December 2015 (previous year: EUR 114 thousand). Income from participations attributable to associated companies amounted to EUR 69 thousand (previous year: EUR 166 thousand).

As at 31 December 2015, the CTS Group does not identify any material interests in individual associated companies. The pro rata losses of an associated subgroup of EUR 1.527 million were not stated; the cumulative share of losses pursuant to IFRS 12.22 amounts to EUR 2.175 million and is not to be recognised when the equity method is applied.

2.8.4.3 DISCLOSURE 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 in 2015 are presented:

		31.12.2015	31.12.2015	31.12.2015	31.12.2015
			[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 shareholers' equity of the subgroup [2]**
Subgroup Ticketcorner Holding AG, Rümlang	Switzerland	50.0%	3,001	10,964	49.5%
Subgroup Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	Austria	14.0%	986	2,313	35.0%
Subgroup MEDUSA Music Group GmbH, Bremen	Germany	5.6%	6,440	6,001	17.7%
Subsidiaries with individually significant non-controlling interests				19,278	
Subsidiaries with individually insignificant non-controlling interests				1,603	
Total non-controlling interests				**20,881**	

[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

In the following overview, participation rates and non-controlling interests for each subsidiary / subgroup with non-controlling interest, which are significant for the Group in 2014 are presented:

Name and location	Country	31.12.2014 Proportional share of non-controlling interests [1]	31.12.2014 [EUR'000] Net income attributable to non-controlling interests [2]	31.12.2014 [EUR'000] Net book value of accumulated non-controlling interests [2]	31.12.2014 Effective ratio of the net book value of accumulated non-controlling interests in total shareholers' 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**	
	31.12.2015 [EUR'000]	**31.12.2014 [EUR'000]**	**31.12.2015 [EUR'000]**	**31.12.2014 [EUR'000]**
Current assets	42,430	46,073	44,211	53,394
Non-current assets	70,164	64,271	4,322	3,207
Current liabilities	50,135	53,128	40,931	49,132
Non-current liabilities	40,299	39,694	990	529

Summarised income statement:	**Subgroup TC AG**		**Subgroup TEX**	
	31.12.2015 [EUR'000]	**31.12.2014 [EUR'000]**	**31.12.2015 [EUR'000]**	**31.12.2014 [EUR'000]**
Revenue	36,846	30,923	20,252	22,991
Taxes	-1,423	-805	-1,459	-1,767
Net income	5,970	4,260	4,548	4,703
Net income attributable to non-controlling interests	-3,001	-2,131	-986	-1,125
Dividend payments to non-controlling interests	-1,200	0	-547	-653

Summarised cash flow statement:	**Subgroup TC AG**		**Subgroup TEX**	
	31.12.2015 [EUR'000]	**31.12.2014 [EUR'000]**	**31.12.2015 [EUR'000]**	**31.12.2014 [EUR'000]**
Cash flow from operation activities	-625	29,588	-536	16,897
Cash flow from investing activities	-1,041	-1,554	-801	-784
Cash flow from financing activities	-6,829	-2,567	-4,490	-5,114
Net increase / decrease in cash and cash equivalents	-8,495	25,467	-5,827	10,999
Net increase / decrease in cash and cash equivalents due to currency translation	4,200	500	18	-54
Cash and cash equivalents at beginning of period	36,737	10,770	36,773	28,828
Cash and cash equivalents at end of period	32,442	36,737	30,964	36,773

Significant non-controlling interests in the Live Entertainment segment:

Summarised balance sheet:	Subgroup MEDUSA	
	31.12.2015 [EUR'000]	31.12.2014 [EUR'000]
Current assets	227,997	246,852
Non-current assets	43,038	43,834
Current liabilities	234,435	259,389
Non-current liabilities	2,593	3,031

Summarised income statement:	Subgroup MEDUSA	
	31.12.2015 [EUR'000]	31.12.2014 [EUR'000]
Revenue	455,021	340,515
Taxes	-11,923	-7,663
Net income	20,553	11,958
Net income attributable to non-controlling interests	-6,440	-4,888
Dividend payments to non-controlling interests	-509	-452

Summarised cash flow statement:	Subgroup MEDUSA	
	31.12.2015 [EUR'000]	31.12.2014 [EUR'000]
Cash flow from operation activities	19,245	55,007
Cash flow from investing activities	-2,204	-6,594
Cash flow from financing activities	-18,064	-15,041
Net increase / decrease in cash and cash equivalents	-1,023	33,372
Net increase / decrease in cash and cash equivalents due to currency translation	2,616	262
Cash and cash equivalents at beginning of period	148,897	115,263
Cash and cash equivalents at end of period	150,490	148,897

2.9 LIST OF INVESTMENTS

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

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents of EUR 500.816 million (previous year: EUR 505.843 million) are predominantly bank balances.

MARKETABLE SECURITIES AND OTHER INVESTMENTS (2)

The marketable securities and other investments of EUR 5.878 million (EUR 480 thousand) comprise fund investments, discount certificates and term deposits with a maturity on acquisition date of more than three months. When investing in discount certificates, a discount on the underlying value (here the EURO STOXX 50) is granted; this creates a buffer against moderate price losses of the underlying value.

TRADE RECEIVABLES (CURRENT) (3)

Current trade receivables totalling EUR 34.001 million (previous year: EUR 30.903 million) are payable within one year. Trade receivables increased by EUR 3.098 million in the course of normal business operations.

RECEIVABLES FROM AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (CURRENT) (4)

The EUR 4.746 million in current receivables from affiliated and associated companies accounted for at equity (previous year: EUR 3.211 million) relate principally to receivables from subsidiaries in Eastern Europe that are not consolidated due to insignificance (EUR 1.041 million; previous year: EUR 1.122 million) and receivables from associated companies accounted for at equity (EUR 3.678 million; previous year: EUR 2.065 million). The increase in receivables from associated companies accounted for at equity results inter alia from operating activities and the granting of loans.

INVENTORIES (5)

Inventories comprised the following items:	31.12.2015	31.12.2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	350	350	0
Work in progress	1	0	1
Finished goods and merchandise	1,723	2,076	-353
	2,074	**2,426**	**-352**

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

PAYMENTS ON ACCOUNT (6)

Payments on account, at EUR 27.843 million (previous year: EUR 29.675 million) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2016.

RECEIVABLES FROM INCOME TAX (CURRENT) (7)

Receivables from income tax, at EUR 4.985 million (previous year: EUR 10.485 million), relate in particular to capital gains tax and advance prepayments.

OTHER FINANCIAL ASSETS (CURRENT) (8)

Other financial assets, at EUR 59.152 million (previous year: EUR 59.857 million) comprise receivables relating to ticket monies from presales in the Ticketing segment at EUR 40.963 million (previous year: EUR 52.515 million), factoring receivables from an external service from ticket monies at EUR 9.464 million and current loans and borrowings, at EUR 3.274 million (previous year: EUR 3.494 million) and relate to receivables from promoters in the course of ordinary business activities.

OTHER NON-FINANCIAL ASSETS (CURRENT) (9)

The other non-financial assets, at EUR 16.797 million (previous year: EUR 24.103 million) relate mainly to refund claims in respect of items for recognition and accrual of expenses and income according to period, at EUR 6.573 million (previous year: EUR 7.424 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. Furthermore higher refund claims in respect of sales tax and other taxes, at EUR 3.483 million (previous year: EUR 4.445 million) were recognised.

As at 31 December 2015, there were collaterals amounting to EUR 916 thousand (previous year: EUR 873 thousand), including EUR 862 thousand for rental deposits (previous year: EUR 830 thousand).

PROPERTY, PLANT AND EQUIPMENT (10)

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]
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**
2015					
Historical cost					
1 January 2015	2,540	1,777	53,314	278	57,909
Addition from change in the scope of consolidation	0	0	4	0	4
Addition	220	347	5,135	201	5,903
Disposal	0	-59	-3,551	0	-3,610
Reclassification	-119	-2	454	-333	0
Currency differences	63	-16	154	0	201
31 December 2015	**2,704**	**2,047**	**55,510**	**146**	**60,407**
Accumulated depreciation and amortisation					
1 January 2015	570	1,015	34,275	0	35,860
Addition from change in the scope of consolidation	0	0	2	0	2
Addition	325	363	6,098	0	6,786
Disposal	0	-59	-2,714	0	-2,773
Reclassification	3	0	-3	0	0
Currency differences	-18	0	-24	0	-42
31 December 2015	**880**	**1,319**	**37,634**	**0**	**39,833**
Carrying value as at 31 December 2015	**1,824**	**728**	**17,876**	**146**	**20,574**

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.

INTANGIBLE ASSETS (11), GOODWILL (20)

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]
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	19,733	615	12,145	4,500	250	37,243
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	**96,950**	**38,519**	**275,442**	**91,290**	**4,478**	**506,679**
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	8,358	4,715	0	8,563	0	21,636
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	**57,000**	**12,115**	**4,681**	**48,762**	**0**	**122,558**
Carrying value as at 31 December 2014	**39,950**	**26,404**	**270,761**	**42,528**	**4,478**	**384,121**
2015						
Historical cost						
1 January 2015	96,950	38,519	275,442	91,290	4,478	506,679
Addition from change in scope of consolidation	140	0	858	0	0	998
Addition	4,756	7,298	0	0	4,763	16,817
Disposal	-524	-154	0	0	0	-678
Reclassification	398	6,087	0	81	-6,566	0
Currency differences	751	280	6,603	1,865	42	9,541
31 December 2015	**102,471**	**52,030**	**282,903**	**93,236**	**2,717**	**533,357**
Accumulated depreciation and amortisation						
1 January 2015	57,000	12,115	4,681	48,762	0	122,558
Addition from change in scope of consolidation	4	0	0	0	0	4
Addition	8,729	5,432	0	9,351	0	23,512
Disposal	-479	-154	0	0	0	-633
Currency differences	468	305	0	1,407	0	2,180
31 December 2015	**65,722**	**17,698**	**4,681**	**59,520**	**0**	**147,621**
Carrying value as at 31 December 2015	**36,749**	**34,332**	**278,222**	**33,716**	**2,717**	**385,736**

Investments in intangible assets, at EUR 16.817 million, relate to additions for software, licences and similar rights (EUR 4.756 million), capitalised development costs (EUR 7.298 million) and to advance payments/proprietary software under development (EUR 4.763 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 4.756 million).

Additions to capitalised development costs (EUR 7.298 million) relate to the development of ticket distribution systems. Of those investments, EUR 5.055 million are for proprietary software and EUR 2.243 million for external software development. Due to the ticketing software migration to EVENTIM systems in Spain capitalized development costs of EUR 318 thousand were written off ahead of schedule.

Additions to goodwill in 2015 relate to acquisition of kinoheld. Notes on the development of goodwill are presented below under 'Goodwill (20)'.

Additions to payments on account/proprietary software in progress (EUR 4.763 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 (12), INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (13), LOANS (14)

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]
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	3,242	0	38	40	3,440
Disposal	-73	0	0	0	0	-15	-88
Currency differencies	3	23	0	0	0	2	28
31 December 2014	**631**	**2,098**	**18,752**	**31**	**1,050**	**287**	**22,849**
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**	**18,752**	**31**	**1,045**	**187**	**21,818**
2015							
Historical cost							
1 January 2015	631	2,098	18,752	31	1,050	287	22,849
Addition	106	0	1,252	0	0	10	1,368
Disposal	0	0	-518	0	-14	-25	-557
Currency differencies	-3	118	0	0	0	15	130
31 December 2015	**734**	**2,216**	**19,486**	**31**	**1,036**	**287**	**23,790**
Accumulated depreciation and amortisation							
1 January 2015	1	925	0	0	5	100	1,031
Addition	0	90	0	8	0	0	98
Disposal	0	0	0	19	0	0	19
31 December 2015	**1**	**1,015**	**0**	**27**	**5**	**100**	**1,148**
Carrying value as at 31 December 2015	**733**	**1,201**	**19,486**	**4**	**1,031**	**187**	**22,642**

INVESTMENTS (12)

Investments, at EUR 2.965 million (previous year: EUR 2.848 million) relate to shares in affiliated companies, primarily subsidiaries located in eastern Europe that are not consolidated due to insignificance (EUR 733 thousand; previous year: EUR 630 thousand), participations (EUR 1.201 million; previous year: EUR 1.173 million) and held-to-maturity security investments EUR 1.031 million (previous year: EUR 1.045 million).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (13)

Investments in associates accounted for at equity increased by EUR 734 thousand from EUR 18.752 million to EUR 19.486 million. The positive change in investments in associates accounted for at equity at EUR 734 thousand is particularly attributable to positive income of the joint venture HAL Apollo. This was offset by negative equity earnings from the joint venture Holiday on Ice. The cumulative loss not to be recognised from the associated subgroup FKP Scorpio according to IAS 28 amounted to EUR 2.175 million in the 2015 financial year (previous year: EUR 648 thousand), increased by EUR 1.527 million due to negative results.

LOANS (14)

Loans, at EUR 191 thousand (previous year: EUR 218 thousand), relate entirely to loans to third parties, especially in the Ticketing segment.

TRADE RECEIVABLES (NON-CURRENT) (15)

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

RECEIVABLES FROM AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (NON-CURRENT) (16)

Receivables from affiliated and associated companies accounted for at equity at EUR 1.534 million (previous year: EUR 2.668 million) relate to receivables against the joint-venture HAL Apollo EUR 994 thousand (previous year: EUR 1.948 million) and receivables from the subgroup FKP Scorpio amounting to EUR 540 thousand (previous year: EUR 720 thousand).

MARKETABLE SECURITIES AND OTHER INVESTMENTS (NON-CURRENT) (17)

The marketable securities and other investments comprise term deposits with a maturity on acquisition date of more than one year (EUR 1.000 million).

OTHER FINANCIAL ASSETS (NON-CURRENT) (18)

The non-current other financial assets, at EUR 3.429 million (previous year: EUR 3.190 million) have a maturity between one and five years and relate to receivables from promoters in the course of ordinary business activities.

OTHER NON-FINANCIAL ASSETS (NON-CURRENT) (19)

The long-term other non-financial assets, at EUR 26 thousand (previous year: EUR 47 thousand) have a maturity of between one and five years.

GOODWILL (20)

The disclosed goodwill totalling EUR 278.222 million (previous year: EUR 270.761 million) breaks down into EUR 237.290 million in the Ticketing segment (previous year: EUR 230.266 million) and EUR 40.932 million in the Live Entertainment segment (previous year: EUR 40.495 million).

In the Ticketing segment, goodwill increased by EUR 7.024 million in the reporting year. The increase was mainly due to due to currency translation effects resulting from the measurement of goodwill in foreign currencies (EUR/CHF; EUR 6.166 million) and the acquisition of kinoheld (EUR 858 thousand).

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 6% 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 7.4% 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 2015 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 (21)

The deferred tax assets, at EUR 12.209 million, pertain to the following:

	31.12.2015	31.12.2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	6,475	6,356	119
Tax credits	566	0	566
Temporary differences	5,168	4,114	1,054
	12,209	**10,470**	**1,739**

It is assumed that there is sufficient likelihood that the deferred tax assets on loss carryforwards of EUR 6.475 million (previous year: EUR 6.356 million) as at 31 December 2015, can be used, as the respective companies will generate tax profits of at least the same amount as in future periods.

The tax credits granted in Brazil led to a recognition of a tax benefit of EUR 566 thousand.

The EUR 1.054 million increase in temporary differences is largely due to an increase of other provisions.

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

	31.12.2015		31.12.2014	
	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]
Receivables	331	58	327	81
Other assets	393	30	279	11
Current assets	**724**	**88**	**606**	**92**
Property, plant and equipment	169	62	208	28
Intangible assets	2,503	15,068	3,399 [1]	18,720 [1]
Loans	0	52	0	55
Non-current assets	**2,672**	**15,182**	**3,607** [1]	**18,803** [1]
Other provisions	1,030	0	347	5
Other liabilities	911	336	671	542
Current liabilities	**1,941**	**336**	**1,018**	**547**
Financial liabilities	171	0	133	0
Pension provisions	1,828	0	1,720	0
Non-current liabilities	**1,999**	**0**	**1,853**	**0**
Tax credits	566	0	0	0
Loss carryforwards	6,475	0	6,356 [1]	0
Total	**14,377**	**15,606**	**13,440** [1]	**19,442** [1]
Offset	-2,168	-2,168	-2,970	-2,970
Deferred taxes	**12,209**	**13,438**	**10,470** [1]	**16,472** [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V. (formerly: See Tickets Nederland B.V.), Amsterdam, and the italian ticketing business 'Listicket'

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 decrease in deferred tax liabilities is mainly due to the depreciation of intangible assets.

The rate of deferred domestic taxation was between 29.3% and 33.0%. 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 17.2%. For foreign subsidiaries, the respectively applicable local tax rates were applied.

Deferred taxes are recognised in the amount of EUR 2.241 million (previous year: EUR 985 thousand) for current assets and liabilities realised within 12 months.

As at 31 December 2015, the **fiscal loss carryforwards** were as follows:

	31.12.2015	31.12.2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
up to 5 years	50	16	34
up to 10 years	5,049	3,136	1,913
indefinite	21,714	23,902	-2,188
	26,813	**27,054**	**-241**

It is assumed that there is sufficient likelihood that the EUR 26.813 million (previous year: EUR 27.054 million) in fiscal loss carryforwards as at 31 December 2015 can be used, as the respective companies will generate tax profits of at least the same amount in future periods. The increase of limited useable tax losses carryforwards result primarily due to increased tax losses in the Netherlands. On contrary, the usage of undefinite taxable losses led to a reduction in the reporting period.

Deferred tax assets amounting to EUR 7.789 million were formed in respect of corporation tax losses (previous year: EUR 24.992 million), and to EUR 768 thousand (previous year: EUR 156 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. The decrease compared with the previous year is mainly attributable to an acquired subsidiary in 2014, which showed a loss history before initial recognition, but has achieved positive results after consolidation.

No deferred tax assets were recognised for losses carryforwards for municipal trade tax purposes of EUR 913 thousand (previous year: EUR 697 thousand) and for corporation tax of EUR 5.295 million (previous year: EUR 2.414 million), as the arising tax benefits are not expected to be realised in the planning period. An expiry of tax loss carryforwards relating to corporation tax of EUR 1.830 million (previous year: EUR 2.412 million) within the next five years and an expiry within the next ten years of EUR 3.255 million (previous year: EUR 0) is possible; EUR 1.122 million (previous year: EUR 698 thousand) is indefinitely usable.

In the statement of comprehensive income deferred tax liabilities for the development of remeasurement of the net debt from defined benefit obligations of EUR -146 thousand (previous year: EUR 536 thousand) are included, EUR -16 thousand (previous year: EUR -12 thousand) for the disposal of available-for-sale financial assets and EUR 26 thousand (previous year: EUR -6 thousand) for cash flow hedges.

SHORT-TERM FINANCIAL LIABILITIES (22)

Of the EUR 16.622 million in short-term financial liabilities (previous year: EUR 77.837 million), EUR 16.193 million relate to liabilities to banks (previous year: EUR 75.188 million), and EUR 428 thousand to purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (previous year: EUR 2.649 million).

Short-term financial liabilities mainly decreased due to the repayment of borrowings and purchase price liabilities (EUR -61.215 million). In addition to the repayment of existing revolving credit line, a promissory notes in the amount of EUR 45.000 million were repaid in December 2015. The expired promissory notes were refinanced over the long term new promissory notes with 5 years maturity.

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

TRADE PAYABLES (23)

Trade payables, at EUR 79.942 million (previous year: EUR 73.052 million) are payable within one year.

PAYABLES TO AFFILIATED AND ASSOCIATED COMPANIES ACCOUNTED FOR AT EQUITY (24)

Payables to affiliated and associated companies accounted for at equity, at EUR 598 thousand (previous year: EUR 1.615 million), are primarily for supplies and services; of that total, EUR 350 thousand (previous year: EUR 1.594 million) are liabilities to associates accounted for at equity in the Live Entertainment segment.

ADVANCE PAYMENTS RECEIVED (25)

The advance payments received, at EUR 153.824 million (previous year: EUR 190.982 million), mainly include ticket monies already received for future events in the Live Entertainment segment. The decline in advance payments received is mainly attributable to a variety of major events held in the Live Entertainment segment in 2015. These advance payments are posted to revenue after the respective events have taken place and accounts have been settled.

OTHER PROVISIONS (26)

Changes in other provisions are shown in the following table:

	Maintenance	Other	Total
	[EUR'000]	[EUR'000]	[EUR'000]
1 January 2014	**28**	**2,200**	**2,228**
Change in scope of consolidation	0	198	198
Consumption	0	-980	-980
Reversal	0	-965	-965
Addition	1,790	1,321	3,111
Currency differences	0	3	3
31 December 2014	**1,818**	**1,777**	**3,595**
1 January 2015			
Consumption	-194	-1,128	-1,322
Reversal	-41	-104	-145
Addition	5,027	3,583	8,610
Currency differences	0	-26	-26
31 December 2015	**6,610**	**4,102**	**10,712**

The provisions for maintenance concerns in particular contracted maintenance and modernisation measures for a venue. Additions to other provisions in the reporting year mainly concern provisions for events held in the future 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 6.551 million will be utilised in the business year 2016 and EUR 3.357 million will be used in the business year 2017.

TAX PROVISIONS (27)

Changes in tax provisions are shown in the following table:

	2015	2014
	[EUR'000]	[EUR'000]
1 January	**25,197**	**21,697**
Change in scope of consolidation	0	10
Consumption	-20,247	-9,778
Reversal	-767	-467
Addition	23,293	13,736
Currency differences	17	-1
31 December	**27,493**	**25,197**

As a result of higher taxable income with consitent tax prepayments higher additions to tax provisions were recognised in the 2015 financial year compared to the previous year.

OTHER FINANCIAL LIABILITIES (CURRENT) (28)

The other financial liabilities (EUR 245.657 million; previous year: EUR 258.828 million) include liabilities in respect of ticketing monies that have not yet been invoiced, at EUR 237.405 million (previous year: EUR 251.515 million), liabilities from ticket insurance, at EUR 1.619 million (previous year: EUR 1.641 million), liabilities from third-party concerts in the Live Entertainment segment, at EUR 2.041 million (previous year: EUR 2.047 million), liabilities from finance leases, at EUR 121 thousand (previous year: EUR 174 thousand), and EUR 4.471 million in other financial liabilities (previous year: EUR 3.452 million).

OTHER NON-FINANCIAL LIABILITIES (CURRENT) (29)

The other non-financial liabilities (EUR 52.776 million; previous year: EUR 46.719 million) result from tax liabilities, at EUR 14.664 million (previous year: EUR 16.591 million), credit voucher liabilities, at EUR 14.182 million (previous year: EUR 11.881 million), liabilities to personnel, at EUR 11.959 million (previous year: EUR 9.397 million), income and accrued expenses, at EUR 8.409 million (previous year: EUR 5.775 million), social insurance liabilities, at EUR 2.257 million (previous year: EUR 1.703 million), and other non-financial liabilities, at EUR 1.305 million (previous year: EUR 1.372 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (30)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 132.563 million were disclosed (previous year: EUR 97.731 million). Of the medium- and long-term financial liabilities, EUR 130.321 million relate to bank loans (previous year: EUR 96.303 million) and EUR 1.480 million to purchase price obligation in respect of the put option, which was mandatorily reported in accordance with IAS 32 (previous year: EUR 1.428 million) and liabilities from purchase price obligations at EUR 762 thousand for newly acquired subsidiaries in the reporting period.

The medium and long-term debt increased mainly due to taking up medium and long-term bank debts in connection with the admission of new promissory notes. The promissory notes have a maturity of 5 years.

OTHER FINANCIAL LIABILITIES (NON-CURRENT) (31)

Non-current other financial liabilities, at EUR 767 thousand (previous year: EUR 146 thousand) mainly concern liabilities from third party shareholders (EUR 365 thousand; previous year: EUR 0) and from finance leases (EUR 282 thousand; previous year: EUR 123 thousand). These liabilities are due in one to five years.

OTHER NON-FINANCIAL LIABILITIES (NON-CURRENT) (32)

Long-term other non-financial liabilities in the previous year, at EUR 74 thousand, relate to personnel liabilities.

STATEMENT OF LIABILITIES

The composition and remaining term of the liabilities as at 31 December 2015 are shown in the following statement of liabilities:

	Net book value	**Remaining term**			
	31.12.2015	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	149,185	16,622	132,563		
Advance payments received	153,824	153,824			
Trade payables	79,942	79,942			
Payables to affiliated and associated companies accounted for at equity	598	598			
Other liabilities	299,202	298,435	763	4	1) 14,664 2) 2,257
Liabilities, total	**682,751**	**549,421**	**133,326**	**4**	

The composition and remaining term of the liabilities as at 31 December 2014 are shown in the following statement of liabilities:

	Net book value	Remaining term			
	31.12.2014	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	77,837	70,369	27,362	
Advance payments received	190,982	190,982			
Trade payables	73,052	73,052			
Payables to affiliated and associated companies accounted for at equity	1,615	1,615			
Other liabilities	305,768	305,548	220		1) 16,591 2) 1,703
Liabilities, total	**746,985**	**649,034**	**70,589**	**27,362**	

DETAILS TO FINANCIAL LIABILITIES

The financial liabilities recognised on the balance sheet date EUR 149.185 million (previous year: EUR 175.568 million) include loans of EUR 146.514 million (previous year: EUR 171.491 million) as well as EUR 2.670 million in purchase price obligations (previous year: EUR 4.077 million).

As at 31 December 2015, the loans include the following main items:

- EUR 49.000 million final-maturity loan against promissory notes, with a remaining term of 5 years
- EUR 42.857 million annuity loan with a remaining term of 3 years
- EUR 36.991 million annuity loan with a remaining term of around 4 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 2 years

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

On 30 October 2015, CTS KGaA redeemed the existing syndicated credit line (revolving credit facility) of EUR 105 million and, by expanding the existing number of banks, agreed on a new syndicated credit line (revolving credit facility) of EUR 200 million with a term of five to no more than seven years (two-year term option) on the same date. In the reporting period, the syndicated credit line was partially utilised; as at the balance sheet date on 31 December 2015 there was no recourse.

PENSION PROVISIONS (33)

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:

	2015	2014
	[EUR'000]	[EUR'000]
Fair value of plan assets	-12,341	-10,822
Present value of obligations	22,256	19,168
Pension provisions	**9,915**	**8,346**

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:

	2015	2014
	[EUR'000]	[EUR'000]
Beginning of the year	19,168	14,603
Changes due to business combinations	0	437
Current service costs	1,106	748
Past service costs	-143	0
Interest expenses	306	351
Experience adjustments	80	-63
Actuarial gain/losses from change in biometric assumptions	-205	0
Actuarial gain/losses from change in financial assumptions	1,011	2,950
Currency differences	1,331	228
Contributions by plan participants	1,241	886
Amounts paid	-1,639	-972
End of year	**22,256**	**19,168**

The following essential actuarial assumptions were made:

	Discount rate		Expected return on plan assets		Future salary increases		Future pension increases	
	2015	2014	2015	2014	2015	2014	2015	2014
Germany	2.42% - 2.50%	2.00%	2.42%	2.00%	2.50%	2.50%	1.00% - 3.00%	1.00% - 3.00%
Switzerland	0.75%	1.25%	1.40%	1.75%	1.00%	1.00%	0.00%	0.00%
Rest of Europe	2.06 - 2.3%	2.00%	n.a.	n.a.	2.74%	2.70%	0.00%	0.00%

Regional allocation of plan assets and pension obligations:

	Present value of pension obligations		Fair value of plan assets		Pension provision	
	2015 [EUR'000]	2014 [EUR'000]	2015 [EUR'000]	2014 [EUR'000]	2015 [EUR'000]	2014 [EUR'000]
Germany	2,317	3,126	-475	-843	1,842	2,283
Switzerland	17,972	14,423	-11,866	-9,979	6,106	4,444
Austria	839	528	0	0	839	528
Italy	1,128	1,091	0	0	1,128	1,091
Total	**22,256**	**19,168**	**-12,341**	**-10,822**	**9,915**	**8,346**

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'. So far the discount interest rate applicable to pension provisions was calculated on the basis of bonds from the Bloomberg indices before. The derivation method for interest rates in the Eurozone was changed. Now the bonds are based on data from Thomson Reuter´s Datastream. This change does not have any significant impact on pension provisions. 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:

	2015	2014
	[EUR'000]	[EUR'000]
Fair value of plan assets as at 1 January	10,822	9,811
Expected return on plan assets, excluding interest income	362	55
Experience adjustments	0	-83
Interest income	138	185
Actuarial gain/loss from change in biometric assumptions of plan assets	-15	0
Currency differences	1,096	194
Contributions by the employer	677	533
Contributions by plan participants	1,241	886
Amounts paid	-1,980	-759
Fair value of plan assets as at 31 December	**12,341**	**10,822**

The plan assets consist of insurance policies (reinsurance policies) for EUR 12.298 million (previous year: EUR 10.503 million), and fixed-term deposits of EUR 43 thousand (previous year: EUR 319 thousand). Unlike insurance policies, deposits are assets which have an active market value.

The following amounts were recognised in profit and loss:

	2015	2014
	[EUR'000]	[EUR'000]
Current service costs	1,106	748
Past service costs	-143	0
Net interest expense / income	168	166
Total amount	**1,131**	**914**

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

	2015	2014
	[EUR'000]	[EUR'000]
Experience adjustments	-80	-20
Actuarial gain/losses from changes in biometric assumptions of pension obligations	205	0
Actuarial gain/losses from changes in biometric assumptions of plan assets	-15	0
Actuarial gain/losses from changes in financial assumptions	-1.011	-2.951
Expected return on plan assets, excluding interest income	362	55
Total amount	**-539**	**-2.916**

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 1.25% to 0.75% in Switzerland and from 2.0% to 2.5% in Germany, Austria and Italy, led in total to actuarial losses.

An increase or decrease in the main actuarial assumptions would have had the following effects on the present value of the pension obligations as at 31 December 2015:

	Change in assumption	Increase of the assumption	Decrease of the assumption
		[EUR'000]	[EUR'000]
Discount rate	0.50%	-1,943	2,264
Future salary increases	1.00%	459	-467
Future pension increases	1.00%	1,401	0
Life expectancy	1 year	274	-265

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

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 18.847 million (previous year: EUR 17.481 million)
- Beneficiaries of invalidity pensions (Switzerland): EUR 1.845 million (previous year: EUR 1.555 million)
- Retirees with pension entitlement: EUR 1.564 million (previous year: EUR 126 thousand)

The weighted average term of commitment, as at 31 December 2015, is 16.6 years (previous year: 17.6 years).

In the 2016 financial year, the Group expects contributions of EUR 747 thousand (previous year: EUR 764 thousand).

DEFERRED TAXES (34)

Deferred tax liabilities, at EUR 13.438 million (previous year: EUR 16.472 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 (35)

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 53.883 million to EUR 354.172 million, mainly as a result of the positive net income in the reporting period of EUR 89.029 million and increased non-controlling interest of EUR 2.026 million, which is largely attributable to minority interests in the operating result in the Live Entertainment segment. By contrast, distributions to shareholders amounting of EUR 38.397 million (EUR 0.40 per eligible share in profits) reduce shareholders' equity.

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 -65 thousand (previous year: EUR 19 thousand) in derivative financial instruments is stated under accumulated other comprehensive income. Deferred taxes on derivative financial instruments amount to EUR 20 thousand (previous year: EUR -6 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 2.75% 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 1.982 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 2015. Capital and legal reserve are limited in their use according to AktG.

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. As at the balance sheet date, 31 December 2015 the capital reserve amounts up to EUR 1.890 million.

The Annual Shareholders' Meeting of the company held on 23 August 2005 resolved to increase the **share capital** of CTS KGaA, 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 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 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 7 May 2015, the general partner was 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 6 May 2020, and to use these for specific purposes except for the purpose of trading as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The countervalue paid for these shares may not fall below the traded price by more than 5%. 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. This decision shall replace the authorization granted at the Shareholders' Meeting of 12 May 2010 to acquire own shares, which shall be revoked as from the time the new authorisation takes effect.

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. 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 on 8 May 2014, the general partner was 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.

The Annual Shareholders’ Meeting 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.

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 2.026 million to EUR 20.881 million and mainly results from proportionate shares in the consolidated net income for 2015 (EUR 11.509 million), balanced against distributions to non-controlling interest in the 2015 financial year (EUR -9.676 million).

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

The CTS Group manages its capital with the aim of maximising profits for shareholders by optimising the equity-to-debt 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 the 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; the ratio between net consolidated debt and Group shareholders' equity according to IFRS. Risk considerations mean that the aim must be to have a healthy net debt/equity ratio.

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

	31.12.2015 [EUR'000]	31.12.2014 [EUR'000]
Debt [1]	354,644	382,028
Cash and cash equivalents	-500,816	-505,843
Net debt	**-146,172**	**-123,815**
Shareholders' equity	354,172	300,289 [2]
Net debt to shareholders' equity	-41.3%	-41.2%

[1] Debt ist defined as non-current and current financial liabilities and other financial liabilities. The other financial liabilities are set off against receivables for ticket monies that have not yet been invoiced.

[2] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, the italian ticketing business 'Listicket' and due to the SETP/HOI Holding B.V., Amsterdam

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 2015. 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.

The financial liabilities recognised on the balance sheet date EUR 149.184 million (previous year: TEUR 175.568 million) include loans of EUR 146.514 million (previous year: EUR 171.491 million) as well as EUR 2.670 million in purchase price obligations (previous year: EUR 4.077 million).

Of the external loans, EUR 97.848 million (previous year: EUR 126.485 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 ‘financial covenants’, there are no specific restrictions that might adversely affect the availability of funds. The CTS Group assumes that the ‘financial covenants’ will be honored in the years ahead.

During the reporting period financial loans were repaid on time from final-maturity loan against promissory notes. With a maturity of five years new final-maturity loan against promissory notes were taken in December 2015 respectively.

On 30 October 2015, CTS KGaA redeemed the existing syndicated credit line (revolving credit facility) of EUR 105 million and, by expanding the existing number of banks, agreed on a new syndicated credit line (revolving credit facility) of EUR 200 million with a term of five to no more than seven years (two-year term option) on the same date. In the reporting period the syndicated credit line was partially utilised; as at the balance sheet date on 31 December 2015 there was no recourse.

4.2 FINANCIAL ASSETS

The following table shows the structure of financial assets according to age as at 31 December 2015:

			Thereof: not impaired but overdue at the balance sheet date			
	Carrying value 31.12.2015	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]**
Marketable securities and other investments (at fair value not through profit and loss)	5,600	5,600	0	0	0	0
Marketable securities and other investments (at amortised cost)	1,278	1,278	0	0	0	0
Trade receivables	34,024	28,495	3,607	582	484	833
Receivables from affiliated and associated companies accounted for at equity	6,280	4,153	190	512	901	121
Other financial assets	62,581	60,343	1,269	383	114	152
Held-to-maturity investments	1,031	1,031	0	0	0	0
Investments (at amortised cost)	1,935	1,935	0	0	0	0
Loans	191	191	0	0	0	0
	112,920	**103,026**	**5,066**	**1,477**	**1,499**	**1,106**

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

	Carrying value 31.12.2014	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]
Marketable securities and other investments (at fair value not through profit and loss)	480	480	0	0	0	0
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
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**

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:

	2015	2014
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts 1 January	7,866	6,993
Change in scope of consolidated companies	0	227
Consumption	-1,373	-985
Reversal	-383	-265
Addition	3,728	2,441
Currency differences	-30	-545
Allowances for doubtful accounts as at 31 December	**9,808**	**7,866**

4.3 FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The following table shows the contractually agreed (undiscounted) interest payments and repayments in respect of the original and derivative financial liabilities and derivative financial assets, as at 31 December 2015:

	Carrying value 31.12.2015	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	149,185	-18,508	-1,332	-14,036	-1,840	-38,126	-996	-78,515	-1,531
Trade payables	79,942	-79,942	0	0	0	0	0	0	0
Payables to affiliated and associated companies accounted for at equity	598	-598	0	0	0	0	0	0	0
Other original financial liabilities	246,355	-245,529	-11	-395	-9	-430	-5	0	0
Other derivative financial liabilities	69	-69	0	0	0	0	0	0	0
Derivative financial assets	-106	54	0	63	0	0	0	0	0
	476,043	**-344,592**	**-1,343**	**-14,368**	**-1,849**	**-38,556**	**-1,001**	**-78,515**	**-1,531**

The carrying amount of the financial liabilities as at 31 December 2015 is lower due to amortisation of the transaction costs at a constant effective interest rate.

The following table shows the contractually agreed (undiscounted) interest payments and repayments in respect of the original 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 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 from financial instruments were determined taking into account the respective forward interest rates. For currency derivatives, the cash flows were calculated on the basis of the respective spot exchange rates. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

4.4 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying values, recognition and fair values for the 2015 financial year are shown in the following table according to recognition categories:

	Carrying value 31.12.2015	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	500,816	500,816				500,816
Marketable securities and other investments (at fair value not through profit and loss)	5,600			5,600		5,600
Marketable securities and other investments (at amortised cost)	1,278	1,278				1,290
Trade receivables	34,024	34,024				34,002
Receivables from affiliated and associated companies accounted for at equity	6,280	6,280				6,277
Other original financial assets	62,474	62,474				62,649
Other derivative financial assets (at fair value through profit and loss)	106		106			106
Investments (held-to-maturity)	1,031	1,031				1,043
Investments (at amortised cost)	1,935				1,935	
Loans	191	191				197
LIABILITIES						
Short-term financial liabilities	16,622	16,622				16,530
Medium- and long-term financial liabilities	132,563	132,563				137,557
Trade payables	79,942	79,942				79,894
Payables to affiliated and associated companies accounted for at equity	598	598				597
Other original financial liabilities	246,355	246,355				246,205
Other derivative financial liabilities (at fair value not through profit and loss)	69			69		69
Categories according to IAS 39:						
Loans and receivables	605,063	605,063				605,231
Financial liabilities at amortised cost	476,080	476,080				480,873
Available-for-sale financial assets	7,535			5,600	1,935	5,600
Held-to-maturity investments	1,031	1,031				1,043

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
Marketable securities and other investments (at fair value not through profit and loss)	480			480		480
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 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 amortised 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

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 investments and discount certificates, 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, short-term deposits in marketable securities and other investments, 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, long-term deposits in marketable securities and other investments, 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 13 fair value hierarchy.

Of the total available-for-sale financial assets, EUR 5.600 million (previous year: EUR 480 thousand) in marketable securities and other investements are accounted for at fair value but not through profit and loss, and EUR 1.935 million are accounted for at cost (previous year: EUR 1.803 million). As the fair values (EUR 5.600 million; previous year: EUR 480 thousand) correspond to observable market prices, they qualify as level-1 fair values in the IFRS 13 fair value hierarchy.

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

	2015 [EUR'000]	2014 [EUR'000]
Available-for-sale financial assets as at 1 January	2,282	2,496
Addition	5,177	55
Disposal	-14	-281
Depreciation on financial assets	-98	0
Currency difference	58	25
Other comprehensive income	49	-13
Available-for-sale financial assets as at 31 December	**7,454**	**2,282**

Addition to financial instruments classified as 'available-for-sale financial assets' is mainly attributable to marketable securities and other investments (discount certificates and term deposits) to use attractive yield opportunities in the current interest rate market environment.

NET PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

	2015	2014
	[EUR'000]	[EUR'000]
Loans and receivables	-639	-2,326
Held-to-maturity investments	14	38
Available-for-sale financial assets	-32	13
Financial liabilities	-3,310	-5,465
Derivative financial instruments in hedging relationships	2	-57
	-3,965	**-7,797**

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 783 thousand (previous year: EUR 560 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 positive change in value of the foreign currency derivatives, amounting in the reporting period to EUR 86 thousand (previous year: EUR -76 thousand), was recognised as ensuing from effective fair value hedges and stated in the income statement. The negative 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 -65 thousand (previous year: EUR 19 thousand).

FINANCIAL RISKS

Disclosures regarding the risks ensuing from financial instruments are presented in item 8.2.5 risk report of the combined management report, in accordance with IFRS 7.B6.

4.5 TRANSFER OF FINANCIAL ASSETS

In 2015, CTS KGaA has concluded an agreement with a factoring company on the sale of trade receivables from private customers to improve liquidity management. The agreement has a term of one year and can be terminated with a period of three months. Under the agreement, outstanding trade receivables are only sold for the payment method 'purchase on account' for trade receivables connected with the webshops of the company. The factoring company performs the credit management including credit checks, default payment and collection proceedings of receivables on account for CTS KGaA.

In 2015, an adequate remuneration of EUR 462 thousand is recognised in the cost of sales.

The collection risk associated with the sold receivables was completely transferred to the factor. Hence, all significant risks and rewards of the assigned trade receivables are transferred to the factoring company. As at 31 December 2015, the carrying amount and the fair value of the transferred receivables to the factoring company amounts up to EUR 9.464 million.

The only relevant risk for risk assessment represents the possibility of a transfer of costs for default by the factoring company to the CTS KGaA. With notification and exceeding so-called 'peak times' (transaction per second), the factoring company can bill the resulting default rate of end customers to the CTS KGaA. In the reporting period 2015 due to the lack of unreported and incurred 'peak times' no further defaults were charged.

4.6 DERIVATIVE FINANCIAL INSTRUMENTS

FOREIGN CURRENCY DERIVATIVES AND HEDGES

In 2015, 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 819 thousand (previous year: EUR 977 thousand). The fair value of the derivatives as at the closing date is EUR 12 thousand (previous year: EUR -115 thousand).

CTS KGaA also concluded forward foreign exchange transactions in the reporting year to hedge against foreign exchange risks in connection with loan receivables denominated in Swiss Francs (CHF). 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 1.471 million. The fair value of the derivatives as at the closing date is EUR 74 thousand.

Furthermore CTS KGaA 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 3.580 million (previous year: EUR 245 thousand). The fair value of the derivatives as at the closing date is EUR -29 thousand (previous year: EUR -3 thousand). As at the balance sheet date a forward exchange transaction from a resolved cash flow hedging relationship is classified in the category 'held for trading' with a fair value of EUR 20 thousand.

CTS KGaA concluded forward foreign exchange transactions in the reporting year to hedge against artist fees denominated in US Dollar (USD). Cash flow hedges were formed for the share in expected future artist fee expenses. As at the closing date, the underlying transactions of the hedges (expected share in artist fees) amounted to EUR 5.520 million. The fair value of the derivatives as at the closing date is EUR -40 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.

4.7 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, marketable securities and other investements (short-term discount certificates, funds and term deposits), 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 marketable securities and other investments (non-current long-term deposits), 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 discount certificates and fund investments, 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; in the reporting period no financial instruments were classified in Level 3.

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 2015, 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 2015:

	31.12.2015		
	Level 1	Level 2	Total
	[EUR'000]	**[EUR'000]**	**[EUR'000]**
ASSETS			
Cash and cash equivalents	0	500,816	500,816
Marketable securities and other investments (at fair value not through profit and loss)	5,600	0	5,600
Marketable securities and other investments (at amortised cost)	0	1,290	1,290
Trade receivables	0	34,002	34,002
Receivables from affiliated and associated companies accounted for at equity	0	6,277	6,277
Other original financial assets	0	62,649	62,649
Other derivative financial assets (at fair value through profit and loss)	0	106	106
Investments (held-to-maturity)	1,043	0	1,043
Loans	0	197	197
	6,643	**605,337**	**611,980**
LIABILITIES			
Short-term liabilities	0	16,530	16,530
Medium- and long-term financial liabilities	0	137,557	137,557
Trade payables	0	79,894	79,894
Payables to affiliated and associated companies accounted for at equity	0	597	597
Other original financial liabilities	0	246,205	246,205
Other derivative financial liabilities (at fair value not through profit and loss)	0	69	69
	0	**480,852**	**480,852**

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
Marketable securities and other investments (at fair value not through profit and loss)	480	0	480
Trade receivables	0	30,822	30,822
Receivables from affiliated and associated companies accounted for at equity	0	5,796	5,796
Other original financial assets	0	62,787	62,787
Other derivative financial assets (at fair value not through profit and loss)	0	21	21
Investments (held-to-maturity)	1,006	0	1,006
Loans	0	231	231
	1,486	**605,500**	**606,986**
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**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the 2015 financial year, the Group generated revenue of EUR 834.227 million (previous year: EUR 690.300 million). Revenue (before consolidation between segments) breaks down into EUR 346.192 million in the Ticketing segment (previous year: EUR 319.223 million) and EUR 494.911 million in the Live Entertainment segment (previous year: EUR 379.170 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)	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of materials, supplies and purchased merchandise	8,671	7,419	1,252
Cost of purchased services	493,183	389,815	103,368
	501,854	**397,234**	**104,620**

The change in cost of purchased services results mainly from Live Entertainment segment. Material expenses measured using the total cost method are allocated in full to cost of sales using the cost of sales method.

Personnel expenses (according to total cost method)	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	90,740	78,455	12,285
Social insurance contributions and expenses for pension and employee support	15,468	14,172	1,296
	106,208	**92,627**	**13,581**

The increase in the Ticketing segment is mainly the result of the greater scope of consolidation, the processing of international projects and expenses in connection with the technological development. The increase in personnel expenses in the Live Entertainment segment results primarily from the structural development and temporary staff for the operation of the Lanxess Arena and Arena Berlin.

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 46.221 million were recognised as cost of sales (previous year: EUR 38.932 million), EUR 30.314 million as selling expenses (previous year: EUR 26.801 million) and EUR 29.673 million as general administrative expenses (previous year: EUR 26.894 million).

In Germany, the employer's share of pension insurance amounts to 9.35% (previous year: 9.45%). Social security and expenses for pension and employee support include EUR 8.075 million (previous year: EUR 7.467 million) in contributions to statutory pension insurance. Statutory pension insurance is a defined contribution plan.

Depreciation and amortisation (according to total cost method)	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	30,298	28,226	2,072
	30,298	**28,226**	**2,072**

Depreciation and amortisation include EUR 11.043 million (previous year: EUR 10.940 million) in amortisation from purchase price allocations. 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.

Other operating expenses (according to total cost method)	2015	2014	Change
	[EUR’000]	[EUR’000]	[EUR’000]
Other operating expenses	67,680	63,628	4,052
	67,680	**63,628**	**4,052**

The year-on-year change in other operating expenses according to cost method mainly relates to higher expenses for marketing, external services and rent and office space.

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 15.891 million were recognised as cost of sales (previous year: EUR 13.844 million), EUR 27.038 million as selling expenses (previous year: EUR 24.097 million) and EUR 14.828 million as general administrative expenses (previous year: EUR 14.511 million). The remaining EUR 9.923 million (previous year: EUR 11.314 million) was allocated to other operating expenses.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 8.950 million increase in selling expenses is mainly due to higher personnel expenses (EUR +3.512 million), depreciation (EUR +2.358 million) and other operating expenses (EUR +3.080 million). Furthermore, the expenses for advertising costs (EUR +1.505 million) and valuation of receivables (EUR +1.319 million) increased.

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 5.010 million increase in general administrative expenses is principally due to higher personnel expenses (EUR +2.780 million), depreciation (EUR +1.894 million) and other operating expenses (EUR +336 thousand).

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from advertising and marketing	4,388	4,595	-207
Income from currency translation	4,378	1,093	3,285
Income from written-off liabilities / written-off receivables	2,724	2,076	648
Income from passed on expenses	2,025	2,110	-85
Income relating to other periods	1,962	1,526	436
Income from insurance compensation	1,638	986	652
Payments of damages	393	106	287
Income from the reversal of allowances for doubtful accounts	383	265	118
Bargain purchase of an acquisition	0	1,632	-1,632
Other operating income	2,761	2,971	-210
	20,652	**17,360**	**3,292**

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

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Currency translation expenses	1,786	2,323	-536
Expenses for third-party services	1,611	1,727	-116
Expenses passed on from third parties	1,567	1,653	-86
Expenses relating to other periods / non-operating costs	1,089	626	462
Non-recurring items	494	1,255	-760
Loss from disposal of fixed assets	184	387	-203
Cost for the supply of goods sold	174	313	-139
Donations	151	225	-74
Other operating expenses	2,867	2,805	62
	9,923	**11,314**	**-1,391**

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

The non-recurring items relate to expenses for executed and planned acquisitions of EUR 494 thousand in the Ticketing segment.

INCOME / EXPENSES FROM PARTICIPATIONS (7)

Income from participations, at EUR 17 thousand (previous year: EUR 26 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 -174 thousand; previous year: EUR -26 thousand) and include EUR -258 thousand (previous year: EUR -194 thousand) in respect of joint ventures and interest in associates of EUR 69 thousand (previous year: EUR 166 thousand).

FINANCIAL INCOME (9)

Financial income includes EUR 1.240 million in interest income (previous year: EUR 1.693 million) and EUR 14 thousand (previous year: EUR 53 thousand) in other financial income.

FINANCIAL EXPENSES (10)

Financial expenses comprise interest expense, at EUR 4.682 million (previous year: EUR 5.551 million) and EUR 1.164 million in other financial expenses (previous year: EUR 985 thousand). Interest expenses mainly comprise borrowing costs for acquisitions made.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Actual income taxes	49,628	38,960	10,668
Deferred taxes	-4,809	-2,365	-2,444
	44,819	**36,595**	**8,224**

Actual income taxes comprise current tax income of prior periods of EUR 214 thousand (previous year: EUR 400 thousand) due to completed tax audits.

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.

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 losses carry-forwards and tax credits.

Deferred taxes amounting to EUR 525 thousand (previous year: EUR 660 thousand) were recognised in shareholders' equity, not through profit and loss, under total comprehensive income.

Deferred tax income / expenses developed as follows:

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-4,809	-2,365	-2,444
thereof:			
from temporary differences	-4,750	-2,498	-2,252
from tax loss carryforwards	-59	133	-192

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 2015, an average tax rate of 31.6% (previous year: 31.6%) was multiplied by the pre-tax profit. The average tax rate is the tax rate for CTS KGaA, which is composed of German corporation tax at a rate of 15.0% (previous year: 15.0%) plus 5.5% solidarity supplement and local municipal trade tax at around 15.8% (previous year: around 15.8%).

	2015	2014
	[EUR'000]	[EUR'000]
Profit before tax (EBT)	145,357	122,118 [1]
Reconciliation to effective tax expenses		
Expected income taxes	**45,933**	**38,589**
Deviations from expected tax rate	-2,374	-2,098
Changes in value adjustment of deferred tax assets and tax credits	-210	-195
Usage of not capitalised tax loss carryforwards	-267	-561
Changes of deferred taxes due to changes in tax rates	9	580
Losses without the formation of deferred tax assets	102	56
Effects due to municipal trade tax additions and reductions	464	273
Actual taxes referring to previous years	-214	-400
Non-deductible expenses / Non-taxable income	1,750	1,446
Other	-374	-1,095
Effective income taxes	**44,819**	**36,595** [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

To improve the presentation of income tax effects on intercompany dividends the tax reconciliation has been adjusted in the previous year.

NON-CONTROLLING INTEREST (12)

The non-controlling interest in net income for 2015 increased from EUR 8.352 million to EUR 11.509 million. Non-controlling interest in the Ticketing segment amounts to EUR 4.145 million (previous year: EUR 3.459 million) and in the Live Entertainment segment to EUR 7.364 million (previous year: EUR 4.893 million).

6. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities decreased year-on-year by EUR 153.709 million from EUR 245.637 million to EUR 91.928 million. The main reason for this decline in cash flow from operating activities is the change in liabilities (EUR -202.675 million). This was offset by a positive cashflow effect from consolidated net income after non-controlling interest in EUR 11.857 million, in payments on account (EUR +18.768 million) and a change in receivables and other assets (EUR +10.571 million).

The positive cash-flow effect of EUR 18.768 million from changes in **payments on account** was mainly the result of a decrease in production cost payments for future events to be held after the balance sheet date in the Live Entertainment segment.

The negative cash-flow effect of EUR 10.571 million from changes in **receivables and other assets** was mainly the result of a higher accumulation of trade receivables and other assets. This is offset by a higher reduction of receivables relating to ticket monies from presales in the reporting period.

The EUR -202.675 million negative cash flow effect due to the change in **liabilities** mainly results from higher decrease of liabilities of ticket monies that have not yet been invoiced in the Ticketing segment (EUR -89.706 million) and higher decrease in advance payments received in the Live Entertainment segment (EUR -113.377 million). This was offset by a positive cash flow effect in other liabilities (EUR +5.671 million).

In 2014, a significantly positive cash flow effect was essentially due to higher liabilities from ticket monies that have not yet been invoiced in the Ticketing segment (EUR +72.154 million) caused by the presale of major tours in 2015 (inter alia AC/DC, U2, Helene Fischer) as well as higher advance payments received in the Live Entertainment segment (EUR +72.450 million). With the performance of many major tours in the reporting year 2015, the high level of liabilities from ticket monies amounting to EUR 17.552 million and of advance payments received of EUR 40.927 million resulted in cash outflows. Thus, the positive cash flow effect in 2014 and the negative cash flow effect in 2015 resulted in a material reduction of cash flow from operating activities.

The positive cash flow effect of other liabilities (EUR +5.671 million) includes mainly higher liabilities from gift vouchers and increased deferred income.

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. 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.

CASH FLOW FROM INVESTING ACTIVITIES (2)

The negative cash flow from investing activities decreased by EUR 36.257 million from EUR 58.604 million to EUR 22.347 million. The decrease is due to lower cash outflows for investing activities in tangible assets. Furthermore, less payments were made for acquisitions in the prior year period.

CASH FLOW FROM FINANCING ACTIVITIES (3)

The negative cash flow from financing activities rose year-on-year by EUR 23.524 million from EUR 56.457 million to EUR 79.981 million. In the reporting period, more financial loans were taken out (EUR +84.000 million) higher redemptions of financial liabilities (EUR -95.599 million) were made. Furthermore, higher dividends to shareholders (EUR -7.679 million) led to a negative cash flow effect.

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:

	2015	2014
	[EUR]	[EUR]
Net income after non-controlling interest	89,028,681	77,171,306 [1]
Number of shares	96,000,000	96,000,000
Earnings per share	**0.93**	**0.80** [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, the italian ticketing business ‘Listicket’ and SETP/HOI Holding B.V., Amsterdam

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 (corporate management) 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 2015, 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. • 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 Eventim S.A. (formerly: Entradas See Tickets S.A.) • CTS Eventim France S.A.S. • CTS Eventim Brasil Sistemas e Servicos de Ingressos Ltda. • JUG Jet Air GmbH & Co. KG • kinoheld GmbH

LIVE ENTERTAINMENT

• Marek Lieberberg Konzertagentur GmbH & Co. KG • Peter Rieger Konzertagentur GmbH & Co. KG • Semmel Concerts Entertainment GmbH (formerly: 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 external and internal revenues of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total segments	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
External revenue	342,087	315,404	492,140	374,896	834,227	690,300
Internal revenue	52,988	44,948	90,787	59,393	143,775	104,341
Total revenue	**395,075**	**360,352**	**582,927**	**434,289**	**978,002**	**794,641**
Consolidation within the segment	-48,883	-41,129	-88,016	-55,119	-136,899	-96,248
Revenue after consolidation within the segment	**346,192**	**319,223**	**494,911**	**379,170**	**841,103**	**698,393**

Reconciliation of the operating profit (EBIT) of the segments with Group earnings:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2015 [EUR'000]	2014 [EUR'000]	2015 [EUR'000]	2014 [EUR'000]	2015 [EUR'000]	2014 [EUR'000]	2015 [EUR'000]	2014 [EUR'000]
Revenue	346,192	319,223	494,911	379,170	-6,876	-8,093	834,227	690,300
EBITDA	142,358	128,917 [1]	38,144	26,218	0	0	180,502	155,135 [1]
EBIT	114,507	103,307 [1]	35,697	23,601	0	0	150,204	126,908 [1]
Depreciation and amortisation	-27,850	-25,609 [1]	-2,448	-2,617	0	0	-30,298	-28,226 [1]
Financial result							-4,847	-4,791 [2]
Earnings before tax (EBT)							145,357	122,118 [1,2]
Taxes							-44,819	-36,595 [1,2]
Net income before non-controlling interest							100,538	85,523 [1,2]
Non-controlling interest							-11,509	-8,352 [1]
Net income after non-controlling interest							89,029	77,171 [1,2]
Average number of employees	1,566	1,520	605	553			2,171	2,073
Normalised EBITDA	142,852	130,172 [1]	38,144	26,218	0	0	180,996	156,390 [1]
Normalised EBIT before amortisation from purchase price allocation	125,542	114,979 [1]	36,199	24,125	0	0	161,741	139,104 [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

[2] Adjusted prior-year figures due to the final purchase price allocation of SETP/HOI Holding B.V., Amsterdam

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the 2015 financial year, broken down by geographical distribution:

	2015	2014
	[EUR'000]	[EUR'000]
Germany	569,880	466,518
Austria	59,134	42,542
Switzerland	104,345	94,506
Italy	48,531	38,162
Great Britain	9,146	10,562
Finland	9,959	8,073
Spain	8,353	7,462
Netherlands	8,149	7,334
Other countries	16,730	15,141
	834,227	**690,300**

The previous year's figures for Finland, Spain and the Netherlands were reported last year in the line 'other countries'.

The increase in revenue in Germany and Switzerland is due to the Live Entertainment segment, as among other things a high number of major events were carried out. In Austria, revenue growth relates particularly to the Live Entertainment segment. In Italy significant revenue growth rates were achieved in the Ticketing segment.

The carrying values of **non-current non-financial assets** for the 2015 financial year are shown in the following table according to geographical distribution:

	2015	2014
	[EUR'000]	[EUR'000]
Germany	322,006	323,703 [1]
Austria	1,728	1,787
Switzerland	73,594	67,702
Italy	21,362	23,063 [1]
Great Britain	1,487	1,959
Other countries	5,645	6,708
	425,822	**424,922** [1]

[1] Adjusted prior-year figures due to the final purchase price allocation of Entradas Eventim S.A. (formerly: Entradas See Tickets S.A.), Madrid, CTS Eventim Nederland B.V., Amsterdam, and the italian ticketing business 'Listicket'

The long-term non-financial assets include goodwill, property, plant and equipment, intangible assets, investments in associates accounted for at equity and long-term other non-financial assets.

7.3 EMPLOYEES

On average over the year, 2,171 salaried staff (previous year: 2,073) were employed by the Group. Of that total, 1,262 (previous year: 1,177) were employed in Germany, and 909 (previous year: 896) 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, the Lanxess Arena in Cologne and 'Waldbühne' in Berlin. The leasing obligations pertain primarily to maintenance agreements for software and telecommunication and vehicles. Other obligations relate to agency agreements and agreements for service contracts.

The leases for motor vehicles usually contain no renewal or purchase options and have a fixed term after which the vehicle is returned. The lease rate is linked to the brand, model and features.

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

	2015			2014		
	< 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	13,499	46,991	6,928	13,055	44,909	13,697
Leasing obligations	734	717	0	720	658	0
Other obligations	909	94	0	1,138	179	0
	15,142	**47,802**	**6,928**	**14,913**	**45,746**	**13,697**

There were no other contingent liabilities of any significance. Payments for operating leases (rental, leasing and other obligations) which are recorded in the reporting period as expenses amounted to EUR 16.228 million (previous year: EUR 13.748 million).

7.5 LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 121 thousand (previous year: EUR 174 thousand), and the long-term financial liabilities include liabilities from finance leases with a remaining term of up to four years, at EUR 282 thousand (previous year: EUR 123 thousand). The interest rates on which the leasing agreements are based vary between 1.8% and 2.8%, depending on the market rates and the date of conclusion of a contract. The main leases relate to motor vehicles. The present value of future minimum lease payments amount to EUR 121 thousand (previous year: EUR 110 thousand) with a remaining term of up to one year and EUR 280 thousand (previous year: EUR 141 thousand) between one and five years.

7.6 EVENTS AFTER THE BALANCE SHEET DATE

On 10 March 2016, the CTS KGaA signed a transaction agreement with Nordisk Film A/S, Copenhagen, Denmark, which belongs to the Danish Egmont Group. The agreement concerns the formation of a holding company in Denmark, which will be used in the future to provide jointly ticketing services in Scandinavia and to take a leading market position in Denmark, Sweden and Norway. The Swedish ticketing company of CTS KGaA CTS Eventim Sweden AB and the Danish ticketing company Venue Point Holding A / S of Nordisk Film A / S will be sold by the parties to the holding company. CTS KGaA acquires shares in the holding company and therefore exercises the controlling interest in the group.

7.7 PENDING COURT PROCEEDINGS

The Group is involved in pending proceedings and litigations which 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. Provisions amounting to EUR 391 thousand were formed as at the balance sheet date to cover litigation expenses.

In the context of administrative proceedings, the German Federal Cartel Office is investigating the market position and market behaviour of CTS KGaA, particularly whether CTS KGaA exploits its market position in the Ticketing segment to an unreasonable extent and, in doing so, puts market partners at a disadvantage, as well as the content of specific regional cooperation agreements. A current formal decision requesting information is in the ongoing process. All requests for information issued by the Cartel Office in this regard were answered in a complete and timely manner by the company. A request for information is currently in ongoing process. It cannot be excluded that the Cartel Office will take up issue with individual practices or agreements during these proceedings and issue an order for modification. No material negative effects are presently expected for the future business development. The Group is unable to derive any contingent liabilities from these proceedings at present.

7.8 DECLARATION OF COMPLIANCE

On 17 December 2015, 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=GMD&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance).

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:

- 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
- GRETA'S BISTRO GmbH (formerly: TEMPODOME GmbH), Bremen
- Arena Holding GmbH, Cologne
- JUG Jet Air GmbH & Co. KG, Bremen
- JUG Jet Air Verwaltungs-GmbH, Bremen

7.10 NOTIFIABLE SECURITIES TRANSACTIONS PURSUANT TO § 15a SECURITIES TRADING ACT (WPHG)

During the period under review there where no transactions by members of the corporate management and Supervisory Board of the CTS KGaA with no-par value bearer shares in the company (ISIN DE0005470306).

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 was the controlling shareholder until 28 December 2015. On 28 December 2015, Klaus-Peter Schulenberg transferred his shares of CTS KGaA as well as his shares of EVENTIM Management AG to KPS Stiftung seated in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding. He is also the controlling shareholder of other companies associated with 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 2015 reporting period:

Goods and services supplied by the Group	2015 [EUR'000]	2014 [EUR'000]
Services related to events	5,436	7,431
Passing on of operating costs	1,025	892
Supply of ticketing software	284	181
Other	600	555
	7,345	**9,059**

EUR 608 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (previous year: EUR 504 thousand), EUR 2.633 million to associates accounted for at equity (previous year: EUR 1.944 million) and EUR 4.104 million to other related parties (KPS Group) (previous year: EUR 6.611 million).

Goods and services received by the Group	2015 [EUR'000]	2014 [EUR'000]
Fulfillment and customer services, transfer of postage	17,998	16,819
Production costs for events	2,699	3,590
Call center operations	2,241	2,277
Tenancy agreements	1,262	1,051
Agency agreements	1,007	1,019
Payment services	1,059	862
Other	143	137
	26,409	**25,755**

EUR 390 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (previous year: EUR 738 thousand), while EUR 1.669 million in goods and services were supplied by associates accounted for at equity (previous year: EUR 2.229 million) and EUR 24.350 million were supplied by other related parties (KPS Group) (previous year: EUR 22.788 million).

	2015	2014
	[EUR'000]	[EUR'000]
Receivables from		
Subsidiaries not included in consolidation due to insignificance	1,041	1,122
Associates accounted for at equity	5,237	4,733
Other related parties	258	178
	6,536	**6,033**

	2015	2014
	[EUR'000]	[EUR'000]
Liabilities to		
Subsidiaries not included in consolidation due to insignificance	177	8
Associates accounted for at equity	350	1,594
Other related parties	5,634	4,677
	6,161	**6,279**

Liabilities to related parties are unsecured.

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 2015 financial year, auditing expenses of EUR 423 thousand (previous year: EUR 301 thousand), fees amounting to EUR 139 thousand for other services (previous year: EUR 44 thousand) were charged. In the previous year other assurance services EUR 34 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 (in EUR) 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*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	2,000,000	2,500,000	2,500,000	2,500,000
Ancillary benefits	12,115	12,323	12,323	12,323
Total	**2,012,115**	**2,512,323**	**2,512,323**	**2,512,323**
One-year variable cash remuneration	400,000	600,000	0	600,000
Multi-year variable cash remuneration	100,000	150,000	0	150,000
Total	**500,000**	**750,000**	**0**	**750,000**
Service costs	0	0	0	0
Total remuneration	**2,512,115**	**3,262,323**	**2,512,323**	**3,262,323**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	18,093	18,231	18,231	18,231
Total	**468,093**	**618,231**	**618,231**	**618,231**
One-year variable cash remuneration	204,000	240,000	0	240,000
Multi-year variable cash remuneration	51,000	60,000	0	60,000
Total	**255,000**	**300,000**	**0**	**300,000**
Service costs	0	0	0	0
Total remuneration	**723,093**	**918,231**	**618,231**	**918,231**

	Volker Bischoff | CFO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	20,180	19,999	19,999	19,999
Total	**470,180**	**619,999**	**619,999**	**619,999**
One-year variable cash remuneration	124,000	204,000	0	204,000
Multi-year variable cash remuneration	31,000	51,000	0	51,000
Total	**155,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**625,180**	**874,999**	**619,999**	**874,999**

* 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 1.305 million (previous year: EUR 910 thousand) in performance-based components and EUR 3.751 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, as in the previous year, 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 –

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 until 29 September 2015)

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 3 thousand (previous year: EUR 6 thousand) for the 2015 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 under § 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.

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 13 May 2015 and amounted on the latter date to 2.97% (2,855,300 votes) and that these voting rights of 2.97% (2,855,300 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.

ING Groep N.V., Amsterdam, Netherlands, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% and 5% threshold on 26 May 2015 and amounted on the latter date to 0% (0 votes).

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 25 January 2016 and amounted on the latter date to 3.01% (2,886,772 votes) and that these voting rights of 3.01% (2,886,772 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.

On 28 December 2015, Klaus-Peter Schulenberg transferred his shares of CTS KGaA as well as his shares of EVENTIM Management AG to KPS Stiftung seated in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding and amount up to 50.2% of the voting rights in the company as at 31 December 2015.

The Management Board of EVENTIM Management AG released the consolidated financial statements to the Supervisory Board on 10 March 2016.

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, 10 March 2016

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 2015. 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, 11 March 2016

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Georg Stegemann (German Public Auditor)	Dr. Achim Lienau (German Public Auditor)

8. FINANCIAL STATEMENTS OF CTS KGaA 2015

BALANCE SHEET OF CTS KGaA AS AT 31 DECEMBER 2015 (HGB)

ASSETS	31.12.2015	31.12.2014
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Internally generated industrial property rights and similar rights and assets	412,434	125,601
2. Acquired concessions, industrial property rights and similar rights and assets, and licences in such right and assets	48,356,097	43,959,315
3. Goodwill	49,720,538	57,369,850
4. Payments on account	2,352,849	2,622,901
	100,841,918	**104,077,667**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	42,044	9,889
2. Technical equipment and machinery	1	1
3. Other facilities, operating and office equipment	3,961,591	4,482,858
	4,003,636	**4,492,748**
III. Investments		
1. Shares in affiliated companies	202,118,406	201,301,133
2. Participations	6,540	6,540
	202,124,946	**201,307,673**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	346,556	970,094
2. Payments on account	4,128	38,067
	350,684	**1,008,161**
II. Receivables and other assets		
1. Trade receivables	7,648,390	6,337,410
2. Receivables from affiliated companies	24,592,660	29,226,327
3. Receivables from participations	2,773,296	983,307
4. Other assets	25,265,260	23,305,158
	60,279,606	**59,852,202**
III. Securities		
Other securities	4,999,648	0
IV. Cheques, cash in hand and bank balances	**174,628,537**	**208,862,594**
C. PREPAID EXPENSES	**2,913,101**	**3,521,026**
D. DEFERRED TAX ASSETS	**0**	**718**
Total assets	**550,142,076**	**583,122,789**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2015	31.12.2014
	[EUR]	[EUR]
A. SHAREHOLDERS' EQUITY		
I. Share capital	96,000,000	96,000,000
less par value of treasury stock	-8,700	-8,700
II. Capital reserve	2,400,000	2,400,000
III. Statutory reserve	7,200,000	5,218,393
IV. Balance sheet profit	143,255,674	111,592,824
	248,846,974	**215,202,517**
B. PROVISIONS		
1. Tax provisions	15,920,917	19,159,675
2. Other provisions	9,992,781	11,489,633
	25,913,698	**30,649,308**
C. LIABILITIES		
1. Liabilities to banks	109,912,815	134,206,941
2. Trade payables	10,604,833	9,798,823
3. Liabilities to affiliated companies	2,045,972	5,457,457
4. Liabilities to participations	0	5,398
5. Other liabilities	151,276,467	186,163,235
	273,840,087	**335,631,854**
D. DEFERRED INCOME	**108,308**	**137,846**
E. DEFERRED TAX LIABILITIES	**1,433,009**	**1,501,264**
Total shareholders' equity and liabilities	**550,142,076**	**583,122,789**

INCOME STATEMENT OF CTS KGAA FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (HGB)

	01.01.2015 - 31.12.2015 [EUR]	01.01.2014 - 31.12.2014 [EUR]
1. Revenue	177,830,182	169,888,864
2. Cost of sales	-75,190,778	-73,671,371
3. Gross profit	**102,639,404**	**96,217,493**
4. Selling expenses	-28,703,701	-31,694,331
5. General administrative expenses	-17,911,992	-14,305,825
6. Other operating income thereof from currency translation EUR 522,347 (2014: EUR 239,238)	7,864,344	6,762,898
7. Other operating expenses thereof from currency translation EUR 105,424 (2014: EUR 1,217,118)	-5,039,290	-5,170,624
8. Income from participations	22,815,574	12,506,425
9. Income from loans held as financial assets	49,879	0
10. Expense from participations	0	-13,665
11. Income from profit transfer agreements	18,800,739	18,634,055
12. Other interest and similar income	928,444	1,162,321
13. Interest and similar expenses	-3,842,394	-4,482,973
14. Profit from ordinary business activities (EBT)	**97,601,007**	**79,615,774**
15. Income taxes thereof from deferred taxes EUR 67,538 (2014: EUR 60,478)	-25,558,319	-23,247,230
16. Other taxes	-1,711	-680
17. Net income for the year	**72,040,977**	**56,367,864**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2015 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2015 financial year of the CTS KGaA were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) for large companies and the supplementary regulations of the Stock Corporation Act (Aktiengesetz). The financial year is the calendar year. Optional disclosures are made in the notes in order to maintain clarity and transparency. All amounts are rounded to the nearest Euro.

2. ACCOUNTING POLICIES

2.1 GENERAL DISCLOSURES

The layout of the balance sheet complies with that specified in § 266 HGB in 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.

2.2 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 329 thousand. Intangible assets are amortised on a straight-line pro rata basis 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** capitalised in connection with the chain merger of Ticket Online Software and See Tickets Germany at 1 January 2013 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 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. Other assets include factoring receivables against an external service provider that arose in connection with the introduction of new types of payment to secure customer receivables from ticket sales. With regard to the sale of receivables (real factoring), all significant opportunities and risks are transferred without giving rise to a sustained engagement. The corresponding receivables are therefore fully booked out.

Securities are carried at cost or at the lower fair value.

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 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 deducted from 'share capital' and are reported in a separate line.

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.

2.3 CURRENCY TRANSLATION

Foreign currency receivables, other assets, cash and cash equivalents and foreign currency liabilities are measured using the spot exchange rate as at the balance sheet date.

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

3.1 BALANCE SHEET

ASSETS

Statement of changes in assets for the period from 1 January to 31 December 2015 (HGB)

	Historical cost				
	01.01.2015 [EUR]	Addition [EUR]	Disposal [EUR]	Reclas-sification [EUR]	31.12.2015 [EUR]
I. Intangible assets					
1. Internally generated industrial property rights and similar rights and assets	125,601	329,495	0	0	455,096
2. Aquired concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	91,472,158	8,980,605	352,499	2,534,393	102,634,657
3. Goodwill	77,574,530	0	0	0	77,574,530
4. Payments on account	2,622,901	2,264,341	0	-2,534,393	2,352,849
	171,795,190	**11,574,441**	**352,499**	**0**	**183,017,132**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	281,969	51,529	0	0	333,498
2. Technical equipment and machinery	572,445	0	0	0	572,445
3. Other property, plant and office equipment	15,821,802	1,302,022	314,453	0	16,809,371
	16,676,216	**1,353,551**	**314,453**	**0**	**17,715,314**
III. Investments					
1. Shares in affiliated companies	201,301,133	817,273	0	0	202,118,406
2. Participations	576,034	0	0	0	576,034
	201,877,167	**817,273**	**0**	**0**	**202,694,440**
Total	**390,348,573**	**13,745,265**	**666,952**	**0**	**403,426,886**

Accumulative depreciation and amortisation				Carrying value	
01.01.2015 [EUR]	Addition [EUR]	Disposal [EUR]	31.12.2015 [EUR]	31.12.2015 [EUR]	31.12.2014 [EUR]
0	42,662	0	42,662	412,434	125,601
47,512,843	7,086,313	320,596	54,278,560	48,356,097	43,959,315
20,204,680	7,649,312	0	27,853,992	49,720,538	57,369,850
0	0	0	0	2,352,849	2,622,901
67,717,523	**14,778,287**	**320,596**	**82,175,214**	**100,841,918**	**104,077,667**
272,080	19,374	0	291,454	42,044	9,889
572,444	0	0	572,444	1	1
11,338,944	1,778,022	269,186	12,847,780	3,961,591	4,482,858
12,183,468	**1,797,396**	**269,186**	**13,711,678**	**4,003,636**	**4,492,748**
0	0	0	0	202,118,406	201,301,133
569,494	0	0	569,494	6,540	6,540
569,494	**0**	**0**	**569,494**	**202,124,946**	**201,307,673**
80,470,485	**16,575,683**	**589,782**	**96,456,386**	**306,970,500**	**309,878,088**

The EUR 13.745 million in additions to **fixed assets** (previous year: EUR 37.411 million) relate to additions to intangible assets (EUR 11.574 million; previous year: EUR 9.194 million), to property, plant and equipment (EUR 1.354 million; previous year: EUR 2.339 million) and to financial assets (EUR 817 thousand; previous year: EUR 25.878 million). The additions to intangible assets result primarily from the development of the Global Ticketing System (EUR 7.285 million; previous year: EUR 6.723 million), from Information Science (EUR 1.023 million; previous year: EUR 780 thousand) and ticketing distribution rights (EUR 2.743 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System (EUR 662 thousand; previous year: EUR 1.953 million) and for connecting box offices to the Global Ticketing System (EUR 391 thousand; previous year: EUR 211 thousand). The additions to financial assets in the reporting year relate primarily to the acquisition of shares in kinoheld GmbH, Munich.

All **trade receivables** are payable within one year.

Receivables from affiliated companies include trade receivables amounting to EUR 6.978 million (previous year: EUR 6.111 million) and loan receivables of EUR 9.580 million (previous year: EUR 16.808 million). With an amount of EUR 6.326 million (previous year: EUR 4.105 million) receivables from affiliated companies have a remaining term of more than one year.

Receivables from participations include trade receivables amounting to EUR 70 thousand (previous year: EUR 78 thousand), as well as loan receivables amounting to EUR 2.703 million (previous year: EUR 905 thousand). With an amount of EUR 2.163 million receivables are due within one year and receivables of EUR 540 thousand have a remaining term of one to five year.

Other assets include EUR 2.885 million in receivables with a remaining term of between one and five years (previous year: EUR 2.776 million).

The **securities** include discount certificates amounting to EUR 5.000 million.

Prepaid expenses mainly comprise EUR 1.236 million in prepaid financing expenses (previous year: EUR 1.502 million), EUR 1.225 million in maintenance expenses (previous year: EUR 1.622 million), EUR 41 thousand in marketing and advertising expenses (previous year: EUR 106 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 2015.

Treasury stock of EUR 8,700 resulting from initial shares of 2,175 shares that 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 must form 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 1.981.607.

Based on its option right for measuring internally generated assets in accordance with § 248 (2) HGB, an amount of EUR 282 thousand is derived which is barred from distribution. Internally generated intangible assets of EUR 412 thousand were recorded and based on these deferred tax liabilities of EUR 130 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.

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

	2015	**2014**
	[EUR'000]	**[EUR'000]**
Balance sheet profit as at 1 January	111,593	136,756
Increase of par value difference in treasury stock	0	4
Allocation to share capital	0	-48,000
Net income for the year	72,041	56,368
Allocation to statutory reserve according to §150 AktG	-1,982	-2,818
	181,652	**142,310**
Dividends	-38,397	-30,717
Balance sheet profit as at 31 December	**143,256**	**111,593**

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 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 7 May 2015, the general partner was 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 6 May 2020, and to use these for specific purposes except for the purpose of trading as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The countervalue paid for these shares may not fall below the traded price by more than 5%. 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. This decision shall replace the authorization granted at the Shareholders' Meeting of 12 May 2010 to acquire own shares, which shall be revoked as from the time the new authorisation takes effect.

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. 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 on 8 May 2014, the general partner was 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.

The Annual Shareholders' Meeting on 8 May 2014 resolved to **change the legal form** of CTS AG into a partnership limited by shares (CTS KGaA). This resolultion to change the legal form took effct upon entery 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.

Other provisions include EUR 3.212 million in provisions for personnel expenses (previous year: EUR 2.554 million), EUR 3.428 million for outstanding supplier invoices (previous year: EUR 4.941 million), EUR 426 thousand for outstanding credit notes (previous year: EUR 1.667 million), EUR 1.476 million for outstanding commission (previous year: EUR 1.030 million), EUR 533 thousand for accounting and auditing expenses (previous year: EUR 472 thousand) and EUR 92 thousand for Supervisory Board emoluments (previous year: EUR 92 thousand).

Of the **liabilities to affiliated companies**, EUR 522 thousand (previous year: EUR 3.361 million) relate to trade payables and EUR 1.427 million (previous year: EUR 1.994 million) to loan liabilities.

In the previous year **liabilities to participations** consist entirely of trade payables amounting to EUR 5 thousand.

The residual terms of the liabilities as at 31 December 2015 are shown in the following statement of liabilities:

	Carrying value	Remaining term		
	31.12.2015	Due within 1 year	Due between 1 year and 5 years	1) from taxes 2) for social security
	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	109,912,815	14,341,395	95,571,420	
Trade payables	10,604,833	10,604,833		
Payables to affiliated companies	2,045,972	2,045,972		
Other liabilities	151,276,467	151,276,467		1) 4,718,690 2) 4,178
Liabilities, total	**273,840,087**	**178,268,667**	**95,571,420**	

The residual terms of the liabilities as at 31 December 2014 are shown in the following statement of liabilities:

	Carrying value	Remaining term		
	31.12.2014	Due within 1 year	Due between 1 year and 5 years	1) from taxes 2) for social security
	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	134,206,941	73,349,805	60,857,136	
Trade payables	9,798,823	9,798,823		
Payables to affiliated companies	5,457,457	5,457,457		
Payables to participations	5,398	5,398		
Other liabilities	186,163,235	186,163,235		1) 4,104,894
Liabilities, total	**335.631.854**	**274.774.718**	**60.857.136**	

Other liabilities, at EUR 151.276 million, mainly include EUR 134.169 million in liabilities in respect of ticket monies that have not yet been invoiced (previous year: EUR 171.159 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 10.597 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (previous year: EUR 21.625 million). Taxes account for EUR 4.719 million of the other liabilities (previous year: EUR 4.105 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 2013 (EUR 1.226 million; previous year: EUR 1.384 million) and the recognition of internally generated intangible assets in the reporting year of EUR 130 thousand (previous year: EUR 40 thousand). Furthermore, deferred tax liabilities were recognised 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%.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	145,183	136,823	8,360
Licence fees	12,594	9,938	2,656
Other revenue			
Data line charges	3,802	3,844	-42
System rental / maintenance / installation	7,656	4,162	3,494
Commission income	3,084	4,578	-1,494
Sales of merchandise	337	351	-14
Package travel	446	830	-384
Other	4,728	9,363	-4,635
	177,830	**169,889**	**7,941**

EUR 16.767 millon of total revenue was generated in foreign countries (previous year: EUR 11.952 million).

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

Material expenses (according to total cost method)	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	901	728	173
Cost of purchased services	65,289	65,556	-267
	66,190	**66,284**	**-94**

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

Personnel expenses (according to total cost method)	2015	2014	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	20,183	17,329	2,854
Social security contributions and expenses for pension and employee support	2,245	2,065	180
	22,428	**19,394**	**3,034**

The **selling expenses** for the 2015 financial year (according to the 'cost of sales' method) include EUR 7.649 million in amortisation of goodwill (previous year: EUR 7.813 million) and on intangible assets and property, plant and equipment of EUR 3.053 million (previous year: EUR 4.279 million).

Other operating income includes EUR 748 thousand in non-periodic income from the reversal of provisions (previous year: EUR 534 thousand), EUR 1.270 million in income from derecognised liabilities (previous year: EUR 1.123 million), EUR 20 thousand for subsequent reimbursements (previous year: EUR 94 thousand) and EUR 44 thousand income from disposal of fixed assets (previous year: EUR 48 thousand).

Other operating expenses include EUR 188 thousand (previous year: EUR 157 thousand) in non-periodic expenses from follow-up invoices and granted credit notes and losses from disposal of fixed assets, at EUR 40 thousand (previous year: EUR 65 thousand).

The EUR 22.816 million in **income from participations** was entirely generated by affiliated companies (previous year: EUR 12.506 million).

In the previous year **expenses from participations** resulted entirely by affiliated companies EUR 14 thousand.

Other interest and similar income includes EUR 622 thousand in income from affiliated companies (previous year: EUR 690 thousand). Discounted interest income was not recognised as in previous year.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 36 thousand (previous year: EUR 48 thousand). Discounted interest expenses were not recognised as in previous year.

Income Taxes include EUR 12.949 million in municipal trade tax (previous year: EUR 11.401 million), EUR 12.395 million in corporation tax (previous year: EUR 10.776 million) and EUR 682 thousand (previous year: EUR 592 thousand) in solidarity supplement to corporation tax for the 2015 financial year. Taxes on income also include foreign withholding tax expense, at EUR 89 thousand (previous year: EUR 62 thousand), non-periodic expenses for retrospective tax refunds for previous years, at EUR 10 thousand (previous year: EUR 299 thousand), non-periodic income for retrospective tax payments for previous years, at EUR 499 thousand (previous year: EUR 2 thousand). Expenses for foreign branches, at EUR 179 thousand were recognised in the previous year.

Furthermore, income taxes include expenses from the reversal of deferred tax assets at EUR 1 thousand (previous year: EUR 106 thousand) and income from the reversal of deferred tax liabilities at EUR 68 thousand (previous year: EUR 166 thousand).

Income taxes relate exclusively to profit from ordinary business activities.

Other taxes amounting to EUR 2 thousand (previous year: EUR 1 thousand) relate to income for subsequent VAT tax at EUR 2 thousand (previous year: EUR 6 thousand) and vehicle tax expenses at EUR 4 thousand (previous year: EUR 7 thousand).

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

	2015	2014
	[EUR'000]	[EUR'000]
Net income for the year	72,041	56,368
Profit carried forward	73,197	106,039
Increase of par value difference in treasury stock	0	4
Allocation to share capital	0	-48,000
Allocation to statutory reserve according to § 150 AktG	-1,982	-2,818
Balance sheet profit as at 31 December	**143,256**	**111,593**

Of the balance sheet profit for the previous year, at EUR 111.593 million, EUR 38.397 million were distributed to shareholders and EUR 73.197 million were carried forward to the new account.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the 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 5.752 million (previous year: EUR 5.750 million). As at the closing date, there was a claim for guarantee facilities amounting to EUR 2.750 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.

The company is also liable for liabilities from outstanding fees of two foreign subsidiaries with regard to payment service providers from the settlement of retail payments of two foreign subsidiaries. A claim is not to be expected because the payment service provider withheld the fees continuously from the payments processed.

Following acquisition of the Ticketcorner Group in 2010, 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 36.991 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 7.802 million (previous year: EUR 6.469 million). Of that total, EUR 2.980 million (previous year: EUR 2.456 million) are due within one year. Future rental obligations account for EUR 6.879 million (previous year: EUR 5.439 million), leasing obligations for EUR 352 thousand (previous year: EUR 361 thousand) and other obligations for EUR 571 thousand (previous year: EUR 670 thousand). The other financial commitments are EUR 40 thousand to affiliated companies (previous year: EUR 54 thousand).

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at market value for each single instrument. 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 2015 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 819 thousand (previous year: EUR 977 thousand). The fair value of the derivatives as at the closing date is EUR 12 thousand (previous year: EUR -115 thousand).

Further more, CTS KGaA concluded forward foreign exchange transactions to hedge against foreign exchange risks in connection with loan receivables denominated in Swiss Francs (CHF). 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 1.471 million. The fair value of the derivatives as at the closing date is EUR 74 thousand.

In 2015 CTS KGaA concluded forward foreign exchange transactions to hedge against budgeted royalties denominated in Swiss Francs (CHF). 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 3.580 million (previous year: EUR 245 thousand). The fair value of the derivatives as at the closing date is EUR -29 thousand (previous year: EUR -3 thousand). The fair value of a terminated single valuation unit amounts to EUR 20 thousand as at the closing date.

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 did not exist as of the balance sheet date.

Furthermore, the CTS KGaA has acquired discount certificates for liquidity management purposes. When investing in discount certificates, a discount on the underlying value (here the EURO STOXX 50) is granted. This creates a buffer against moderate price losses of the underlying value. In total, an amount EUR 5.017 million was invested in discount certificates.

When financial instruments are quoted on an active market, such as discount certificates, the respective quotation in this market represents the fair value. The discount certificates are recognised at cost or the lower fair value. At the reporting date, discount certificates in the amount of EUR 5.000 million are recorded under securities. The fair value amounts to EUR 5.074 million.

4.2.1 TRANSFER OF FINANCIAL ASSETS

In 2015, CTS KGaA has concluded an agreement with a factoring company on the sale of trade receivables from private customers to improve liquidity management. The agreement has a term of one year and can be terminated with a period of three months. Under the agreement, outstanding trade receivables are only sold for the payment method 'purchase on account' for as trade receivables connected with the webshops of the company. The factoring company performs the credit management including credit checks, default payment and collection proceedings of receivables on account for CTS KGaA.

In 2015, an adequate remuneration of EUR 462 thousand is recognised in the cost of sales.

The collection risk associated with the sold receivables was completely transferred to the factor. Hence, all significant risks and rewards of the assigned trade receivables are transferred to the factoring company. As at 31 December 2015, the carrying amount and the fair value of the transferred receivables to the factoring company amounts up to EUR 9.464 million.

The only relevant risk for risk assessment represents the possibility of a transfer of costs for default by the factoring company to the CTS KGaA. With notification and exceeding so-called ‘peak times’ (transaction per second), the factoring company can bill the resulting default rate of end customers to the CTS KGaA. In the reporting period 2015 due to the lack of unreported and incurred ‘peak times’ no further defaults were charged.

4.3 APPROPRIATION OF EARNINGS

In the 2015 financial year, CTS KGaA generated EUR 72.041 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 44.156 million (EUR 0.46 per eligible share) be distributed and that the remaining EUR 25.903 million, after allocation to statutory reserve (EUR 1.982 million) shall be carried forward to the new account.

4.4 LIST OF PARTICIPATIONS

A list of shareholdings is published on the company’s website. These disclosures are published on the CTS KGaA website under http://www.eventim.de/tickets.html?affiliate=GMD&fun=tdoc&doc=eventim/default/info/en/investor/investor-Structure.

4.5 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 (in EUR) paid to individual members of the corporate management of the general partner were as follows:

	Klaus-Peter Schulenberg | CEO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	2,000,000	2,500,000	2,500,000	2,500,000
Ancillary benefits	12,115	12,323	12,323	12,323
Total	**2,012,115**	**2,512,323**	**2,512,323**	**2,512,323**
One-year variable cash remuneration	400,000	600,000	0	600,000
Multi-year variable cash remuneration	100,000	150,000	0	150,000
Total	**500,000**	**750,000**	**0**	**750,000**
Service costs	0	0	0	0
Total remuneration	**2,512,115**	**3,262,323**	**2,512,323**	**3,262,323**

	Alexander Ruoff | COO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	18,093	18,231	18,231	18,231
Total	**468,093**	**618,231**	**618,231**	**618,231**
One-year variable cash remuneration	204,000	240,000	0	240,000
Multi-year variable cash remuneration	51,000	60,000	0	60,000
Total	**255,000**	**300,000**	**0**	**300,000**
Service costs	0	0	0	0
Total remuneration	**723,093**	**918,231**	**618,231**	**918,231**

	Volker Bischoff | CFO			
Granted Benefits / Allocations*	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**
Fixed salary	450,000	600,000	600,000	600,000
Ancillary benefits	20,180	19,999	19,999	19,999
Total	**470,180**	**619,999**	**619,999**	**619,999**
One-year variable cash remuneration	124,000	204,000	0	204,000
Multi-year variable cash remuneration	31,000	51,000	0	51,000
Total	**155,000**	**255,000**	**0**	**255,000**
Service costs	0	0	0	0
Total remuneration	**625,180**	**874,999**	**619,999**	**874,999**

* 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 –

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 until 29 September 2015)

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 3 thousand (previous year: EUR 6 thousand) for the 2015 financial year.

4.6 EMPLOYEES

On average, 283 persons were employed by the company during the year (previous year: 279). These were all salaried employees.

4.7 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/tickets.html?affiliate=GMD&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/correspondingDeclaration).

4.8 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.

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 13 May 2015 and amounted on the latter date to 2.97% (2,855,300 votes) and that these voting rights of 2.97% (2,855,300 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.

ING Groep N.V., Amsterdam, Netherlands, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS KGaA fell below the 3% and 5% threshold on 26 May 2015 and amounted on the latter date to 0% (0 votes).

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 25 January 2016 and amounted on the latter date to 3.01% (2,886,772 votes) and that these voting rights of 3.01% (2,886,772 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.

On 28 December 2015, Klaus-Peter Schulenberg transferred his shares of CTS KGaA as well as his shares of EVENTIM Management AG to KPS Stiftung seated in Hamburg. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding and amount up to 50.2% of the voting rights in the company as at 31 December 2015.

4.9 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.

4.10 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, 10 March 2016

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 2015. 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, 11 March 2016

pwc

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Georg Stegemann	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 http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorFinancialReportDownload.

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