

ANNUAL REPORT

2011



KEY GROUP FIGURES

	2011	2010	Change
	EUR'000	EUR'000	[in %]
Revenue	502,814	519,577	-3.2%
EBITDA	94,635	87,996	7.5%
EBIT	72,061	71,087 ⁵	1.4%
Normalised EBITDA	104,233	95,817	8.8%
Normalised EBIT before amortisation from purchase price allocation	92,179	85,668 ⁵	7.6%
<i>Normalised EBITDA margin</i>	20.7%	18.4%	2.3 pp
<i>Normalised EBIT margin before amortisation from purchase price allocation</i>	18.3%	16.5%	1.8 pp
Non-recurring items ¹	9,598	7,821	22.7%
Amortisation from purchase price allocation ²	10,520	6,761 ⁵	55.6%
Earnings before tax (EBT)	67,043	69,383 ⁵	-3.4%
Net income after non-controlling interest	42,188	42,280 ⁵	-0.2%
Cash flow	65,904	62,807	4.9%
	[EUR]	[EUR]	
Earnings per share ³ , undiluted (= diluted)	0.88	0.88 ^{5/6}	
	[Qty.]	[Qty.]	
Number of employees ⁴	1,441	1,479	
Of which temporary	(140)	(144)	

¹ Cf. page 25 for a detailed statement of non-recurring items

² Purchase price allocation of Ticketcorner Holding AG und See Tickets Germany GmbH; cf. Section 2.2 'Corporate Management' in combined management report, page 16f, for further information

³ Number of shares: 48 million

⁴ Number of employees at end of year (active workforce)

⁵ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

⁶ Adjusted prior-year figure on the basis of 48 million shares after share capital increase using own funds

CONTENT

1.	LETTER TO THE SHAREHOLDERS	2
2.	REPORT BY THE SUPERVISORY BOARD	4
3.	CTS SHARES	6
4.	CORPORATE GOVERNANCE REPORT OF CTS EVENTIM AG	8
5.	COMBINED MANAGEMENT REPORT	12
1.	Preliminary statements	12
2.	Business and macroenvironment	13
2.1	Corporate structure and business operations	13
2.2	Corporate management	16
2.3	Research and development	18
2.4	Overview of the course of business	18
3.	Earnings performance, financial position and cash flow	22
3.1.	Earnings performance	22
3.2	Financial position	35
3.3	Cash flow	42
3.4	General assessment of the Group's business situation	45
4.	Appropriation of earnings by CTS AG	46
5.	Dependencies report for CTS AG	46
6.	Events after the balance sheet date	46
7.	Risk report	47
7.1	Risk management system	47
7.2	Internal accounting control system	48
7.3	Risk categories	49
7.4	Assessment of the Group's risk exposure	54
8.	Management Board report	55
9.	Corporate governance declaration	56
10.	Report on expected future development	56
10.1	Future economic macroenvironment	56
10.2	Expected earnings performance	57
10.3	Expected cash flow	59
10.4	General assessment of the Group's prospective development	59
6.	CONSOLIDATED FINANCIAL STATEMENTS 2011	60
	Consolidated balance sheet	60
	Consolidated income statement for the period	62
	Consolidated statement of comprehensive income	63
	Consolidated statement of changes in shareholders' equity	64
	Consolidated cash flow statement	65
	Notes to the consolidated financial statements	68
7.	FINANCIAL STATEMENTS OF CTS AG 2011	134
	Balance sheet of CTS AG	134
	Income statement of CTS AG	136
	Notes to the financial statements	138
	Forward-looking statements	157
	Contact	159

1. LETTER TO THE SHAREHOLDERS



Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

In the 2011 financial year, we proved yet again that our company stands on strong foundations and that the CTS EVENTIM business model has proved to be highly resilient and profitable. The Group operating result increased significantly in the year under review. In the challenging business environment in which we operate, that is not something to be taken for granted. Its innovatory strengths mean that the CTS Group is superbly positioned to face the challenges of the future. The range and diversity of our events and services is unique, and our workforce motivated. No other ticketing company in Europe delivers anything remotely similar in the fields of music, sport and culture. Our customers value the products and services provided by CTS EVENTIM because they know they can rely on them. We set the standards as far as reliability, efficiency and user-friendliness are concerned.

CTS EVENTIM PROFITS FROM HIGH-MARGIN TICKET SALES VIA THE INTERNET

The trend towards online ticketing continues unabated. Over the past financial year, visits from around a million people a day were logged by the EVENTIM online portals. Our customers purchased around 19.2 million tickets online, 12% more than the year before. Our aim for the future is to continue increasing the volume of tickets sold via the Internet, given that the value-added per ticket is six times higher in online ticketing than in conventional sales channels.

EARNINGS POWER GREW IN 2011

The CTS Group achieved a further improvement in EBITDA in the reporting period, from EUR 88.0 million to EUR 94.6 million (+8%), even though this key figure was temporarily burdened by various non-recurring items, in particular one-off expenses for legal advice in the pending arbitration proceedings against Live Nation and for acquisitions and workforce restructuring. After adjustment for these non-recurring items, the normalised Group EBITDA was EUR 104.2 million (prior year: EUR 95.8 million, +9%). As in previous years, the Management Board will present a dividend proposal to the Shareholders' Meeting.

CTS EVENTIM PROFITS FROM ITS SUCCESSFULLY INTEGRATED ACQUISITIONS

Our acquisition strategy is bearing fruit. The acquisition of See Tickets Germany / Ticket Online Group in July 2010 was the biggest takeover in the company's history, which also secures exclusive ticketing access to the musicals produced by the Stage Entertainment Group, based on a 12-year partnership agreement with the latter. In the past financial year, the See Tickets Germany / Ticket Online Group made already a substantial contribution to Group revenue. Other key acquisitions included the takeover of the Swiss Ticketcorner Group and the purchase of additional shares in the Italian firm of TicketOne S.p.A. in 2010. These acquisitions make valuable contributions to the Group's business operations and result in further expansion of our market position in Europe. This is compounded by scale effects in ticketing operations. Cost synergies have already been achieved due to the new companies being systematically integrated within the Group, in accordance with schedule.

Our aim is to handle the entire European ticketing operation from a single database. Group activities in 2012 will therefore be concentrated on international expansion with new acquisitions. We have repeatedly demonstrated our skill in implementing acquisitions in the past.

LIVE MUSIC IS AS POPULAR AS EVER IN EUROPE

People in Europe are still prepared to spend money on events. The emotional bond between artists and audiences is very strong. Computer games, videos, CDs, cinema and the Internet have done nothing to change that fact and cannot compete with the live experience. We will cater to this strong demand by continuing to offer inspiring events and concerts. The timeless popularity of live events is further underscored by our success with the Waldbühne arena in Berlin, which can look back at a record season in which it attracted no less than 200,000 visitors.

SUCCESSFUL EXPANSION IN THE SPORT FIELD

We have systematically expanded our operations in the sports domain; CTS EVENTIM now cooperates with more than 80 clubs, associations and sport promoters in almost 20 different disciplines. In the German first-division football league, two-thirds of the clubs are already working with EVENTIM systems. Our aim is to develop this field even further and to convince even more customers of the benefits provided by our excellent technological platform.

ATTRACTIVE EVENTS

Whatever the category, be it rock, pop, German Schlagermusik, folk music, theatre, comedy, musicals, classical music or sports events, nobody else in the European ticketing market offers the public a greater selection of attractive events. 2012 will again see top rock/pop acts such as Madonna and Coldplay, musical highlights such as Tarzan or The Lion King, as well as sports events like the World Ice Hockey Championships in Finland and Sweden, or the popular German Touring Masters (DTM) car-racing series.

ARBITRATION PROCEEDINGS AGAINST LIVE NATION

In April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. A decision on the arbitration action is expected in the first half of 2012.

CTS EVENTIM AG shares are appreciated by equity market experts as a dividend-paying and attractive investment. This success must be credited above all to the employees of CTS EVENTIM, whose enormous dedication and commitment to customer satisfaction and the success of our company is demonstrated every day of the week.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Klaus-Peter Schulenberg". The signature is stylized and cursive.

Klaus-Peter Schulenberg
Chief Executive Officer

2. REPORT BY THE SUPERVISORY BOARD



Edmund Hug
Chairman

Report by the Supervisory Board of CTS EVENTIM AG on the annual financial statements, the consolidated financial statements and the management report for the company and the Group as a whole for the financial year from 1 January 2011 to 31 December 2011.

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 discharged its responsibilities as required by law and the articles of incorporation. It was regularly informed by the Management Board in writing, verbally, promptly and extensively about all issues relevant for corporate planning and strategic development, about the progress of business activities and the situation of the Group, including risks and risk management. The Supervisory Board provided the Management Board with regular advice concerning the management of the company, and monitored how the company and its Group were managed. It ensured that management of the company was lawfully conducted, and was involved in all decisions of fundamental importance for the company. After thorough examination and consultation, the Supervisory Board submitted its opinion on the reports prepared and the resolutions proposed by the Management Board, to the extent that this is required by law and by provisions in the articles of incorporation. The activities of the Supervisory Board during the reporting year also included intensive involvement in acquisitions made by the company, providing advice and deciding, where necessary, on consent for such measures. Decisions were also taken using the written procedure, where so required.

The Supervisory Board was kept informed by the Management Board not only at Supervisory Board meetings but also beyond such meetings – for example when transactions of special importance or urgency were being conducted. In the 2011 reporting year, the Supervisory Board met on 23 March ('financial statements meeting'), 12 May, 26 August and on 18 November. The Management Board of the company also took part at these meetings and had an opportunity to comment on business activities of importance for the company.

On the basis of the submitted reports and other information, the Supervisory Board examined the general business development of the company and its various subsidiaries, and also in particular the achievement of the budgeted performance figures for revenue and earnings, as well as the development of cash flow and the main projects carried out by the company and the Group as a whole.

III. At the Annual Shareholders' Meeting of the company held in Bremen on 13 May 2011, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft in Osnabrück, a firm of public auditors, was chosen to audit the annual financial statements and the consolidated financial statements as at 31 December 2011. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2011 annual financial statements, the 2011 consolidated financial statements, the combined management report and the respective audit reports were submitted by the Management Board of the company to the Supervisory Board in timely manner, and were duly examined by the Supervisory Board.

At the Supervisory Board meeting on 23 March 2012, the annual financial statements and the consolidated financial statements for 2011, as well as the combined management report and the Management Board's proposal for appropriation of profits, were discussed in detail with the Supervisory Board. The Supervisory Board was able to confer with the auditor, who also attended the meeting.

The annual financial statements were prepared by the Management Board in compliance with the statutory regulations and were issued with an unqualified audit opinion by the auditor.

After examination, the Supervisory Board approves the annual financial statements as prepared by the Management Board, which are therefore formally adopted in accordance with § 172 AktG (Stock Corporation Act). The Supervisory Board also approves the consolidated financial statements prepared by the Management Board for the 2011 financial year, to which no objections are raised. The Management Board's proposal for appropriation of the balance sheet profit was reviewed and accepted by the Supervisory Board as according with the interests of the company and its shareholders.

IV. In accordance with § 312 AktG, the Management Board has prepared a report for the 1 January – 31 December 2011 financial year on the relationships to affiliated companies, in which it is stated that, judging from the circumstances known at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case and that no measures requiring disclosure were either effected or waived in the 2011 business year at the behest or in the interest of affiliated enterprises within the meaning of § 312 AktG.

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

'Having audited and assessed the report in accordance with professional standards, we confirm that

(1) the disclosures of fact made in the report are true and correct,

(2) the performance rendered by the company in connection with the legal transactions detailed in the report are not unreasonably high.'

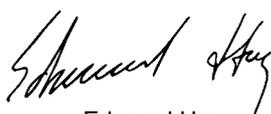
The Supervisory Board likewise examined the report on dependencies prepared by the Management Board and concurs with the audit findings. According to the conclusive findings of the Supervisory Board in the context of said examination, no objections are raised against the final declaration by the Management Board contained in said report.

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

VI. On 20 January 2012, the Supervisory Board and the Management Board issued their most recently updated joint declaration of compliance with the German Corporate Governance Code, in accordance with § 161 AktG; this declaration was published on the company website at www.eventim.de.

The Supervisory Board wishes to thank the Management Board and all employees of the company for the work they performed during the 2011 financial year.

March 2012

A handwritten signature in black ink, appearing to read "Edmund Hug".

Edmund Hug
Chairman

A handwritten signature in black ink, appearing to read "Prof. Jobst W. Plog".

Prof. Jobst W. Plog
Vice-Chairman

A handwritten signature in black ink, appearing to read "Dr. Bernd Kundrun".

Dr. Bernd Kundrun

3. CTS SHARES

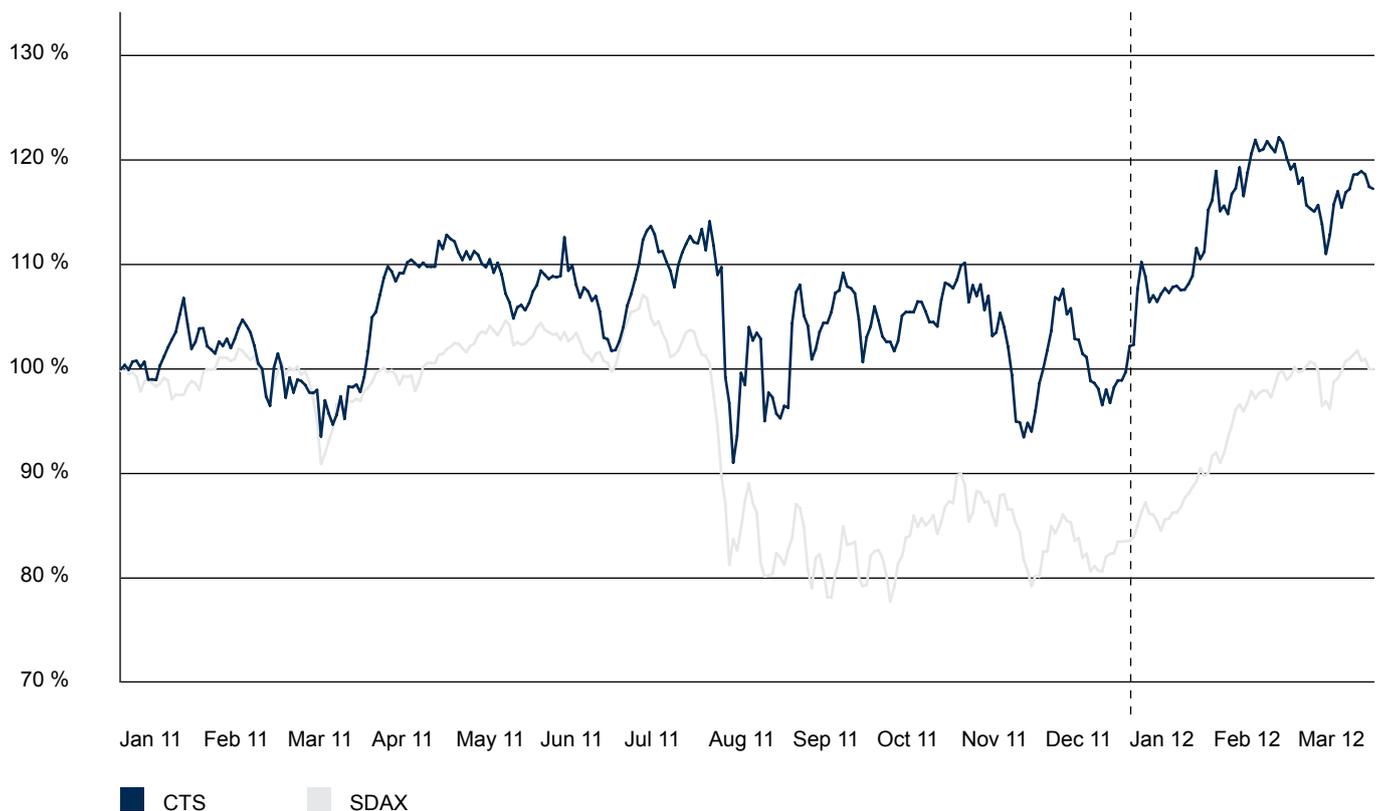
In an environment characterised in 2011 by politically influenced stock markets and a high level of uncertainty, CTS shares proved once again to be a stable investment. The various European indexes, from the EuroSTOXX50 and the DAX to the small-cap SDAX index, lost between 13.6% and 14.7% in value in 2011. Within that climate, CTS shares achieved an absolute growth in value (including dividends) of 2.2%, thus underscoring again their reputation as a sustainable investment.

The intrinsic value of CTS shares is also shown by a long-term analysis. Over the past five years, the shares have appreciated 148% in value, which equates to an average annual performance of more than 17%. The DAX rose 3.6% over the same period, which equates to average annual growth in value of 0.6%.

The analysts at Berenberg Bank, Deutsche Bank, HSBC and NordLB see further upward potential for CTS shares and recommend them with a 'Buy' rating. Crédit Agricole Cheuvreux, Macquarie Securities Group and M.M. Warburg also recommend the shares with a 'Hold' rating.

In the 2011 financial year, CTS EVENTIM AG was presented at twelve investor conferences and various roadshows in Germany, Europe and North America. CTS EVENTIM AG will continue to use the platform provided by investor conferences, roadshows and conference calls at national and international level to nurture good investor relations.

CTS SHARES (01.01.2011 TO 23.03.2012 – INDEXED)



		2011	2010	
		EUR	EUR	
Type of shares	No-par value ordinary bearer shares	Earnings per share	0.88	0.88 ¹²
Securities code	5 4 7 0 3 0	Cash flow	65,904,470	62,807,351
ISIN number	DE 000 547 030 6	High (Xetra)	27.00	23.48 ¹
Symbol	EVD	Low (Xetra)	19.41	16.27 ¹
First listed	01.02.2000	Year-end-price (Xetra)	23.20	23.11 ¹
Stock exchange segment	Prime Standard	Market capitalisation (based on year-end-price)	1,111,360,000	1,109,280,000
Indices	SDAX; Prime All Share	Shares outstanding on 31.12.	48,000,000	24,000,000
Sectoral index	Prime Media	Share capital after IPO	12,000,000	12,000,000

¹ Adjusted prior-year figure on the basis of 48 million shares after share capital increase using own funds

² Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

4. CORPORATE GOVERNANCE REPORT OF CTS EVENTIM AG

CTS EVENTIM AG has always complied with nationally and internationally accepted standards of good and responsible enterprise management. For us, Corporate Governance is a fundamental standard applying to all areas of the company. External directorships held by Management and Supervisory Board members are shown under section 6.13 and 6.14 in the notes to the consolidated financial statements. Related party disclosures are made under section 6.11 in the notes to the consolidated financial statements. The Management Board provides the following report on corporate governance within the company – simultaneously on behalf of the Supervisory Board – in accordance with item 3.10 of the German Corporate Governance Code (GCGC):

1. CORPORATE GOVERNANCE DECLARATION PURSUANT TO § 161 AKTG

The Management Board and Supervisory Board of CTS EVENTIM AG submitted a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' on 20 January 2012, in accordance with § 161 AktG. The declaration of compliance reads as follows:

'During the period since filing the previous declaration of compliance, CTS EVENTIM AG has complied and continues to comply with the recommendations issued by the Government Commission on the German Corporate Governance Code (GCGC), dated 26 May 2010, with the following exceptions:

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

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

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

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

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

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

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

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

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

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

As at the closing date for the annual financial statements, 31 December 2011, members of the Management Board and Supervisory Board of CTS EVENTIM AG held the following quantities of no-par value bearer shares in the company (ISIN DE0005470306):

	Number of shares	Share
	[Qty. after increase in share capital]	[in %]
Members of the Management Board:		
Klaus-Peter Schulenberg (Chief Executive Officer)	24.097.000	50.202%
Volker Bischoff	0	0.000%
Alexander Ruoff	4,000	0.008%
Members of the Supervisory Board:		
Edmund Hug (Chairman)	9,430	0.020%
Prof. Jobst W. Plog	1,800	0.004%
Dr. Bernd Kundrun	0	0.000%

3. PURCHASE OR SALE OF COMPANY SHARES OR FINANCIAL DERIVATIVES RELATING TO SUCH SHARES BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

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

Name	Position	Transaction	Trading day	Number of shares
<u>Klaus-Peter Schulenberg</u>	<u>Chief Executive Officer</u>	<u>Purchase</u>	<u>16.08.2011</u>	<u>65,000</u>
<u>Edmund Hug</u>	<u>Chairman of Supervisory Board</u>	<u>Purchase</u>	<u>30.03.2011</u>	<u>565</u>
		<u>Purchase</u>	<u>10.08.2011</u>	<u>1,000</u>
<u>Prof. Jobst W. Plog</u>	<u>Member of Supervisory Board</u>	<u>Sale</u>	<u>28.06.2011</u>	<u>650</u>
		<u>Purchase</u>	<u>29.06.2011</u>	<u>650</u>
		<u>Purchase</u>	<u>29.08.2011</u>	<u>500</u>

4. NOTES TO THE MANAGEMENT BOARD COMPENSATION SYSTEM

The total amount of compensation paid to members of the CTS EVENTIM AG Management Board is also disclosed annually in the notes to the annual financial statements of the company, and amounted in the 2011 financial year to EUR 2.382 million. Compensation consists of fixed annual emoluments and a variable, performance-based payment. The agreed criteria for granting the variable component, and for the amount paid, are revenue, EBIT (earnings before interest and taxes) and other performance-based figures, i.e. clearly defined, auditable and relevant success criteria that are continuously monitored by the Supervisory Board. The members of the Management Board also receive payments in kind, specifically in the form of an appropriate company car.

Stock options or similar components of compensation have not been contractually agreed and are not granted to members of the CTS EVENTIM AG Management Board, so no disclosures in this regard need be made. There are no contractual commitments regarding payments when Board membership ends. The amounts of compensation paid to the individual members of the Management Board and which must be disclosed by law are shown in the following table.

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

<u>Name</u>	<u>Fixed salary</u>	<u>Benefits</u>	<u>Management Bonus</u>	<u>Total</u>
	<u>[EUR]</u>	<u>[EUR]</u>	<u>[EUR]</u>	<u>[EUR]</u>
<u>Klaus-Peter Schulenberg</u>	<u>1,000,000</u>	<u>0</u>	<u>300,000</u>	<u>1,300,000</u>
<u>Volker Bischoff</u>	<u>350,000</u>	<u>11,700</u>	<u>105,000</u>	<u>466,700</u>
<u>Alexander Ruoff</u>	<u>350,000</u>	<u>10,081</u>	<u>255,000</u>	<u>615,081</u>
	<u>1,700,000</u>	<u>21,781</u>	<u>660,000</u>	<u>2,381,781</u>

5. WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

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

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

5. COMBINED MANAGEMENT REPORT

1. PRELIMINARY STATEMENTS

In addition to standalone financial statements for CTS EVENTIM AG (hereinafter 'CTS AG') in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch - HGB), the Management Board has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), complying thereby with all IFRS and with interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) on the balance sheet date. Consolidated financial statements reflecting applicable HGB principles were not prepared.

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

The accounting policies and consolidation methods are the same as those applied in the consolidated financial statements as at 31 December 2010. The comparative figures in the income statement and balance sheet relate to the adjusted consolidated financial statements as at 31 December 2010. The comparative figures in the income statement and the balance sheet as at 31 December 2010 had to be adjusted to take account of the final purchase price allocation in respect of the See Tickets Germany / Ticket Online Group as at 30 June 2011 and the final purchase price allocation in respect of T.O.S.C. – TicketOne Sistemi Culturali S.r.l. as at 30 September 2011. The effects of the final purchase price allocation on the consolidated income statement and balance sheet are provided in the Notes in section 1.6.1.2 'Purchase price allocation'.

2. BUSINESS AND MACROENVIRONMENT
2.1 CORPORATE STRUCTURE AND BUSINESS OPERATIONS
2.1.1 CORPORATE STRUCTURE

The Group operates in the leisure events market with its Ticketing and Live Entertainment segments. CTS AG, the parent company of the Group, operates in the field of ticketing and is the dominant player in that segment on account of its sheer economic importance. Statements made in respect of the Ticketing segment therefore apply specifically to CTS AG as well.

2.1.1.1 CHANGES IN GROUP STRUCTURE

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

The following companies were included in consolidation for the first time in the 2011 reporting period:

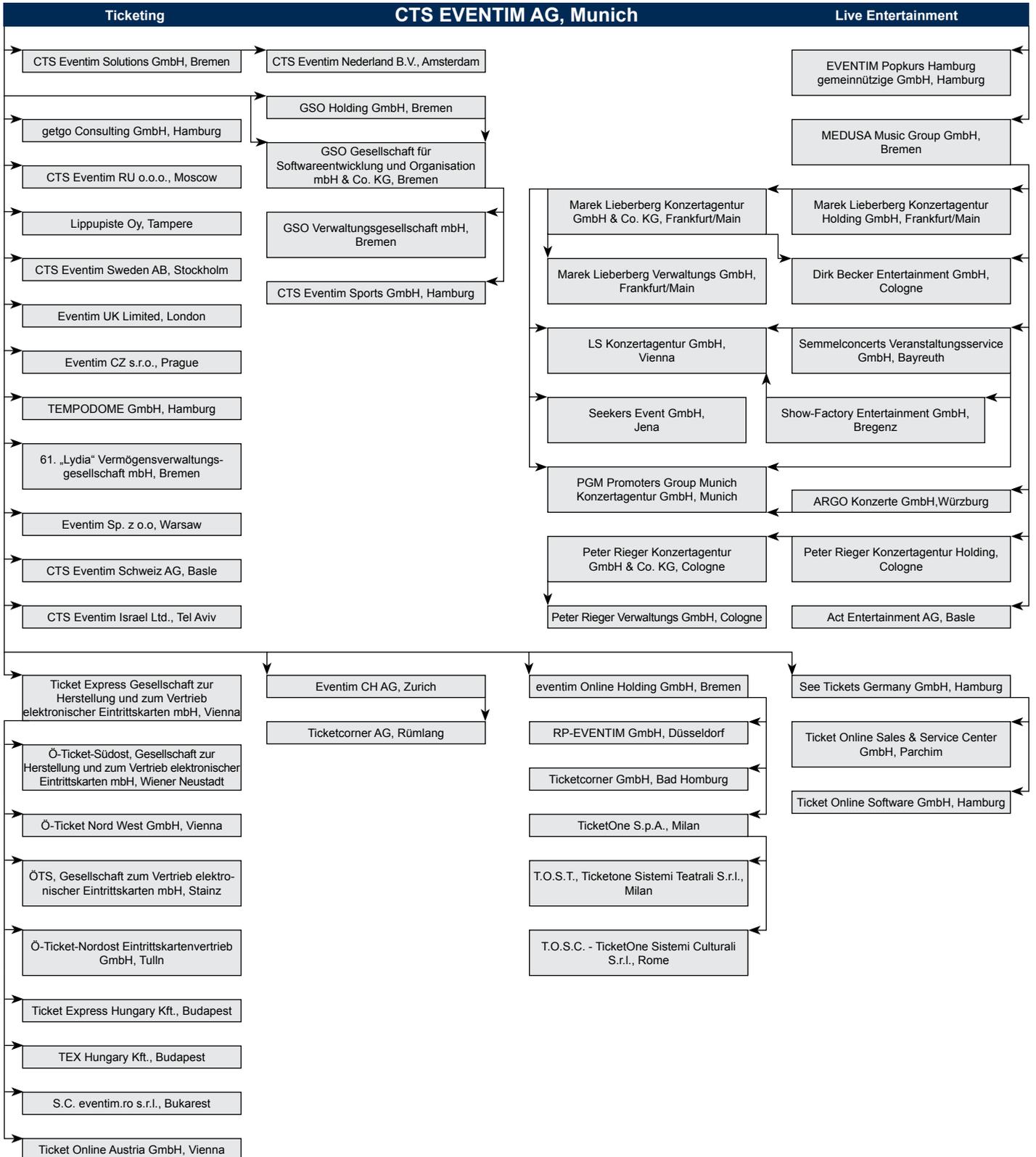
TICKETING

With an agreement concluded on 1 July 2011, Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, acquired 100% of the shares in Ticket Online Austria GmbH, Vienna.

LIVE ENTERTAINMENT

In an agreement dated 13 December 2011, Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main acquired 51% of the shares in Seekers Event GmbH, Jena. Seekers Event GmbH organises the 'SonneMondSterne' festival in Jena.

The following overview shows all the companies included by full consolidation in the consolidated financial statements as at 31 December 2011:



2.1.2 FIELDS OF BUSINESS AND ORGANISATIONAL STRUCTURE

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

The objects of the Live Entertainment segment are to plan, prepare and execute tours and events, in particular music events and concerts, and to market music productions.

Promoters of leisure events consider the sale of their tickets to be the critical factor for their success. These sales activities are the basic object of the Ticketing segment, which markets events (tickets) through its leading network platform (eventim.net), its in-house ticketing product (eventim.inhouse), a sports ticketing product (eventim.tixx) and a solution for ticket sales and admission control in stadiums and arenas. Due to the networking and internationalisation of ticketing software at network, web and inhouse level, it is also possible to offer cross-border tickets in a standardised ticketing system (Global Ticketing System).

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

2.1.3 MAIN REGIONS OF OPERATION

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

In the Live Entertainment segment, the Group concentrates on the German-speaking countries (Germany, Austria, Switzerland).

2.1.4 MANAGEMENT AND CONTROL

2.1.4.1 ORGANISATION OF MANAGEMENT AND CONTROL

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

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

The CTS Group is managed decentralised in order 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.

2.1.4.2 BASIC FEATURES OF THE COMPENSATION SYSTEM

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

The bonuses paid to each individual member are decided upon by the Supervisory Board on the basis of performance criteria. There are no contractual commitments regarding payments when Board membership ends.

No loans are granted to Management Board members or their relatives. Reference is made to section 6.13 in the notes to the consolidated financial statements and to section 4 in the Corporate Governance report regarding details of individual compensation packages.

For the 2011 financial year, the members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand, as well as reimbursed expenses of EUR 4 thousand.

2.1.5 LEGAL AND BUSINESS FACTORS AFFECTING THE GROUP

In April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. In June 2010, Live Nation gave notice that it was terminating the agreement on the grounds of alleged breaches by CTS AG. CTS AG rejected the notice of termination by Live Nation and in the arbitration action is now claiming damages in the order of millions. A decision on the arbitration action is expected in the first half of 2012.

2.2 CORPORATE MANAGEMENT

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

In order to manage the Group according to value-based principles, a system of performance indicators is used.

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

The key figure called 'normalised EBIT before amortisation from purchase price allocation' was defined in the preceding year due to the acquisitions made and the overall effects resulting from remeasurement of intangible assets taken over (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. In the initial consolidation of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group, ticketing software products taken over in 2010 were written down substantially, and new values such as trademark and customer base were recognised at their fair value. These remeasured intangible assets are

amortised on the basis of redefined useful lives in the Group. The substantial amortisation within the Group when conducting the purchase price allocation, which amount to EUR 10.520 million (prior year: EUR 6.761 million), were eliminated in the key figure 'normalised EBIT before amortisation from purchase price allocation' in order to provide a fair view of earnings power.

As a result of its successful strategy of profitable growth, the CTS Group achieved year-on-year improvements in the key performance indicators of normalised EBITDA and normalised EBIT before amortisation from purchase price allocation in the 2011 financial year.

The return on capital employed ('ROCE') for the 2011 financial year was further improved from 24.4% in the prior year to 24.6%. Based on a weighted average cost of capital ('WACC') of 7.1%, the CTS Group generated a net return on capital employed of 18% in the 2011 financial year – a clear indicator of the positive growth in value of the CTS Group.

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

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

The capital structure of the CTS Group comprises debt, cash and cash equivalents and the shareholders' equity owed to investors in CTS AG. This shareholders' equity is composed, specifically, of share capital and the retained earnings.

A key variable used in capital risk management is the gearing ratio, i.e. the ratio between net consolidated debt and Group shareholders' equity according to IFRS. Risk considerations mean that the aim must be to have a healthy net debt/equity ratio. The net debt/equity ratio is presented in the description of the Group financial position in section 3.2.1.

2.3 RESEARCH AND DEVELOPMENT

Due to its business model, the CTS Group does not pursue research in the real sense of the word. However, further advancements are constantly being made in the software engineering field. In order to broaden the range of ticketing-related services, to utilise additional procurement sources and to continue meeting the requirements of promoters, box offices and Internet customers, the ticket sales systems are being continuously improved and expanded.

Software development is predominantly carried out by departments within the Group. In the fields of ticketing and software development, the Group has amassed a wealth of expertise. In order to tap into new markets, the Group's medium-term plans include further advancements in other new technologies, such as chip tickets or greater personalisation of tickets, for example. Software development costs are recognised as Group assets if they meet the criteria specified in IAS 38. Costs not eligible for capitalisation are mainly stated as cost of sales.

No expense needs to be stated under research and development.

2.4 OVERVIEW OF THE COURSE OF BUSINESS

2.4.1 MACROECONOMIC CLIMATE

Since mid-2010, the global economy has been on the path to recovery, particularly due to the expansion of newly industrialising countries that were not affected or only indirectly affected by the financial crisis. However, the pace of that recovery began to slow from mid-2011 onwards. The upswing in developing and emerging economies showed only slight deceleration, whereas the recovery in industrialised nations was sluggish by contrast. The situation on the real estate markets has not yet returned to normal, and in many countries the banking sector has not been sufficiently recapitalised as yet. Money markets are still need of central bank support. In the year 2011, gross domestic product amount to 3.8% according to the Organisation for Economic Co-operation and Development (OECD).

After the onset of recovery in 2010, the European economy grew at a rather moderate pace in 2011. In that year, some Eurozone countries fell into a severe crisis due to rising government debt and higher risk premiums for government borrowing on the capital markets. The dynamics of the Eurozone economy are visibly suffering under the measures being implemented to bring government budget deficits under control. The Eurozone countries are affected to differing extents, however. Germany, France and the Netherlands are enjoying economic growth, whereas other, mainly southern European countries are barely able to increase their economic output. In European politics, Germany is acquiring a key role as lender and as a model for stability. Gross domestic product in the Eurozone increased by only 1.6% in 2011.

In early 2011, the German economy continued to benefit from the global recovery, due to its high level of competitiveness. German exports grew in volume, driven by strong demand from fast-growing emerging economies, especially. From mid-2011 onwards, however, the first signs of a downswing in the global economy began to manifest themselves. Nevertheless, the German employment market proved to be very robust in 2011 and to that extent provided important support for private consumer demand, above all. German gross domestic product grew by around 3% in 2011.

2.4.2 INDUSTRY-SPECIFIC ENVIRONMENT

The situation in the ticketing and events industry is characterised by accelerated globalisation and concentration.

The trend towards live events is unbroken. Despite economic uncertainties and increasing competition from computer games, videos, CDs and the Internet, people are still prepared to attend live events and to buy admission tickets. Tickets to more and more events are sold via electronic ticketing channels, and the trend to online ticket purchasing via the Internet continues unabated.

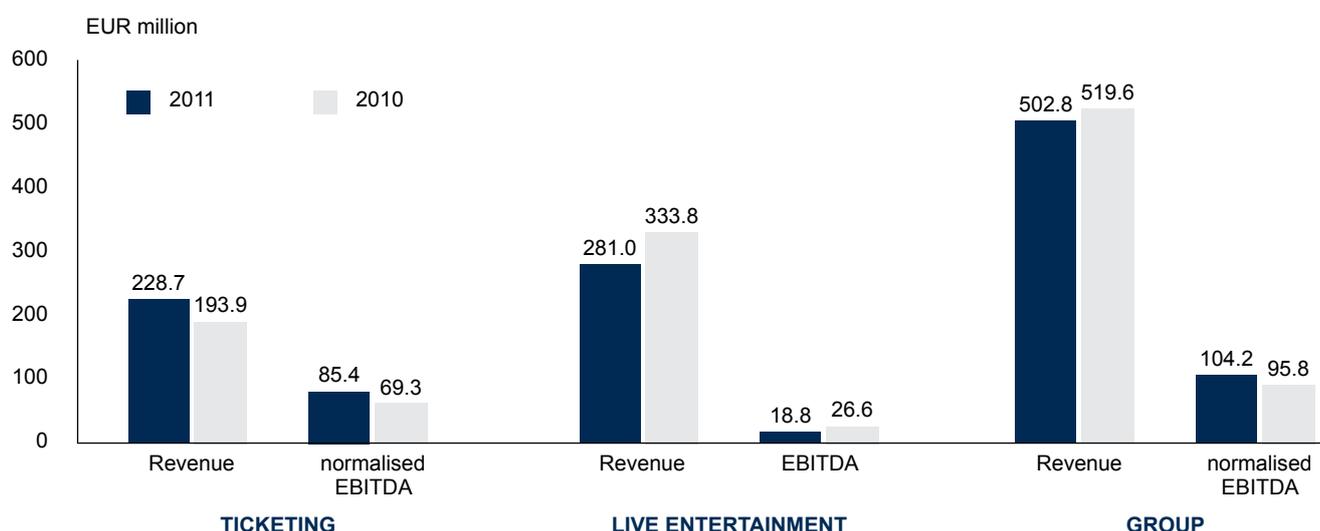
In the Ticketing segment, the CTS Group competes with national and regional network operators both in Germany and abroad. The company enjoys competitive advantages over competitors, in that the CTS Group operates with full geographic coverage in a variety of market segments using a networked ticketing system, and because it links all sales channels in a common database. Another advantage lies in the Group's alliances with major promoters of live events, thus allowing a large number of different and attractive events to be marketed through all the Group's sales channels. In the 2011 financial year, the market position of the Group was further improved – also and specifically by integrating the Swiss market leader, Ticketcorner, as well as the See Tickets Germany / Ticket Online Group.

In the Live Entertainment segment, the Group is well positioned against competitors on account of its broad portfolio.

2.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The CTS Group was able to increase its profitability even further in the 2011 financial year, despite the challenging business environment. The ticketing business for music, cultural and sports events has proved, as ever, to be exceedingly robust and sustainable.

Key performance figures are shown in the table below:



In the Ticketing segment, strong growth in the core European markets, also due to the successful integration of the companies acquired in 2010, and an increase in the volume of tickets sold, especially via the Internet, resulted in a substantial improvement in the key performance figures. In the high-margin Internet sales channel, the CTS Group sold 19.2 million tickets using the CTS systems in the reporting period – a year-on-year increase of around 12% (2010: 17.1 million).

Integration of the Ticketcorner Group and See Tickets Germany / Ticket Online Group newly acquired in the prior year ran according to plan, and initial synergies were realised. In the medium term, it is expected that additional synergies can be tapped, especially through scale effects. Through the See Tickets Germany / Ticket Online Group, the CTS Group also has exclusive ticketing access to the musical productions of Stage Entertainment Germany, whose entertainment webshops were successfully ported to the CTS technology platform in the course of 2011.

The cooperation agreement concluded in October 2009 between the Organising Committee (OC) of the German Football Association (DFB) and CTS AG for the entire ticketing operation for the first FIFA Women's World Cup, which was held in Germany in 2011, was successfully completed in the 2011 financial year with the staging of the championships.

In the Live Entertainment segment, the record results achieved in the prior year were not reached in the 2011 financial year. The root causes were the lower number of attractive live events compared to the year before, and the absence of revenue and earnings from FKP Scorpio Konzertproduktionen GmbH and its subsidiaries (hereinafter: FKP Scorpio Group), following deconsolidation as at 30 June 2010.

However, the Live Entertainment segment shows an encouraging business performance in the reporting year with a positive EBITDA amounting to EUR 18.808 million. Concert tours by Coldplay and Rihanna as well as other events such as “Lord of the Dance” and the Cirque du Soleil Show “Allegria” boosted earnings.

2.4.4 CTS SHARE PERFORMANCE

CTS shares achieved an absolute growth in value (including dividends) of 2.2% in the reporting year. Compared to the SDAX index in general, this performance can be deemed satisfactory.

A dividend of EUR 0.44 per eligible share was also paid in the 2011 financial year.

A detailed report on the performance of CTS shares and on general Investor Relations work can be found on page 6 of the 2011 Annual Report.

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

	2011	2010	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	502,814	519,577	-16,763	-3.2%
Gross profit	162,379	147,186 ²	15,193	10.3%
EBITDA	94,635	87,996	6,639	7.5%
EBIT	72,061	71,087 ²	974	1.4%
Non-recurring items:				
Acquisition costs	1,277	2,106	-829	-39.4%
Workforce restructuring costs	958	2,730	-1,772	-64.9%
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	7,363	2,985	4,378	146.7%
	9,598	7,821	1,777	22.7%
Amortisation from purchase price allocation for acquisitions in 2010 ¹	10,520	6,761 ²	3,759	55.6%
Normalised EBITDA	104,233	95,817	8,416	8.8%
Normalised EBIT before amortisation from purchase price allocation	92,179	85,668 ²	6,511	7.6%
Financial result	-5,018	-1,703	-3,315	194.7%
Earnings before tax (EBT)	67,043	69,383 ²	-2,340	-3.4%
Taxes	-21,089	-19,698 ²	-1,391	7.1%
Non-controlling interest	-3,766	-7,406 ²	3,640	-49.1%
Net income after non-controlling interest	42,188	42,280 ²	-92	-0.2%

¹ Purchase price allocation of Ticketcorner Holding AG und See Tickets Germany GmbH; cf. Section 2.2 'Corporate Management' in combined management report, page 16f, for further information

² Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

3.1.1.1 REVENUE GROWTH

Group revenue growth is shown in the following table:

2005 [EUR'000]	256,176
2006 [EUR'000]	342,927
2007 [EUR'000]	384,375
2008 [EUR'000]	404,348
2009 [EUR'000]	466,698
2010 [EUR'000]	519,577
2011 [EUR'000]	502,814

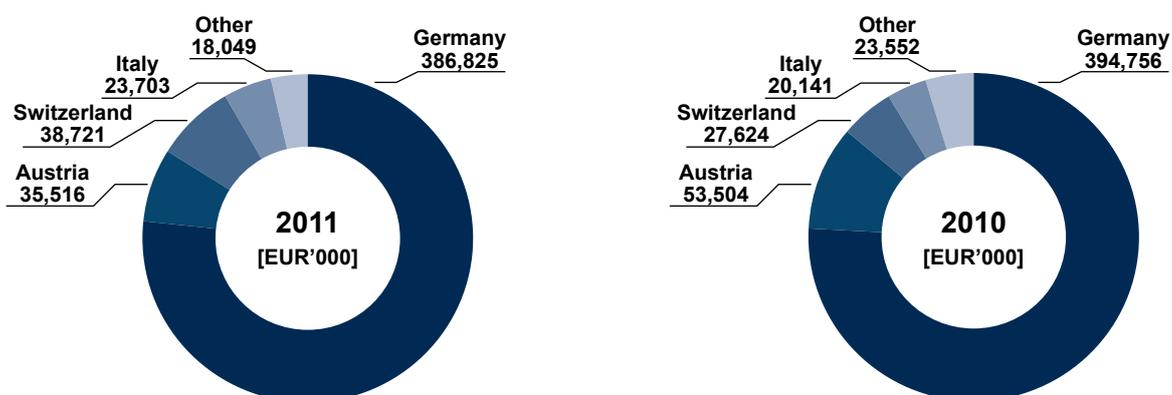
The **CTS Group** generated EUR 502.814 million in revenue in the period under review, compared to EUR 519.577 million in 2010 (- 3%). Revenue (before consolidation between segments) breaks down into EUR 228.712 million in the Ticketing segment (prior year: EUR 193.871 million) and EUR 280.968 million in the Live Entertainment segment (prior year: EUR 333.807 million).

In the 2011 financial year, the **Ticketing segment** achieved record revenue of EUR 228.712 million (prior year: EUR 193.871 million). This increase was driven by strong growth in the core European markets, also due to the successful integration of acquisitions in the form of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group. This equates to percentage growth of 18%. This was offset by lost revenue from the partnership agreement with Live Nation that was terminated in June 2010. Due to the additional revenue resulting from the acquisition of See Tickets Germany GmbH / Ticket Online Group in Germany, and the loss of revenue from the Live Nation partnership, the share of revenue generated by foreign companies decreased in the reporting period from 40% to 38%.

In the 2011 financial year, around 19.2 million tickets were sold via the Group's Internet portals (prior year: 17.1 million). This equates to an 12% year-on-year increase in Internet ticket volume. In the previous year, the partnership with Live Nation that was later terminated was still having a positive impact on Internet sales volume.

As expected, revenue in the **Live Entertainment segment** was lower in the 2011 financial year, at EUR 280.968 million, than the record EUR 333.807 million achieved in 2010 (-16%). This decrease was mainly caused by the lower number of attractive live events compared to the year before, and the absence of revenue and earnings from FKP Scorpio Group following their deconsolidation as at 30 June 2010.

The EUR 502.814 million in Group revenue achieved in the reporting year (prior year: EUR 519.577 million) breaks down as follows:



3.1.1.2 EARNINGS GROWTH

GROSS PROFIT

The gross profit of the **Group** for the 2011 reporting period was EUR 162.379 million, compared to the prior-year figure of EUR 147.186 million (+10%). The gross margin for the Group as a whole improved year-on-year from 28.3% to 32.3%, partly due to the increasing percentage share of total Group earnings now generated by the high-margin Ticketing segment, and partly to the improvement in gross margin in the Ticketing segment.

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

	2011	2010
	[in %]	[in %]
Group	32.3	28.3
Ticketing	57.4	55.3
Live Entertainment	11.0	12.0

In the **Ticketing segment**, the gross margin improved slightly in the current financial year from 55.3% to 57.4%. In the **Live Entertainment segment**, the gross margin fell from 12.0% in the prior year to 11.0% because costs decreased at a lower rate than revenue.

NON-RECURRING ITEMS

As in the prior year, Group earnings in the reporting period were temporarily burdened by non-recurring items that were confined to the Ticketing segment. These non-recurring items were normalised in both reporting periods and comprise the following:

- As at 31 December 2011, profits were reduced by effects totalling EUR 2.235 million; these resulted from executed and planned acquisitions and personnel restructuring, mainly for settlements and for benefits paid to interim employment ('transfer') companies. In the prior year, 2010, EUR 4.836 million in costs for acquisitions and workforce restructuring were recognised.
- In the 2011 financial year, EUR 7.363 million (prior year: EUR 2.985 million) in legal consultancy costs were incurred in connection with the arbitration proceedings against Live Nation.

NORMALISED EBITDA / EBITDA

The normalised **Group** EBITDA rose by 9% from EUR 95.817 million to EUR 104.233 million. The normalised EBITDA margin was 20.7%, compared to 18.4% the year before. This growth in normalised EBITDA is attributable to the Ticketing segment, whereas the Live Entertainment segment was unable to reach the record figures achieved the year before. Foreign subsidiaries accounted for 18% of normalised Group EBITDA, about the same level as the year before. The EBITDA figure after these non-recurring items is EUR 94.635 million, or 8% above the prior-year figure (EUR 87.996 million).

In the **Ticketing segment**, the normalised EBITDA rose significantly by EUR 16.169 million from EUR 69.257 million to EUR 85.426 million (+23%). A significant contribution to earnings was made by the further increase in ticket volumes sold through the Internet platforms of the CTS Group and via the companies newly acquired in 2010. This was offset by lost earnings from the partnership agreement that was terminated by Live Nation in June 2010. The normalised EBITDA margin improved from 35.7% to 37.4%, even though the earnings margin was adversely affected, among other factors, by the consolidation of newly acquired companies with ticketing operations that still produce lower margins. In the Ticketing segment the percentage share of normalised EBITDA attributable to foreign companies declined, as expected, from 23% in 2010 to 21% in the period under review, mainly due to the acquisition of the See Tickets Germany GmbH / Ticket Online Group in Germany and to the loss of earnings from the Live Nation partnership. The EBITDA after these non-recurring items is EUR 75.827 million, or 23% above the prior-year figure (EUR 61.436 million).

As expected, the **Live Entertainment segment** was unable to reach the record earnings achieved in 2010. EBITDA amounted to EUR 18.808 million, compared to the prior-year figure of EUR 26.560 million (-29%). The above-average earnings generated by the tours and events put on in the first and fourth quarter of 2010 (including Depeche Mode, the Scorpions, 'Dinosaurs – in the Realm of the Giants' exhibition, the Cirque du Soleil Show 'Saltimbanco' and the 'Elisabeth' musical) could not be matched due to less profitable events in the first and fourth quarters of 2011. Year-on-year increases in EBITDA were achieved in the second quarter and in the third quarter of 2011, in contrast (after adjustment for the positive effects on earnings from the deconsolidation of FKP Scorpio Group). In the Live Entertainment segment, profits and margins were curtailed in comparison to the prior year not only by the fact that the 2010 financial year was exceptionally successful, but also by the fact that new and wider-ranging types of events induced higher pre-production costs. The EBITDA margin for the financial year was 6.7%, compared to 8.0% the year before.

NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised **Group** EBIT before amortisation from purchase price allocation (for an explanation of this key performance figure, see section 2.2 'Corporate management', page 16f) increased by 8% from EUR 85.668 million to EUR 92.179 million. The normalised EBIT margin is 18.3%, compared to 16.5% the year before. The EBIT after non-recurring items rose slightly from EUR 71.087 million to EUR 72.061 million. Depreciation and amortisation within the Group increased by EUR 5.665 million from EUR 16.909 million to EUR 22.574 million, and include EUR 10.520 million (prior year: EUR 6.761 million) in amortisation from purchase price allocations by the Ticketcorner Group and the See Tickets Germany / Ticket Online Group acquired in the Ticketing segment in 2010.

In the **Ticketing segment**, normalised EBIT before amortisation from purchase price allocation rose significantly by EUR 14.186 million from EUR 61.113 million to EUR 75.299 million (+23%). The normalised EBIT margin was 32.9%, compared to 31.5% the year before. The EBIT after non-recurring items is TEUR 55.181 million, or 19% above the prior-year figure of EUR 46.531 million.

In the **Live Entertainment** segment, the EBIT fell by 31% from EUR 24.556 million to EUR 16.879 million. The EBIT margin reached 6.0% (prior year: 7.4%).

FINANCIAL RESULT

The financial result, at EUR -5.018 million (prior year: EUR -1.703 million) includes EUR 279 thousand in income from participations (prior year: EUR 34 thousand), EUR 80 thousand in income from investments in associates (prior year: EUR -51 thousand), EUR 2.204 million in financial income (prior year: EUR 2.473 million) and EUR 7.581 million in financial expenses (prior year: EUR 4.159 million).

The increase in financial expenses was mainly the result of higher borrowing costs (especially interest expense and other borrowing costs) to finance the acquisitions made during the 2010 financial year.

TAXES

Tax expenses increased in fiscal year 2011 by EUR 1.391 million to EUR 21.089 million. Tax expenses include deferred tax income (EUR 2.987 million; prior year: EUR 3.293 million) that is offset against the factual tax expenses of the consolidated standalone companies (EUR 24.076 million; prior year: EUR 22.991 million). 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, and from the formation of deferred taxes on loss carryforwards.

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

The taxation rate for the Group as a whole shows the ratio between taxes (including deferred taxes) and earnings before tax. The taxation rate in fiscal 2011 was 31.5% (prior year: 28.4%). This increase in the Group taxation rate

results mainly from retrospective tax payments for previous years and from foreign withholding tax.

NON-CONTROLLING INTEREST

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

Non-controlling interest is the share in current profits allocated to other shareholders. The non-controlling interest reported in the income statement decreased by EUR 3.640 million from EUR 7.406 million to EUR 3.766 million, specifically in Live Entertainment segment, due to changes in the percentage holdings in subsidiaries and to lower earnings contributions.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interests amounts to EUR 42.188 million (prior year: EUR 42.280 million). The Group earnings per share (EPS) for the 2011 financial year, at EUR 0.88, is on the same level as the year before (prior year: EUR 0.88 based on 48 million shares after share capital increase from own funds). The net margin is 8.4% (prior year: 8.1%).

The net income for the year of CTS AG as a standalone company, in accordance with HGB, was EUR 43.299 million (prior year: EUR 26.170 million), and the distributable earnings per share for the CTS AG standalone company were EUR 0.86 (prior year: EUR 0.55). CTS AG earnings were boosted by increased profits from profit transfer agreements and distributions by subsidiaries.

Reconciling the net income in accordance with HGB with the net income according to IFRS for CTS AG mainly involved the elimination of goodwill amortisation (EUR +327 thousand) and the measurement of financial liabilities according to the effective interest method (EUR -195 thousand).

3.1.1.3 MAIN ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2011	2010	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	50,727	43,906 ¹	6,821	15.5%
General administrative expenses	33,463	28,803 ¹	4,660	16.2%
Other operating income	13,315	13,156	159	1.2%
Other operating expenses	19,443	16,547	2,896	17.5%
<i>thereof non-recurring items</i>	9,598	7,821	1,777	22.7%

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

SELLING EXPENSES

The EUR 6.821 million increase in selling expenses is due, inter alia, to higher personnel expenses (EUR +2.502 million) and depreciation and amortisation resulting from more companies being included in consolidation in the course of the previous year (EUR +1.547 million, thereof EUR +963 thousand from amortisation from purchase price allocation) and to higher legal and consultancy costs (EUR +604 thousand). In addition, expenses for promotion magazines were allocated to selling expenses for uniform allocation reasons. As a percentage of revenue, selling expenses increased from 8.5% to 10.1%. Reference is made to the 'Personnel expenses' section for the development of personnel costs.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 4.660 million increase in general administrative expenses is mainly due to increased personnel expenses (EUR +2.691 million), and depreciation and amortisation (EUR +1.304 million, thereof EUR +839 thousand from amortisation from purchase price allocation). The main driving factor behind this increase in general administrative expenses was the inclusion of additional companies in consolidation in the course of the 2010 financial year. As a percentage of revenue, general administrative expenses increased from 5.5% to 6.7%. Reference is made to the 'Personnel expenses' section for the development of personnel costs.

OTHER OPERATING INCOME

The EUR 159 thousand year-on-year increase in other operating income mainly results from higher income from written-off liabilities / written-off receivables (EUR +1.181 million), advertising and marketing income (EUR +1.037 million), and income from passed on expenses (EUR +887 thousand). This was offset by lower income from the reversal of allowances for doubtful accounts (EUR -1.209 million) and by less other operating income (EUR -1.262 million). Certain advertising and marketing income as well as other operating income from ticket insurances were reclassified in the 2011 financial year for the purpose of uniform presentation throughout the Group.

OTHER OPERATING EXPENSES

Other operating expenses rose year-on-year by EUR 2.896 million, mainly due to increased expenses resulting from the aforementioned non-recurring items (EUR +1.777 million) and to currency translation expenses (EUR +791 thousand).

PERSONNEL EXPENSES

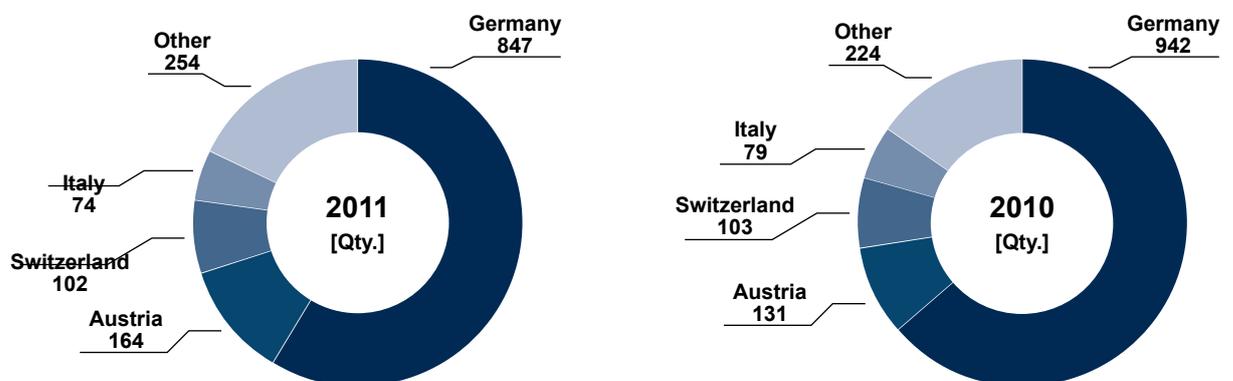
Personnel expenses increased by EUR 6.170 million from EUR 64.406 million to EUR 70.576 million. This increase in personnel expenses stems from the Ticketing segment (EUR +8.295 million), whereas personnel expenses in the Live Entertainment segment were reduced by EUR 2.125 million. The increase in personnel expenses in the Ticketing segment, despite the reduction in workforce size, is principally attributable to the business expansion through acquisitions in 2010 and to the workforce restructuring carried out in the companies acquired the year before. As a result of deconsolidating FKP Scorpio Group as at 30 June 2010, personnel expenses in the Live Entertainment segment were reduced accordingly.

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

	2011	2010	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,228	1,279	-51	-4.0%
Live Entertainment	213	200	13	6.5%
Total	1,441	1,479	-38	-2.6%

In the Ticketing segment, the organic growth in workforce size is offset by a disproportional reduction in personnel in the companies acquired in 2010.

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



On average during 2011, the Group had 153 fewer employees than in the 2010 financial year.

3.1.1.4 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2008	2009	2010	2011
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	120.1	152.5	193.9	228.7
Gross profit	67.1	83.9	107.2	131.4
Gross margin	55.9%	55.0%	55.3%	57.4%
Normalised EBITDA	40.1	55.4	69.3	85.4
Normalised EBIT before amortisation from purchase price allocation	34.6	49.0	61.1	75.3

In the years 2008 - 2011, annual revenue growth in the Ticketing segment averaged 24%. Of the total revenue in this segment in the 2011 reporting year, EUR 133.793 million (prior year: EUR 105.221 million) were generated via the Internet, equivalent to Internet revenue growth of 27%. Revenue generated via the Internet accounted for 58% of total Ticketing segment revenues in the 2011 financial year (prior year: 54%).

Up to 2011, normalised EBITDA improved annually by an average of 29%.

LIVE ENTERTAINMENT

	2008	2009	2010	2011
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	288.0	318.7	333.8	281.0
Gross profit	30.4	40.5	40.0	31.0
Gross margin	10.6%	12.7%	12.0%	11.0%
EBITDA	17.7	24.5	26.6	18.8
EBIT	15.7	22.2	24.6	16.9

In the years 2008 - 2010, both revenue and earnings in the Live Entertainment segment were continuously increased. Due to a lower number of attractive live events and the effects of deconsolidating the FKP Scorpio Group, the figures for the 2011 reporting year were lower, as expected, than the record figures achieved in 2009 and 2010.

3.1.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	2011	2010	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	107,960	86,348	21,612	25.0
Gross profit	63,474	47,598	15,876	33.4
EBITDA	36,987	31,089	5,898	19.0
EBIT	34,101	27,551	6,550	23.8
Non-recurring items:				
Acquisition costs	1,277	829	448	54.0
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	7,363	2,985	4,378	146.7
	8,640	3,814	4,826	126.5
Normalised EBITDA	45,627	34,903	10,724	30.7
Normalised EBIT	42,741	31,365	11,376	36.3
Financial result	22,448	7,869	14,579	185.3
Earnings before tax (EBT)	56,550	35,420	21,130	59.7
Extraordinary expenses	-88	0	-88	-
Taxes	-13,163	-9,250	-3,913	42.3
Net income for the year	43,299	26,170	17,129	65.5

3.1.2.1 REVENUE GROWTH

In the 2011 financial year, CTS AG revenue increased by EUR 21.612 million from EUR 86.348 million to EUR 107.960 million; this equates to a 25% 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. In the basic ticketing business, higher income from software licensing was the main reason for the increase in revenue. This was offset by lost revenue from the partnership agreement with Live Nation that was terminated in June 2010.

3.1.2.2 EARNINGS GROWTH

GROSS PROFIT

Gross profit improved year-on-year by 33%. Despite the increasing proportion of personnel costs and purchased services as a result of further internationalisation of the Group as a whole, higher Internet revenue per ticket and increased software licensing income in the basic ticketing business led to an improved gross margin of 58.8% (prior year: 55.1%).

NON-RECURRING ITEMS

CTS AG earnings were temporarily burdened by non-recurring items in the reporting year, as in the year before. These non-recurring items include EUR 1.277 million in acquisition and integration costs in respect of the participations in the Ticketcorner Group and the See Tickets Germany / Ticket Online Group acquired the year before, as well as the acquisition projects in the 2011 financial year. Profits were also reduced by the EUR 7.363 million in legal consultancy costs incurred in connection with the arbitration proceedings against Live Nation.

NORMALISED EBITDA / EBITDA

Normalised EBITDA rose 31% (EUR +10.724 million) to EUR 45.627 million; the normalised EBITDA margin improved from 40.4% in the prior year to 42.3%. The increased gross profit produced an improvement in normalised EBITDA, due to only slightly higher selling and administrative expenses and other operating expenses.

An EBITDA after non-recurring items of EUR 36.987 million (prior year: EUR 31.089 million; +19%) was achieved in the year under review.

NORMALISED EBIT / EBIT

Normalised EBIT amounts to EUR 42.741 million (prior year: EUR 31.365 million), this equates to an increase of 31%; the normalised EBIT margin is 39.6% (prior year: 36.3%).

The EBIT after non-recurring items amounted to EUR 34.101 million (prior year: EUR 27.551 million; +24%).

FINANCIAL RESULT

The financial result increased by EUR 14.579 million year-on-year, from EUR 7.869 million to EUR 22.448 million. The financial result includes EUR 26.209 million in income from participations that result from dividends and income from profits transfer agreements (prior year: EUR 9.192 million), EUR 1.224 million in interest income (prior year: EUR 1.342 million), EUR 386 thousand in income from loans held as financial assets (prior year: EUR 0), EUR 4.834 million in interest expenses (prior year: EUR 2.248 million), and other financial expenses amounting to EUR 537 thousand (prior year: EUR 417 thousand).

Income from participations increased due to higher profit distributions by subsidiaries (EUR +9.465 million). The EUR +7.552 million increase in income from profit transfer agreements results mainly from profit transfers from the See Tickets Germany / Ticket Online Group. Interest expenses primarily relate to long-term loans that were taken out to finance the acquisitions made the previous year. Other financial expenses relate likewise to expenses incurred in connection with loans taken out during the prior year.

EXTRAORDINARY EXPENSES

The merger of TSC Ticket- & Tourist-Service-Center GmbH, Bremen, with CTS AG in the 2011 financial year resulted in merger losses of EUR 88 thousand.

TAXES

Tax expenses rose EUR 3.913 million from EUR 9.250 million to EUR 13.163 million. The tax expenses includes EUR 13.369 million in taxes on income (prior year: EUR 9.365 million) and EUR -206 thousand in other taxes (prior year: EUR -115 thousand). The taxation rate (taxes on income / earnings before tax) fell from 26.4% to 23.6% mainly due to the increase in income from participations on which only little tax is payable.

NET INCOME FOR THE YEAR

The net income for the year, according to HGB, climbed from EUR 26.170 million to EUR 43.299 million. CTS AG net income for the year was boosted by increased profits from profit transfer agreements and distributions by subsidiaries.

The net margin is 40.1% (prior year: 30.3%).

3.1.2.3 MAIN ITEMS IN THE INCOME STATEMENT

	2011	2010	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	13,946	13,704	242	1.8
General administrative expenses	6,290	5,673	617	10.9
Other operating income	3,243	6,371	-3,128	-49.1
Other operating expenses	12,378	7,041	5,337	75.8
<i>thereof non-recurring items</i>	<i>8,640</i>	<i>3,814</i>	<i>4,826</i>	<i>126.5</i>

SELLING EXPENSES

Selling expenses rose EUR 242 thousand to EUR 13.946 million. This increase is mainly attributable to higher proportional personnel expenses (EUR +679 thousand), advertising costs (EUR +403 thousand), legal and consultancy costs (EUR +233 thousand) and costs for office premises and rent (EUR +110 thousand). These are offset by lower expenses for the formation of allowances for doubtful accounts (EUR -878 thousand) and less proportional depreciation and amortisation (EUR -333 thousand). As a percentage of revenue, selling expenses fell from 15.9% in 2010 to 12.9% in 2011.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 617 thousand increase in general administrative expenses in the reporting year, to EUR 6.290 million, is mainly attributable to higher proportional personnel expenses (EUR +333 thousand) as well as higher costs for external personnel (EUR +232 thousand). On the other hand, proportional depreciation and amortisation decreased by EUR 163 thousand. As a percentage of revenue, general administrative expenses fell from 6.6% in 2010 to 5.8% in 2011.

OTHER OPERATING INCOME

Other operating income fell by EUR 3.128 million to EUR 3.243 million. Other operating income from ticket insurances (EUR -1.098 million) were reclassified for the purpose of uniform presentation throughout the Group. In addition, income from the disposal of assets (EUR -966 thousand), income from the reversal of provisions (EUR -305 thousand) and income from written-off receivables and written-off liabilities (EUR -222 thousand) were lower year-on-year.

OTHER OPERATING EXPENSES

The increase in other operating expenses by EUR 5.337 million to EUR 12.378 million is mainly attributable to the increase in expenses recognised as non-recurring items (EUR +4.826 million). Expenses from currency translation (EUR +381 thousand) and expenses for third-party services (EUR +363 thousand) were also higher, whereas expenses passed on to third party decreased (EUR -146 thousand).

PERSONNEL EXPENSES

Personnel expenses increased year-on-year by EUR 1.332 million from EUR 11.357 million to EUR 12.689 million, due to the further internationalisation of the Group, implementation of its acquisition strategy and to the greater complexity and centralisation of functions from individual subsidiaries that these changes involve.

At the end of the 2011 financial year, CTS AG had 191 employees on its payroll (prior year: 165). The average number of employees increased from 154 the previous year to 186 in the current financial year.

3.2 FINANCIAL POSITION
3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2011		31.12.2010		Change [EUR'000]
	[EUR'000]	[in %]	[EUR'000]	[in %]	
Current assets					
Cash and cash equivalents	249,964	35.0	178,036	27.0	71,928
Trade receivables	28,958	4.1	31,893	4.8	-2,935
Receivables from affiliated and associated companies	5,045	0.7	6,979	1.1	-1,934
Inventories	1,793	0.3	1,586	0.2	207
Payments on account	14,870	2.1	17,729	2.7	-2,859
Other assets	42,638	6.0	51,894	7.9	-9,256
Total current assets	343,268	48.1	288,117	43.7	55,151
Non-current assets					
Fixed assets	111,752	15.7	120,051 ¹	18.2	-8,299
Goodwill	251,797	35.3	248,869 ¹	37.7	2,928
Trade receivables	0	0.0	212	0.0	-212
Other assets	3,051	0.4	201	0.0	2,850
Deferred tax assets	3,619	0.5	2,355	0.4	1,264
Total non-current assets	370,219	51.9	371,688	56.3	-1,469
Total assets	713,487	100.0	659,805	100.0	53,682

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

	31.12.2011		31.12.2010		Change [EUR'000]
	[EUR'000]	[in %]	[EUR'000]	[in %]	
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	24,749	3.5	6,767 ¹	1.0	17,982
Trade payables	41,003	5.7	38,743	5.9	2,260
Payables to affiliated and associated companies	2,736	0.4	2,920	0.4	-184
Advance payments received	83,783	11.7	64,550	9.8	19,233
Provisions	15,388	2.2	12,745	1.9	2,643
Other liabilities	161,908	22.7	150,379	22.8	11,529
Total current liabilities	329,567	46.2	276,104	41.8	53,463
Non-current liabilities					
Medium- and long-term financial liabilities	180,141	25.2	199,791	30.3	-19,650
Other liabilities	172	0.0	320	0.0	-148
Pension provisions	4,805	0.7	4,417	0.7	388
Deferred tax liabilities	18,944	2.7	20,593 ¹	3.2	-1,649
Total non-current liabilities	204,062	28.6	225,121	34.2	-21,059
Shareholders' equity					
Share capital	48,000	6.7	24,000	3.7	24,000
Capital reserve	1,890	0.3	23,311	3.5	-21,421
Statutory reserve	2,165	0.3	0	0.0	2,165
Retained earnings	114,803	16.1	98,544 ¹	14.9	16,259
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	11,476	1.6	11,395 ¹	1.7	81
Other comprehensive income	8	0.0	22	0.0	-14
Currency differences	1,568	0.2	1,360	0.2	208
Total shareholders' equity	179,858	25.2	158,580	24.0	21,278
Total shareholders' equity and liabilities	713,487	100.0	659,805	100.0	53,682

CURRENT ASSETS increased by EUR 55.151 million to EUR 343.268 million. This is attributable above all to a EUR 71.928 million increase in cash and cash equivalents to EUR 249.964 million; this was offset by a decrease in trade receivables by EUR 2.935 million to EUR 28.958 million, payments on account by EUR 2.859 million to EUR 14.870 million and other assets by EUR 9.257 million to EUR 42.638 million.

The EUR 71.928 million increase in **cash and cash equivalents** mainly results from the positive consolidated net income before depreciation and amortisation, and from higher advance payments received and liabilities in respect of ticket monies as at the balance sheet date. In contrast, the disbursement of dividends in the second quarter of 2011 led to cash outflows in the current reporting period.

Cash and cash equivalents, at EUR 249.964 million (prior year: EUR 178.036 million), include ticket monies from pre-sales for events in 2012 (ticket monies not yet invoiced in the Ticketing segment), which are reported under other liabilities (EUR 124.234 million; prior year: EUR 116.767 million). Other assets also include receivables in the form of ticket monies from pre-sales in the Ticketing segment (EUR 18.997 million; prior year: EUR 19.512 million).

Trade receivables decreased by EUR 2.935 million. An increase in trade receivables from ongoing business operations was offset by setoffs of receivables and liabilities relating to the invoicing of ticket monies in the Ticketing segment.

The EUR -2.859 million change in **payments on account** was mainly due to the execution and invoicing of events (especially the Herbert Grönemeyer tour) in the first half of 2011.

Other assets decreased by EUR 9.256 million, inter alia due to loan repayments, reductions in tax receivables and the partial sale of securities measured at fair value.

NON-CURRENT ASSETS were EUR 1.469 million lower, at EUR 370.219 million, particularly as a result of less fixed assets (EUR -8.299 million). This was offset by an increase of EUR 2.928 million in goodwill and of EUR 2.850 million in other assets.

The EUR -8.299 million change in **fixed assets** mainly pertains to intangible assets. The latter decreased mainly because of systematic amortisation of the trademark, customer base and software assets that were capitalised in the purchase price allocation in respect of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group.

The EUR 2.928 million increase in **goodwill** results from currency translation effects from the measurement of goodwill in foreign currencies as at 31 December 2011 (EUR +1.323 million, Euro to Swiss Francs) and from the acquisitions of Ticket Online Austria GmbH (EUR +218 thousand) and Seekers Event GmbH (EUR +1.387 million).

Other assets increased in the course of ordinary business activities, especially in the Ticketing segment, by EUR 2.850 million.

Assets tied up for the long term account for 52% of the balance sheet total (prior year: 56%). Due, among other things, to the capitalised assets formed by the purchase price allocation of the companies acquired in the prior year, assets tied up for the long term are now only partly financed by shareholders' equity.

CURRENT LIABILITIES rose by EUR 53.463 million to EUR 329.567 million. This increase is principally due to short-term financial liabilities and the current portion of long-term financial liabilities (EUR +17.982 million), to advance payments received (EUR +19.233 million) and to other liabilities (EUR +11.529 million).

The EUR 17.982 million increase in **short-term financial liabilities and current portion of long-term financial liabilities** is mainly due to the reclassification of loan liabilities and purchase price obligations from non-current liabilities to current loan liabilities.

The EUR 19.233 million increase in **advance payments received** in the Live Entertainment segment is mainly attributable to the fact that more ticket monies were received in the fourth quarter from pre-sales of major tours in 2012. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

The EUR +11.529 million change in **other liabilities** is principally due to increased liabilities in the Ticketing segment in respect of ticket monies that have not yet been invoiced. Compared to the prior year, there was a larger number of events not yet invoiced as at 31 December 2011, with the result that liabilities for ticket monies that have not yet been invoiced increased accordingly.

NON-CURRENT LIABILITIES were reduced by EUR 21.059 million, mainly due to a decrease in medium- and long-term financial liabilities (EUR -19.650 million).

The change in **medium- and long-term financial liabilities** (EUR -19.650 million) was principally the result of timely reclassification of loan liabilities and purchase price obligations as current financial liabilities. That decrease is offset by an increase in loan liabilities (EUR +1.001 million) arising from currency translation of liabilities (Euro to Swiss Francs) as at the closure date.

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

	31.12.2011	31.12.2010
	[EUR'000]	[EUR'000]
Debt ¹	204,890	206,558
Cash and cash equivalents	-249,964	-178,036
Net debt	-45,074	28,522
Shareholders' equity	179,858	158,580
Net debt to shareholders' equity	-25%	18%

¹ Debt is defined as non-current and current financial liabilities

Net debt indicates the amount of debts a company has after all financial liabilities have been redeemed with cash and cash equivalents. As at the end of 2011, the CTS Group has more cash and cash equivalents than debt. The negative net debt/equity ratio means that the Group is de facto free of debt. The leverage of loan capital is expected to have positive effects on the return on equity.

Of the external loans, EUR 142.725 million are tied up at the balance sheet date in order to comply with standard financial covenants for companies with good creditworthiness ratings. Other than fulfilment 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 honoured in the years ahead.

SHAREHOLDERS' EQUITY increased by EUR 21.278 million to EUR 179.858 million, mainly as a result of the positive Group net income of EUR 42.188 million. The increase is offset, inter alia, by the reduction in shareholders' equity as a result of the EUR 20.878 million paid out as dividend for the 2010 financial year.

According to § 150 AktG, a stock corporation must form a statutory reserve if the capital reserve accounts for less than 10% of the share capital. The annual addition to the statutory reserve is 5% of the net income for the year, until a total 10% of the share capital is covered by the capital reserve and the statutory reserve. At CTS AG, the statutory reserve of EUR 2.165 million was therefore formed.

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

The equity ratio (shareholders' equity divided by the balance sheet total) increased slightly from 24.0% to 25.2%.

The return on equity (net income after non-controlling interest divided by shareholders' equity) is 23.5%, compared to 26.7% in the prior year.

3.2.2 FINANCIAL POSITION OF CTS AG (HGB)

	31.12.2011		31.12.2010		Change [EUR'000]
	[EUR'000]	[in %]	[EUR'000]	[in %]	
Current assets					
Cash and cash equivalents	85,215	22.0	38,417	11.5	46,798
Trade receivables	9,010	2.3	5,726	1.7	3,284
Receivables from affiliated companies and participations	24,462	6.3	13,111	3.9	11,351
Inventories	528	0.1	404	0.1	124
Other assets and prepaid expenses	9,982	2.6	19,938	6.0	-9,956
Total current assets	129,197	33.3	77,596	23.2	51,601
Non-current assets					
Fixed assets	248,541	64.1	251,480	75.3	-2,939
Goodwill	818	0.2	1,145	0.3	-327
Receivables from affiliated companies and participations	4,129	1.1	1,185	0.4	2,944
Other assets and prepaid expenses	5,107	1.3	2,774	0.8	2,333
Total non-current assets	258,595	66.7	256,584	76.8	2,011
Total assets	387,792	100.0	334,180	100.0	53,612

	31.12.2011		31.12.2010		Change [EUR'000]
	[EUR'000]	[in %]	[EUR'000]	[in %]	
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	14,786	3.8	500	0.2	14,286
Trade payables	7,567	1.9	7,536	2.3	31
Liabilities to affiliated companies and participations	5,331	1.4	2,204	0.6	3,127
Provisions	8,068	2.1	5,566	1.7	2,502
Other liabilities and deferred income	78,626	20.3	52,594	15.7	26,032
Total current liabilities	114,378	29.5	68,400	20.5	45,978
Non-current liabilities					
Medium- and long-term financial liabilities	133,714	34.5	148,500	44.4	-14,786
Deferred tax liabilities	43	0.0	44	0.0	-1
Total non-current liabilities	133,757	34.5	148,544	44.4	-14,787
Shareholders' equity					
Share capital	48,000	12.4	24,000	7.2	24,000
less par value of treasury stock	-4	0.0	-2	0.0	-2
Capital reserve	2,400	0.6	23,821	7.1	-21,421
Statutory reserve	2,165	0.5	0	0.0	2,165
Balance sheet profit	87,096	22.5	69,417	20.8	17,679
Total shareholders' equity	139,657	36.0	117,236	35.1	22,421
Total shareholders' equity and liabilities	387,792	100.0	334,180	100.0	53,612

The balance sheet total of CTS AG increased year-on-year by EUR 53.612 million to EUR 387.792 million (+16%).

CURRENT ASSETS increased by EUR 51.601 million (+66%) to EUR 129.197 million. This change ensues mainly from the EUR 46.798 million increase in cash and cash equivalents and the EUR 11.351 million increase in receivables from affiliated companies and participations. This is offset by a EUR 9.956 million decrease in other assets and prepaid expenses.

Cash and cash equivalents increased in the financial year by EUR 46.798 million from EUR 38.417 million to EUR 85.215 million. This increase is due, inter alia, to the higher net income for the year before depreciation and amortisation, and to a higher amount of ticket monies that have not yet been invoiced for events in 2012. In contrast, the disbursement of dividends in the second quarter of 2011 led to cash outflows in the current reporting period.

Receivables from affiliated companies and participations increased by EUR 11.351 million. The increase includes, inter alia, receivables for event projects and receivables from profit transfer agreements.

Other assets and prepaid expenses fell by EUR 9.956 million. This decrease was mainly caused by lower tax receivables (EUR -4.427 million), loan repayments (EUR -3.420 million) and reduced ticket money receivables from pre-sales (EUR -1.866 million).

NON-CURRENT ASSETS increased by EUR 2.011 million to EUR 258.595 million. The EUR 2.939 million decrease in fixed assets is offset by the increase in receivables from affiliated companies and participations (EUR +2.944 million) and by the increase in other assets and prepaid expenses (EUR +2.333 million).

Additions to **fixed assets**, at EUR 5.665 million, are offset by EUR 2.885 million in depreciation and amortisation and EUR 5.006 million in disposals. Of those additions, EUR 4.190 million relate to intangible assets, mainly for further development of the Global Ticketing System. Of the disposals, EUR 5.000 million relate to financial assets and result from the repayment of loans granted to affiliated companies. The merger of TSC Ticket- & Tourist-Service-Center GmbH, Bremen, resulted in recognition of EUR 8 thousand in residual carrying values and EUR 1.047 million in disposal of participation.

The increase in **receivables from affiliated companies and participations** (EUR +2.944 million) results from receivables for ticket distribution rights.

The EUR 2.333 million increase in **other assets and prepaid expenses** includes the granting of a long-term loan in the course of ordinary business activities (EUR +2.869 million). This is offset by a reduction of long-term accruals (EUR -536 thousand).

CURRENT LIABILITIES rose by EUR 45.978 million to EUR 114.378 million, mainly due to an increase in other liabilities and deferred income (EUR +26.032 million) and in the current portion of long-term financial liabilities (EUR +14.286 million).

The EUR 26.032 million increase in **other liabilities and deferred income** is principally caused by increased liabilities in respect of ticket monies that have not yet been invoiced (EUR +22.280 million). Compared to the prior year, ticket monies for a significantly larger number of events and tours had not yet been invoiced as at the 31 December 2011 closure date. In addition, other liabilities and deferred income also increased, inter alia, due to higher liabilities from sales tax (EUR +1.891 million) and to credit voucher liabilities (EUR +1.120 million).

The EUR 14.286 million increase in the **current portion of long-term financial liabilities** results from the timely reclassification, from non-current financial liabilities to current liabilities, of loan liabilities from the financing of acquisitions in the prior year.

NON-CURRENT LIABILITIES were reduced by EUR 14.787 million to EUR 133.757 million. This decrease resulted from the timely reclassification from loan liabilities to short-term financial liabilities.

SHAREHOLDERS' EQUITY rose by EUR 22.421 million to EUR 139.657 million. The net income for the year, at EUR 43.299 million, is offset by the EUR 20.878 million dividend for the 2010 financial year that was adopted at the Annual Shareholders' Meeting in 2011.

According to § 150 AktG, a stock corporation must form a statutory reserve if the capital reserve accounts for less than 10% of the share capital. The annual addition to the statutory reserve is 5% of the net income for the year, until a total 10% of the share capital is covered by the capital reserve and the statutory reserve. At CTS AG, the statutory reserve of EUR 2.165 million was therefore formed.

The equity ratio increased slightly from 35.1% to 36.0%.

The return on equity (net income for the year divided by shareholders' equity) is 31.0%, compared to 22.3% in 2010.

3.3 CASH FLOW
3.3.1 CONSOLIDATED CASH FLOW (IFRS)

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	112,575	11,517	101,058
Investing activities	-13,197	-133,963	120,766
Financing activities	-27,592	69,761	-97,353
Net increase / decrease in cash and cash equivalents	71,786	-52,685	124,471
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	0	-1,224	1,224
Net increase / decrease in cash and cash equivalents due to currency translation	142	2,151	-2,009
Cash and cash equivalents at beginning of period	178,036	229,794	-51,758
Cash and cash equivalents at end of period	249,964	178,036	71,928

The amount of cash and cash equivalents shown in the cash flow statement corresponds to cash and cash equivalents stated in the balance sheet. Compared to 31 December 2010, cash and cash equivalents increased by EUR 71.928 million from EUR 178.036 million to EUR 249.964 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 rose year-on-year by EUR +101.058 million from EUR +11.517 million to EUR +112.575 million. This year-on-year increase in cash flow is mainly attributable to the change in liabilities (EUR +77.686 million), to the payments on account (EUR +6.960 million) and to lower income taxes paid (EUR +10.903 million).

The positive cash flow effect of EUR +77.686 million from changes in **liabilities** was mainly the result of advance payments received in the Live Entertainment segment (EUR +50.285 million) and of liabilities accruing in the Ticketing segment in respect of ticket monies that have not yet been invoiced (EUR +24.047 million).

In the Live Entertainment segment, ticket revenue generated in the presales period is posted by the promoter on the liabilities side as **advance payments received**. When the event is subsequently held, these advance payments are transferred to revenue. In the prior year, the large number of major events executed and invoiced had led to a reduction in liabilities from advance payments received, whereas in the 2011 financial year, pre-sales for events to be held in 2012 resulted in a stronger cash inflow in the form of advance payments received. Compared to the previous year, this led to a positive cash flow effect of EUR +50.285 million.

As at the end of the year, owing to the seasonally very high level of ticket pre-sales 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. Successful pre-sales in the fourth quarter and a large number of events not yet invoiced as at the 31 December 2011 closure date led in the reporting period to a net inflow of funds from ticket monies not yet invoiced. In the prior year, in contrast, more ticket monies were paid out to promoters due to the invoicing of many events and major tours, thus resulting in a positive year-on-year cash flow effect of EUR +24.047 million due to the development of liabilities in respect of ticket monies that have not yet been invoiced.

The EUR +6.960 million positive cash flow effect in respect of **payments on account** results from the reduction in payments on account due to the execution and invoicing of events (especially the Herbert Grönemeyer tour in the first half of 2011).

The year-on-year decrease in **payments of income taxes**, at EUR 10.903 million, is mainly attributable to the fact that increased payments of taxes on income as well as subsequent payments for previous years were made in the prior year.

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities improved by EUR +120.766 million from EUR -133.963 million to EUR -13.197 million. In the prior year, the cash flow was specifically affected by payments relating to the acquisition of shares in the See Tickets Germany / Ticket Online Group.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities changed year-on-year by EUR -97.353 million from EUR +69.761 million to EUR -27.892 million.

In the 2011 reporting year, the cash flow mainly involved the disbursement of dividends, payments to non-controlling interest and the repayment of loans, without any significant amount of new loans being taken out.

In the prior year, loans taken out to finance the acquisitions made in the 2010 financial year led to a strong inflow of funds (EUR +186.732 million). These were offset by payments to redeem financial liabilities that were taken over from the former shareholders and banks in the context of the Ticketcorner Group and See Tickets Germany / Ticket Online Group acquisitions (EUR -55.693 million) and for the acquisition of additional shares in subsidiaries already included in consolidation (EUR -32.433 million).

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

3.3.2 CASH FLOW CTS AG (HGB)

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	65,081	3,266	61,815
Investing activities	-211	-176,163	175,952
Financing activities	-21,378	124,582	-145,960
Net increase / decrease in cash and cash equivalents	43,492	-48,315	91,807
Net increase / decrease in cash and cash equivalents due to merger	3,306	0	3,306
Cash and cash equivalents at beginning of period	38,417	86,732	-48,315
Cash and cash equivalents at end of period	85,215	38,417	46,798

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 2010, cash and cash equivalents increased by EUR 46.798 million from EUR 38.417 million to EUR 85.215 million.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities rose by EUR +61.815 million to EUR +65.081 million. The year-on-year increase in 2011 mainly results from changes in liabilities (EUR +43.908 million) and provisions (EUR +5.673 million) and from the improved net income for the year (EUR +17.129 million). These were offset by a negative cash flow effect from changes in receivables (EUR -5.645 million).

The positive cash flow effect of EUR +43.908 million from **liabilities** is primarily due to liabilities in respect of ticket monies that have not yet been invoiced (EUR +41.853 million). Whereas there was less cash inflow from pre-sales in the fourth quarter of 2010 due to the absence of major tours in 2011, the large number of events in the pre-sales phase at the end of 2011 led to increased cash inflow in the form of ticket monies.

The positive EUR +5.673 million cash flow effect resulting from the change in **provisions** is mainly attributable to tax provisions. In the prior year, the decrease in tax provisions led to a net cash outflow via the consumption of those provisions, whereas in the reporting year a positive cash flow effect results from the increase in tax provisions.

The negative EUR -5.645 million cash flow effect in respect of **receivables** results primarily from the change in receivables from affiliated companies and participations (EUR -15.406 million) and in other assets and prepaid expenses (EUR +13.710 million).

In respect of **receivables from affiliated companies and participations**, in the current financial year, cash flow was negatively impacted by the increased receivables from profit transfer agreements and from loans to subsidiaries for establishing and expanding their foreign business activities. The positive cash flow effect in respect of **other assets and prepaid expenses** results, inter alia, from reductions in tax receivables as a result of lower prepayments of income taxes and from accrued payments of financing costs in the previous year.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities changed by EUR +175.952 million from EUR -176.163 million to EUR -211 thousand. In the prior year, cash flow was specifically affected by payments relating to the acquisition of shares in new or existing subsidiaries.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities changed year-on-year by EUR -145.960 million from EUR +124.582 million to EUR -21.378 million. In the previous year, loans taken out to finance acquisitions led to increased cash outflow, whereas in the current reporting year there was no new external borrowing.

The **net increase / decrease in cash and cash equivalents due to merger** relates to the cash and cash equivalents of TSC Ticket- & Tourist-Service-Center GmbH, Bremen, in respect of the merger that took effect on 1 January 2011.

3.4 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

CTS AG and the Group as a whole achieved successful results in the year under review. Despite a challenging business environment, the company scored a further increase in profitability in the 2011 financial year. In the Ticketing segment, the key performance figures were improved yet again, whereas the Live Entertainment segment fell short of the record performance of the prior year, as expected. Owing in particular to the successful development of the Ticketing segment, the CTS Group was able to meet its target of improving on the prior year's earnings performance.

Due to the organic growth in the core European markets, to further expansion of the Internet business and also due to the successful integration of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group acquired the previous year, it was possible to improve the operating profit of the CTS Group. The anticipated synergies generated by the companies acquired the year before were partly realised in the year under review. In the course of further integration, the planned synergies will be realised. However, the operating result for the 2011 financial year is also burdened temporarily by various non-recurring items in the Ticketing segment, in particular by once-only expenses for legal consultancy services in connection with the arbitration proceedings against Live Nation, and for acquisitions and workforce restructuring at See Tickets Germany / Ticket Online Group. The revenue and earnings effects resulting from the acquisitions were able to over-compensate for the shortfall produced by termination of the partnership with Live Nation in mid-2010.

4. APPROPRIATION OF EARNINGS BY CTS AG

In the 2010 financial year, CTS AG generated net income for the year (according to HGB) of EUR 26.170 million. The Annual Shareholders' Meeting on 13 May 2011 passed a resolution to distribute a dividend of EUR 20.878 (EUR 0.435 per eligible share; based on 48 million shares after share capital increase from own funds) of the balance sheet profit of EUR 69.417 million as at 31 December 2010 million to shareholders, and to transfer EUR 2.579 million to other earnings reserves. Payment of this dividend was effected on 16 May 2011, and the remaining balance sheet profit of EUR 45.960 million was carried forward to the new account.

In the 2011 financial year, CTS AG generated EUR 43.299 million in net income for the year (according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 21.118 million (EUR 0.44 per eligible share) be distributed. The remaining amount of EUR 20.016 million is carried forward to the new account, after the transfer to the statutory reserve.

5. DEPENDENCIES REPORT FOR CTS AG

According to § 17 (1) AktG, a dependent relationship exists at the closing date with the majority shareholder, Mr Klaus-Peter Schulenberg (the controlling company), and with companies with which he is associated. In accordance with § 312 AktG, a report shall be submitted which shall also be presented for review to the Supervisory Board and the auditor.

The report pursuant to § 312 AktG finishes with the following statement by the Management Board:

'Judging from the circumstances known to the Management Board at the time legal transactions requiring disclosure were conducted, the company received adequate consideration in each case. No measures or legal transactions with third parties requiring disclosure were either effected or waived in the business at the behest of or in the interest of the controlling company or an affiliated company within the meaning of § 312 AktG.'

6. EVENTS AFTER THE BALANCE SHEET DATE

Since the closing date, there have been no events requiring disclosure.

7. RISK REPORT

7.1 RISK MANAGEMENT SYSTEM

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

Reasonable, transparent and manageable risks are accepted if these are related to the expansion and exploitation of the Group's core competencies. The associated rewards must entail an appropriate increase in shareholder value. Risks are defined as potential negative deviations from planned targets.

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

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

In order to identify, assess, manage and document risks at an early stage, the Group operates a systemic and appropriate risk management system which is tightly integrated with business workflows. The aim of the risk management system is to identify, assess, control and document material risks, as well as risks that threaten the continued existence of the company as a going concern.

All significant subsidiaries in the Ticketing and Live Entertainment segments are integrated in the risk management system; risk management officers are appointed separately for each reporting entity.

Quarterly risk reports and an internal reporting system ensure that top management is promptly informed about potential risks affecting future development. Risk management instruments, such as a reporting system with consolidated budgets, monthly financial statements and regular review meetings, are also used to identify and analyse the various risks, and to inform top management about the course of business in the individual entities.

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

Risk is transferred to insurers by taking out insurance policies with appropriate amounts of coverage. These policies mainly cover property damage and third-party liability claims. Some specific operational risks are also covered by insurance policies. In addition, corporate management receives extensive advice from both internal and external experts when important decisions are being taken.

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

7.2 INTERNAL ACCOUNTING CONTROL SYSTEM

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

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. The auditor of the Group, and other auditing bodies such as the fiscal auditor, are involved in process-independent auditing activities in the control environment of the CTS Group. The main process-independent monitoring measures for the Group accounting process are the auditing of the consolidated financial statements by the independent Group auditor and the auditing of the financial statements submitted on forms by the companies included in consolidation.

In the standalone financial statements of the subsidiaries of CTS AG, bookkeeping transactions are mainly recorded by the local bookkeeping systems. In order to prepare the consolidated financial statements of the CTS Group, the subsidiaries add to their respective financial statements by submitting further details in standardised reporting packages. All reporting packages are then imported via an interface into the consolidation system of LucaNet AG to produce the consolidated financial statements. The LucaNet World consolidation software deployed by CTS AG has been used for many years already to prepare the consolidated financial statements. 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 income, including equity measurement – are generated and fully documented in LucaNet World.

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

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

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

Centralised conducting of impairment tests for the specific cash generating units (CGUs), from the Group perspective, ensures that common and standardised measurement criteria are applied. The cash generating units correspond to the Group reporting entities (segments), i.e. Ticketing and Live Entertainment. At Group level, regulation also extends, for example, to centralised definition of the parameters to be applied when measuring pension provisions. Measures at

Group level also include the processing and aggregation of additional data in order to prepare external information in the notes section and the management report (including significant events after the balance sheet date).

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

7.3 RISK CATEGORIES

The CTS Group classifies risks into seven categories:

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

Of all the identified risks facing the Group, the general and specific risks that, from today's perspective, may have a significant adverse impact on the earnings performance, financial position and cash flow and are briefly described below.

7.3.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

A survey of bank economists conducted by the Bloomberg news agency showed a consensus that gross domestic product in the Eurozone will decline by 0.4% in 2012. The OECD expects the German economy to grow by only 0.5%.

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

INDUSTRY, MARKET AND COMPETITION

The Group currently commands a leading market position in ticket sales. It is not certain that this market position can be maintained. In providing their services, the Group companies compete with regional and supraregional providers both in Germany and abroad, as well as with direct ticket sales by event promoters. However, efforts are being made to reinforce the company's position as market leader by expanding the distribution network and improving the range of services of offer. This includes, for example, an exclusive pre-sales service, online reservation of specific seats, ticket sales by Mobile Shop and the iPhone and Android App, cross-selling and upselling, promotions, VIP package deals, a ticket resale platform, online radio, special business offers, print-at-home solutions and the 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.

7.3.2 MARKET RISKS

PRODUCTS, SERVICES AND INNOVATION

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

The Group's business operations and the shareholder value of its assets in the ticketing field 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 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 holding interests in various well-known concert promoters at regional and supraregional level, and in other markets by entering into long-term contractual relationships.

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

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

7.3.3 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 Management Board.

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.

PERSONNEL RISKS

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

7.3.4 FINANCIAL RISKS

CASH FLOW RISKS

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

Cash flow is planned and managed to ensure permanent solvency and financial flexibility. Monies generated by advance ticket sales are generally deposited in 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 the prior year, acquisitions of new subsidiaries were predominantly financed with external loans taken out at low levels of interest. The Group had sufficient cash reserves as at the balance sheet date of 31 December 2011.

As at 31 December 2011, the Group has bank liabilities of EUR 190.246 million (prior year: EUR 188.582 million). Of the external loans, EUR 142.725 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.

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 AG and the Group, allowances for doubtful accounts were made to offset identified credit risks. These are formed on the basis of historical default rates and future expectations for recovery of the receivables. Individual impairments are made as soon as there is an indication that the respective receivable is irrecoverable in whole or in part. These indications are also based on intensive contact with the respective debtors in the context of receivables management.

There are no significant concentrations of credit risks.

For reconciliation of the impairment accounts and the age structure of receivables, reference is made to the additional disclosures on financial instruments (IFRS 7) in section 3 of the notes to the consolidated financial statements.

In the 2011 financial year, security amounting to EUR 8.770 million (prior year: EUR 11.713 million) was provided for Group companies, mainly to hedge the risks in ticket pre-sales by various box offices (EUR 8.706 million, prior year: EUR 9.097 million).

FOREIGN EXCHANGE RISKS

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

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 2011, the consolidated net income after tax would have been EUR 540 thousand lower (or higher, respectively) (prior year: EUR 486 thousand). The hypothetical effect on net income after tax, at EUR -540 thousand (prior year: EUR -486 thousand), results specifically from EUR/GBP currency sensitivity (EUR -481 thousand; prior year: EUR -496 thousand for EUR/CHF).

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for long-term loans (with fixed-interest periods of 2, 4 and 8 years). Short-term credit lines are not used continuously throughout the year. Financial derivatives for hedging interest rates were not used, therefore, during the reporting year.

Variable-interest loan 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, and hence that no material risk exists at present.

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

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2011, consolidated net income after tax would have been EUR 221 thousand lower (higher) (prior year: EUR 94 thousand). The hypothetical EUR 221 thousand effect on consolidated income (prior year: EUR 94 thousand) results from the potential effects of original cash and cash equivalents and financial debts of EUR 71.383 million that are subject to variable interest rates (prior year: EUR 30.326 million).

OTHER PRICE RISKS

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

If market prices as at 31 December 2011 had been higher (lower) by one standard deviation from the historical relative changes in value over the financial year, shareholders' equity would have been EUR 2 thousand higher (lower) (prior year: EUR 7 thousand).

TAXES

Different opinions on fiscal matters may lead to subsequent tax demands being imposed that have adverse impacts on the financial situation. A fiscal audit of the Group is currently being conducted in respect of the years 2005 to 2009 and began in December 2011. Fiscal audits were conducted for the years 2005 to 2009 in most of the subsidiaries in the Live Entertainment segment. The performed audits had no material effects.

LITIGATION AND CLAIMS FOR DAMAGES

Pending litigation and damages claims are reported under section 6.7 in the notes to the consolidated financial statements.

CAPITAL MANAGEMENT

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

7.3.5 PROJECT-RELATED RISKS

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

7.3.6 POLITICAL / LEGAL RISKS

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

7.3.7 COMPLIANCE RISKS

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

7.4 ASSESSMENT OF THE GROUP'S RISK EXPOSURE

An overview of the risks shows that the Group is mainly exposed to market and performance risks. The Management Board currently assumes that the risks are limited and transparent on the whole and that they do not jeopardise CTS AG and the Group as going concerns. There are no identifiable risks at present that might jeopardise their continued existence as going concerns.

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

The registered capital of CTS AG is EUR 48,000,000, divided into 48,000,000 no-par bearer shares. Each share entitles the bearer to one vote.

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

Mr Klaus-Peter Schulenberg, Bremen, holds 50.2% of the voting rights. The Company has no knowledge of any other shareholdings, direct or indirect, that exceed 10% of the voting rights.

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

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

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

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

The Management Board has been authorised to increase the registered share capital by up to EUR 12,000,000 by 13 May 2014, contingent on Supervisory Board approval, by issuing up to 12,000,000 new bearer shares against cash contributions or contributions in kind (approved capital, 2009). The Management Board has also been authorised to increase the share capital by up to EUR 720,000, contingent on Supervisory Board approval, by issuing up to 720,000 bearer shares to holders exercising options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 ('contingent capital 2001/1', increased to EUR 720,000 by the resolutions of 23 August 2005 and 13 May 2011 to increase the share capital).

The Management Board has also been authorised to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 22,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 22,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, an additional EUR 22,000,000 in contingent capital has been created ('contingent capital 2008', increased to EUR 22,000,000 by the resolution of 13 May 2011 to increase the share capital).

The company is authorised to purchase, by 11 May 2015 and as treasury stock, up to 10% of the 48,000,000 no-par value bearer shares forming the registered share capital of the company, at the price and subject to the conditions defined in the authorisation resolution dated 12 May 2010, and to use these treasury shares for certain purposes, partially also with exclusion of subscription rights for shareholders.

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

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

9. CORPORATE GOVERNANCE DECLARATION

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

10. REPORT ON EXPECTED FUTURE DEVELOPMENT

10.1 FUTURE ECONOMIC MACROENVIRONMENT

The intensity of global economic growth will decline further in 2012. Emerging economies will continue to be growth regions, whereas developed economies can expect only slight growth in 2012. A survey of bank economists conducted by the Bloomberg news agency showed a consensus that gross domestic product in the Eurozone will even decline by 0.4% in 2012. This contrasts with the 7% growth rate forecast for the Asian economic zone. Despite the slacker rate of expansion, emerging economies still remain the driving force behind world economic growth. The United States of America are the only developed economy that will succeed in boosting its pace of growth in 2012. The main reason for this is seen by economists in the determined action taken by the Federal Reserve (Fed), compared to what are still diffuse tendencies in the Eurozone.

In 2012, the Eurozone will continue to labour under the European sovereign debt crisis and the weak macroeconomic environment. The dominant rating agencies believe that declining consumer confidence and a deterioration in borrowing terms are the inevitable consequences. These forecasts mainly pertain to those European countries that are currently in crisis, which in an atmosphere of volatile financial markets are also confronted with additional challenges with regard to budget consolidation and debt refinancing.

The expansive monetary policy adopted by the European Central Bank (ECB) will maintain the vital flow of funds between banks and other financial institutions in 2012. There is consensus among economists that the ECB base rate will remain at 1.0% until 2013. The money supply generated by quantitative easing has not yet reached the real economy. If that occurs, however, the rate of inflation can be expected to increase significantly, followed by a reversal of the ECB's interest rate policy. These inflationary scenarios would then have direct impacts on the global commodities markets, which would mean a further obstacle to growth in the Eurozone.

The OECD expects the German economy to grow by only 0.5% after 3% in 2011. As long as the money supply provided by the ECB does not lead to a substantial increase in inflation, the unemployment rate in the Federal Republic will continue to drop. The reason for that is the level of productivity, which remains high, while labour costs remain moderate.

10.2 EXPECTED EARNINGS PERFORMANCE

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

The CTS Group will continue to show robust growth. Since the IPO in the year 2000, the Group has met or exceeded market expectations and is an attractive, well-established security in the SDAX segment. The company's continuously improved technology, appropriate products, the rigorous reinforcement of its market position in other European countries and the expansion of online ticketing will provide a solid foundation for further improvement in the company's performance, also in 2012.

TICKETING

The CTS Group has set itself the aim of substantially increasing its ticketing volume of around 100 million tickets a year and of handling the entire ticketing operation in Europe from a single database. Organic growth, combined with the acquisitions strategy successfully applied in the past, are the means of achieving that goal. The Group will continue to focus its activities, therefore, on steady growth of its Internet ticketing operations and on international expansion, also through new acquisitions.

The main focus of the growth strategy and the basis for profitable business development are continuous improvements in the ticketing software products. Technological leadership includes, for example, an exclusive pre-sales service, online reservation of specific seats, ticket sales by Mobile Shop and the iPhone and Android App, cross-selling and upselling options, the use of promotions for targeted management of special offers, VIP package deals and travel bundle deals, a ticket resale platform, online radio, customer-specific options for segmenting and customising the products on offers, print-at-home solutions and the 'eventim.access' mobile access control system. Extensive activities and apps in the field of social media, particularly through Facebook and Twitter, round off the range of services provided on the Internet. In this way, the CTS Group is participating in the trend towards mobile solutions, proving yet again its core competencies in the technology field. The CTS Group is planning to play an active role with its ticketing software in all the key European markets.

Expanding online ticketing operations remains a highly prioritised task for the CTS Group: in existing and in new markets, it is planned to achieve further increases in total ticket volume by growing much more strongly in the field of Internet ticketing. Increasing ticketing volumes sold via the Internet lead to improved profit margins on the basis of existing cost structures. The average value-added per online ticket is significantly greater than for conventional tickets. Initial synergies, especially in the form of scale effects in ticketing, are already being realised with the companies acquired in 2010. Additional potential for synergies is expected in the 2012 financial year.

In addition to concert and musical events, sports content will play an ever-greater role. Admission tickets can be obtained via the CTS systems for motor sports and boxing, as well as for various football clubs in Germany and abroad. Cultural events are another area of focus. The aim is to expand these fields of business even further and to convince even more customers of the benefits provided by the excellent technological platform of the CTS Group.

The services and products of the CTS Group are also very much in demand from renowned companies, federations and associations. In January 2011, for example, a multi-year partnership was launched with the 'Allgemeinen Deutsche Automobil-Club e.V. (ADAC), the German motorist's association. Through the ADAC sales channel, more than 17 million ADAC members can access the entertainment products offered by the CTS Group.

LIVE ENTERTAINMENT

In the Live Entertainment segment, the CTS Group is excellently positioned with its subsidiaries and participations. In the weeks and months ahead, the concert promoters within the CTS Group will thrill audiences with artists like, for example, Metallica, Madonna, Jay-Z & Kanye West and Coldplay.

In addition to the creation of new types of events, ongoing business activities have also included operating or partnering with major venues for events. In this context, a leasehold agreement has already been signed for the Waldbühne in Berlin. This diversification of the Live Entertainment segment will be developed further at both national and international level.

Strategic realignment of this segment for further improvement in earnings and margins is primarily focused on improving the net margin. Shares in consolidated companies are therefore being increased or reduced accordingly.

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

10.3 EXPECTED CASH FLOW

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

10.4 GENERAL ASSESSMENT OF THE GROUP'S PROSPECTIVE DEVELOPMENT

If business expectations and strategic plans come to fruition, further business advancement as well as further improvement in revenue and earnings can be expected in 2012 and 2013. Uncertainties on markets worldwide may nevertheless have negative impacts on the events market and hence on the business development of the CTS Group.

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

Bremen, 16 March 2012

CTS EVENTIM Aktiengesellschaft

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2011

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011 (IFRS)

ASSETS		31.12.2011	31.12.2010
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	249,964,314	178,036,473
Trade receivables	(2)	28,958,336	31,893,172
Receivables from affiliated and associated companies	(3)	5,045,151	6,978,834
Inventories	(4)	1,793,138	1,585,575
Payments on account	(5)	14,869,859	17,729,381
Receivables from income tax	(6)	7,701,649	10,513,476
Other assets	(7)	34,935,635	41,380,839
Total current assets		343,268,082	288,117,750
Non-current assets			
Property, plant and equipment	(8)	14,552,641	15,356,589
Intangible assets	(9)	92,291,474	100,132,716 ¹
Investments	(10)	2,300,583	2,035,092
Investments in associates	(11)	2,073,144	1,992,660
Loans	(12)	534,198	533,814
Trade receivables	(13)	0	211,603
Other assets	(14)	3,051,213	201,304
Goodwill	(15)	251,797,101	248,869,057 ¹
Deferred tax assets	(16)	3,619,087	2,354,646 ¹
Total non-current assets		370,219,441	371,687,481 ¹
Total assets		713,487,523	659,805,231 ¹

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2011	31.12.2010
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(17)	24,748,651	6,767,412 ¹
Trade payables	(18)	41,003,224	38,743,409
Payables to affiliated and associated companies	(19)	2,735,596	2,919,716
Advance payments received	(20)	83,783,126	64,550,219
Other provisions	(21)	4,402,051	4,384,600
Tax provisions	(22)	10,986,278	8,359,099
Other liabilities	(23)	161,907,989	150,379,083
Total current liabilities		329,566,915	276,103,538 ¹
Non-current liabilities			
Medium- and long-term financial liabilities	(24)	180,141,159	199,790,947
Other liabilities	(25)	171,571	320,337
Pension provisions	(26)	4,805,193	4,417,210
Deferred tax liabilities	(27)	18,944,019	20,593,061 ¹
Total non-current liabilities		204,061,942	225,121,555 ¹
Shareholders' equity			
Share capital	(28)	48,000,000	24,000,000
Capital reserve		1,890,047	23,310,940
Statutory reserve		2,164,937	0
Retained earnings		114,803,415	98,544,271 ¹
Treasury stock		-52,070	-52,070
Non-controlling interest		11,475,828	11,394,953 ¹
Total comprehensive income		8,086	21,842
Currency differences		1,568,423	1,360,202
Total shareholders' equity		179,858,666	158,580,138 ¹
Total shareholders' equity and liabilities		713,487,523	659,805,231 ¹

**CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
FROM 1 JANUARY TO 31 DECEMBER 2011 (IFRS)**

		01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
		[EUR]	[EUR]
Revenue	(1)	502,813,932	519,576,886
Cost of sales	(2)	-340,434,546	-372,390,894 ¹
Gross profit		162,379,386	147,185,992 ¹
Selling expenses	(3)	-50,726,883	-43,905,527 ¹
General administrative expenses	(4)	-33,463,146	-28,803,475 ¹
Other operating income	(5)	13,314,813	13,156,480
Other operating expenses	(6)	-19,443,567	-16,546,641
Operating profit (EBIT)		72,060,603	71,086,829 ¹
Income / expenses from participations	(7)	279,404	33,661
Income / expenses from investments in associates	(8)	80,484	-50,878
Financial income	(9)	2,203,625	2,472,448
Financial expenses	(10)	-7,581,566	-4,159,075
Earnings before tax (EBT)		67,042,550	69,382,985 ¹
Taxes	(11)	-21,088,699	-19,697,742 ¹
Net income before non-controlling interest		45,953,851	49,685,243 ¹
Non-controlling interest	(12)	-3,765,681	-7,405,647 ¹
Net income after non-controlling interest		42,188,170	42,279,596 ¹
Earnings per share (in EUR); undiluted (= diluted)		0.88	0.88 ^{1/2}
Average number of shares in circulation; undiluted (= diluted)		48 million	48 million

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff

² Adjusted prior-year figure on the basis of 48 million shares after share capital increase using own funds

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
FROM 1 JANUARY TO 31 DECEMBER 2011 (IFRS)**

	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
	[EUR]	[EUR]
Net income before non-controlling interest	45,953,851	49,685,243 ¹
Exchange differences on translating foreign subsidiaries	415,650	1,622,169
Available-for-sale financial assets	-13,756	-30,236
Other results	401,894	1,591,933
Total comprehensive income	46,355,745	51,277,176 ¹
Total comprehensive income attributable to		
Shareholders of CTS AG	42,382,635	43,825,323 ¹
Non-controlling interest	3,973,110	7,451,853 ¹

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

In accordance with IAS 1, a statement of comprehensive income must be presented, showing not only the income and expenses recognised in the income statement, but also the components of other comprehensive income recognised in equity, not through profit and loss.

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 (28)
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
01.01.2010	24,000,000	23,310,940	0	97,868,776	-52,070	4,945,973	52,078	-261,967	149,863,730
Change in the scope of consolidation	0	0	0	-20,265,514	0	6,359,339 ¹	0	0	-13,906,175
Dividends to non-controlling interest	0	0	0	-1,420,392	0	-7,316,006	0	0	-8,736,398
Dividends to shareholders of CTS AG	0	0	0	-19,918,195	0	0	0	0	-19,918,195
Net income before non-controlling interest	0	0	0	42,279,596 ¹	0	7,405,647 ¹	0	0	49,685,243
Available-for-sale financial assets	0	0	0	0	0	0	-30,236	0	-30,236
Foreign exchange differences	0	0	0	0	0	0	0	1,622,169	1,622,169
31.12.2010	24,000,000	23,310,940	0	98,544,271 ¹	-52,070	11,394,953 ¹	21,842	1,360,202	158,580,138¹
Change in the scope of consolidation	0	0	0	0	0	95,397	0	0	95,397
Increase in share capital	24,000,000	-21,420,893	0	-2,579,107	0	0	0	0	0
Allocation to the statutory reserve	0	0	2,164,937	-2,164,937	0	0	0	0	0
Dividends to non-controlling interest	0	0	0	-306,874	0	-3,987,632	0	0	-4,294,506
Dividends to shareholders of CTS AG	0	0	0	-20,878,108	0	0	0	0	-20,878,108
Net income before non-controlling interest	0	0	0	42,188,170	0	3,765,681	0	0	45,953,851
Available-for-sale financial assets	0	0	0	0	0	0	-13,756	0	-13,756
Foreign exchange differences	0	0	0	0	0	207,429	0	208,221	415,650
31.12.2011	48,000,000	1,890,047	2,164,937	114,803,415	-52,070	11,475,828	8,086	1,568,423	179,858,666

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD
FROM 1 JANUARY TO 31 DECEMBER 2011 (IFRS)**

	01.01.2011 -31.12.2011	01.01.2010 31.12.2010
	[EUR]	[EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	42,188,170	42,279,596 ¹
Non-controlling interest	3,765,681	7,405,647 ¹
Depreciation and amortisation on fixed assets	22,574,314	16,908,835 ¹
Changes in pension provisions	363,688	-493,450
Deferred tax expenses / income	-2,987,383	-3,293,277 ¹
Cash flow	65,904,470	62,807,351
Other non-cash transactions	684,569	-3,657,816
Book profit / loss from disposal of fixed assets	141,134	-70,088
Interest expenses / interest income	4,643,503	930,818
Income tax expenses	24,076,081	22,991,020
Interest received	2,544,965	2,580,370
Interest paid	-5,770,150	-2,513,629
Income tax paid	-19,137,790	-30,040,689
Increase (-) / decrease (+) in inventories	-160,409	99,690
Increase (-) / decrease (+) in payments on account	2,861,681	-4,098,487
Increase (-) / decrease (+) in receivables and other assets	8,474,354	9,574,443
Increase (+) / decrease (-) in provisions	330,515	2,617,217
Increase (+) / decrease (-) in liabilities	27,982,239	-49,703,637
Cash flow from operating activities (1)	112,575,162	11,516,563
B. Cash flow from investing activities		
Payments for investments in intangible assets	-8,731,088	-9,487,121
Payments for investments in property, plant and equipment	-4,687,486	-6,175,983
Payments for investments in non-current financial assets	-341,077	-104,425
Proceeds from sale of property, plant and equipment	89,505	366,560
Proceeds from sale of non-current financial assets	103,010	425,714
Payments for acquisition of consolidated companies	-1,064,957	-126,192,669
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	1,435,139	7,204,594
Cash flow from investing activities (2)	-13,196,954	-133,963,330
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	1,350,000	186,731,600
Proceeds from the change in non-controlling interest	0	5,418,684
Payments for the change in non-controlling interest	-2,070,000	-32,432,585
Payments for redemption of financing loans	-1,700,000	-5,608,835
Payments for redemption of financial liabilities	0	-55,693,306
Dividend payments to non-controlling interest	-4,294,506	-8,736,398
Dividend payments to shareholders of CTS AG	-20,878,108	-19,918,195
Cash flow from financing activities (3)	-27,592,614	69,760,965
D. Net increase / decrease in cash and cash equivalents	71,785,594	-52,685,802
Net increase / decrease in cash and cash equivalents due to change in scope of consolidation	0	-1,223,474
Net increase / decrease in cash and cash equivalents due to currency translation	142,247	2,151,864
Cash and cash equivalents at beginning of period	178,036,473	229,793,885
E. Cash and cash equivalents at end of period	249,964,314	178,036,473
F. Composition of cash and cash equivalents		
Cash and cash equivalents	249,964,314	178,036,473
Cash and cash equivalents at end of period	249,964,314	178,036,473

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

CONTENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	68
1. Principles	68
1.1 Structure and business operations of the Group	68
1.2 Accounting principles	68
1.3 New and amended standards with mandatory application in 2011	69
1.4 New accounting standards issued but not yet applied	69
1.5 Disclosures concerning consolidation policies	71
1.6 Business combinations	72
1.7 List of investments	78
1.8 Currency translation principles	78
1.9 Main accounting principles and methods	79
2. Notes to the consolidated balance sheet	85
3. Additional disclosures on financial instruments (IFRS 7)	105
3.1 Financial assets	105
3.2 Financial liabilities	107
3.3 Additional disclosures on financial instruments	108
4. Notes to the consolidated income statement	111
5. Notes to the consolidated cash flow statement	118
6. Other Notes	119
6.1 Earnings per share	119
6.2 Segment reporting	119
6.3 Employees	122
6.4 Financial obligations	123
6.5 Leasing	123
6.6 Events after the balance sheet date	123
6.7 Pending court proceedings	123
6.8 Declaration of compliance	124
6.9 Application of § 264 (3) HGB and § 264b HGB	124
6.10 Notifiable securities transactions pursuant to § 15a Securities Trading Act (WpHG)	124
6.11 Related party disclosures	125
6.12 Auditor expenses	126
6.13 Mandates and emoluments of the Management Board	126
6.14 Mandates and emoluments of the Supervisory Board	127
6.15 Participating persons	127
7. Assurance by legal representatives	131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2011 (IFRS)

1. PRINCIPLES

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

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

The objects of the company in the Ticketing segment are to produce, sell, broker, distribute and market tickets for concerts, theatre, art, sports and other events in Germany and abroad, particularly in the Federal Republic of Germany and other European countries, in particular by using electronic data processing and modern communication and data transmission technologies. Further objects of the company are to produce, sell, broker, distribute and market merchandising articles and travel, and to engage in direct marketing activities of all kinds. The company competes for the provision of its services not only with regional and supraregional providers of similar services in Germany and other countries, but also with regional companies and with direct ticket selling by promoters. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, and to market music productions.

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

These consolidated financial statements and the combined management report were approved by the Management Board of CTS AG on 16 March 2012, for presentation to the Supervisory Board.

1.2 ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), in the form applicable within the European Union (EU), and in accordance with the supplementary accounting regulations pursuant to § 315a (1) of the German Commercial Code (HGB). All IFRSs issued by the International Accounting Standards Board (IASB) and applicable when these consolidated financial statements were prepared have been adopted by the European Commission for use in the EU. The consolidated financial statements were prepared using the historical cost convention, limited by the recognition of financial assets carried at fair value but not through profit or loss.

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

The comparative figures in the balance sheet and income statement relate to the adjusted consolidated financial statements as at 31 December 2010. The comparative figures in the balance sheet and the income statement as at 31 December 2010 had to be adjusted to take account of the final purchase price allocation in respect of the See Tickets Germany / Ticket Online Group as at 30 June 2011 and the final purchase price allocation in respect of T.O.S.C. – TicketOne Sistemi Culturali S.r.l., Rome, as at 30 September 2011. The See Tickets Germany / Ticket Online Group

was first consolidated at the beginning of July 2010, and T.O.S.C. – TicketOne Sistemi Culturali S.r.l. was first included in consolidation as from 13 September 2010.

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

1.3 NEW AND AMENDED STANDARDS WITH MANDATORY APPLICATION IN 2011

The following new and amended standards and interpretation were applied for the first time as from 1 January 2011:

- Amendments to IAS 32 'Financial Instruments: Presentation: Classification of Rights Issues' (applicable on or after 1 February 2010)
- Amendments to IFRS 1 'First-time Adoption of IFRS: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters' (applicable on or after 1 July 2010)
- Amendments to IAS 24 'Related Party Disclosures (November 2009)' (applicable on or after 1 January 2011)
- Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' (applicable on or after 1 January 2011)
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (applicable on or after 1 July 2010)
- Improvements to IFRS (May 2010) – minor amendments to a number of IFRSs (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) and consequential amendments to other standards (applicable on or after 1 July 2010 respectively 1 January 2011)

All accounting standards mandatory from the 2011 financial year onwards were applied. First-time application of these standards and amendments has no impacts on the earnings performance, financial position and cash flow of the CTS Group.

1.4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations that are not yet mandatory for the 2011 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2011.

Adopted by the EU:

- Amendments to IFRS 7 'Financial Instruments: Disclosures: Transfer of financial assets' (applicable for business years beginning on or after 1 July 2011)

Not yet adopted by the EU:

- Amendments to IFRS 1 'First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dated for First-Time Adopters (applicable for business years beginning on or after 1 July 2011)
- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (applicable on or after 1 January 2012)
- Amendments to IAS 1 'Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (June 2011)' (applicable on or after 1 July 2012)
- Amendment to IFRS 7 'Disclosures: Offsetting Financial Assets and Financial Liabilities' (applicable on or after 1 January 2013)
- Amendments to IAS 32 'Offsetting of Financial Assets and Financial Liabilities' (applicable on or after 1 January 2014)
- IFRS 9 'Financial Instruments: Classification and Measurement: Financial Assets (November 2009)' (applicable on or after 1 January 2015)
- IFRS 9 'Financial Instruments: Classification and Measurement: Financial Liabilities (October 2010)' (applicable on or after 1 January 2015)
- Amendments to IFRS 7 and IFRS 9 'Mandatory Effective Date and Transition Disclosures' (applicable on or after 1 January 2015)
- IFRS 10 'Consolidated Financial Statements' (applicable on or after 1 January 2013)
- IFRS 11 'Joint Arrangements' (applicable on or after 1 January 2013)
- IFRS 12 'Disclosure of Interests in Other Entities' (applicable on or after 1 January 2013)
- IFRS 13 'Fair Value Measurement' (applicable on or after 1 January 2013)
- IAS 27 'Separate Financial Statements (revised May 2011)' (applicable on or after 1 January 2013)
- IAS 28 'Investments in Associates and Joint Ventures (revised May 2011)' (applicable on or after 1 January 2013)
- IAS 19 'Employee Benefits (revised June 2011)' (applicable on or after 1 January 2013)
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine (October 2011)' (applicable on or after 1 January 2013)

Standards that are not applicable until after the balance sheet date have not been prematurely applied. The effects of the standards on the 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.

1.5 DISCLOSURES CONCERNING CONSOLIDATION POLICIES

All relevant subsidiaries are included in the consolidated financial statements. Some smaller regional subsidiaries, in both the Ticketing segment and the Live Entertainment segment, have not been included in the consolidated financial statements because of their insignificance for establishing a fair view of the Group's earnings performance, financial position and cash flow. The revenue of capitalised investments not included in the consolidated financial statements due to insignificance is less than 1.5% of Group revenue.

As a basic principle, the financial statements of the companies included in the consolidated financial statements are prepared in accordance with uniform accounting policies.

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

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

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

Investments in companies over which significant influence can be exercised are measured by the equity method; a significant influence can be exercised if the share of voting rights is between 20% and 50% ('associates'). Investments measured at equity are carried at the proportionate adjusted interest in the investee's revalued shareholders' equity. Changes in the proportionate shareholders' equity with effects on net income are recognised in the income statement as profit or loss from investments in associates. If the Group's share in losses from an associate is equal to or greater than the Group's share in that company, the Group does not post any further losses unless it has entered into obligations in respect of the associate, or has made payments for the associate.

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

1.6 BUSINESS COMBINATIONS
1.6.1 BUSINESS COMBINATIONS IN THE TICKETING SEGMENT
1.6.1.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following companies in the Ticketing segment were included in consolidation for the first time in the period under review:

With an agreement concluded on 1 July 2011, Ticket Express, Gesellschaft zur Herstellung and zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, acquired 100% of the shares in Ticket Online Austria GmbH, Vienna (hereinafter: Ticket Online Austria). This is deemed to be an insignificant business acquisition.

Ticketcorner AG, Rümlang, was merged with Ticketcorner Holding AG, Rümlang, on the basis of a merger agreement concluded on 27 June 2011. Ticketcorner Holding AG then changed its name to Ticketcorner AG. The name change was registered on 30 June 2011.

Ticketcorner GmbH, Vienna, was merged with Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, when the merger was entered in the register of companies on 25 June 2011.

In an agreement concluded on 1 June 2011, Ticket Online Software GmbH, Hamburg, sold 100% of its shares in Ticket Online Polska Spolka z.o.o, Warsaw, to CTS AG. After the sale of shares, Ticket Online Polska Spolka z.o.o., Warsaw, was merged with Eventim Sp z.o.o., Warsaw.

TSC Ticket- & Touristik-Service-Center GmbH, Bremen, was merged with CTS AG when the merger was entered in the register of companies in June 2011.

1.6.1.2 PURCHASE PRICE ALLOCATION

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

As at 30 June 2011, the purchase price allocation relating to the acquisition of shares in the See Tickets Germany / Ticket Online Group was finally completed within the stipulated 12-month period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed, and subsequently revised if necessary.

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

	Fair value at the time of initial consolidation	
	provisional purchase price allocation	final purchase price allocation
	[EUR'000]	[EUR'000]
Cash and cash equivalents	7,777	7,777
Inventories	103	103
Trade receivables	2,489	2,489
Other assets	4,831	4,831
Total current assets	15,200	15,200
Property, plant and equipment	2,566	2,566
Intangible assets	54,358	62,782
Trade receivables	242	242
Deferred tax assets	1,540	1,573
Total non-current assets	58,706	67,163
Short-term financial liabilities	969	969
Trade payables	1,743	1,743
Provisions	5,634	5,634
Other liabilities	8,810	8,810
Total current liabilities	17,156	17,156
Medium- and long-term financial liabilities	11,184	11,184
Deferred tax liabilities	16,390	19,141
Total non-current liabilities	27,574	30,325
Total net assets	29,176	34,882

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

In the context of final purchase price allocation, the fair value of intangible assets, in particular the customer base, increased relative to the provisional purchase price allocation from EUR 54.358 million to EUR 62.782 million. At Group level, this led to a reduced goodwill of EUR 98.327 million (provisional purchase price allocation: EUR 104.033 million). Deferred tax assets were recognised in the context of final purchase price allocation at EUR 1.573 million (provisional purchase price allocation: EUR 1.540 million) and deferred tax liabilities at EUR 19.141 million (provisional purchase price allocation: EUR 16.390 million).

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

	[EUR'000]
Acquisition cost	133,209
Cash and cash equivalents	7,777
Inventories	103
Trade receivables	2,731
Other assets	4,831
Property, plant and equipment	2,566
Intangible assets	62,782
Short-term financial liabilities	-969
Trade payables	-1,743
Provisions	-5,634
Other liabilities	-8,810
Medium- and long-term financial liabilities	-11,184
Deferred tax liabilities	-17,568
Total net assets	34,882
Goodwill	98,327
	133,209

**FINAL PURCHASE PRICE ALLOCATION OF T.O.S.C. – TICKETONE SISTEMI CULTURALI S.R.L.
(HEREINAFTER: T.O.S.C.)**

As at 30 September 2011, the purchase price allocation relating to the acquisition of shares in T.O.S.C. was finally completed within the stipulated 12-month period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed, and subsequently revised if necessary.

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

	Fair value at the time of initial consolidation	
	provisional purchase price allocation	final purchase price allocation
	[EUR'000]	[EUR'000]
Cash and cash equivalents	239	239
Inventories	12	12
Trade receivables	285	285
Other assets	155	155
Total current assets	691	691
Property, plant and equipment	48	48
Intangible assets	836	618
Investments	105	105
Deferred tax assets	0	0
Total non-current assets	989	771
Trade payables	106	106
Provisions	26	26
Other liabilities	537	537
Total current liabilities	669	669
Pension provisions	39	39
Deferred tax liabilities	220	160
Total non-current liabilities	259	199
Total net assets	752	594

In the context of final purchase price allocation, the fair value of the customer base, decreased relative to the provisional purchase price allocation from EUR 800 thousand to EUR 582 thousand. At Group level, this led to an increase in goodwill to EUR 915 thousand (provisional purchase price allocation: EUR 599 thousand). In the context of final purchase price allocation, deferred tax liabilities were recognised at EUR 160 thousand (provisional purchase price allocation: EUR 220 thousand). The acquisition costs increased by EUR 200 thousand due to inclusion of a variable purchase price component.

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

	[EUR'000]
Acquisition cost	1,200
Cash and cash equivalents	239
Inventories	12
Trade receivables	285
Other assets	155
Property, plant and equipment	48
Intangible assets	618
Investments	105
Trade payables	-106
Provisions	-26
Other liabilities	-537
Pension provisions	-39
Deferred tax liabilities	-160
Total net assets	594
Non-controlling interest	-309
Goodwill	915
	1,200

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

The comparative figures in the balance sheet and the income statement as at 31 December 2010 had to be adjusted on account of the final purchase price allocation in respect of the See Tickets Germany / Ticket Online Group as at 30 June 2011 and the final purchase price allocation in respect of T.O.S.C. as at 30 September 2011. The See Tickets Germany / Ticket Online Group was first consolidated as from 6 July 2010, and T.O.S.C. was first included in consolidation as from 13 September 2010.

The following table provides an overview of the changes in the consolidated balance sheet as at 31 December 2010 as a result of the final purchase price allocations.

	Consolidated balance sheet		Change [EUR'000]
	provisional purchase price allocation 31.12.2010	final purchase price allocation 31.12.2010	
	[EUR'000]	[EUR'000]	
Assets			
Intangible assets	91,397	100,133	8,736
Goodwill	254,259	248,869	-5,390
Deferred tax assets	2,364	2,354	-10
			3,336
Liabilities and shareholders' equity			
Short-term financial liabilities and current portion of long-term financial liabilities	6,567	6,767	200
Deferred tax liabilities	17,930	20,593	2,663
Retained earnings	98,035	98,544	509
Non-controlling interest	11,431	11,395	-36
			3,336

The following table provides an overview of the changes in the consolidated income statement as at 31 December 2010 as a result of the final purchase price allocations.

Consolidated income statement			
	provisional purchase price allocation 31.12.2010	final purchase price allocation 31.12.2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of sales	-372,679	-372,391	288
Selling expenses	-44,047	-43,905	142
General administrative expenses	-28,904	-28,803	101
Taxes	-19,682	-19,698	-16
Non-controlling interest	-7,400	-7,406	-6
Adjustments in net income after non-controlling interest			509

1.6.2 BUSINESS COMBINATIONS IN THE LIVE ENTERTAINMENT SEGMENT

1.6.2.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following companies in the Live Entertainment segment were included in consolidation for the first time in the period under review:

In a purchase contract dated 13 December 2011, Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt / Main, acquired 51% of the shares in Seekers Event GmbH, Jena. Seekers Event GmbH organises the 'SonneMondSterne' festival in Jena. This is deemed to be an insignificant business acquisition.

1.7 LIST OF INVESTMENTS

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

1.8 CURRENCY TRANSLATION PRINCIPLES

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

The financial statements of foreign subsidiaries whose currency is not the euro are translated using the functional method. The functional currency used for those parts of the company outside Germany is the local currency in each case. Accordingly, assets and liabilities of entities outside Germany or outside the Eurozone are translated to euro using the rate of exchange on the balance sheet date. 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.

1.9 MAIN ACCOUNTING PRINCIPLES AND METHODS

ACCOUNTING PRINCIPLES AND METHODS

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

NOTE CONCERNING RECOGNITION IN ACCORDANCE WITH IAS 32

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

NOTE CONCERNING RECOGNITION OF NON-CONTROLLING INTERESTS

The accounting methods for recognition of non-controlling interests, loss of control and significant influence changed with effect from 1 January 2010, when IAS 27R 'Consolidated and Separate Financial Statements' became applicable. Changes in the interest held in subsidiaries that are already fully consolidated, and which do not lead to a loss of control, are not to be reported as an increase or decrease in goodwill, but as an increase or decrease in shareholders' equity. When a sale of shares results in a loss of control, the remaining interest is to be recognised at fair value and any profit or loss arising from remeasurement must be reported in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances and cash in hand. Bank balances and cash in hand are measured at their nominal value at the balance sheet date.

RECEIVABLES

Receivables and other assets are carried at amortised cost minus adjustments for discernible risks as well as to some extent at fair value not through profit and loss. The Group is fundamentally 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.

PAYMENTS ON ACCOUNT

Payments on account in the Live Entertainment segment were recognised under inventories in the prior year are carried at cost of purchase.

FINANCIAL INSTRUMENTS

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

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

- loans and receivables
- financial assets carried at fair value through profit or loss,
- held-to-maturity investments
- available-for-sale financial assets

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

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

In the reporting year, the Group did not classify any financial instruments as 'held-to-maturity investments' or 'financial assets carried at fair value through profit or loss'. Financial assets classified as 'loans and receivables' and as 'available-for-sale financial assets' are held.

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

The available-for-sale financial assets include investments in other companies and securities. Investments in other companies are stated at their respective cost of purchase because there is no active market for these companies, and because fair values cannot reasonably be calculated with any reliability. If there are any indications that fair values are lower, these are applied accordingly. Securities are initially recognised at their fair value on the settlement date. Gains and losses are recognised in shareholders' equity, not through profit and loss.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

Development costs for proprietary software are recognised as assets if they meet the criteria specified in IAS 38. The costs directly attributable to software include the personnel expenses for the employees involved in development, as well as an appropriate proportion of the relevant indirect costs. Capitalised development costs for software are amortised over their estimated lifetime.

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

- Software, licences: 2 - 9 years
- Trademarks: 5 - 10 years
- Customer base: 4 - 12 years
- Other property, plant and office equipment: 3 - 13 years

In accordance with IFRS 3, goodwill is not amortised systematically, but is reviewed for impairment on the basis of the recoverable amount for the cash generating unit to which the goodwill is allocated. For the impairment test, the goodwill is subdivided and allocated to the cash generating units. The goodwill is allocated to those cash generating units expected to derive benefits from the business combination in which the goodwill arose.

The Group tests its goodwill for impairment at least once a year on the balance sheet date, or if significant events or changes in circumstances indicate that the fair value of a reporting entity within the Group might be lower than its carrying amount. Impairments of goodwill may not be reversed.

In compliance with IAS 36, the Group routinely assesses the carrying values of all assets for possible impairment. If events or changes in circumstances provide grounds for believing that the carrying value of such an asset might no longer reach the applicable amount, the Group makes a comparison between the recoverable amount and the carrying value of the particular asset (impairment test). If the asset is impaired, the Group records an impairment loss so that the asset is written down to the recoverable amount. In no case did the carrying values of reporting entities exceed the respective fair value, so there were no indications of impairments to the stated value of any reporting entity in the 2011 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. Deferred tax assets and liabilities are valued at the applicable taxation rates that must prospectively be applied to the taxable income in those years in which the temporary differences are expected to be recovered or settled. The impact of a changed taxation rate on deferred assets and liabilities is carried as tax income or expense.

LIABILITIES

Liabilities are recognised at amortised cost of purchase using the effective interest method, where necessary. Their composition and remaining terms are shown in the analysis of liabilities.

PROVISIONS

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

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

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

If reinsurance policies 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 provisions in the balance sheet.

NON-CONTROLLING INTEREST

Transactions with non-controlling interest are treated as transactions with equity holders of the Group. Any difference, arising from acquisition of a non-controlling interest, between the consideration paid and the respective share of the carrying amount of the net assets of the subsidiary is recognised in shareholders' equity. Gains and losses ensuing on disposal of non-controlling interest are likewise recognised in shareholders' equity.

RECOGNITION OF REVENUE

Revenue and other income are recognised when a contract has been concluded with legal effect, delivery has been made or the service has been performed, a price is fixed and determinable, and it can be assumed that the price will be paid. Revenue is stated less discounts, price reductions, customer bonuses and rebates. Price reductions reduce revenue as soon as the respective revenue is recognised.

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

EXPENSE RECOGNITION

Expenses are recognised as such when they are incurred.

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

ESTIMATES AND ASSESSMENTS BY MANAGEMENT

When preparing the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that affect the assets and liabilities, the disclosure of contingent liabilities as at the balance sheet date and the statement of income and expenditure during the financial year. In particular, it is necessary to make assumptions when performing the annual impairment test on goodwill and when recognising deferred tax assets. 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 premises 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. NOTES TO THE CONSOLIDATED BALANCE SHEET CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents of EUR 249.964 million (prior year: EUR 178.036 million) are predominantly bank balances.

TRADE RECEIVABLES (CURRENT) (2)

Current trade payables totalling EUR 28.958 million (prior year: EUR 31.893 million) are payable within one year. An increase in trade receivables from ongoing business operations was offset by setoffs of receivables and liabilities relating to the settlement of ticket monies in the Ticketing segment.

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

The EUR 5.045 million in current receivables from affiliated and associated companies (prior year: EUR 6.979 million) relate primarily to receivables from the associated company of FKP Scorpio and its subsidiaries (EUR 3.386 million, prior year: EUR 5.189 million) and to receivables from subsidiaries in eastern Europe that are not consolidated due to insignificance (EUR 1.609 million; prior year: EUR 1.515 million).

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2011	31.12.2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	310	314	-4
Finished goods and merchandise	1,483	1,272	211
	1,793	1,586	207

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

PAYMENTS ON ACCOUNT (5)

Payments on account, at EUR 14.870 million (prior year: EUR 17.729 million) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2012. The reduction in payments on account was mainly due to the execution and invoicing of events (especially the Herbert Grönemeyer tour) in the first half of 2011.

In the reporting year 2011, payments on account are disclosed in a separate balance sheet item.

RECEIVABLES FROM INCOME TAX (CURRENT) (6)

Receivables from income tax, at EUR 7.702 million (prior year: EUR 10.513 million) relate specifically to capital gains tax and to tax refund claims associated with prepayments.

OTHER ASSETS (CURRENT) (7)

Other assets, at EUR 34.936 million (prior year: EUR 41.381 million) comprise financial assets (EUR 27.026 million, prior year: EUR 31.726 million) and non-financial assets (EUR 7.910 million, prior year: EUR 9.655 million).

Other financial assets relate, inter alia, to ticket money receivables from pre-sales in the Ticketing segment, at EUR 18.997 million (prior year: EUR 19.649 million), to current loans at EUR 2.408 million (prior year: EUR 4.973 million) and to securities measured at fair value not through profit and loss, at EUR 1.159 million (prior year: EUR 3.014 million).

Other non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 1.943 million (prior year: EUR 3.323 million), other receivables amounting to EUR 636 thousand (prior year: EUR 569 thousand) and to one item for recognition and accrual of expenses and income according to period, at EUR 5.331 million (prior year: EUR 5.763 million), that relates, inter alia, to marketing expenses and production costs in the Live Entertainment segment and to accrued prepayments to promoters for ticket distribution rights in the Ticketing segment.

In the 2011 financial year, collateral amounting to EUR 838 thousand (prior year: EUR 558 thousand) was provided by Group companies, including EUR 494 thousand for rental deposits (prior year: EUR 457 thousand).

PROPERTY, PLANT AND EQUIPMENT (8)

The composition and development is shown in the following table:

	Other real estate, land rights and buildings, includ- ing 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]
2010					
Historical cost					
1 January 2010	263	824	27,838	763	29,688
Addition from change in the scope of consolidation	153	109	3,314	0	3,576
Disposal from change in the scope of consolidation	0	-317	-2,358	0	-2,675
Addition	354	111	5,699	13	6,177
Disposal	-10	-30	-755	-46	-841
Reclassification	0	0	730	-730	0
Currency differences	24	1	248	0	273
31 December 2010	784	698	34,716	0	36,198
Accumulated depreciation and amortisation					
1 January 2010	79	589	17,780	0	18,448
Disposal from change in the scope of consolidation	0	-162	-1,816	0	-1,978
Addition	105	161	4,468	0	4,734
Disposal	-4	-15	-424	0	-443
Currency differences	3	0	77	0	80
31 December 2010	183	573	20,085	0	20,841
Carrying value as at 31 December 2010	601	125	14,631	0	15,357
2011					
Historical cost					
1 January 2011	784	698	34,716	0	36,198
Addition from change in the scope of consolidation	6	0	147	0	153
Addition	129	20	4,527	10	4,686
Disposal	0	0	-2,297	0	-2,297
Currency differences	3	-13	30	0	20
31 December 2011	922	705	37,123	10	38,760
Accumulated depreciation and amortisation					
1 January 2011	183	573	20,085	0	20,841
Addition	151	64	5,224	0	5,439
Disposal	0	-4	-2,083	0	-2,087
Currency differences	1	-4	17	0	14
31 December 2011	335	629	23,243	0	24,207
Carrying value as at 31 December 2011	587	76	13,880	10	14,553

Additions to other facilities, operating and office equipment (EUR 4.527 million) 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 stadiums), business and office equipment as well as exhibition inventory for 'edutainment' events.

INTANGIBLE ASSETS (9), GOODWILL (15)

The composition and development is shown in the following table:

	Software, licences and similar rights	Capitalized development costs	Goodwill	Customer base	Payments on account / Proprietary software in progress	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
2010						
Historical cost						
1 January 2010	35,909	10,155	101,796	12,357	734	160,951
Addition from change in scope of consolidation	14,230	0	146,190	66,685	178	227,283
Disposal from change in scope of consolidation	-3,065	0	-2,178	0	0	-5,243
Addition	1,005	5,317	0	2,500	665	9,487
Disposal	-282	0	-11	0	0	-293
Reclassification	0	282	0	0	-282	0
Currency differences	454	452	7,762	2,348	1	11,017
31 December 2010	48,251	16,206	253,559	83,890	1,296	403,202
Accumulated depreciation and amortisation						
1 January 2010	28,956	2,308	4,867	7,399	0	43,530
Disposal from change in scope of consolidation	-1,412	0	-177	0	0	-1,589
Addition	4,854	1,747	0	5,573	0	12,174
Disposal	-281	0	0	0	0	-281
Currency differences	95	76	0	194	0	365
31 December 2010	32,212	4,131	4,690	13,166	0	54,199
Carrying value as at 31 December 2010	16,039	12,075	248,869	70,724	1,296	349,003
2011						
Historical cost						
1 January 2011	48,251	16,206	253,559	83,890	1,296	403,202
Addition from change in scope of consolidation	120	0	1,605	4	0	1,729
Addition	3,332	3,879	0	0	1,520	8,731
Disposal	-150	0	0	0	-4	-154
Reclassification	255	455	0	0	-709	1
Currency differences	166	57	1,323	400	0	1,946
31 December 2011	51,974	20,597	256,487	84,294	2,103	415,455
Accumulated depreciation and amortisation						
1 January 2011	32,212	4,131	4,690	13,166	0	54,199
Addition	5,782	2,161	0	9,193	0	17,136
Disposal	-134	0	0	0	0	-134
Reclassification	16	-16	0	0	0	0
Currency differences	39	29	0	95	0	163
31 December 2011	37,915	6,305	4,690	22,454	0	71,364
Carrying value as at 31 December 2011	14,059	14,292	251,797	61,840	2,103	344,091

Investments in intangible assets and goodwill, at EUR 8.731 million, relate to additions for software, licences and similar rights (EUR 3.332 million), capitalised development costs (EUR 3.879 million), and payments on account / proprietary software in progress (EUR 1.520 million).

Additions to software, licences and similar rights (EUR 3.332 million) mainly include payments for ticket rights in the Ticketing segment. Additions to capitalised development costs (EUR 3.879 million) and to payments on account / proprietary software in progress (EUR 1.520 million) relate primarily to the development of ticketing software. Of those investments, EUR 4.326 million are for proprietary software and EUR 1.073 million for external software development.

Depreciation and amortisation of EUR 17.136 million (prior year: EUR 12.174 million) include amortisation from purchase price allocations of EUR 10.520 million (prior year: EUR 6.761 million). In the prior year, amortisation from purchase price allocations was recognised within the year when acquisitions were initially consolidated.

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

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

INVESTMENTS (10), INVESTMENTS IN ASSOCIATES (11), LOANS (12)

The composition and development is shown in the following table:

	Shares in affiliated companies	Participations	Investments in associates	Loans to affiliated companies	Security investments	Other loans	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
2010							
Historical cost							
1 January 2010	315	854	343	76	33	751	2,372
Addition from change in scope of consolidation	0	992	1,918	0	0	104	3,014
Disposal from change in scope of consolidation	-12	-7	-182	-51	0	0	-252
Addition	12	0	20	0	0	92	124
Disposal	0	-8	-106	-25	-1	-431	-571
Reclassification	-32	0	0	0	0	0	-32
Currency differences	0	50	0	0	0	18	68
31 December 2010	283	1,881	1,993	0	32	534	4,723
Accumulated depreciation and amortisation							
1 January 2010	13	163	0	0	5	341	522
Disposal from change in scope of consolidation	-12	-7	0	0	0	0	-19
Disposal	0	0	0	0	0	-341	-341
31 December 2010	1	156	0	0	5	0	162
Carrying value as at 31 December 2010	282	1,725	1,993	0	27	534	4,561
2011							
Historical cost							
1 January 2011	283	1,881	1,993	0	32	534	4,723
Addition	240	0	80	0	0	101	421
Disposal	0	0	0	0	0	-103	-103
Currency differences	0	25	0	0	0	2	27
31 December 2011	523	1,906	2,073	0	32	534	5,068
Accumulated depreciation and amortisation							
1 January 2011	1	156	0	0	5	0	162
31 December 2011	1	156	0	0	5	0	162
Carrying value as at 31 December 2011	522	1,750	2,073	0	27	534	4,906

INVESTMENTS (10)

Investments, at EUR 2.300 million (prior year: EUR 2.035 million) relate primarily to participations (EUR 1.750 million; prior year: EUR 1.725 million).

INVESTMENTS IN ASSOCIATES (11)

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

The adjusted carrying value of the interest in FKP Scorpio is EUR 1.898 million (prior year: EUR 1.842 million), in Greensave EUR 24 thousand (prior year: EUR 33 thousand) and in Greenfield EUR 151 thousand (prior year: EUR 118 thousand).

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

	2011	2010
	[EUR'000]	[EUR'000]
Total assets	17,788	18,312
Total liabilities	20,414	22,451
Revenue *	71,342	31,371
Net income *	272	-69

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

LOANS (12)

Loans, at EUR 534 thousand (prior year: EUR 534 thousand), relate entirely to loans to third parties.

TRADE RECEIVABLES (NON-CURRENT) (13)

In the prior year, EUR 212 thousand in trade receivables with a remaining term of between one and five years were carried.

OTHER ASSETS (NON-CURRENT) (14)

The non-current other assets, at EUR 3.051 million (prior year: EUR 201 thousand), are in their entirety financial assets (prior year: EUR 200 thousand). These receivables have a maturity of between one and five years. Other assets increased by EUR 2.850 million in the course of ordinary business activities, especially in the Ticketing segment.

GOODWILL (15)

The disclosed goodwill totalling EUR 251.797 million (prior year: EUR 248.869 million) breaks down into EUR 216.507 million in the Ticketing segment (prior year: EUR 214.966 million) and EUR 35.290 million in the Live Entertainment segment (prior year: EUR 33.903 million).

Of the disclosed goodwill, EUR 1.484 million (prior year: EUR 1.484 million) relates to goodwill from put options that are assigned in their entirety to the Live Entertainment segment.

In the Ticketing segment, goodwill increased by EUR 1.541 million in the reporting year. Of that increase, EUR 1.323 million was due to currency translation effects resulting from the measurement of goodwill in foreign currencies (EUR/CHF) as at 31 December 2011, and EUR 218 thousand to the acquisition of Ticket Online Austria GmbH, Vienna.

In the Live Entertainment segment, goodwill increased by EUR 1.387 million as a result of acquiring Seekers Event GmbH, Jena.

This goodwill was allocated to two cash generating units (CGUs) for impairment testing purposes. The cash generating units 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) model. This procedure and the basic assumptions apply to all CGUs with goodwill that is subject to impairment tests. These calculations are based on forecast cash flows derived from five-year planning. When determining budget figures, the management took into account current and future likelihoods, business and economic trends, economic development and other circumstances. The cash flows in the year of perpetuity correspond to the cash flow in the last year of five-year planning. A discount rate of 7.1% (prior year: 6.9%) was applied for this purpose. The discount rates used are interest rates after tax and reflect the specific risks to which the respective CGUs are exposed. The Group applies constant growth rates of 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. No impairment of the goodwill, sub-divided according to segment, was required in the 2011 financial year.

The 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 (16)

The deferred tax assets, at EUR 3.619 million, pertain to the following:

	31.12.2011	31.12.2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	2,254	1,319	935
Temporary differences	1,365	1,036	329
	3,619	2,355	1,264

It is assumed that there is sufficient likelihood that the EUR 2.254 million in deferred taxes on fiscal loss carryforwards as at 31 December 2011 (prior year: EUR 1.319 million) can be used, since the companies will generate profits of at least the same amount in future periods.

The loss carryforwards can be carried forward as follows:

	31.12.2011	31.12.2010
	[EUR'000]	[EUR'000]
up to 4 years	214	36
up to 5 years	199	111
up to 6 years	1,001	97
up to 7 years	12	2,121
indefinite	8,999	3,407
	10,425	5,772

The rate of deferred domestic taxation was between 28.1% and 32.6%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and municipal trade tax at between 12.3% and 16.8%. For foreign subsidiaries the respectively applicable local tax rates were applied.

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

	31.12.2011		31.12.2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Receivables	462	551	442	509
Other assets	1,081	569	1,510	134
Current assets	1,543	1,120	1,952	643
Property, plant and equipment	0	0	0	0
Intangible assets	2,088	19,921	3,817	24,084
Loans	0	12	0	12
Non-current assets	2,088	19,933	3,817	24,096
Other provisions	170	126	126	79
Other liabilities	7	45	167	221
Current liabilities	177	171	293	300
Financial liabilities	55	905	0	1,031
Pension provisions	713	26	480	29
Non-current liabilities	768	931	480	1,060
Tax loss carryforwards	2,254	0	1,319	0
Total	6,830	22,155	7,861	26,099
Offset	-3,211	-3,211	-5,506	-5,506
Deferred taxes	3,619	18,944	2,355	20,593

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

No deferred tax assets were stated for EUR 665 thousand in loss carryforwards for municipal trade tax purposes (prior year: EUR 1.215 million), for EUR 70 thousand in loss carryforwards for corporation tax purposes (prior year: EUR 561 thousand), and for EUR 3.487 million in other loss carryforwards for foreign taxation purposes (prior year: EUR 12.319 million), as it is not expected at present that the resultant tax benefits can be realised in the near term. All loss carryforwards pertain to companies that generated no taxable income in the financial year under review or in the prior year. The decrease in loss carryforwards for foreign taxation purposes, to EUR 3.487 million, is mainly due to the omission of non-clearable taxable losses being eliminated as a result of merged subsidiaries.

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

Of the short-term financial liabilities and current portion of long-term financial liabilities, at EUR 24.749 million (prior year: EUR 6.767 million) EUR 16.079 million (prior year: EUR 501 thousand) relate to liabilities to banks, EUR 1.906 million (prior year: EUR 1.931 million) to short-term purchase price obligations deriving from put options granted, which had to be recognised in accordance with IAS 32, and EUR 6.764 million (prior year: EUR 4.335 million) in purchase price obligations deriving from the acquisition of shares in subsidiaries already included in consolidation.

The increase in liabilities to banks and in short-term purchase price obligations ensue primarily from the timely reclassification from loan liabilities and purchase price obligations from long-term financial liabilities to current liabilities.

Liabilities to banks were subject to interest at normal market rates. The interest effects caused by compounding the short-term purchase price obligations for put options were stated in the financial result as EUR +26 thousand (prior year: EUR -94 thousand).

TRADE PAYABLES (18)

Trade payables, at EUR 41.003 million (prior year: EUR 38.743 million) are payable within one year.

PAYABLES TO AFFILIATED AND ASSOCIATED COMPANIES (19)

Payables to affiliated and associated companies, at EUR 2.736 million (prior year: EUR 2.920 million), result predominantly from supplies and services; of that total, EUR 2.691 million are liabilities to associates in the Live Entertainment segment (prior year: EUR 2.579 million).

ADVANCE PAYMENTS RECEIVED (20)

The advance payments received, at EUR 83.783 million (prior year: EUR 64.550 million), include ticket monies already received for future events in the Live Entertainment segment. The increase in advance payments received is mainly attributable to the fact that more ticket monies were received from pre-sales for events held in 2012.

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

OTHER PROVISIONS (21)

Changes in other provisions are shown in the following table:

	01.01.2011	Change in scope of consolidation	Consumption	Reversal	Addition	Currency differences	31.12.2011
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Workforce restructuring	2,430	0	-740	0	431	0	2,121
Other	1,955	21	-1,352	-37	1,678	16	2,281
	4,385	21	-2,092	-37	2,109	16	4,402

The provisions for workforce restructuring relate to the integration of companies acquired the previous year. The other provisions relate to many matters, with individual carrying amounts of only secondary importance, such as commission and litigation risks, or outstanding costs in the Live Entertainment segment.

PROVISIONS FOR TAXES (22)

Changes in tax provisions are shown in the following table:

	01.01.2011	Consumption	Reversal	Currency differences	Addition	31.12.2011
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Tax provisions	8,359	-5,028	-187	14	7,828	10,986

The tax provisions mainly concern provisions for municipal trade tax and corporation tax.

OTHER LIABILITIES (CURRENT) (23)

Other liabilities (EUR 161.908 million; prior year: EUR 150.379) comprise EUR 130.529 million in financial liabilities (prior year: EUR 121.479 million) and EUR 31.379 million in non-financial liabilities (prior year: EUR 28.900 million).

The financial liabilities include liabilities in respect of ticket monies that have not yet been invoiced, at EUR 124.234 million (prior year: EUR 116.767 million), liabilities from ticket insurance, at EUR 1.332 million (prior year: EUR 1.224 million), liabilities from third-party concerts in the Live Entertainment segment, at EUR 1.633 million (prior year: EUR 985 thousand), liabilities from finance leases, at EUR 172 thousand (prior year: EUR 178 thousand), and EUR 3.158 million in other financial liabilities (prior year: EUR 2.325 million).

The non-financial liabilities result from tax liabilities, at EUR 13.646 million (prior year: EUR 11.651 million), social security liabilities, at EUR 487 thousand (prior year: EUR 532 thousand), liabilities to personnel, at EUR 9.064 million (prior year: EUR 8.062 million), credit voucher liabilities, at EUR 5.716 million (prior year: EUR 4.638 million), deferred income, at EUR 1.012 million (prior year: EUR 2.024 million), and other non-financial liabilities, at EUR 1.454 million (prior year: EUR 1.993 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (24)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 180.141 million were carried (prior year: EUR 199.791 million). Of the medium- and long-term financial liabilities, EUR 174.167 million relate to bank loans (prior year: EUR 188.081 million) and EUR 5.974 million to liabilities from purchase price obligations for acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 11.710 million).

The decrease in medium- and long-term financial liabilities was mainly due to the timely reclassification of liabilities to banks and liabilities from purchase price obligations in short-term financial liabilities. That decrease is offset inter alia by an increase in loan liabilities (EUR +1.001 million) arising from currency translation of foreign currency liabilities (EUR/CHF) as at the closure date.

OTHER LIABILITIES (NON-CURRENT) (25)

Other long-term liabilities, at EUR 172 thousand (prior year: EUR 320 thousand) mainly concern liabilities from finance leases (EUR 163 thousand; prior year: EUR 311 thousand). These liabilities are due in one to five years.

STATEMENT OF LIABILITIES

The composition and remaining term of the liabilities as at 31 December 2011 are shown in the following statement of liabilities:

	Total	Remaining term			
		Due within 1 year	Due between 1 year and 5 years	Due > 5 years	¹⁾ from taxes ²⁾ for social security
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	204,890 (2010: 206,558)	24,749 (2010: 6,767)	119,154 (2010: 122,394)	60,987 (2010: 77,397)	
Advance payments received	83,783 (2010: 64,550)	83,783 (2010: 64,550)			
Trade payables	41,003 (2010: 38,743)	41,003 (2010: 38,743)			
Payables to affiliated and associated companies	2,736 (2010: 2,920)	2,736 (2010: 2,920)			
Other liabilities	162,080 (2010: 150,699)	161,908 (2010: 150,379)	172 (2010: 320)		¹⁾ 13,646 (2010: 11,651) ²⁾ 487 (2010: 532)
Liabilities, total	494,492	314,179	119,326	60,987	

DETAILS TO FINANCIAL LIABILITIES

The financial liabilities (EUR 204.890 million) recognised on the balance sheet date include loans of EUR 190.246 million as well as EUR 14.644 million in purchase price obligations and other obligations in respect of put options.

The loans include the following main items:

- EUR 100.000 million amortisable loan with a remaining term of around 7 years
- EUR 45.000 million final-maturity loan against promissory notes, with a remaining term of around 4 years
- EUR 42.725 million amortisable loan with a remaining term of around 8 years. The loan was taken out in Swiss Francs (CHF 52.000 million) and is subject to variations in carrying amount due to the translation of foreign currency liabilities as at the closure date.

The greater part of the loans is at fixed interest rates for periods between 2 and 8 years.

PENSION PROVISIONS (26)

There are pension commitments in the CTS Group that must be classified as defined benefit plans in accordance with IAS 19. A defined benefit plan is a pension plan under which an amount of pension benefit is determined that employees receive on retirement and which is generally dependent on one or more factors (such as age, years of service and salary). The subsidiaries Marek Lieberberg Konzertagentur GmbH & Co. KG, TicketOne S.p.A., T.O.S.T. Ticketone Sistemi Teatrali S.r.l., CTS Eventim Sports GmbH and Ticketcorner AG have made direct and individual pension commitments to selected beneficiaries. The pension provisions for defined benefit commitments are equal to the present value of the defined benefit commitment as at the closure date, minus the fair value of the plan assets. The current 2005 G Heubeck Tables are applicable when accounting for pension obligations in Germany. In Switzerland, demographic assumptions are based on the generation tables for 2010 in the Swiss Federal Law on Occupational, Survivors' and Disability Pension Plans (BVG). Reinsurance benefits or cash resources which have been pledged to beneficiary employees on the basis of pension commitments are recognised as plan assets and were offset against pension provisions. In the 2011 financial year, benefits amounting to EUR 2.469 million were paid out of pension obligations to beneficiaries (prior year: EUR 596 thousand).

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

	2011	2010
	[EUR'000]	[EUR'000]
Fair value of plan assets	-6,862	-7,250
Present value of obligations	11,667	11,667
Pension provisions	4,805	4,417

The present value of commitments developed as follows:

	2011	2010
	[EUR'000]	[EUR'000]
Beginning of the year	11,667	3,668
Changes due to business combinations	0	6,031
Current service costs	595	507
Interest expenses	456	387
Actuarial gains / losses	67	73
Currency differences	183	1,070
Contributions by plan participants	1,168	527
Amounts paid	-2,469	-596
End of year	11,667	11,667

Changes in plan assets are shown in the table below. Plan assets are reinsurance policies and cash resources used to cover pension obligations. In combination with the income generated in past years and the associated expectations regarding future gains, an average of 3.2% - 3.8% is taken as the expected long-term rate of return. The actual yield from plan assets is EUR 305 thousand (prior year: EUR 17 thousand).

	2011	2010
	[EUR'000]	[EUR'000]
Fair value of plan assets 1 January	7,250	952
Expected return on plan assets	238	196
Actuarial gains / losses	68	-179
Currency differences	149	917
Changes due to business combinations	0	5,199
Contributions by the employer	423	361
Contributions by plan participants	1,168	527
Amounts paid	-2,434	-723
Fair value of plan assets 31 December	6,862	7,250

The following amounts were recognised through profit and loss:

	2011	2010
	[EUR'000]	[EUR'000]
Current service costs	595	507
Interest expenses	456	387
Expected return on plan assets	-238	-196
Actuarial gains / losses	-1	252
Total amount included in personnel expenses	812	950

Of the amount recognised through profit and loss, EUR 255 thousand were factored into cost of sales in accordance with the 'cost of sales' method (prior year: EUR 345 thousand), EUR 192 thousand into selling expenses (prior year: EUR 199 thousand) and EUR 365 thousand into general administrative expenses (prior year: EUR 406 thousand). Actuarial gains and losses are fully recognised in profit or loss for the year in which they arise.

The main actuarial assumptions are the following:

	2011	2010
Discount rate	2.5% - 4.9%	3.25% - 5.0%
Expected return on plan assets	3.15% - 3.8%	3.4% - 3.8%
Future salary increases	1.25% - 3.0%	1.25% - 2.5%
Future pension increases	1.0% - 3.0%	1.0% - 3.0%

The experience adjustments to plan liabilities and plan assets are as follows:

	2011	2010	2009	2008	2007
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Present value of defined benefit obligation	11,667	11,667	3,668	3,186	3,378
Fair value of plan assets	-6,862	-7,250	-952	-939	-857
Surplus or deficit in the plan	4,805	4,417	2,716	2,247	2,521
Experience adjustments arising in plan liabilities	67	73	203	122	115
Experience adjustments arising in plan assets	-68	178	44	36	30

DEFERRED TAXES (27)

Deferred tax liabilities, at EUR 18.944 million (prior year: EUR 20.593 million), result from temporary differences between the carrying amounts stated in the consolidated balance sheet and their value for tax purposes. The EUR -1.649 million change 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 of the Ticketcorner Group and the See Tickets Germany / Ticket Online Group.

The composition of the deferred tax liabilities relating to the main balance sheet items is shown on page 95.

SHAREHOLDERS' EQUITY (28)

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

The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the share capital of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from own funds. As at the closing date, the company had thus issued 48,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

In connection with the share capital increase from own funds at CTS AG, reserves were transferred to share capital, thus resulting in a decrease in capital reserve. Since the capital reserve remaining after the share capital increase is no longer 10% of the share capital, a statutory reserve amounting to 5% of the net income for the year generated by CTS AG (according to HGB), was formed as at the balance sheet date in compliance with § 150 AktG.

Reference is made to the consolidated statement of changes in equity on page 64.

RESOLUTIONS OF THE ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting of the company held on 23 August 2005 resolved to increase the share capital of CTS AG, previously amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The share capital increase was registered at the Munich Local Court on 6 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the share capital of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from own funds. The share capital increase was registered at the Munich Local Court on 3 June 2011, and the new no-par value bearer shares were credited to shareholder depots on 8 July 2011. As at the closing date, the company had thus issued 48,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

As at the closing date, authorised capital amounted to EUR 12,000,000 (authorised capital 2009). It is granted until 13 May 2014. By resolution of the Shareholders' Meeting on 14 May 2009, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 13 May 2014, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 12,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights in certain cases, subject to Supervisory Board approval. No use has been made so far of this authorisation.

At the Shareholders' Meeting on 21 January 2000, a contingent share capital increase of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005 and 13 May 2011 to increase the share capital to a total of EUR 48,000,000, this contingent share capital has increased accordingly to a total of EUR 720,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

The Annual Shareholders' Meeting held on 15 May 2008 authorised the Management Board to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 11,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 11,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, the company's Articles of Incorporation were amended simultaneously to create an additional EUR 11,000,000 in contingent capital ('contingent capital 2008'). As a consequence of the shareholders' decision on 13 May 2011 to increase the share capital to a total of EUR 48,000,000, this contingent share capital has increased accordingly to EUR 22,000,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

By resolution of the Shareholders' Meeting held on 12 May 2010, the company was also authorised under § 71 (1) No. 8 AktG to purchase treasury stock amounting to up to 10% of the registered share capital as at the date of resolution, by 11 May 2015, and to use these for specific purposes as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The countervalue paid for these shares may not exceed or fall below the traded share price by more than 10%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

NON-CONTROLLING INTEREST

The non-controlling interest comprises the shares held by third parties in the shareholders' equity of the consolidated subsidiaries. In accordance with IAS 1, non-controlling interest is presented separately within shareholders' equity. Non-controlling interest increased by EUR 81 thousand to EUR 11.476 million. This change ensues from the acquisition of shares in companies (EUR +95 thousand) and from proportionate shares in the consolidated net income for 2011 (EUR +3.973 million), balanced against distribution to non-controlling interest in the 2011 financial year (EUR -3.988 million).

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

3. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS (IFRS 7)

3.1 FINANCIAL ASSETS

The following table shows the structure of financial assets according to age as at 31 December 2011:

	Carrying value 31.12.2011	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]
Trade receivables	28,958	21,260	3,848	589	651	1,459
Receivables from affiliated and associated companies	5,045	4,470	196	76	56	247
Other financial assets	28,918	26,780	1,287	301	78	335
Other financial assets (at fair value not through profit and loss)	1,159	1,159	0	0	0	0
Investments (at fair value not through profit and loss)	27	27	0	0	0	0
Investments (at cost)	2,273	2,273	0	0	0	0
Loans	534	534	0	0	0	0
	66,914	56,503	5,331	966	785	2,041

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

	Carrying value 31.12.2010	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]
Trade receivables	32,105	24,667	3,352	710	359	2,294
Receivables from affiliated and associated companies	6,979	6,699	16	0	0	265
Other financial assets	28,912	22,124	1,921	136	96	4,707
Other financial assets (at fair value not through profit and loss)	3,014	3,014	0	0	0	0
Investments (at fair value not through profit and loss)	27	27	0	0	0	0
Investments (at cost)	2,008	2,008	0	0	0	0
Loans	534	534	0	0	0	0
	73,579	59,073	5,289	846	455	7,266

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:

	2011	2010
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts as at 1 January	4,712	5,794
Change in consolidated companies	56	21
Addition not through profit and loss	0	1,248
Consumption	-1,539	-1,846
Reversal	-497	-1,706
Addition	992	1,147
Currency differences	-6	54
Allowances for doubtful accounts as at 31 December	3,718	4,712

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

3.2 FINANCIAL LIABILITIES

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original financial liabilities, as at 31 December 2011:

	Carrying value 31.12.2011	Redemption < 1 year	Interest < 1 year	Redemption 1 - 2 years	Interest 1 - 2 years	Redemption 3 - 4 years	Interest 3 - 4 years	Redemption > 5 years	Interest > 5 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	204,890	-27,123	-5,113	-23,734	-4,534	-97,344	-8,798	-59,793	-1,932
Trade payables	41,003	-41,003	0	0	0	0	0	0	0
Payables to affiliated and associated companies	2,736	-2,736	0	0	0	0	0	0	0
Other financial liabilities	130,691	-130,529	0	-163	0	0	0	0	0
	379,320	-201,391	-5,113	-23,897	-4,534	-97,344	-8,798	-59,793	-1,932

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original financial liabilities, as at 31 December 2010:

	Carrying value 31.12.2010	Redemption < 1 year	Interest < 1 year	Redemption 1 - 2 years	Interest 1 - 2 years	Redemption 3 - 4 years	Interest 3 - 4 years	Redemption > 5 years	Interest > 5 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	206,558	-6,548	-4,129	-18,460	-3,980	-107,058	-9,309	-78,147	-686
Trade payables	38,743	-38,737	0	-6	0	0	0	0	0
Payables to affiliated and associated companies	2,920	-2,882	0	-25	0	0	0	-13	0
Other financial liabilities	121,791	-121,566	-17	-225	-11	0	0	0	0
	370,012	-169,733	-4,146	-18,716	-3,991	-107,058	-9,309	-78,160	-686

The above includes all instruments in place as at the balance sheet date and for which payments had already been contractually agreed. Budget figures for future liabilities are not included. Foreign currency amounts are converted at the spot rates applying on the closing date. The variable interest payments in respect of the financial instruments were calculated using the interest rates fixed most recently prior to 31 December 2011. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying values, recognition and fair values for the 2011 financial year are shown in the following table according to recognition categories:

	Balance sheet value according to IAS 39				
	Carrying value 31.12.2011	At amortised cost	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS					
Cash and cash equivalents	249,964	249,964			249,964
Trade receivables	28,958	28,958			28,556
Receivables from affiliated and associated companies	5,045	5,045			5,292
Other financial assets	28,918	28,918			28,340
Other financial assets (at fair value not through profit and loss)	1,159		1,159		1,159
Investments (at fair value not through profit and loss)	27		27		27
Investments (at cost)	2,273			2,273	
Loans	534	534			565
LIABILITIES					
Short-term financial liabilities and current portion of long-term financial liabilities	24,749	24,749			24,459
Medium- and long-term financial liabilities	180,141	180,141			197,811
Trade payables	41,003	41,003			40,864
Payables to affiliated and associated companies	2,736	2,736			2,681
Other financial liabilities	130,691	130,691			129,633
Categories according to IAS 39:					
Loans and receivables	313,419	313,419			312,717
Financial liabilities at amortised cost	379,320	379,320			395,448
Available-for-sale financial assets	3,459		1,186	2,273	1,186

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

	Balance sheet value according to IAS 39				
	Carrying value 31.12.2010	At amortised cost	At fair value not through profit and loss	Purchase cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS					
Cash and cash equivalents	178,036	178,036			178,036
Trade receivables	32,105	32,105			31,758
Receivables from affiliated and associated companies	6,979	6,979			6,874
Other financial assets	28,912	28,912			28,875
Other financial assets (at fair value not through profit and loss)	3,014		3,014		3,014
Investments (at fair value not through profit and loss)	27		27		27
Investments (at cost)	2,008			2,008	
Loans	534	534			546
LIABILITIES					
Short-term financial liabilities and current portion of long-term financial liabilities	6,767	6,767			6,694
Medium- and long-term financial liabilities	199,791	199,791			205,034
Trade payables	38,743	38,743			38,160
Payables to affiliated and associated companies	2,920	2,920			2,887
Other financial liabilities	121,791	121,791			119,953
Categories according to IAS 39:					
Loans and receivables	246,566	246,566			246,089
Financial liabilities at amortised cost	370,012	370,012			372,728
Available-for-sale financial assets	5,049		3,041	2,008	3,041

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

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

For cash and cash equivalents, current trade receivables, receivables from affiliated and associated companies, other financial assets, financial liabilities, trade payables, payables to affiliated and associated companies and other financial liabilities, the carrying values are substantially equal to the fair values, due to their short remaining term.

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

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

Of the total available-for-sale financial assets, EUR 1.186 million (prior year: EUR 3.041 million) are accounted for at fair value not through profit and loss, and EUR 2.273 million are accounted for at cost (prior year: EUR 2.008 million). Since the fair values (EUR 1.186 million; prior year: EUR 3.041 million) correspond to observable market prices, they qualify as level-one fair values in the IFRS 7 fair value hierarchy.

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

	2011	2010
	[EUR'000]	[EUR'000]
Available-for-sale financial assets as at 1 January	5,049	3,036
Change in the scope of consolidation	0	1,010
Addition	240	1,041
Disposal	-1,816	-40
Other comprehensive income	-14	2
Available-for-sale financial assets as at 31 December	3,459	5,049

NET PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

	2011	2010
	[EUR'000]	[EUR'000]
Loans and receivables	1,451	1,978
Available-for-sale financial asstes	266	3
Financial liabilities	-6,885	-2,170
	-5,168	-189

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 730 thousand (prior year: EUR 252 thousand). The gains and losses of available-for-sale financial assets are stated in shareholders' equity, inter alia.

FINANCIAL RISKS

Disclosures regarding the risks ensuing from financial instruments are presented in item 7.3.4 risk report of the combined management report, in accordance with IFRS 7.B6.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT REVENUE (1)

In the 2011 financial year, the Group generated EUR 502.814 million in revenue, compared to EUR 519.577 million in the prior year (-3%). Revenue (before consolidation between segments) breaks down into EUR 228.712 million in the Ticketing segment (prior year: EUR 193.871 million) and EUR 280.968 million in the Live Entertainment segment (prior year: EUR 333.807 million).

COST OF SALES (2)

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

Material expenses (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of materials, supplies and purchased merchandise	15,196	21,387	-6,191
Cost of purchased services	280,445	312,965	-32,520
	295,641	334,352	-38,711

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

The reduction in material expenses is attributable to the Live Entertainment segment and was due to lower production costs and to the deconsolidation of FKP Scorpio and its subsidiaries as at 30 June 2010.

Personnel expenses (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	59,218	54,632	4,586
Social insurance contributions and expenses for pension and employee support	11,358	9,774	1,584
	70,576	64,406	6,170

Personnel expenses according to the type of expenditure method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Of total personnel expenses, EUR 26.930 million were recognised as cost of sales (prior year: EUR 24.052 million), EUR 23.290 million as selling expenses (prior year: EUR 20.788 million) and EUR 19.527 million as general administrative expenses (prior year: EUR 16.836 million). Personnel expenses relating to non-recurring items were recognised in full as other operating expenses (EUR 829 thousand, prior year: EUR 2.730 million).

The increase in personnel expenses is attributable to the Ticketing segment and was mainly due to business expansion through acquisitions in 2010 and to the workforce restructuring carried out in the companies acquired the year before. Personnel expenses in the Live Entertainment segment decreased accordingly as a result of deconsolidating FKP Scorpio and its subsidiaries as at 30 June 2010.

Employer contributions to pension insurance were 9.95% in the 2011 financial year. Social insurance contributions and expenses for pension and employee support include EUR 3.525 million in contributions to statutory pension insurance (prior year: EUR 2.453 million). Statutory pension insurance is a defined contribution plan.

Depreciation and amortisation (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	22,574	16,909	5,665
	22,574	16,909	5,665

Depreciation and amortisation according to the type of expenditure method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. EUR 8.708 million in depreciation and amortisation were factored into cost of sales (prior year: EUR 5.894 million), EUR 7.679 million into selling expenses (prior year: EUR 6.132 million) and EUR 6.187 million into general administrative expenses (prior year: EUR 4.883 million).

Depreciation and amortisation include EUR 10.520 million (prior year: EUR 6.761 million) in amortisation from purchase price allocations. In the prior year, amortisation from purchase price allocations was recognised within the year when acquisitions were initially consolidated.

Other operating expenses (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	55,276	45,969	9,307
	55,276	45,969	9,307

Other operating expenses according to the type of expenditure method are allocated on a percentage basis to cost of sales, selling expenses, general administrative expenses and other operating expenses using the cost of sales method. Of the other operating expenses, EUR 9.128 million were recognised as cost of sales (prior year: EUR 8.079 million), EUR 19.753 million as selling expenses (prior year: EUR 16.983 million) and EUR 7.781 million as general administrative expenses (prior year: EUR 7.090 million). The remaining EUR 18.614 million (prior year: EUR 13.817 million) was allocated to other operating expenses.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 6.821 million increase in selling expenses is mainly due to higher personnel expenses (EUR +2.502 million), depreciation and amortisation resulting from more companies being included in consolidation (EUR +1.547 million, of which EUR +963 thousand are amortisation ensuing from purchase price allocation) and to legal and consultancy costs (EUR +604 thousand). In addition, expenses for promotion magazines were allocated to selling expenses for uniform allocation reasons.

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 4.660 million increase in general administrative expenses is mainly due to increased personnel expenses (EUR +2.691 million), depreciation and amortisation (EUR +1.304 million, of which EUR +839 thousand is amortisation from purchase price allocation). The main driver behind the increase in general administrative expenses was the broader scope of consolidation in the 2010 financial year.

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from advertising and marketing	4,050	3,013	1,037
Income from written-off liabilities / written-off receivables	2,347	1,166	1,181
Income from passed on expenses	1,618	731	887
Income from currency translation	1,286	1,646	-360
Income relating to other periods	906	544	362
Income from insurance compensation	574	311	263
Income from the reversal of allowances for doubtful accounts	497	1,706	-1,209
Payments of damages	242	374	-132
Income from the reversal of provisions	37	217	-180
Total income resulting from the transition from full consolidation to recognition at equity	0	428	-428
Other operating income	1,758	3,020	-1,262
	13,315	13,156	159

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

Certain advertising and marketing income as well as other operating income from ticket insurances is reclassified in the 2011 financial year for the purpose of uniform presentation throughout the Group.

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Non-recurring items*	9,598	7,821	1,777
Expenses for third-party services	2,701	2,489	212
Currency translation expenses	1,521	730	791
Expenses passed on to third parties	803	1,157	-354
Leases / rent	596	472	124
Expenses relating to other periods / non-operating costs	444	341	103
Maintenance expenses	443	345	98
Cost for the supply of goods sold	393	132	261
Loss from disposal of fixed assets	239	112	127
Donations	86	272	-186
Other operating expenses	2,619	2,676	-57
	19,443	16,547	2,896

* A description of the non-recurring items can be found in the combined management report, page 25

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

INCOME / EXPENSES FROM PARTICIPATIONS (7)

Income from participations, at EUR 279 thousand (prior year: EUR 34 thousand) result from distributions from participations in the Ticketing and Live Entertainment segments.

INCOME / EXPENSES FROM INVESTMENTS IN ASSOCIATES (8)

Of the income from investments in associates, EUR 33 thousand was attributable to Greenfield Festival AG, Hünenberg (prior year: EUR 20 thousand), EUR -9 thousand to Greensave GmbH, Würzburg (prior year: EUR 6 thousand) and EUR 56 thousand to FKP Scorpio Konzertproduktionen GmbH, Hamburg (prior year: EUR -77 thousand).

FINANCIAL INCOME (9)

Financial income comprises EUR 2.166 million in interest (prior year: EUR 2.356 million) and EUR 38 thousand in other financial income (prior year: EUR 116 thousand).

FINANCIAL EXPENSES (10)

Financial expenses comprise interest expenses, at EUR 6.809 million (prior year: EUR 3.287 million), and EUR 772 thousand in other financial expenses (prior year: EUR 872 thousand). Financial expenses mainly resulted from external borrowing to finance the acquisitions made in the 2010 financial year.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income taxes	24,076	22,991	1,085
Deferred taxes	-2,987	-3,293	306
	21,089	19,698	1,391

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

Current tax expenses include actual tax expenses for other periods, at EUR 60 thousand (prior year: EUR 87 thousand), and deferred tax expenses for other periods, at EUR 1.464 million (prior year: EUR 77 thousand).

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

Deferred tax income developed as follows:

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-2,987	-3,293	306
thereof:			
from temporary differences	-1,909	-2,603	694
from tax loss carryforwards	-1,078	-690	-388

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

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 2011, an average tax rate of 31% (prior year: 31%) was multiplied by the profit before tax. The average taxation rate is the tax rate of CTS AG.

	2011	2010
	[EUR'000]	[EUR'000]
Profit before tax (EBT)	67,043	69,383
Reconciliation to effective tax expenses		
Expected income taxes	20,783	21,509
Effects due to municipal trade tax additions and reduction	122	28
Deviations from expected tax rate	-402	-790
Changes in value adjustment of deferred tax assets / liabilities	-1,464	5
Losses without the formation of deferred tax assets	420	-89
Usage of not capitalised tax loss carryforwards	295	0
Non-taxable income and non-deductible expenses	392	-350
Other	943	-615
Income taxes according to income statement	21,089	19,698

NON-CONTROLLING INTEREST (12)

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

The non-controlling interest in the net income for 2011 fell from EUR 7.406 million to EUR 3.766 million, mainly due to less non-controlling interest in the Live Entertainment segment.

5. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities rose year-on-year by EUR +101.058 million from EUR +11.517 million to EUR +112.575 million. This year-on-year increase in cash flow is mainly attributable to the change in liabilities (EUR +77.686 million), to the payments on account (EUR +6.960 million) and to lower income taxes paid (EUR +10.903 million).

The positive cash flow effect of EUR +77.686 million from changes in liabilities was mainly the result of advance payments received in the Live Entertainment segment (EUR +50.285 million) and of liabilities accruing in the Ticketing segment in respect of ticket monies that have not yet been invoiced (EUR +24.047 million).

In the Live Entertainment segment, ticket revenue generated in the presales period is posted by the promoter on the liabilities side as advance payments received. When the event is subsequently held, these advance payments are transferred to revenue. In the prior year, the large number of major events executed and invoiced had led to a reduction in liabilities from advance payments received, whereas in the 2011 financial year, pre-sales for events to be held in 2012 resulted in a stronger cash inflow in the form of advance payments received. Compared to the previous year, this led to a positive cash flow effect of EUR +50.285 million.

As at the end of the year, owing to the seasonally very high level of ticket pre-sales 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. Successful pre-sales in the fourth quarter and a large number of events not yet invoiced as at the 31 December 2011 closure date led in the reporting period to a net inflow of funds from ticket monies not yet invoiced. In the prior year, in contrast, more ticket monies were paid out to promoters due to the invoicing of many events and major tours, thus resulting in a positive year-on-year cash flow effect of EUR +24.047 million due to the development of liabilities in respect of ticket monies that have not yet been invoiced.

The EUR +6.960 million positive cash flow effect in respect of payments on account results from the reduction in payments on account due to the execution and invoicing of events (especially the Herbert Grönemeyer tour in the first half of 2011).

The year-on-year decrease in payments of income taxes, at EUR 10.903 million, is mainly attributable to the fact that increased payments of taxes on income as well as subsequent payments for previous years were made in the prior year.

CASH FLOW FROM INVESTING ACTIVITIES (2)

The cash flow from investing activities improved by EUR +120.766 million from EUR -133.963 million to EUR -13.197 million. In the prior year, the cash flow was specifically affected by payments relating to the acquisition of shares in the See Tickets Germany / Ticket Online Group.

CASH FLOW FROM FINANCING ACTIVITIES (3)

Cash flow from financing activities changed year-on-year by EUR -97.353 million from EUR +69.761 million to EUR -27.892 million.

In the 2011 reporting year, the cash flow mainly involved the disbursement of dividends, payments to non-controlling interest and the repayment of loans, without any significant amount of new loans being taken out.

In the prior year, loans taken out to finance the acquisitions made in the 2010 financial year led to a strong inflow of funds (EUR +186.732 million). These were offset by payments to redeem financial liabilities that were taken over from the former shareholders and banks in the context of the Ticketcorner Group and See Tickets Germany / Ticket Online Group acquisitions (EUR -55.693 million) and for the acquisition of additional shares in subsidiaries already included in consolidation (EUR -32.433 million).

6. OTHER NOTES

6.1 EARNINGS PER SHARE

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

The earnings per share are determined as follows:

	2011	2010*
	[EUR]	[EUR]
Net income after non-controlling interest	42,188,170	42,279,596
Quantity of shares	48,000,000	48,000,000
Earnings per share	0.88	0.88

* adjusted prior year figures on the basis of 48 million shares after share capital increase using own funds

6.2 SEGMENT REPORTING

The Group operates in the leisure events market with its Ticketing and Live Entertainment segments. CTS AG, the parent company of the Group, operates in the field of ticketing and is the one company that sets the pace in this particular segment. Statements made in respect of the Ticketing segment apply also and especially to CTS AG. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) using its market-leading network platform (eventim.net), the in-house ticketing product (eventim.inhouse), the sport ticketing product (eventim.tixx) and a solution for ticket sales and admission control in stadiums and arenas. The basic object of the Live Entertainment segment is to organise and execute events.

The Group is segmented on the basis of the internal reports to the chief operating decision maker (the Management Board) and includes the components required by 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 2011, the companies operating in the segments were as follows:

TICKETING

CTS AG • Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH • ÖTS, Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH • Ö-Ticket Nord West GmbH • Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH • Ö-Ticket-Nordost Eintrittskartenvertrieb GmbH • Ticket Express Hungary Kft. • 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. • S.C. eventim.ro s.r.l. • Ticketcorner AG • Ticketcorner GmbH • See Tickets Germany GmbH • Ticket Online Sales & Service Center GmbH • Ticket Online Software GmbH • Ticket Online Austria GmbH • CTS Eventim Israel Ltd. • getgo Consulting GmbH

LIVE ENTERTAINMENT

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

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

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

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

	Ticketing		Live Entertainment		Total for segment	
	2011 [EUR'000]	2010 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]
External revenue	224,405	189,118	278,409	330,459	502,814	519,577
Internal revenue	33,737	26,563	70,364	73,397	104,101	99,960
Total revenue	258,142	215,681	348,773	403,856	606,915	619,537
Consolidation within segment	-29,430	-21,810	-67,805	-70,049	-97,235	-91,859
Revenue after consolidation within segment	228,712	193,871	280,968	333,807	509,680	527,678

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

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2011 [EUR'000]	2010 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]
Revenue	228,712	193,871	280,968	333,807	-6,866	-8,101	502,814	519,577
EBITDA	75,827	61,436	18,808	26,560	0	0	94,635	87,996
EBIT	55,181	46,531 ¹	16,879	24,556	0	0	72,061	71,087 ¹
Depreciation and amortisation	-20,646	-14,904 ¹	-1,928	-2,004	0	0	-22,574	-16,909 ¹
Financial result							-5,018	-1,703
Earnings before tax (EBT)							67,043	69,383 ¹
Taxes							-21,089	-19,698 ¹
Net income before non-controlling interest							45,954	49,685 ¹
Non-controlling interest							-3,766	-7,406 ¹
Net income after non-controlling interest							42,188	42,280 ¹
Average number of employees	1,245	1,279	207	326			1,452	1,605
Normalised EBITDA	85,426	69,257	18,808	26,560	0	0	104,233	95,817
Normalised EBIT before amortisation from purchase price allocation	75,299	61,113 ¹	16,879	24,556	0	0	92,179	85,668 ¹

¹ Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C. (cf. Section 1.6.1.2 'Purchase price allocation' in the notes to the consolidated financial statements, page 73ff)

GEOGRAPHICAL DISCLOSURES

The following table shows the external revenue broken down by geographical distribution:

	2011	2010
	[EUR'000]	[EUR'000]
Germany	386,825	394,756
Austria	35,516	53,504
Switzerland	38,721	27,624
Italy	23,703	20,141
Other countries	18,049	23,552
	502,814	519,577

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

	2011	2010
	[EUR'000]	[EUR'000]
Germany	276,578	280,184
Austria	1,422	1,078
Switzerland	71,263	74,637
Italy	5,833	6,940
Other countries	5,618	3,513
	360,714	366,352

6.3 EMPLOYEES

On average over the year, 1,452 salaried staff (prior year: 1,605) were employed by the Group. Of that total, 881 (prior year: 1,059) were employed in Germany, and 571 (prior year: 546) in foreign countries.

6.4 FINANCIAL OBLIGATIONS

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

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

	31.12.2011			31.12.2010		
	< 1 year [EUR'000]	1 - 5 years [EUR'000]	> 5 years [EUR'000]	< 1 year [EUR'000]	1 - 5 years [EUR'000]	> 5 years [EUR'000]
Rental obligations	5,807	8,300	1,127	5,516	10,682	1,567
Leasing obligations	655	469	0	527	659	0
Other obligations	777	260	0	1,059	411	0
	7,239	9,029	1,127	7,102	11,752	1,567

There were no other contingent liabilities.

6.5 LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 172 thousand, and the long-term financial liabilities include liabilities from finance leases with a remaining term of up to 3 years, at EUR 163 thousand. The interest rates on which the leasing agreements are based vary between 3% and 6%, depending on the market rates and the date of conclusion. The main leases relate to servers and motor vehicles.

6.6 EVENTS AFTER THE BALANCE SHEET DATE

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

6.7 PENDING COURT PROCEEDINGS

The Group is involved in pending proceedings and litigation as arises in the normal course of business. In the view of the company's legal representatives, there will no material impact on the earnings performance, financial position and cash flow of the Group when these matters are brought to an end. Provisions amounting to EUR 257 thousand were formed as at the balance sheet date to cover litigation expenses.

In April 2010, CTS AG filed for arbitration against Live Nation Inc. and Live Nation Worldwide Inc. at the International Chamber of Commerce (ICC), in which Live Nation is sued for breaches of contract, with a plea that the latter to be ordered to fulfil the partnership agreement concluded in December 2007 and to pay damages. In June 2010, Live

Nation gave notice that it was terminating the agreement on the grounds of alleged breaches by CTS AG. CTS AG rejected the notice of termination by Live Nation and in the arbitration action is now claiming damages in the order of millions. A decision on the arbitration action is expected in the first half of 2012.

6.8 DECLARATION OF COMPLIANCE

On 20 January 2012, the Management Board and the Supervisory Board of CTS AG released a declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to § 161 AktG, and made said declaration permanently available to shareholders on the CTS AG website (<http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/correspondingDeclaration>).

6.9 APPLICATION OF § 264 (3) HGB AND § 264B HGB

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

- CTS Eventim Solutions GmbH, Bremen
- GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Bremen
- See Tickets Germany GmbH, Hamburg
- Ticket Online Sales & Service Center GmbH, Parchim
- Ticket Online Software GmbH, Hamburg
- Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main
- Peter Rieger Konzertagentur GmbH & Co. KG, Cologne

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

In the 2011 business year, executive officers of CTS AG conducted the following notifiable securities transactions in shares of the company, and notified the company thereof:

Name	Position	Transaction	Trading day	Number of shares
<u>Klaus-Peter Schulenberg</u>	<u>Chief Executive Officer</u>	<u>Purchase</u>	<u>16.08.2011</u>	<u>65,000</u>
<u>Edmund Hug</u>	<u>Chairman of Supervisory Board</u>	<u>Purchase</u>	<u>30.03.2011</u>	<u>565</u>
		<u>Purchase</u>	<u>10.08.2011</u>	<u>1,000</u>
<u>Prof. Jobst W. Plog</u>	<u>Member of Supervisory Board</u>	<u>Sale</u>	<u>28.06.2011</u>	<u>650</u>
		<u>Purchase</u>	<u>29.06.2011</u>	<u>650</u>
		<u>Purchase</u>	<u>29.08.2011</u>	<u>500</u>

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

The contractual relationships with related parties resulted in the following goods and services being sold to and bought from related parties in the 2011 reporting period:

	2011	2010
	[EUR'000]	[EUR'000]
Goods and services supplied by the Group		
Services related to events	7,757	7,419
Supply of ticketing software	524	449
Allocation of operating costs	1,003	659
Other	55	470
	9,339	8,997

EUR 534 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (prior year: EUR 480 thousand), EUR 1.886 million to associated companies (prior year: EUR 1.895 million) and EUR 6.919 million to other related parties (prior year: EUR 6.622 million).

	2011	2010
	[EUR'000]	[EUR'000]
Goods and services received by the Group		
Fulfilment services	11,414	9,109
Call centre operations	2,668	2,510
Production costs for events	2,491	1,327
Tenancy agreements	725	686
Business services agreements	616	661
Payment services	530	297
Other	1,617	1,832
	20,060	16,422

EUR 317 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (prior year: EUR 217 thousand), EUR 2.315 million from associated companies (prior year: EUR 1.022 million) and EUR 17.428 million from other related parties (prior year: EUR 15.183 million).

	2011	2010
	[EUR'000]	[EUR'000]
Receivables from		
Subsidiaries not included in consolidation due to insignificance	1,609	1,517
Associated companies	3,386	5,189
Other related parties	351	289
	5,346	6,995

	2011	2010
	[EUR'000]	[EUR'000]
Liabilities to		
Subsidiaries not included in consolidation due to insignificance	7	151
Associated companies	2,691	2,579
Other related parties	3,329	5,612
	6,027	8,342

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

Compensation paid to managers in key positions is disclosed under item 6.13 of the notes to the consolidated financial statements.

6.12 AUDITOR EXPENSES

In the 2011 financial year, auditing expenses of EUR 294 thousand (prior year: EUR 265 thousand) and EUR 496 thousand for other services (prior year: EUR 422 thousand) were invoiced.

6.13 MANDATES AND EMOLUMENTS OF THE MANAGEMENT BOARD

During the reporting year, the members of the Management Board did not hold any supervisory board positions requiring disclosure.

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

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	1,000,000	0	300,000	1,300,000
Volker Bischoff	350,000	11,700	105,000	466,700
Alexander Ruoff	350,000	10,081	255,000	615,081
	1,700,000	21,781	660,000	2,381,781

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

6.14 MANDATES AND EMOLUMENTS OF THE SUPERVISORY BOARD

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

Edmund Hug, Businessman, Oberstenfeld – Chairman –
Other supervisory board memberships:

- Scholz AG, Essingen

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –
Other supervisory board memberships:

- Vattenfall Europe AG, Berlin
- Verlagsgesellschaft Madsack GmbH & Co. KG, Hanover (Vice-Chairman)

Dr Bernd Kundrun, Businessman, Hamburg
Other supervisory board memberships:

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 4 thousand for the 2011 financial year. These amounts are all short-term benefits within the meaning of IAS 24.16 (a).

6.15 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 or falling below 3% or 5% of the voting rights.

ING Groep N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to ING Groep N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Groep N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V., Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Verzekeringen N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to ING Verzekeringen N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Verzekeringen N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Nationale-Nederlanden Nederland B.V., 'S-Gravenhage, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to Nationale-Nederlanden Nederland B.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by Nationale-Nederlanden Nederland B.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 0.18% of those (42,229 votes) are allocated to ING Re Holding (Netherlands) B.V. in accordance with § 22 (1) sentence 1, no. 1 WpHG and 5.028% (1,206,600 votes) in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Re (Netherlands) N.V., Den Haag, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.85% thereof (1,164,371 votes) are allocated to ING Re (Netherlands) N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Levensverzekering Retail N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.79% thereof (1,149,599 votes) are allocated to ING Levensverzekering Retail N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Schadeverzekering Retail N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5% thereof (1,199,484 votes) are allocated to ING Schadeverzekering Retail N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Movir N.V., Nieuwegein, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.99% thereof (1,196,420 votes) are allocated to Movir N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Nationale-Nederlanden Levensverzekering Maatschappij N.V., Rotterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 0.95% thereof (229,053 votes) are allocated to Nationale-Nederlanden Levensverzekering Maatschappij N.V. in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Schadeverzekering Maatschappij N.V., Den Haag, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5.03% thereof (1,206,270 votes) are allocated to Nationale-Nederlanden Schadeverzekering Maatschappij N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

RVS Levensverzekering N.V., Ede, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.57% thereof (1,096,016 votes) are allocated to RVS Levensverzekering N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

RVS Schadeverzekering N.V., Ede Gld, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5.02% thereof (1,204,986 votes) are allocated to RVS Schadeverzekering N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

FIL Investment Management Limited, Kent, England, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 1 January 2011 and amounted on the latter date to 0% (0 votes).

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 29 March 2011 and amounted on the latter date to 4.96% (1,189,900 votes), and that these voting rights (1,189,000 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 4 April 2011 and amounted on the latter date to 5.03% (1,206,191 votes), and that these voting rights (1,206,191 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 8 April 2011 and amounted on the latter date to 4.99% (1,197,002 votes), and that these voting rights (1,197,002 votes) are allocated in their entirety to Ameriprise Financial

Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Highbridge Capital Management, LLC, New York, NY, USA, notified the company that its share of voting rights in CTS AG fell below the 5% threshold on 7 April 2011 and amounted on the latter date to 4.74% (1,137,494 votes), and that these voting rights (1,137,494 votes) are allocated in their entirety to Highbridge Capital Management, LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Wanger Asset Management LLC, Chicago, USA, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 20 May 2011 and amounted on the latter date to 2.95% (706,785 votes), and that these voting rights (706,785 votes) are allocated in their entirety to Columbia Wanger Asset Management LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 6 July 2011 and amounted on the latter date to 2.99% (1,433,152 votes), and that these voting rights (1,433,152 votes) are allocated in their entirety to Columbia Management Investment Advisers, LLC in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

ING Insurance Eurasia N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 September 2011 and amounted on the latter date to 5.35% (2,570,200 votes), and that these voting rights (2,570,200 votes) are allocated in their entirety to ING Insurance Eurasia N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Insurance Eurasia N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V.

Fidelity Funds SICAV, Luxembourg, Luxembourg, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 20 December 2011 and amounted on that date to 3.02% (1,451,328 votes).

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% and 5% thresholds on 29 December 2011 and amounted on the latter date to 0.00% (0 votes).

ING Insurance Topholding N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 29 December 2011 and amounted on the latter date to 5.35% (2,570,200 votes), and that these voting rights (2,570,200 votes) are allocated in their entirety to ING Insurance Topholding N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Insurance Topholding N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V., ING Insurance Eurasia N.V., Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

FMR LLC, Boston, Massachusetts, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 12 January 2012 and amounted on the latter date to 3.02% (1,448,508 votes), and that these voting rights (1,448,508 votes) are allocated in their entirety to FMR LLC in accordance with § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 23 February 2012 and amounted on the latter date to 2.94% (1,409,431 votes), and that these voting rights (1,409,431 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Holdings Limited in accordance with § 22 (2) sentence 1 no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

FIL Investments International, Hildenborough, Kent, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Investments International in accordance with § 22 (2) sentence 1 no. 6 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

FIL Limited, Hamilton HMCX, Bermuda, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Limited in accordance with § 22 (2) sentence 1 no. 6 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

Mr Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2011.

The Management Board of CTS AG released the consolidated financial statements to the Supervisory Board on 16 March 2012.

7. ASSURANCE BY LEGAL REPRESENTATIVES

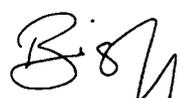
To the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles, and that the combined management report presents the course of business, including 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, 16 March 2012

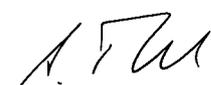
CTS EVENTIM Aktiengesellschaft



Klaus-Peter Schulenberg



Volker Bischoff



Alexander Ruoff

8. AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the CTS EVENTIM AG, Munich, comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in 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, Munich, for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

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

Our audit has not led to any reservations.

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

Osnabrück, 16 March 2012



PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian
Wirtschaftsprüfer
(German Public Auditor)

ppa. Aloys Deeken
Wirtschaftsprüfer
(German Public Auditor)

7. FINANCIAL STATEMENTS OF CTS AG 2011

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2011 (HGB)

ASSETS	31.12.2011	31.12.2010
	[EUR]	[EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets, and licences in such right and assets	11,098,222	9,646,769
2. Goodwill	817,675	1,144,745
3. Payments on account	1,957,177	991,673
	13,873,074	11,783,187
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	137,155	130,536
2. Technical equipment and machinery	1	28,622
3. Other facilities, operating and office equipment	2,197,476	1,935,383
	2,334,632	2,094,541
III. Investments		
1. Shares in affiliated companies	226,316,382	226,912,056
2. Loans due to affiliated companies	6,259,738	11,259,738
3. Participations	574,834	574,835
	233,150,954	238,746,629
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	527,572	399,261
2. Payments on account	0	5,050
	527,572	404,311
II. Receivables and other assets		
1. Trade receivables	9,010,149	5,725,897
2. Receivables from affiliated companies	27,186,850	12,232,926
3. Receivables from participations	1,403,967	2,063,625
4. Other assets	11,885,317	19,046,759
	49,486,283	39,069,207
III. Cheques, cash in hand and bank balances	85,214,746	38,416,759
C. PREPAID EXPENSES	3,204,696	3,664,984
Total assets	387,791,957	334,179,618

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2011	31.12.2010
	[EUR]	[EUR]
A. SHAREHOLDERS' EQUITY		
I. Share capital	48,000,000	24,000,000
less par value of treasury stock	-4,350	-2,175
II. Capital reserve	2,400,000	23,820,894
III. Statutory reserve	2,164,937	0
IV. Balance sheet profit	87,095,896	69,417,123
	139,656,483	117,235,842
B. PROVISIONS		
1. Tax provisions	2,928,500	1,529
2. Other provisions	5,139,500	5,564,277
	8,068,000	5,565,806
C. LIABILITIES		
1. Liabilities to banks	148,500,000	149,000,000
2. Trade payables	7,567,362	7,536,270
3. Liabilities to affiliated companies	5,320,273	2,178,343
4. Liabilities to participations	10,667	25,572
5. Other liabilities	78,462,987	51,861,395
	239,861,289	210,601,580
D. DEFERRED INCOME	162,918	733,123
E. DEFERRED TAX LIABILITIES	43,267	43,267
Total shareholders' equity and liabilities	387,791,957	334,179,618

INCOME STATEMENT OF CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2011 (HGB)

	01.01.2011 - 31.12.2011	01.01.2010- 31.12.2010
	[EUR]	[EUR]
1. Revenue	107,960,468	86,348,440
2. Cost of sales	-44,486,343	-38,750,371
3. Gross profit	63,474,125	47,598,069
4. Selling expenses	-13,946,438	-13,704,168
5. General administrative expenses	-6,290,450	-5,673,219
6. Other operating income thereof from currency translation EUR 33,433 (2010: EUR 5,468)	3,242,500	6,370,878
7. Other operating expenses thereof from currency translation EUR 179,158 (2010: EUR 4,895)	-12,378,338	-7,040,688
8. Income from participations	14,348,017	4,882,737
9. Income from loans held as financial assets thereof from affiliated companies EUR 386,194 (2010: EUR 0)	386,194	0
10. Income from profit transfer agreements	11,860,613	4,308,989
11. Other interest and similar income	1,224,227	1,341,529
12. Interest and similar expenses	-5,370,562	-2,664,598
13. Profit from ordinary business activities (EBT)	56,549,888	35,419,529
14. Extraordinary expenses	-87,976	0
15. Income taxes	-13,368,632	-9,364,753
16. Other taxes	205,470	114,903
17. Net income for the year	43,298,750	26,169,679

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2011 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2011 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz) and the Articles of Incorporation. The financial year is the calendar year. CTS EVENTIM AG (hereinafter: CTS AG) is a large corporate enterprise within the meaning of § 267 (3) HGB. Optional disclosures are made in the notes in order to maintain clarity and transparency. All amounts are rounded to the nearest euro.

2. ACCOUNTING POLICIES

2.1 GENERAL DISCLOSURES

The layout of the balance sheet complies with that specified in § 266 HGB in conjunction with § 152 AktG; the income statement conforms to the German form of income statement showing 'cost of sales', pursuant to § 275 (3) HGB in conjunction with § 158 AktG.

The recognition and measurement rules stipulated in the German Accounting Law Modernisation Act, which entered into force on 29 May 2009 (Bilanzrechtsmodernisierungsgesetz; hereinafter: BilMoG) were applied for the annual financial statements for the 2011 financial year, in accordance with Article 66 (3) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB).

The accounting policies remained unchanged compared to the year before.

With effect from 1 January 2011, TSC Ticket- & Tourist-Service-Center GmbH, Bremen, a wholly-owned subsidiary (hereinafter: TSC) was merged with CTS AG. Adjustment of prior-year figures was waived because this transaction has no material impacts on the company's earnings performance, financial position and cash flow.

2.2 RECOGNITION AND MEASUREMENT

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

The recognised goodwill from bringing in the Ticketing business is subject to systematic straight-line amortisation over the estimated useful life of 15 years, because the prospects of earnings being generated from the customer relationships taken over apply to that duration. The trademark right obtained by acquiring the 'getgo.de' Internet portal in the year 2002 is amortised over a period of ten years. A useful life of 12 years is assumed for the 'Global Ticketing System' capitalised in the course of implementing international requirements in 2007.

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

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

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

Receivables and other assets are measured at their nominal value minus adjustments for all discernible risks. A sufficient overall impairment of 1% was applied to the net receivables in order to cover the general default and credit risk.

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

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

Shareholders' equity is measured at nominal value.

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

Liabilities are recognised at their redemption value.

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

2.3 CURRENCY TRANSLATION

Short-term foreign currency receivables, other assets, cash and cash equivalents and short-term foreign currency liabilities are measured using the middle spot market price 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 2011 (HGB)

	Historical cost					31.12.2011 [EUR]
	01.01.2011 [EUR]	Addition [EUR]	Merger [EUR]	Disposal [EUR]	Reclassifi- cation [EUR]	
I. Intangible assets						
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	38,538,275	2,697,021	31,799	0	527,967	41,795,062
2. Goodwill	4,906,054	0	0	0	0	4,906,054
3. Payments on account	991,673	1,493,471	0	0	-527,967	1,957,177
	44,436,002	4,190,492	31,799	0	0	48,658,293
II. Property, plant and equipment						
1. Other real estate, land rights and buildings, including buildings on third-party properties	232,969	49,000	0	0	0	281,969
2. Technical equipment and machinery	572,445	0	0	0	0	572,445
3. Other facilities, operating and office equipment	9,539,096	973,222	65,376	867,941	0	9,709,753
	10,344,510	1,022,222	65,376	867,941	0	10,564,167
III. Investments						
1. Shares in affiliated companies	226,912,056	451,823	-1,047,497	0	0	226,316,382
2. Loans due to affiliated companies	11,259,738	0	0	5,000,000	0	6,259,738
3. Participations	574,835	0	0	1	0	574,834
	238,746,629	451,823	-1,047,497	5,000,001	0	233,150,954
Total	293,527,141	5,664,537	-950,322	5,867,942	0	292,373,414

Accumulative depreciation and amortisation

01.01.2011	Addition	Merger	Disposal	31.12.2011
[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
28,891,506	1,773,535	31,799	0	30,696,840
3,761,309	327,070	0	0	4,088,379
0	0	0	0	0
32,652,815	2,100,605	31,799	0	34,785,219
102,433	42,381	0	0	144,814
543,823	28,621	0	0	572,444
7,603,713	713,584	57,043	862,063	7,512,277
8,249,969	784,586	57,043	862,063	8,229,535
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
40,902,784	2,885,191	88,842	862,063	43,014,754

Carrying value

31.12.2011	31.12.2010
[EUR]	[EUR]
11,098,222	9,646,769
817,675	1,144,745
1,957,177	991,673
13,873,074	11,783,187
137,155	130,536
1	28,622
2,197,476	1,935,383
2,334,632	2,094,541
226,316,382	226,912,056
6,259,738	11,259,738
574,834	574,835
233,150,954	238,746,629
249,358,660	252,624,357

The EUR 5.665 million in additions to assets relate to additions to intangible assets (EUR 4.191 million), to property, plant and equipment (EUR 1.022 million) and to financial assets (EUR 452 thousand). The additions to intangible assets result primarily from further development of the Global Ticketing System (EUR 3.586 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System and for connecting box offices to the Global Ticketing System (EUR 751 thousand). The additions to financial assets in the reporting year relate to newly acquired shares in subsidiaries (EUR 13 thousand) and to increases in the carrying values of participations due to share capital increases in subsidiaries (EUR 439 thousand).

In June 2011, TSC was merged with CTS AG. In accounting for this merger, the final balance sheet of TSC as at 31 December 2010 was used. The EUR 1.047 million carrying value of the TSC participation no longer exists as a result of that merger. It was also necessary to post a residual carrying value of EUR 8 thousand as additions to assets.

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

Receivables from affiliated companies include trade receivables amounting to EUR 6.482 million (prior year: EUR 2.909 million). Receivables amounting to EUR 4.129 million (prior year: EUR 1.185 million) have a remaining term of between one and five years.

Other assets include EUR 2.869 million in receivables with a remaining term of between one and five years (prior year: EUR 0 thousand).

Receivables from participations include trade receivables amounting to EUR 256 thousand (prior year: EUR 32 thousand).

Prepaid expenses mainly comprise EUR 2.773 million in prepaid financing expenses (prior year: EUR 3.309 million), EUR 93 thousand in commission expenses (prior year: EUR 58 thousand), EUR 93 thousand in maintenance expenses (prior year: EUR 86 thousand) and EUR 56 thousand in advertising expenses (prior year: EUR 33 thousand).

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity includes the share capital, amounting to EUR 48,000,000 (prior year: EUR 24,000,000), less the par value of treasury stock, at EUR 4.350 (prior year: EUR 2.175), the capital reserve of EUR 2,400,000 (prior year: EUR 23,820,894), the statutory reserve of EUR 2,164,937 (prior year: EUR 0) and the balance sheet profit of EUR 87,095,896 (prior year: EUR 69,417,123).

The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the **share capital** of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from own funds. As at the closing date, the company had thus issued 48,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

Treasury stock was doubled in 2011 as a consequence of the share capital increase. This item involves 4,350 shares that were purchased on 31 July 2007 at a price of EUR 14.50 per share. They represent 0.009% or EUR 4.350 of the registered share capital. In the context of application of the recognition and measurement rules according to the BilMoG, the arithmetic par value of treasury stock had to be clearly distinguished from the share capital.

In connection with the share capital increase from own funds, reserves were transferred to share capital, thus resulting in a decrease in capital reserve.

According to § 150 AktG, a stock corporation must form a **statutory reserve** if the capital reserve accounts for less than 10% of the registered share capital. The annual addition to the statutory reserve is 5% of the net income for the year, until a total 10% of the share capital is covered by the capital reserve and the statutory reserve. At CTS AG, the statutory reserve of EUR 2,164,937 was therefore formed.

The balance sheet profit developed as follows:

	31.12.2011	31.12.2010
	[EUR'000]	[EUR'000]
Balance sheet profit as at 31 December 2010/2009	69,417	63,207
Recognition of deferred tax liabilities	0	-44
Increase of par value difference in treasury stock	2	0
Offset of par value difference in treasury stock	0	-61
Changes in reserves for treasury stock	0	63
Allocation to revenue reserve	-2,579	0
Net income for the year 2011/2010	43,299	26,170
Allocation to statutory reserve according to §150 AktG	-2,165	0
	107,974	89,335
Dividends 2011/2010	-20,878	-19,918
Balance sheet profit as at 31 December 2011/2010	87,096	69,417

Resolutions of the Shareholders' Meeting:

The Annual Shareholders' Meeting of the company held on 23 August 2005 resolved to increase the **share capital** of CTS AG, previously amounting to EUR 12,000,000, by adding an additional EUR 12,000,000 from reserves. The share capital increase was registered at the Munich Local Court on 6 October 2005, and the new no-par value bearer shares were credited to shareholder depots on 30 October 2005. The Annual Shareholders' Meeting of the company held on 13 May 2011 resolved to increase the share capital of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from own funds. The share capital increase was registered at the Munich Local Court on 3 June 2011, and the new no-par value bearer shares were credited to shareholder depots on 8 July 2011. As at the closing date, the company had thus issued 48,000,000 no-par value bearer shares. Each share represents an arithmetic share in the share capital of EUR 1.00.

As at the closing date, **authorised capital** amounted to EUR 12,000,000 (authorised capital 2009). It is granted until 13 May 2014. By resolution of the Shareholders' Meeting on 14 May 2009, the Management Board is authorised to increase the share capital of the company on one or more occasions in the period up to 13 May 2014, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, the total increase not to exceed EUR 12,000,000. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights in certain cases, subject to Supervisory Board approval. No use has been made so far of this authorisation.

At the Shareholders' Meeting on 21 January 2000, a **contingent share capital** increase of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005 and 13 May 2011 to increase the share capital to a total of EUR 48,000,000, this contingent share capital has increased accordingly to a total of EUR 720,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

The Annual Shareholders' Meeting held on 15 May 2008 authorised the Management Board to issue stock options and convertible bonds to a total value of up to EUR 275 million and with a maximum term of 20 years, conditional on Supervisory Board approval, by 14 May 2013, to grant the holders option and conversion rights to up to 11,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 11,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, the company's Articles of Incorporation were amended simultaneously to create an additional EUR 11,000,000 in contingent capital ('contingent capital 2008'). As a consequence of the shareholders' decision on 13 May 2011 to increase the share capital to a total of EUR 48,000,000, this contingent share capital has increased accordingly to EUR 22,000,000 in accordance with § 218 sentence 1 AktG. No use has been made so far of this authorisation.

By resolution of the Shareholders' Meeting held on 12 May 2010, the company was also authorised under § 71 (1) No. 8 AktG to purchase **treasury stock** amounting to up to 10% of the registered share capital as at the date of resolution, by 11 May 2015, and to use these for specific purposes as detailed in the resolution, partially with exclusion of subscription rights for shareholders. The countervalue paid for these shares may not exceed or fall below the traded share price by more than 10%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

Other provisions include EUR 1.967 million in provisions for personnel expenses (prior year: EUR 1.663 million), EUR 1.597 million for outstanding supplier invoices (prior year: EUR 2.139 million), EUR 697 thousand for outstanding commissions (prior year: EUR 804 thousand), EUR 102 thousand for outstanding credit notes (prior year: EUR 110 thousand), EUR 100 thousand for Supervisory Board emoluments (prior year: EUR 80 thousand) and EUR 209 thousand for accounting and auditing expenses (prior year: EUR 267 thousand).

Liabilities to affiliated companies, consist at EUR 2.500 million (prior year: EUR 1.099 million) of trade payables.

Liabilities to participations consist entirely of trade payables amounting to EUR 11 thousand (prior year: EUR 25 thousand).

Other liabilities, at EUR 78.463 million, mainly include EUR 68.576 million in liabilities in respect of ticket monies that have not yet been invoiced (prior year: EUR 46.296 million). The liabilities in respect of ticket monies that have not yet been invoiced result primarily from pre-sales for future events and tours. The liabilities in respect of ticket monies that have not yet been invoiced are offset by bank balances and by receivables in respect of outstanding ticket monies, as stated under other assets. Other liabilities include EUR 5.695 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (prior year: EUR 2.113 million).

Statements of liabilities

The residual terms of the liabilities as at 31 December 2011 are shown in the following statement of liabilities:

	Total	Remaining term			
		Due within 1 year	Due between 1 year and 5 years	Due > 5 years	¹⁾ from taxes ²⁾ for social security
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	148,500,000 (2010: EUR 149.000 m)	14,785,716 (2010: EUR 0.500 m)	105,142,864 (2010: EUR 105.643 m)	28,571,420 (2010: EUR 42.857 m)	
Trade payables	7,567,362 (2010: EUR 7.536 m)	7,567,362 (2010: EUR 7.536 m)	0		
Liabilities to affiliated companies	5,320,273 (2010: EUR 2.178 m)	5,320,273 (2010: EUR 2.178 m)	0		
Liabilities to participations	10,667 (2010: EUR 0.026 m)	10,667 (2010: EUR 0.026 m)	0		
Other liabilities	78,462,987 (2010: EUR 51.861 m)	78,462,987 (2010: EUR 51.861 m)	0		¹⁾ 3,416,031 (2010: EUR 1.533 m) ²⁾ 2.491 (2010: EUR 0.713 m)
Total liabilities	239,861,289	106,147,005	105,142,864	28,571,420	

The **deferred tax liabilities** result from different accounting policies governing the recognition of participations in affiliated companies in the commercial balance sheet and the fiscal balance sheet. Measurement of deferred taxes are based on an effective taxation rate of 31.0%, 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 15.2%.

3.2 INCOME STATEMENT

Revenue is broken down as follows:

	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	83,150	69,218	13,932
Licence Fees	9,350	6,253	3,097
Other revenue			
Data line charges	2,873	2,668	205
System rental / maintenance / installation	2,544	2,930	-386
Commission income	3,826	0	3,826
Sales of merchandise	556	486	70
Package travel	606	808	-202
Other	5,055	3,985	1,070
	107,960	86,348	21,612

EUR 9.957 million (prior year: EUR 7.686 million) of total revenue is generated in foreign countries.

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

Material expenses (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	1,442	1,103	339
Cost of purchased services	37,806	32,721	5,085
	39,248	33,824	5,424

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

Personnel expenses (according to type of expenditure method)	2011	2010	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	11,334	10,148	1,186
Social security contributions and expenses for pension and employee support	1,355	1,209	146
	12,689	11,357	1,332

The **selling expenses** for the 2011 financial year (according to the 'cost of sales' method) include EUR 327 thousand in amortisation of goodwill (prior year: EUR 327 thousand), EUR 99 thousand in proportional amortisation (51%) of the acquired trademark rights for the 'getgo.de' Internet portal (prior year: EUR 99 thousand), as well as proportional amortisation (51%) of software (EUR 805 thousand; prior year: EUR 603 thousand) and property, plant and equipment (EUR 400 thousand; prior year: EUR 399 thousand). The remaining amount of proportional depreciation and amortisation (49%) of these intangible assets and property, plant and equipment is allocated to cost of sales or administrative expenses.

Other operating income includes EUR 152 thousand in non-periodic income from the reversal of provisions (prior year: EUR 457 thousand), EUR 293 thousand in income from written-off liabilities (prior year: EUR 464 thousand) and EUR 12 thousand in retroactive refunds (prior year: EUR 21 thousand).

Other operating expenses include EUR 75 thousand in non-periodic expenses from follow-up invoices (prior year: EUR 24 thousand).

The EUR 14.348 million in **income from participations** is generated entirely by affiliated companies (prior year: EUR 4.883 million).

The EUR 386 thousand in **income from loans held as financial assets** is attributable in its entirety to income from affiliated companies. In the prior year, EUR 191 thousand in income from loans to affiliated companies was disclosed differently, under other interest and similar income.

The EUR 11.861 million in **income from profit transfer agreements** is generated entirely by affiliated companies (prior year: EUR 4.309 million).

Other interest and similar income includes EUR 870 thousand in income from affiliated companies (prior year: EUR 573 thousand).

Interest and similar expenses includes expenses of affiliated companies amounting to EUR 211 thousand (prior year: EUR 72 thousand).

Extraordinary expenses amounting to EUR 88 thousand are due to losses incurred when merging TSC with CTS AG.

Income taxes include EUR 6.740 million in municipal trade tax (prior year: EUR 4.633 million), EUR 6.542 million in corporation tax (prior year: EUR 4.372 million) and EUR 360 thousand in solidarity supplement to corporation tax for the 2011 financial year (prior year: EUR 241 thousand). Taxes on income also include foreign withholding tax expense, at EUR 195 thousand (prior year: EUR 68 thousand), non-periodic expenses for retrospective tax payments for previous years, at EUR 43 thousand (prior year: EUR 51 thousand) and non-periodic income in the form of tax refunds for previous years, at EUR 511 thousand (prior year: EUR 0 thousand).

Other taxes amounting to EUR -205 thousand (prior year: EUR -114 thousand) comprise EUR 7 thousand in vehicle tax expenses (prior year: EUR 6 thousand) and EUR -212 thousand in income from refunded VAT for previous years (prior year: EUR -121 thousand).

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

	31.12.2011	31.12.2010
	[EUR'000]	[EUR'000]
Net income for the year	43,299	26,170
Profit carried forward	45,960	43,245
Increase of par value difference in treasury stock	2	0
Offset of par value difference in treasury stock	0	-61
Changes in reserves for treasury stock	0	63
Allocation to statutory reserve	-2,165	0
Balance sheet profit	87,096	69,417

Of the balance sheet profit for the previous year, at EUR 69.417 million, EUR 20.878 million were distributed to shareholders and EUR 45.960 million were carried forward to the new account.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the balance sheet date, CTS Eventim Solutions GmbH has no liabilities to banks. CTS AG also bears liability for bank credit and guarantee facilities granted to subsidiaries, which amount to EUR 3.385 million. As at the closing date, subsidiaries had availed of EUR 335 thousand in guarantee facilities. It is not expected that any claims will be asserted against CTS AG on account of this assumption of liability, given the positive earnings position and financial situation of the subsidiaries.

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

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

As at the closing date, there were other financial liabilities amounting to EUR 6.540 million (prior year: EUR 7.330 million). Of that total, EUR 4.780 million (prior year: EUR 4.501 million) are due within one year. These obligations are partly conditional purchase offers amounting to EUR 1.906 million (prior year: EUR 1.931 million) that CTS AG made in order to acquire additional shares in subsidiaries. The obligation resulting from conditional purchase offers relates to put options that have not yet been exercised. Other financial obligations relating to short- and medium-term rental and lease contracts and other contractual agreements amount to EUR 4.634 million (prior year: EUR 5.399 million). Of that total, EUR 2.874 million (prior year: EUR 2.569 million) are due within one year. Future rental obligations account for EUR 3.681 million (prior year: EUR 4.259 million), leasing obligations for EUR 263 thousand (prior year: EUR 198 thousand) and other obligations for EUR 690 thousand (prior year: EUR 942 thousand). The other financial commitments are EUR 45 thousand to affiliated companies (prior year: EUR 91 thousand).

4.2 APPROPRIATION OF EARNINGS

In the 2011 financial year, CTS AG generated EUR 43.299 million in net income according to the German Commercial Code. The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 21.118 million (EUR 0.44 per eligible share) be distributed. The remaining amount of EUR 20.016 million is carried forward to the new account, after the transfer to the statutory reserve.

4.3 LIST OF INVESTMENTS

A list of shareholdings is published on the company's website (<http://www.eventim.de/tickets.html?affiliate=EVE&fun=toc&doc=eventim/default/info/de/investor/investorStructure&language=en>).

4.4 EXECUTIVE BODIES OF CTS AG

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

Klaus-Peter Schulenberg, Bremen

– Chief Executive Officer –

Dipl.-Ökonom Volker Bischoff, Stuhr

– Chief Financial Officer –

Dipl.-Betriebswirt Alexander Ruoff, Bremen

– Chief Operating Officer –

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

<u>Name</u>	<u>Fixed salary</u> [EUR]	<u>Benefits</u> [EUR]	<u>Management Bonus</u> [EUR]	<u>Total</u> [EUR]
Klaus-Peter Schulenberg	1,000,000	0	300,000	1,300,000
Volker Bischoff	350,000	11,700	105,000	466,700
Alexander Ruoff	350,000	10,081	255,000	615,081
	1,700,000	21,781	660,000	2,381,781

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

Edmund Hug, Businessman, Oberstenfeld – Chairman –

Other supervisory board memberships:

- Scholz AG, Essingen

Prof. Jobst W. Plog, Lawyer, Hamburg – Vice-Chairman –

Other supervisory board memberships:

- Vattenfall Europe AG, Berlin
- Verlagsgesellschaft Madsack GmbH & Co. KG, Hanover (Vice-Chairman)

Dr Bernd Kundrun, Businessman, Hamburg

Other supervisory board memberships:

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 4 thousand for the 2011 financial year. These amounts are all short-term benefits within the meaning of IAS 24.16 (a).

4.5 EMPLOYEES

On average, 186 persons were employed by the company during the year (prior year: 154). These were all salaried employees.

4.6 DECLARATION CONCERNING THE CORPORATE GOVERNANCE CODE

The declaration by the Management Board and the Supervisory Board of the company pursuant to § 161 AktG, regarding the extent to which the recommendations of the German Corporate Governance Code have been and are being complied with, and which recommendations were not or are not applied, was submitted and made permanently available to the shareholders on the company's website (<http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/en/investor/investorCorporateGovernance/correspondingDeclaration/2011>).

4.7 PARTICIPATING PERSONS

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

ING Groep N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to ING Groep N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Groep N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V., Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Verzekeringen N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to ING Verzekeringen N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Verzekeringen N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Nationale-Nederlanden Nederland B.V., 'S-Gravenhage, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that these voting rights are allocated in their entirety to Nationale-Nederlanden Nederland B.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by Nationale-Nederlanden Nederland B.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 0.18% of those (42,229 votes) are allocated to ING Re Holding (Netherlands) B.V. in accordance with § 22 (1) sentence 1, no. 1 WpHG and 5.028% (1,206,600 votes) in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Re (Netherlands) N.V., Den Haag, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.85% thereof (1,164,371 votes) are allocated to ING Re (Netherlands) N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Levensverzekering Retail N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.79% thereof (1,149,599 votes) are allocated to ING Levensverzekering Retail N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

ING Schadeverzekering Retail N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5% thereof (1,199,484 votes) are allocated to ING Schadeverzekering Retail N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Movir N.V., Nieuwegein, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.99% thereof (1,196,420 votes) are allocated to Movir N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

Nationale-Nederlanden Levensverzekering Maatschappij N.V., Rotterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 0.95% thereof (229,053 votes) are allocated to Nationale-Nederlanden Levensverzekering Maatschappij N.V. in accordance with § 22 (2) WpHG.

Nationale-Nederlanden Schadeverzekering Maatschappij N.V., Den Haag, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5.03% thereof (1,206,270 votes) are allocated

to Nationale-Nederlanden Schadeverzekering Maatschappij N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

RVS Levensverzekering N.V., Ede, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 4.57% thereof (1,096,016 votes) are allocated to RVS Levensverzekering N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

RVS Schadeverzekering N.V., Ede Gld, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 17 March 2011 and amounted on the latter date to 5.028% (1,206,600 votes), and that 5.02% thereof (1,204,986 votes) are allocated to RVS Schadeverzekering N.V. in accordance with § 22 (2) WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V..

FIL Investment Management Limited, Kent, England, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 1 January 2011 and amounted on the latter date to 0% (0 votes).

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 29 March 2011 and amounted on the latter date to 4.96% (1,189,900 votes), and that these voting rights (1,189,000 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 5% threshold on 4 April 2011 and amounted on the latter date to 5.03% (1,206,191 votes), and that these voting rights (1,206,191 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 8 April 2011 and amounted on the latter date to 4.99% (1,197,002 votes), and that these voting rights (1,197,002 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Highbridge Capital Management, LLC, New York, NY, USA, notified the company that its share of voting rights in CTS AG fell below the 5% threshold on 7 April 2011 and amounted on the latter date to 4.74% (1,137,494 votes), and that these voting rights (1,137,494 votes) are allocated in their entirety to Highbridge Capital Management, LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Wanger Asset Management LLC, Chicago, USA, notified the company that its share of voting rights in CTS AG fell below the 3% threshold on 20 May 2011 and amounted on the latter date to 2.95% (706,785 votes), and that these voting rights (706,785 votes) are allocated in their entirety to Columbia Wanger Asset Management LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Columbia Management Investment Advisers, LLC, Boston, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 6 July 2011 and amounted on the latter

date to 2.99% (1,433,152 votes), and that these voting rights (1,433,152 votes) are allocated in their entirety to Columbia Management Investment Advisers, LLC in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

ING Insurance Eurasia N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 30 September 2011 and amounted on the latter date to 5.35% (2,570,200 votes), and that these voting rights (2,570,200 votes) are allocated in their entirety to ING Insurance Eurasia N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Insurance Eurasia N.V. and whose voting rights in CTS AG amount to 3% or more: Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V.

Fidelity Funds SICAV, Luxembourg, Luxembourg, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 20 December 2011 and amounted on that date to 3.02% (1,451,328 votes).

ING Re Holding (Netherlands) B.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% and 5% thresholds on 29 December 2011 and amounted on the latter date to 0.00% (0 votes).

ING Insurance Topholding N.V., Amsterdam, the Netherlands, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% and 5% thresholds on 29 December 2011 and amounted on the latter date to 5.35% (2,570,200 votes), and that these voting rights (2,570,200 votes) are allocated in their entirety to ING Insurance Topholding N.V. in accordance with § 22 (2) WpHG and also in accordance with § 22 (1) sentence 1, no. 1 WpHG. Allocated voting rights are held by the following entities controlled by ING Insurance Topholding N.V. and whose voting rights in CTS AG amount to 3% or more: ING Verzekeringen N.V., ING Insurance Eurasia N.V., Nationale-Nederlanden Nederland B.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V..

FMR LLC, Boston, Massachusetts, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 12 January 2012 and amounted on the latter date to 3.02% (1,448,508 votes), and that these voting rights (1,448,508 votes) are allocated in their entirety to FMR LLC in accordance with § 22 (1) sentence 1 no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG.

Ameriprise Financial Inc., Minneapolis, USA, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 23 February 2012 and amounted on the latter date to 2.94% (1,409,431 votes), and that these voting rights (1,409,431 votes) are allocated in their entirety to Ameriprise Financial Inc. in accordance with § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Holdings Limited in accordance with § 22 (2) sentence 1 no. 6 WpHG in combination with § 22 (1) sentence 2 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

FIL Investments International, Hildenborough, Kent, UK, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Investments

International in accordance with § 22 (2) sentence 1 no. 6 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

FIL Limited, Hamilton HMCX, Bermuda, notified the company in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG reached the 5% threshold on 8 March 2012 and amounted on the latter date to 5.00% (2,400,009 votes), and that these voting rights (2,400,009 votes) are allocated in their entirety to FIL Limited in accordance with § 22 (2) sentence 1 no. 6 WpHG. Voting rights are allocated to it by the following shareholder whose voting rights in CTS AG amount to 3% or more: Fidelity Funds SICAV.

Mr Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2011.

4.8 AUDITOR EXPENSES

Disclosure of the fees paid to the company's auditor is waived because these details are provided in item 6.12 in the notes to the consolidated financial statements.

4.9 ASSURANCE BY LEGAL REPRESENTATIVES

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

Bremen, 16 March 2012

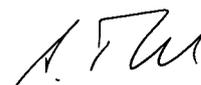
CTS EVENTIM AG



Klaus-Peter Schulenberg



Volker Bischoff



Alexander Ruoff

5. AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of the CTS EVENTIM AG, Munich, for the business year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

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

Our audit has not led to any reservations.

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

Osnabrück, 16 March 2012



PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian
Wirtschaftsprüfer
(German Public Auditor)

ppa. Aloys Deeken
Wirtschaftsprüfer
(German Public Auditor)

FORWARD-LOOKING STATEMENTS

This Annual Report contains forecasts based on assumptions and estimates by the management of CTS EVENTIM AG. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as 'believe', 'assume', 'expect' and the like. Even though the management believes that these assumptions and estimates are correct, it is possible that future developments and 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 EVENTIM AG 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 EVENTIM AG 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.

This Annual Report is also available in English translation; the German version of the Annual Report takes priority over the English translation in the event of any discrepancies. It is available for downloading from <http://www.eventim.de>.

CONTACT

CTS Eventim AG
Contrescarpe 75 A
28195 Bremen
Phone: +49 (0) 421 / 36 66 - 0
Fax: +49 (0) 421 / 36 66 - 2 90

www.eventim.de
investor@eventim.de

**PUBLISHERS' NOTES
PUBLISHED BY:**

CTS Eventim AG
Contrescarpe 75 A
28195 Bremen
Phone: +49 (0) 421 / 36 66 - 0
Fax: +49 (0) 421 / 36 66 - 2 90

EDITORIAL OFFICE:

Engel & Zimmermann
CTS Eventim AG

ARTWORK:

SECHSBAELLE, Bremen

