ANNUAL REPORT 2012

eventim

KEY GROUP FIGURES

	2012	2011	Change
	EUR'000	EUR'000	[in %]
Revenue	520,334	502,814	3.5
EBITDA	118,924	94,635	25.7
EBIT	96,130	72,061	33.4
Normalised EBITDA	118,211	104,233	13.4
Normalised EBIT before amortisation from purchase price allocation	105,475	92,179	14.4
Normalised EBITDA margin	*22.7%*	*20.7%*	*2.0 pp*
Normalised EBIT margin before amortisation from purchase price allocation	*20.3%*	*18.3%*	*2.0 pp*
Non-recurring items [1]	-713	9,598	-107.4
Amortisation from purchase price allocation [2]	10,058	10,520	-4.4
Earnings before tax (EBT)	88,160	67,043	31.5
Net income after non-controlling interest	54,990	42,188	30.3
Cash flow	80,258	65,904	21.8
	[EUR]	[EUR]	
Earnings per share [3], undiluted (= diluted)	1.15	0.88	
	[Qty.]	[Qty.]	
Number of employees [4]	1,657	1,441	
Of which temporary	(275)	(140)	

[1] See page 25 for a detailed statement of non-recurring items

[2] Purchase price allocation of Ticketcorner Holding AG and See Tickets Germany GmbH; for further information see ‚Corporate Management' in combined management report, page 17

[3] Number of shares: 48 million

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

CONTENT

Klaus-Peter Schulenberg
Chief Executive Officer

1. LETTER TO THE SHAREHOLDERS

Ladies and Gentlemen,

In the 2012 financial year – our 13th year on the Frankfurt stock exchange – we continued the CTS EVENTIM success story. Despite the persistent difficulties facing the European economy, the two segments, Ticketing and Live Entertainment, achieved encouraging growth during the reporting period. The Group increased its revenue and earnings significantly year-on-year and extended its leadership in the European market even further.

The profitable and steady growth of CTS EVENTIM is based on several pillars of support. We have a clearly defined business model that our employees implement in a highly motivated and concentrated manner. Our customers also appreciate our innovative product diversity, and the broad range of services based on our unique IT platform. We are continuously advancing in both dimensions. Another factor is that we have a clear vision of the future of CTS EVENTIM and rigorously pursue our goals. Other markets and fields of business are identified, new standards are set and the efficiency of workflows is further enhanced.

CTS EVENTIM INCREASES GROUP REVENUE AND EARNINGS TO RECORD LEVELS

The 2012 financial year was a very successful one for CTS EVENTIM. Revenue of EUR 520.3 million (plus 3.5%) and an EBITDA of EUR 118.9 million (plus 25.7%) are new records set by the Group. We operate on a very stable financial basis that allows us to invest in the further development of our technology platform and to strengthen our presence in both domestic and foreign markets. Our shareholders are to share in the success of the company, not only in the form of good and consistent share performance, but also from regular distribution of dividends.

RIGOROUS EXPANSION OF ONLINE TICKETING REAPS REWARDS

CTS EVENTIM AG is Europe’s market leader by far in the ticketing field and one of the leading providers of Live Entertainment. More than 100 million tickets for well over 180,000 events are sold annually using systems developed and marketed by the EVENTIM Group. In addition to more than 20,000 stationary box offices throughout Europe, sales via the Internet are gaining increasingly in importance. In the 2012 financial year, Internet sales rose to 20.6 million tickets, which equates to a year-on-year growth rate of around 7%. Since the value-added generated by Internet sales is six times higher than in the case of box office sales, the medium-term objective is to sell half the total number of tickets via the Internet. To reach that target, we offer our customers not just interesting products and services, but also technological innovations that guarantee user convenience. According to the Federal Association for Information Technology, Telecommunications and New Media (Bitkom), one person in four in Germany uses apps to organise his or her work and leisure. We identified this trend at an early stage and have developed our own EVENTIM apps for iPhone and Android; which have been downloaded more than a million times in Germany, Italy, Switzerland and England.

Despite this technological leadership, CTS EVENTIM also realised the desire among many music fans for emotion and nostalgia and unleashed enormous enthusiasm by launching FanTickets in October 2012. Up to the 1980s, tickets were individually printed with the tour design and pictures of the artists, and reminded their owners for many years afterwards, as true collectors’ items, of the live concert experience. In the 1990s, this individuality and therefore a piece of fan culture was lost as a result of computerised ticketing and standardised printing. CTS EVENTIM is now bringing back these motifs and thus an element of ticket history – October 2012 saw the launch of the first new FanTickets for the Depeche Mode tour of Germany, which had kicked off with a gig in Munich’s Olympic Stadium in June 2013. The response from our customers to this new service is overwhelming.

INTEGRATED ACQUISITIONS SUPPORT GROWTH IN LIVE ENTERTAINMENT AND TICKETING

Operating major venues for live events is becoming another very successful field of business for CTS EVENTIM. We have been operating the Waldbühne in Berlin, one of Europe's best-known open-air arenas, since 2009. With antitrust clearance in Germany and the U.K in August 2012, we took over the Hammersmith Apollo in London as a joint venture with the Anschutz Entertainment Group (AEG). With a capacity of around 5,000 seats, the legendary Apollo in the centre of London is one of the most popular venues for many live concerts, high-profile TV productions and shows. In December 2012, we completed the acquisition of Arena Management GmbH, the company responsible for operating the Lanxess Arena in Cologne. Seating up to 20,000 and attracting as many as 1.8 million visitors annually, the Lanxess Arena is one of the world's biggest and most successful event facilities. Both these investments are reinforcing the expansion of our market shares in Germany and Europe.

SPORTS REMAIN A KEY REVENUE DRIVER

CTS EVENTIM is also a much-valued ticketing partner in the sports industry – following an international invitation for tenders, the Organising Committee of the 2014 Winter Olympic Games in Sochi granted us exclusive ticketing rights in Russia. Once again, our peerless CTS ticketing system was the main reason why we won the contract. CTS EVENTIM now collaborates with more than 80 clubs, associations and sports promoters.

Last but not least, let me say a word about the dispute we have been conducting since April 2010 with Live Nation, the US promoter of live events. After several postponements, we now expect an arbitral decision in the first half of 2013, and like most analysts, we still assume that the decision will be in our favour.

No other ticketing company in Europe delivers anything remotely similar in the fields of music, sport and culture. This success is based first and foremost on the efficiency and performance of the employees at CTS EVENTIM. We will make every endeavour to attain continuous improvement of our processes, to attain the targets we set and to satisfy our customers. By doing so, we create an excellent foundation for maintaining sustained and profitable growth in the future as well.

Yours sincerely,

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 COMBINED MANAGEMENT REPORT FOR THE COMPANY AND THE GROUP AS A WHOLE FOR THE FINANCIAL YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012.

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 2012 reporting year, the Supervisory Board met on 23 March (‘financial statements meeting’), 14 May, 23 August and on 13 November. The Management Board of the company also took part at these meetings and had an opportunity to comment on business activities of importance for the company.

On the basis of the submitted reports and other information, the Supervisory Board examined the general business development of the company and its various subsidiaries, 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 15 May 2012, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft in Osnabrück, a firm of public auditors, was chosen to audit the annual financial statements as at 31 December 2012 and the consolidated financial statements as at 31 December 2012. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2012 annual financial statements, the 2012 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 21 March 2013, the annual financial statements and the consolidated financial statements for 2012, 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 2012 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 2012 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 2012 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 13 November 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 2012 financial year.

21 March 2013

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

3. CTS SHARES

The severe volatility affecting global equity markets in 2011 continued unabatedly in the first half of 2012. The EuroSTOXX50 benchmark index began the year in a strong constitution and by mid-March had appreciated in value by 10.0%. Over the same period, the DAX index rose by no less than 17.8%. In the months that followed, until the beginning of June 2012, both indexes shed the gains achieved in the first quarter of 2012. The EuroSTOXX50 index fell 20.7%, whereas the DAX dropped by 16.6%.

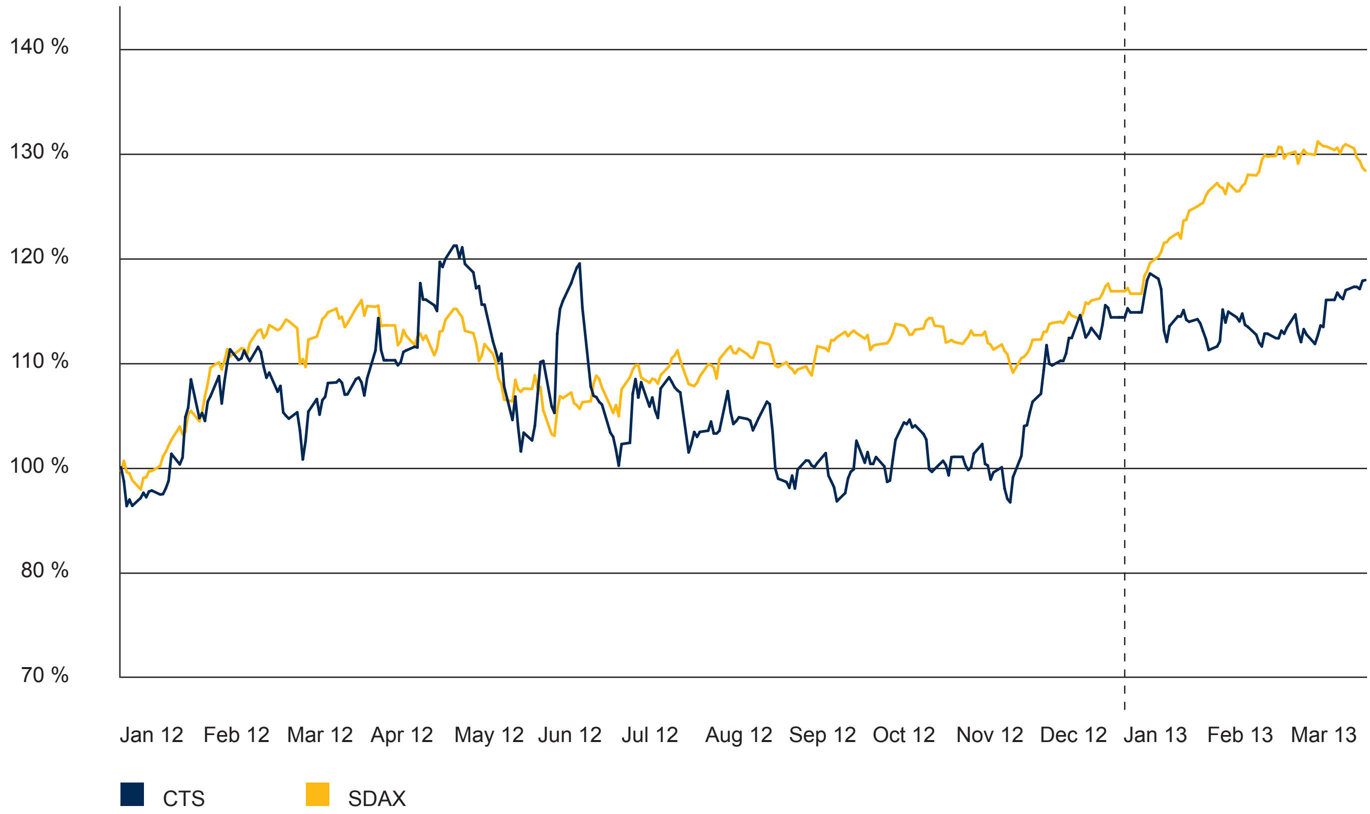
This setback for the markets was only temporary. In the second half of the year, markets benefited significantly from returning investor's confidence. The 'return share' helped restore strong growth to indexes, with the result that the EuroSTOXX50 ended the 2012 financial year with an absolute growth of 11.2%. The DAX performed very strongly in the 2012 financial year, advancing by no less than 25.3%.

The growth trend already exhibited by CTS EVENTIM AG shares over a period of some years was also maintained in the 2012 financial year. With a value growth of 16.8% in 2012, their performance remains significantly better than various equity markets in a medium- and long-term comparison. Over the past five years until the end of the 2012 financial year, shares in CTS EVENTIM AG have increased in value by 119.5%. This equates to an average return of 17.0% per year. Over the same period, the EuroSTOXX50 index lost 25.0% and the DAX 5.6% in absolute value.

Various analysts see this constancy in share performance as a sustained trend and see further growth potential for CTS EVENTIM AG shares. Analysts at established investment banks such as Berenberg Bank, Commerzbank, German Bank, DZ Bank, HSBC, JP Morgan and M.M. Warburg recommend CTS EVENTIM AG shares with a 'Buy' rating.

In the 2012 financial year, CTS EVENTIM AG was presented to investors at various conferences, roadshows and at individual meetings. CTS EVENTIM AG will maintain to operate its transparent approach to investor communication in order to further intensify its good relations with investors at both national and international level.

THE CTS SHARE PRICE (01.01.2012 – 22.03.2013 – INDEXED)



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

	2012 EUR	2011 EUR
Earnings per share	1.15	0.88
Cash flow	80,258,005	65,904,470
High (Xetra)	29.27	27.00
Low (Xetra)	22.15	19.41
Year-end-price (Xetra)	26.65	23.20
Market capitalisation (based on year-end-price)	1,279,200,000	1,113,600,000
Shares outstanding on 31.12.	48,000,000	48,000,000
Share capital after IPO	12,000,000	12,000,000

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):

4.1 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 13 November 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), as published in the electronic Federal Gazette on 15 June 2012, 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.

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).

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 may be published on the Internet in addition to the Annual Report, other documents pertaining to agenda items, such as contracts or annual financial statements, are not published in order to protect the company's confidential information. These documents are made available to company shareholders only, in accordance with statutory requirements (DCGK 2.3.1).'

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

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

As at the closing date for the annual financial statements, 31 December 2012, members of the Management Board and Supervisory Board of CTS EVENTIM AG held the following quantities of no-par value bearer shares in the company (ISIN DE0005470306):

	Number of shares [Qty.]	Share [in %]
Members of the Management Board:		
Klaus-Peter Schulenberg (Chief Executive Officer)	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

4.3 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 did not engage in any transactions involving no-par value bearer shares in the company (ISIN DE0005470306).

4.4 NOTES TO THE MANAGEMENT BOARD COMPENSATION SYSTEM

The total amount of compensation paid to members of the CTS EVENTIM AG Management Board is disclosed annually in the notes to the annual financial statements of the company, and amounted in the 2012 business year to EUR 3.351 million. Compensation consists of fixed annual emoluments and a variable, performance-based payment. The agreed criteria for granting the variable component, and for the amount paid, are revenue, EBIT (earnings before interest and taxes) and other performance-based figures, i.e. clearly defined, auditable and relevant success criteria that are continuously monitored by the Supervisory Board. The members of the Management Board also receive payments in kind, specifically in the form of an appropriate company car.

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

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

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	2,000,000	11,642	294,711	2,306,353
Volker Bischoff	350,000	19,692	103,766	473,458
Alexander Ruoff	450,000	17,759	103,766	571,525
	2,800,000	**49,093**	**502,243**	**3,351,336**

The compensation paid to members of the Management Board include EUR 502 thousand in variable components and EUR 2.849 million in fixed components. Secondary benefits include company cars.

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

The management report of CTS AG and the Group management report have been combined. Unless stated otherwise, the information contained in this combined management report relates 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 provided in separate sections of this report or is indicated as such 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 2011. The comparative figures in the income statement and the balance sheet relate to the consolidated financial statements as at 31 December 2011.

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 2012 reporting period and were either fully consolidated or included at equity.

TICKETING

In a share acquisition agreement concluded on 30 July 2012, CTS AG acquired 65% of the shares in nolock Softwarelösungen GmbH, Vienna (hereinafter: nolock GmbH). In the past, nolock GmbH operated as an external service provider for the CTS Group in the field of software development and now supports the further development of software in the field of eCommerce, as well as international software projects.

In an agreement concluded on 13 September 2012, Ticket Online Austria GmbH, Vienna, was merged with Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna. The merger took effect on 23 October 2012, when the relevant entry was made in the register of companies.

The change of company name from EVENTIM CH AG, Zurich, to Ticketcorner Holding AG, Rümlang, took effect in November 2012, when the name change was entered in the register of companies.

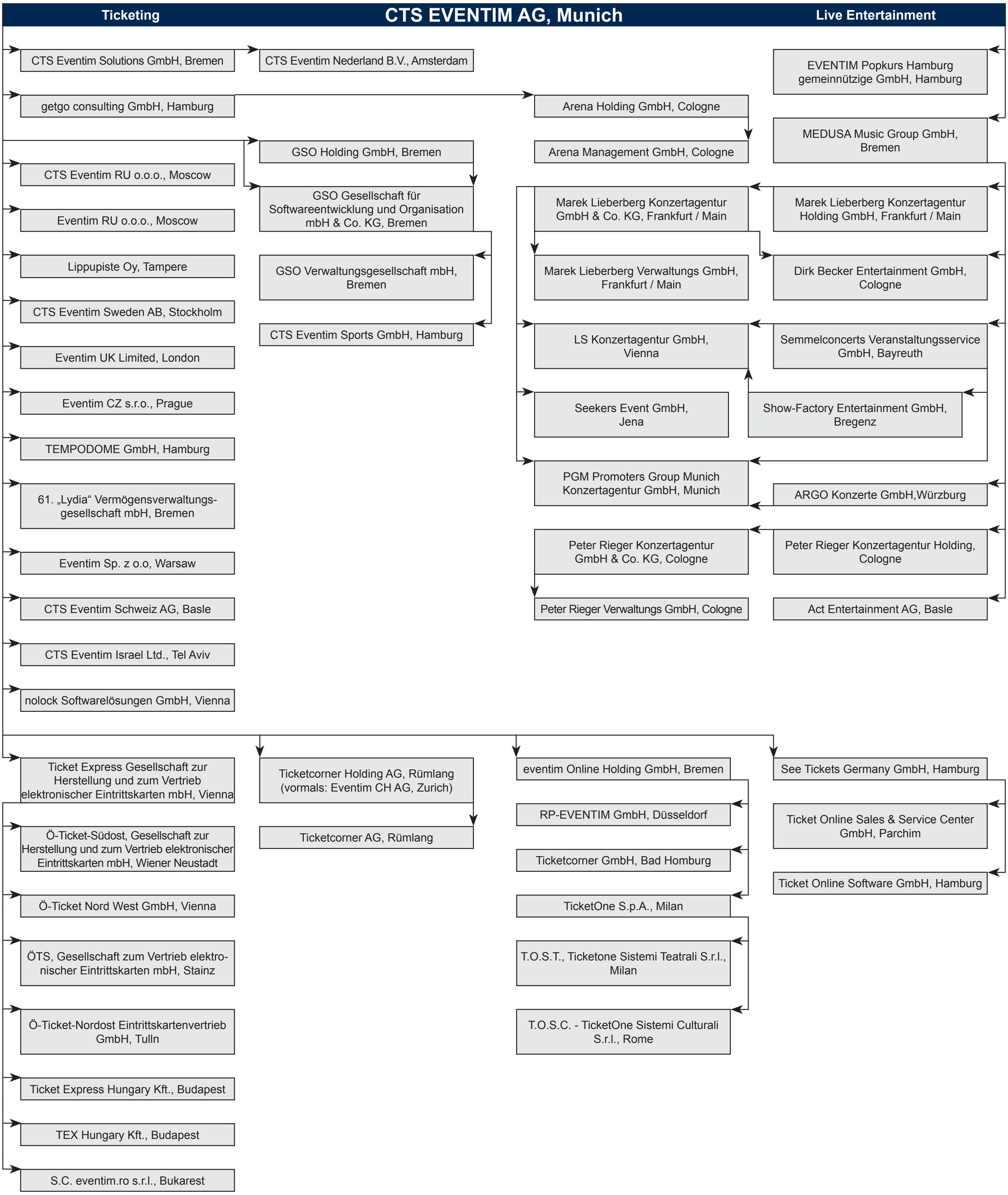
LIVE ENTERTAINMENT

By registration in the English Companies Register in England on 22 May 2012, Stage C Limited (hereinafter: Stage C) was established as an acquisition company domiciled in London. CTS EVENTIM and the Anschutz Entertainment Group hold equal shares in Stage C, as a joint venture, and it is included in the CTS Group by applying the equity method.

In a contract of sale dated 31 May 2012, Stage C acquired 100% of the shares in Hammersmith Apollo Ltd., London, (hereinafter: HAL Apollo) from the British HMV Group plc. On the date of acquisition, the transaction was subject to approval by the anti-trust authorities in England and Germany. Approval was granted at the beginning of August 2012. HAL Apollo is the company which operates the central London venue of the same name. With a capacity of more than 5,000, the Apollo is one of London's most popular venues for many live concerts, high-profile TV productions and comedy shows.

Arena Holding GmbH, Cologne, was established on 26 July 2012 as a future acquisitions holding company and was entered in the register of companies on 7 August 2012. As of 21 December 2012, through its getgo consulting GmbH subsidiary, Bremen, CTS AG consolidated 100% of the shares in Arena Management GmbH, Cologne, through Arena Holding GmbH, Cologne. The Lanxess Arena has a seating capacity of up to 20,000 and attracts as many as 1.8 million visitors annually, making it one of the biggest and most successful event facilities.

The following overview shows all the companies included by full consolidation in the consolidated financial statements as at 31 December 2012:



2.1.2 FIELDS OF BUSINESS AND ORGANISATIONAL STRUCTURE

The CTS Group leads the European ticketing market and as a promoter of live music events is the market leader for live entertainment in Continental Europe. Worldwide, the Group ranks second in ticketing and third in live entertainment. With one of the most sophistical ticketing platforms in existence and a complex, extensive distribution network, the Group enables music promoters to sell tickets through a high-performance system. On the basis of these CTS systems, ticket buyers are provided worldwide with permanently accessible Internet portals where tickets for more than 180,000 different events can be purchased online.

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

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

The extensive range of activities in web-based sales, featuring online reservation of specific seats using a seating chart, mobile ticket sales via iPhone/iPad and Android apps, VIP packages, travel bundles, ticket resale platform, online radio and additional social media activities, especially Facebook and Twitter, have been developed and brought online specifically to meet the needs of 'networked consumers'.

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

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

2.1.3 MAIN REGIONS OF OPERATION

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

In the Live Entertainment segment, the Group operates in the German-speaking countries (Germany, Austria and Switzerland) and also, through the Hammersmith Apollo Ltd. joint venture, in Great Britain.

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 respects the financial management of the CTS Group.

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

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

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

2.1.4.2 BASIC FEATURES OF THE COMPENSATION SYSTEM

Compensation and benefits for members of the Management Board comprise various components, specifically the performance-based fixed salary and additional benefits in the form of payments in kind and a performance-based bonus. The fixed salary and additional 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 item 6.13 in the notes to the consolidated financial statements and to section 4.4 in the Corporate Governance report regarding details of individual compensation packages.

For the 2012 financial year, the members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand, as well as reimbursed expenses of EUR 3 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 2013.

2.2 CORPORATE MANAGEMENT

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

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

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

This strategy has proved successful. The key figures – revenue, EBITDA, normalised EBITDA, EBIT and normalised EBIT before amortisation from purchase price allocation, and EPS – were all improved in comparison with the prior year (cf. key group figures).

The return on capital employed ('ROCE') was further improved from 24.6% in the prior year to 31.6% in the 2012 financial year. Based on a weighted average cost of capital ('WACC') of 7.3%, the CTS Group generated a net return on capital employed of 24.3% in the 2012 financial year – a clear indicator of the positive growth in value of the CTS Group.

In the 2010 financial year, a new key figure called 'normalised EBIT before amortisation from purchase price allocation' was defined due to the acquisitions made and the overall effects resulting from remeasurement of intangible assets 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, ticket software products taken over in 2010 were written down substantially, and newly-measured 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 write-downs within the Group when conducting the purchase price allocation, which amount to EUR 10.058 million (prior year: EUR 10.520 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.

The aim of financial management is to ensure solvency and to maintain financial balance within the Group. Cash reserves, in the form of overdraft facilities and cash, as well as a syndicated credit line (revolving credit facility) are held.

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

The capital structure of the CTS Group comprises debt, cash and cash equivalents and the shareholders' equity owed to investors in CTS AG. This shareholders' equity is composed, specifically, of outstanding shares and the consolidated 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 constantly improved and expanded.

When penetrating new markets, the Group's medium-term plans include further advancements in new technologies within the online reservation system, the distribution network and sales platform. The objective is the proprietary development of one of the most advanced, high-performance ticketing platforms in the world, the further advancement of specific seat reservations, mobile ticketing, RFID systems and access control systems. Other areas of focus include the further development of chip tickets and greater personalisation of tickets.

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

Following the general slow-down from mid-2011 onwards, the sovereign debt crisis among industrialised nations, particularly in the USA, Japan and Europe, resulted in a recessionary downswing in the **global economy** in autumn 2012. The financial markets were cast once again into turbulent waters. Share prices fell, yields on government bonds of crisis-afflicated states rose dramatically and the atmosphere of uncertainty raised the credit risk for banks. The pace of economic expansion in developing and newly industrialised countries has markedly declined, particularly due to weaker momentum for the export economy. According to the Organisation for Economic Cooperation and Development (OECD), the growth domestic product (GDP) was noticeably slower in 2012, at around 3.0%, compared to around 3.8% in 2011. Recent experience shows that anticipated economic recovery can be repeatedly frustrated by a new outbreak of the crisis in Europe. An optimistic forecast for the world economy in 2013 is based on moderate economic expansion in the industrialised countries, although the increase in GDP in the USA and also in Japan will be less than in 2012, whereas a slight rise can be expected for the European Union in 2013, following a decline in production in 2012. Newly industrialised countries are expected to show a slight acceleration in growth in the course of 2013. For the world economy as a whole, aggregated GDP in 2013 is expected to rise moderately in comparison to 2012.

The situation in **Europe** remains critical. Many countries in the European Union are exhibiting recessionary tendencies, with declining levels of real GDP in 2012. Exports to key trading partners receded. Recovery is hampered by the problematic employment situation in Europe. On average, the real GDP of all 27 countries in the EU fell by 0.3% in 2012. In the midst of government budget consolidation on a large scale, the Eurozone economy is looking for new growth drivers. Foreign trade continued to be a strong driver of the economy during the first half of 2012, but this factor declined significantly in the second half of the year. In addition to higher taxes and levies, rising unemployment and high levels of government debt acted as a brake on private consumer spending. The German economy, in contrast, stayed well afloat in 2012, with robust domestic demand proving to be a stabilising factor and a source of income for the state. However, the success of the German export economy is increasingly attributable to non-European countries. Germany therefore remaining a lynchpin for saving the European Economic and Currency Union. Based on increasing unemployment rates, annual average GDP for the Eurozone is expected to fall slightly or stagnate in 2013, relative to 2012. However, this forecast is grounded on the premiss that consolidation efforts in the various countries will be maintained in order to support finance policy on a sustainable basis.

Considering the substantial strains imposed by the Eurozone debt crisis, the economy in **Germany** has proved to be robust in comparison with other European countries. The German economy began 2012 in dynamic shape and maintained a modicum of growth until autumn. Indications of an economic slow-down among German companies are nevertheless evident. Given that about 40% of German exports are to Eurozone countries, the German export economy is likewise affected by the decline in demand resulting from the Eurozone crisis. Despite that, German exports rose in 2012 by around 4% in total, but after almost 8% growth the year before. The employment market in Germany was likewise in robuster shape. According to provisional figures issued by the Federal Office of Statistics, the global growth rate of production in Germany was 0.7% in 2012, compared to 3% in 2011. Despite a stable employment market and the strong competitiveness of local industry in 2012, the economic forecast for 2013 is somewhat restrained, with an expected slow-down in the economy. World trade growth will be slightly weaker in 2013 than in 2012, which means that demand for German industrial products will also be modest.

2.4.2 INDUSTRY-SPECIFIC ENVIRONMENT

The situation in the Ticketing and Live Entertainment segment is characterised as ever before by accelerated globalisation and concentration.

Technical progress is a key driver of economic development. The progressive digitalisation of the world is speeding the pace of globalisation and swelling the flood of information. Today, around two billion people use the Internet. With the development of the mobile Internet and suitable devices for using it, accessing media content regardless of time and place is gaining in importance for consumers.

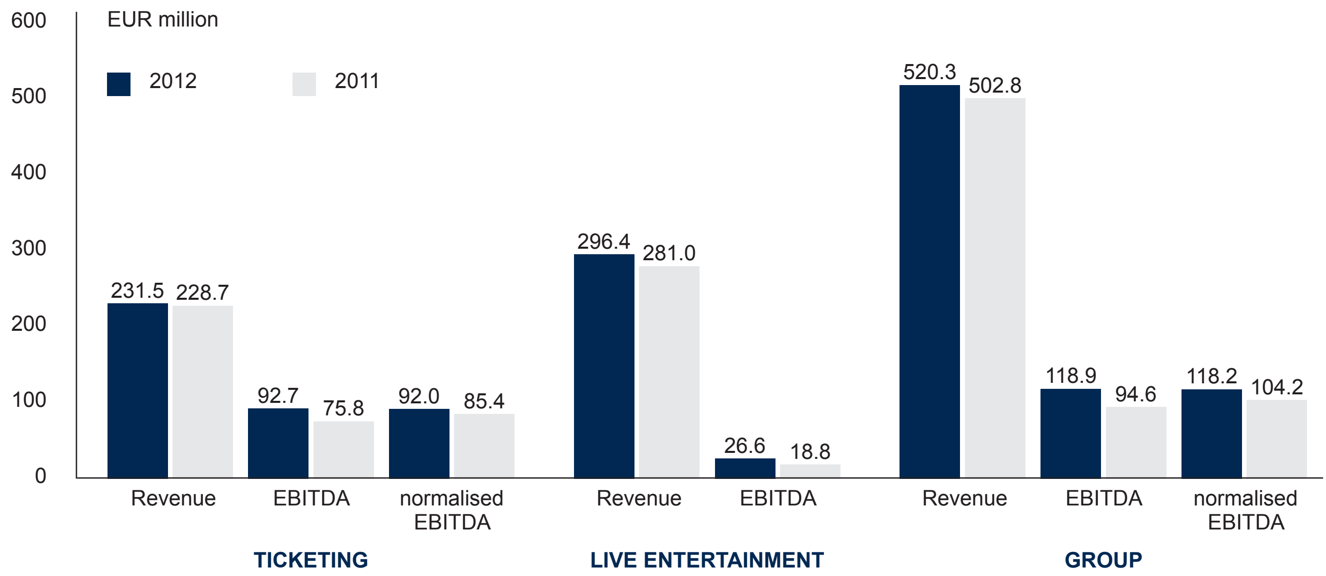
Social media are one of the most important online applications; according to the Social Media Germany 2012 study conducted by PwC, 75% of Internet user are now social media users. Communication in social networks, or the networking of all mobile devices via ‘cloud computing’ is broadening the use of the Internet and is leading to the digitalisation of classical industries. High-speed Internet access via broadband connection is becoming more and more important. Online app stores offer a wide range of applications. Such apps are among the most popular ways of using smartphones and tablets. Apple claims that, since launching its App Store in 2008, a total of 30 billion apps have been downloaded. There are now about 500,000 apps available in the App Store for the iPhone and 200,000 apps for the iPad. In the app store for Android devices, Google Play, there are now 400,000 apps available for download. In the PwC study entitled ‘German Entertainment and Media Outlook 2012-2016’, an average annual growth rate of 7.7% is forecast for the years until 2016, from a baseline of just under 10 billion Euro in revenue in the Internet access market in Germany in 2011. In order to participate in the growth of the entertainment and media industry, companies are adapting to the ever-increasing digitalisation. The needs of ‘networked consumers’ are influencing business models, business processes and organisation structures.

The events market is as successful as ever. 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. In the consumer study for the event markets in 2011 published by the National Association for the Event Promotion Industry (Bundesverband der Veranstaltungswirtschaft) and ‘Musikmarkt’ magazine, music events successfully defended their second place after the books market and ahead of the software/games industry. No other entertainment segment has developed as strongly as live events.

2.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

In the 2012 financial year, despite a challenging business environment, the CTS Group achieved a further increase in profitability. The ticketing business for music, cultural and sports events has proved to be exceedingly robust and sustainable.

Key performance figures are shown in the table below:



Despite fewer events in pre-sales over the first nine months in 2012 which was driven by major international sports events, the ticketing segment increased revenues year-on-year. This result is attributable to an expectedly strong fourth quarter, and the fact that profitability relative to the 2012 financial year was continuously improved. In the period under review, 20.6 million tickets were sold via the Internet – which equates to a year-on-year increase of around 7% (19.2 million tickets).

The strategic acquisitions of See Tickets Germany / Ticket Online Group and the Ticketcorner Group by the Ticketing segment in recent years have been systematically integrated and now make a positive contribution to revenue and earnings. Long-term synergies have also been realised as a result of the scale effects and a significant improvement in key performance figures.

Following a major ticketing project in the previous year, namely the FIFA 2011 Women's World Cup in Germany, initial revenues were generated in the reporting year in connection with current project activities relating to the 2014 Winter Olympic Games in Sochi (hereinafter: Sochi). CTS EVENTIM AG is the official supplier of the Sochi 2014 Organising Committee in the 'Ticketing Services' category. The CTS Group will provide the entire online ticketing platform for the 2014 Winter Olympic Games.

The Live Entertainment segment showed excellent performance in the 2012 financial year. Revenue and earnings were boosted by a large number of attractive live events. Established festivals like 'Rock am Ring' and 'Rock im Park', as well as tours by Bryan Adams, Coldplay, Nickelback and Shadowland met with huge demand from fans.

In addition to new kinds of events, the management of some renowned venues is also gaining in importance for ongoing business operations. For example, CTS EVENTIM is now operating not only the Waldbühne arena in Berlin, but also the famous Hammersmith Apollo in London (in a joint venture with Anschutz Entertainment Group (AEG)). Additionally, the management company of Cologne-based Lanxess Arena was acquired in the fourth quarter of 2012. The objective is to continue pursuing this diversification of the Live Entertainment segment in Germany and in other countries.

2.4.4 CTS SHARE PERFORMANCE

CTS shares achieved an increase in price of 14.8% in the reporting year. A dividend of EUR 0.44 per eligible share was also paid in the 2012 financial year. This means that CTS shares generated 16.8% in absolute value growth in the past financial year, which means that in the 2012 financial year as well, CTS shares were able to continue their constant appreciation in value over the past ten years.

A detailed report on the performance of CTS shares and general information on the work of Investor Relations can be found on page 6 of the 2012 Annual Report.

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

	2012	2011	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**520,334**	**502,814**	**17,520**	**3.5**
Gross profit	**179,314**	**162,379**	**16,935**	**10.4**
EBITDA	**118,924**	**94,635**	**24,289**	**25.7**
EBIT	**96,130**	**72,061**	**24,069**	**33.4**
Non-recurring items:				
Acquisition costs	734	1,277	-543	-42.5
Workforce restructuring costs	298	958	-660	-68.9
Settlement of an acquisition	-1,820	0	-1,820	n.a.
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	75	7,363	-7,288	-99.0
	-713	**9,598**	**-10,311**	**-107.4**
Amortisation from purchase price allocation [1]	**10,058**	**10,520**	**-462**	**-4.4**
Normalised EBITDA	**118,211**	**104,233**	**13,978**	**13.4**
Normalised EBIT before amortisation from purchase price allocation	**105,475**	**92,179**	**13,296**	**14.4**
Financial result	-7,970	-5,018	-2,952	58.8
Earnings before tax (EBT)	**88,160**	**67,043**	**21,117**	**31.5**
Taxes	-27,074	-21,089	-5,985	28.4
Non-controlling interest	-6,096	-3,766	-2,330	61.9
Net income after non-controlling interest	**54,990**	**42,188**	**12,802**	**30.3**

[1] Purchase price allocation of Ticketcorner Group and See Tickets Germany / Ticket Online Group; cf. Section 2.2 ‚Corporate Management' in combined management report, page 17, for further information

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
2012 [EUR'000]	520,334

The **Group** achieved significant growth in revenue in the 2012 financial year and extended its leadership in the European ticketing and live events markets. The business model proved yet again to be very robust, even in a tough economic environment. EUR 520.334 million in revenue was generated (prior year: EUR 502.814 million; +3.5%). Revenue (before consolidation between segments) breaks down in a very balanced fashion into EUR 231.507 million in the Ticketing segment (prior year: EUR 228.712 million) and EUR 296.426 million in the Live Entertainment segment (prior year: EUR 280.968 million).

In the 2012 financial year, the **Ticketing segment** achieved revenue of EUR 231.507 million, compared to EUR 228.712 million in 2011 (+1.2%). This increase was driven by strong growth in the core European markets and also by successfully integrated acquisitions in the form of the Ticketcorner Group and See Tickets Germany / Ticket Online Group. Despite fewer events in presales over the first nine months of the 2012 financial year, due in turn to the absence of major international sporting events, revenue was increased in absolute terms year-on-year thanks to an expectedly strong fourth quarter.

In the 2012 financial year, around 20.6 million tickets were sold via the Internet portals oprtated by the Group (prior year: 19.2 million). This equates to an increase of around 7% in the volume of Internet ticket sales.

The share of revenue generated by foreign subsidiaries amounted to 39% for the 2012 reporting period to date, slightly the same as a year before.

The **Live Entertainment segment** showed excellent performance in the 2012 financial year. Attractive live events resulted in year-on-year revenue growth of EUR 15.458 million to EUR 296.426 million (prior year: EUR 280.968 million; up 5.5%).

Group revenue amounted in the reporting year to EUR 520.334 million (prior year: EUR 502.814 million) and breaks down as follows: Germany EUR 384.681 million (prior year: EUR 386.825 million), Austria EUR 47.656 million (prior year: EUR 35.516 million), Switzerland EUR 44.178 million (prior year: EUR 38.721 million), Italy EUR 23.671 million (prior year: EUR 23.703 million) and other countries EUR 20.148 million (prior year: EUR 18.049 million).

3.1.1.2 EARNINGS GROWTH

GROSS PROFIT

The gross profit of the **Group** for the 2012 reporting period is EUR 179.314 million, compared to the prior-year figure of EUR 162.379 million (+10.4%). As a result of margin improvements in both segments, the consolidated gross margin rose from 32.3% to 34.5% and continues to be positively affected by the high percentage share in consolidated gross profit now generated by the high-margin Ticketing segment.

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

	2012	2011
	[in %]	[in %]
Group	34.5	32.3
Ticketing	60.8	57.4
Live Entertainment	13.1	11.0

In the **Ticketing segment**, the gross margin improved from 57.4% to 60.8% due to synergies achieved, among other factors. In the **Live Entertainment segment**, the gross margin increased from 11.0% in the prior year to 13.1%, because costs increased 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 2012, profits were reduced by effects totalling EUR 1.032 million; these resulted from implemented and planned acquisitions and personnel restructuring, mainly for settlements and for benefits paid to interim employment ('transfer') companies. In the prior year 2011, EUR 2.235 million in costs for acquisitions and workforce restructuring were recognised.

- In the reporting period, a positive effect on Group profits resulting from the completion of an acquisition was normalised to the amount of EUR -1.820 million.

- In the 2012 financial year, EUR 75 thousand (prior year: EUR 7.363 million) in legal consultancy costs were incurred in connection with the arbitration proceedings against Live Nation.

EBITDA / NORMALISED EBITDA

Group EBITDA improved by EUR 24.289 million or 25.7% to EUR 118.924 million (prior year: EUR 94.635 million). This growth in EBITDA of EUR 24.289 million breaks down into EUR 16.863 million in the Ticketing segment and EUR 7.814 million in the Live Entertainment segment. The Group EBITDA margin improved by 4.0% to 22.9%, compared to 18.8% in the prior year. Foreign subsidiaries accounted for 19.0% of Group EBITDA, about the same level as the year before.

The normalised Group EBITDA figure was increased by 13.4% from EUR 104.233 million to EUR 118.211 million. The normalised EBITDA margin was 22.7%, compared to 20.7% the year before. Foreign subsidiaries accounted for 19.0% of normalised Group EBITDA, about the same level as the year before.

In the **Ticketing segment**, the EBITDA figure rose by EUR 16.863 million (+22.2%) to EUR 92.690 million (prior year: EUR 75.827 million). Earnings were improved by further increases in the volume of tickets sold via the Internet platforms of the CTS Group and by the companies newly acquired in 2010. Further improvements in earnings are attributable to reduced expenditures on non-recurring items and to operating income resulting from completion of an acquisition. A major contribution to EBITDA growth derives from very successful business performance in the seasonally strong fourth quarter of 2012. The EBITDA margin rose from 33.2% to 40.0%. Foreign subsidiaries accounted for around 23.0% of EBITDA, about the same level as the year before.

Normalised EBITDA improved by EUR 6.551 million (+7.7%) from EUR 85.426 million to EUR 91.977 million. Foreign subsidiaries again accounted for around 23.0% of normalised Group EBITDA. The normalised EBITDA margin increased from 37.4% to 39.7%.

In the **Live-Entertainment segment**, EBITDA improved by EUR 7.814 million from EUR 18.808 million to EUR 26.622 million, mainly because of earnings generated by the 'Rock im Park' and 'Rock am Ring' open-air festivals, as well as tours and live events by 'Alegria' Cirque du Soleil, Coldplay, Lionel Richie, Bruce Springsteen, Byan Adams and Shadowland. The EBITDA margin in the 2012 business year improved to 9.0%, after 6.7% the year before.

EBIT / NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION

The **Group** EBIT figure, at EUR 96.130 million, is 33.4% higher year-on-year (EUR 72.061 million). Total depreciation and amortisation within the Group, at EUR 22.794 million, is slightly higher than the previous year (EUR 22.574 million) and include EUR 10.058 million (prior year: EUR 10.520 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. The EBIT margin improved from 14.3% to 18.5%.

Normalised Group EBIT before amortisation from purchase price allocation (for an explanation of this key performance figure, see also page 17, 2.2 ‘Corporate management’) increased significantly by 14.4% from EUR 92.179 million to EUR 105.475 million. The normalised EBIT margin was 20.3%, compared to 18.3% the year before.

In the **Ticketing segment**, the EBIT figure rose significantly from EUR 55.181 million to EUR 71.983 million (+30.5%). The EBIT margin was 31.1% (prior year: 24.1%). Normalised EBIT before amortisation from purchase price allocation rose by EUR 6.029 million from EUR 75.299 million to EUR 81.328 million (+8.0%). The normalised EBIT margin was 35.1%, compared to 32.9% the year before.

The **Live Entertainment segment** achieved an EBIT of EUR 24.535 million, compared to EUR 16.879 million the year before (+45.4%). The EBIT margin improved to 8.3%, compared to 6.0% the year before.

FINANCIAL RESULT

The financial result, at EUR -7.970 million (prior year: EUR -5.018 million) mainly includes EUR 2.125 million in financial income (prior year: EUR 2.204 million), EUR 8.173 million in financial expenses (prior year: EUR 7.581 million) and EUR -1.932 million in income from investments in associates included at equity (prior year: EUR 80 thousand).

Financial income was primarily interest income. **Financial expenses** mainly comprise borrowing costs (particularly interest expense and other borrowing costs) for financing acquisitions made in the 2010 financial year, and a syndicated loan (revolving credit facility) taken out in the reporting year. The **income from investments in associates included at equity** relate to the Live Entertainment segment. The negative income effects result, inter alia, from losses incurred by additional types of events and by the Hammersmith Apollo joint venture (acquisition costs and amortisation from purchase price allocation).

TAXES

Tax expenses increased in fiscal 2012 by EUR 5.985 million to EUR 27.074 million. Tax expenses include deferred tax income (EUR 3.259 million; prior year: EUR 2.987 million) that is offset against the factual tax expenses of the consolidated standalone companies (EUR 30.333 million; prior year: EUR 24.076 million). The deferred tax income results primarily from deferred tax liabilities that were recognised not through profit and loss, when conducting the purchase price allocations, and which were reversed through profit and loss in the period after initial consolidation.

Deferred tax income and tax expenses were formed on the basis of existing and useable tax loss carryforwards and 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 the earnings before tax. The taxation rate in fiscal 2012 was 30.7% (prior year: 31.5%). The decrease in the Group's taxation rate results from lower amounts of municipal trade tax and non-deductible operating expenses compared to the prior year, and from the use of tax-offsetable losses carried forward.

NON-CONTROLLING INTEREST

Non-controlling interest comprises the share in current profits allocated to other shareholders and increase by EUR 2.330 million from EUR 3.766 million to EUR 6.096 million. The non-controlling interest reported in the income statement increased because of growth in profits in both segments and to a put option, meanwhile expired, on non-controlling interest in the Live Entertainment segment.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interest amounts to EUR 54.990 million (prior year: EUR 42.188 million). Earnings per share (EPS) for the 2012 financial year improved significantly to EUR 1.15, compared to EUR 0.88 the year before.

The net income for the year of CTS AG as a standalone company, in accordance with HGB, was EUR 52.175 million (prior year: EUR 43.299 million), and the distributable earnings per share for the CTS AG standalone company were EUR 1.09 (prior year: EUR 0.86). 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 long-term financial liabilities using the effective interest method (EUR -195 thousand).

3.1.1.3 MAIN ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2012	2011	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	54,465	50,727	3,738	7.4
General administrative expenses	34,056	33,463	593	1.8
Other operating income	17,272	13,315	3,957	29.7
thereof non-recurring items	*-1,820*	*0*	*-1,820*	*100*
Other operating expenses	11,935	19,443	-7,508	-38.6
thereof non-recurring items	*1,107*	*9,598*	*-8,491*	*-88.5*

SELLING EXPENSES

The EUR 3.738 million increase in selling expenses is due, inter alia, to higher personnel expenses (EUR +1.435 million), expenses arising from the measurement of receivables on the closing date (EUR +1.190 million), advertising expenses and expenditures on advertising magazines (EUR +792 thousand) and amortisation and depreciation (EUR +331 thousand, of which EUR -105 thousand are amortisation ensuing from purchase price allocation). As a percentage of revenue, selling expenses increased slightly from 10.1% to 10.5%. Reference is made to the personnel expenses section for the development of personnel costs.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 593 thousand increase in general administrative expenses is principally due to increased personnel expenses (EUR +483 thousand). As a percentage of revenue, general administrative expenses fell from 6.7% to 6.6%. Reference is made to the personnel expenses section for the development of personnel costs.

OTHER OPERATING INCOME

The EUR 3.957 million year-on-year increase in other operating income results mainly from higher advertising and marketing income (EUR +768 thousand and income from the completion of an acquisition in the Ticketing segment (EUR +2.900 million). EUR 2.746 million in other operating income was also generated in the Live Entertainment segment in the 2012 reporting year by the initial consolidation of Arena Management GmbH, Cologne. In accordance with IFRS 3, an increase in other operating income was produced by a negative difference (between shareholders' equity and purchase costs) of EUR 1.340 million, and by an income effect of EUR 1.406 million resulting from the purchase price allocation of acquired assets. This was offset by lower income from the reversal of liabilities / written-off receivables (EUR -1.540 million), income from currency translation (EUR -456 thousand), non-periodic income (EUR -582 thousand) and income from the reversal of allowances for doubtful accounts (EUR -403 thousand).

OTHER OPERATING EXPENSES

Other operating expenses dropped by EUR 7.508 million year-on-year, mainly due to lower expenses resulting from non-recurring items to be normalised (EUR -8.865 million) and to lower currency translation expenses (EUR -1.056 million). The latter were mainly offset by higher expenses for contracted services (EUR +723 thousand) and by expenses for transfer pricing (EUR +496 thousand).

PERSONNEL EXPENSES

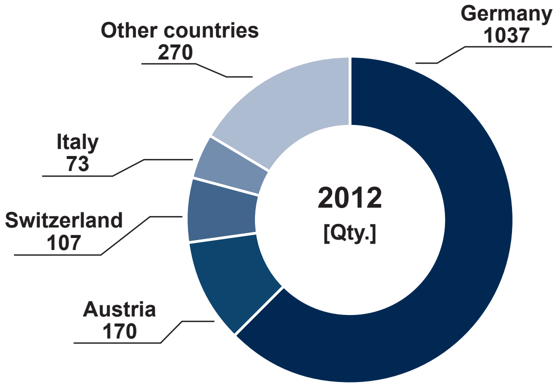
Personnel expenses, at EUR 71.480 million, are slightly higher year-on-year (prior year: EUR 70.576 million). The increase in personnel expenses in the Live Entertainment segment (EUR 1.762 million) was offset by a reduction in personnel expenses in the Ticketing segment (EUR -858 thousand). The increase in personnel expenses in the Live Entertainment segment includes higher personnel expenses in ongoing business operations and increased additions to pension provisions due to a lower discount rate applied in actuarial calculations. The reduction in personnel expenses in the Ticketing segment is primarily due to the ongoing integration of the See Tickets Germany / Ticket Online Group, in contrast to the personnel restructuring costs incurred the year before.

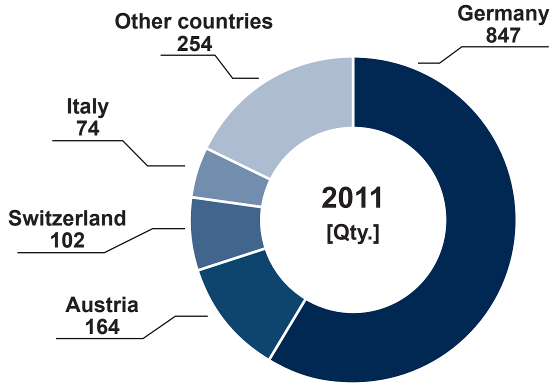
Breakdown of workforce by segment (permanent / temporary employees), year-end figures:

	2012	2011	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,221	1,228	-7	-0.6
Live Entertainment	436	213	223	104.7
Total	**1,657**	**1,441**	**216**	**15.0**

In the Ticketing segment, the organic growth in workforce size is offset by a disproportional reduction in personnel in the companies acquired in 2010. In the Live Entertainment segment, the increase in workforce size is attributable to the acquisition of Arena Management GmbH in December 2012. About 50% of the workforce at Arena Management GmbH are temporary employees who work in the Lanxess Arena on a temporary basis.

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





On average during 2012, the Group had 161 more employees than in the 2011 financial year.

3.1.1.4 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2009	2010	2011	2012
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	152.5	193.9	228.7	231.5
Gross profit	83.9	107.2	131.4	140.7
Gross margin	55.0%	55.3%	57.4%	60.8%
EBITDA	55.4	61.4	75.8	92.7
Normalised EBITDA	55.4	69.3	85.4	92.0
Normalised EBIT before amortisation from purchase price allocation	49.0	61.1	75.3	81.3

In the years 2009 – 2012, annual revenue growth in the Ticketing segment averaged 15%. Of the total revenue in this segment in the 2012 reporting year, EUR 144.981 million (prior year: EUR 133.793 million) were generated via the Internet, equivalent to Internet revenue growth of 8.4%. Revenue generated via the Internet accounted for 63% of total Ticketing segment revenue in the 2012 financial year (prior year: 58%).

Up to 2012, EBITDA improved annually by an average of 19%. Normalised EBITDA improved annually by 18% on average up to 2012.

LIVE ENTERTAINMENT

	2009	2010	2011	2012
	[EUR million]	[EUR million]	[EUR million]	[EUR million]
Revenue	318.7	333.8	281.0	296.4
Gross profit	40.5	40.0	31.0	38.7
Gross margin	12.7%	12.0%	11.0%	13.1%
EBITDA	24.5	26.6	18.8	26.6
EBIT	22.2	24.6	16.9	24.5

In the years 2009 – 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 financial year were lower, as expected, than the record figures achieved in 2009 and 2010. The large number of attractive live events in 2012 financial year contributed to renewed growth. Up to 2012, EBITDA improved annually by an average of 2.8%.

3.1.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	2012	2011	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**120,567**	**107,960**	**12,607**	**11.7**
Gross profit	**70,389**	**63,474**	**6,915**	**10.9**
EBITDA	**53,452**	**36,987**	**16,465**	**44.5**
EBIT	**49,645**	**34,101**	**15,544**	**45.6**
Non-recurring items:				
Settlement of an acquisition	-2,900	0	-2,900	n.a.
Acquisition costs	617	1,277	-660	-51.7
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	75	7,363	-7,288	-99.0
	-2,208	**8,640**	**-10,848**	**-125.6**
Normalised EBITDA	**51,244**	**45,627**	**5,617**	**12.3**
Normalised EBIT	**47,437**	**42,741**	**4,696**	**11.0**
Financial result	19,921	22,448	-2,527	-11.3
Earnings before tax (EBT)	**69,566**	**56,550**	**13,016**	**23.0**
Extraordinary expenses	0	-88	88	-100.0
Taxes	-17,391	-13,163	-4,228	32.1
Net income for the year	**52,175**	**43,299**	**8,876**	**20.5**

3.1.2.1 REVENUE GROWTH

In the 2012 financial year, CTS AG revenue increased by EUR 12.607 million from EUR 107.960 million to EUR 120.567 million; this equates to a 11.7% growth in revenue. The main factor accounting for this improvement in revenue was the further growth in the number of tickets sold via the Internet. In the core ticketing business, higher income from software licensing was the main reason for the increase in revenue. The absence of revenues generated the previous year by the FIFA 2011 Women's World Cup Championships in Germany was partially offset by initial revenues generated in the reporting year by project activities relating to the 2014 Winter Olympic Games 2014 in Sochi.

3.1.2.2 EARNINGS GROWTH

GROSS PROFIT

Gross profit increased by 10.9% year-on-year. The continuous increase in revenue from Internet ticket sales contributed significantly to the increase in gross profit and compensated for proportionately higher personnel expenses. The gross margin fell slightly to 58.4% (prior year: 58.8%).

NON-RECURRING ITEMS

CTS AG earnings in the reporting year were reduced by non-recurring items significantly less than in the year before. The EUR 617 thousand in acquisition and integration costs (prior year: EUR 1.277 million) mainly related to projects budgeted and implemented during the reporting year. In the year under review, CTS AG earnings generated by the completion of an acquisition were normalised to the amount of EUR -2.900 million. In 2012, legal consultancy fees in connection with the arbitration proceedings against Live Nation were very low by comparison (EUR 75 thousand; prior year: EUR 7.363 million).

EBITDA / NORMALISED EBITDA

Very successful business performance in the seasonally strong fourth quarter of 2012, and a further increase in the volume of tickets sold online were the main factors accounting for the strong growth in EBITDA to a figure of EUR 53.452 million (prior year: EUR 36.987 million). Further improvements in earnings are attributable to lower expenditures on non-recurring items and to higher operating income resulting from completion of an acquisition. The EBITDA margin thus improved to 44.3% (prior year: 34.3%).

Normalised EBITDA increased by 12.3% (EUR +5.617 million) to EUR 51.244 million; the normalised EBITDA margin rose from 42.3% in the prior year to 42.5%. Higher gross profit led to an improved figure for normalised EBITDA, due to only slightly higher selling and administrative expenses and other operation expenses.

EBIT / NORMALISED EBIT

The EBIT figure for the reporting year is EUR 49.645 million (prior year: EUR 34.101 million), while the EBIT margin improved from 31.6% to 41.2%. Normalised EBIT amounts to EUR 47.437 million (prior year: EUR 42.741 million); the normalised EBIT margin is 39.3% (prior year: 39.6%).

FINANCIAL RESULT

The financial result fell by EUR 2.527 million, from EUR 22.448 million the previous year to EUR 19.921 million.

The financial result includes EUR 25.901 million in income in the form of dividends and transferred profits from participations (prior year: EUR 26.209 million), EUR 1.254 million in interest income (prior year: EUR 1.224 million), EUR 37 thousand in income from loans held as financial assets (prior year: EUR 386 thousand), EUR -1.851 million in depreciation of financial assets, EUR 4.623 million in interest expenses (prior year: EUR 4.834 million) and other financial expenses amounting to EUR -797 thousand (prior year: EUR -537 thousand).

Income in the form of dividends and transferred profits from participations fell slightly in total by EUR 308 thousand. An increase in income in the form of dividends from participations, to EUR 5.305 million, is offset by a decrease in income from profit transfer agreements to EUR 5.613 million.

Depreciation of financial assets relates to the concentration of business activities in the Ticketing segment in Switzerland, and to the integration of the Ticketcorner Group into the CTS Group. One amount carried under capitalised financial assets, in respect of a participation in a Swiss holding company that is no longer operational, had to be written down.

Interest expense and other financial expenses mainly relate to the long-term financing of acquisitions in 2010 and to a syndicated loan (revolving credit facility) taken out in the reporting year.

EXTRAORDINARY RESULT

A merger-related loss of EUR 88 thousand was recognised in respect of the merger of TSC Ticket- & Tourist-Service-Center GmbH, Bremen, which was carried out in the prior year.

TAXES

Tax expenses increased by EUR 4.228 million from EUR 13.163 million to EUR 17.391 million. These tax expenses include EUR 17.391 million in taxes on income (prior year: EUR 13.369 million). The taxation rate (taxes on income / earnings before tax) is 25.0%.

NET INCOME FOR THE YEAR

The net income for the year, according to HGB, climbed from EUR 43.299 million to EUR 52.175 million. The net margin is 43.3% (prior year: 40.1%).

3.1.2.3 MAIN ITEMS IN THE INCOME STATEMENT

	2012	2011	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	15,565	13,946	1,619	11.6
General administrative expenses	7,047	6,290	757	12.0
Other operating income	8,049	3,243	4,806	148.2
thereof non-recurring items	*-2,900*	*0*	*-2,900*	*n.a.*
Other operating expenses	6,181	12,378	-6,197	-50.1
thereof non-recurring items	*692*	*8,640*	*-7,948*	*-92.0*

SELLING EXPENSES

Selling expenses rose by EUR 1.619 million to EUR 15.565 million. This increase is mainly attributable to higher proportional personnel expenses (EUR +904 thousand), depreciation (EUR +470 thousand), advertising expenses (EUR +447 thousand), costs for office premises and rent (EUR +193 thousand) and travel expenses (EUR +124 thousand). These are offset by lower expenses for the formation of allowances for doubtful accounts (EUR -517 thousand) and less legal and consultancy expenses by proportion (EUR -185 thousand). As a percentage of revenue, selling expenses remained unchanged year-on-year at 12.9%.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 757 thousand increase in general administrative expenses in the reporting year, to EUR 7.047 million, is mainly the result of higher proportional personnel expenses (EUR +443 thousand), higher proportional depreciation (EUR +230 thousand), higher costs for levies and insurance contributions (EUR +100 thousand) as well as higher proportional costs for office premises and rent (EUR +72 thousand). The proportional costs for external personnel fell, in contrast, by EUR 155 thousand. As a percentage of revenue, administrative expenses remained unchanged year-on-year at 5.8%.

OTHER OPERATING INCOME

Other operating income increased by EUR 4.806 million to EUR 8.049 million. This increase mainly resulted from the completion of an acquisition (EUR +2.900 million). Higher income also resulted from the reversal of provisions (EUR +663 thousand), transfer pricing (EUR +834 thousand), from written-off receivables (EUR +230 thousand) and from refunds (EUR +192 thousand), mainly offset by the decrease in income from currency translation (EUR -144 thousand).

OTHER OPERATING EXPENSES

The EUR 6.197 million decrease in other operating expenses to EUR 6.181 million is mainly attributable to the fact that legal consulting expenses in connection with the Live Nation arbitration proceedings were lower in the reporting year (EUR -7.947 million). Expenses arising from currency translation were also lower (EUR -317 thousand). The year under review saw an increase in expenses for contracted services (EUR +537 thousand) and in transit pricing (EUR +899 thousand). The increase in contracted services and in transfer pricing mainly relate to the project concerning the 2014 Olympic Winter Games in Sochi.

PERSONNEL EXPENSES

Personnel expenses increased year-on-year by EUR 1.772 million from EUR 12.689 million to EUR 14.461 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 2012 financial year, CTS AG had 231 employees on its payroll (prior year: 191). The average number of employees over the year increased from 186 the previous year to 210 in the current financial year.

3.2 FINANCIAL POSITION
3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2012		31.12.2011		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	319,514	39.4	249,964	35.0	69,550
Trade receivables	27,611	3.4	28,958	4.1	-1,347
Receivables from affiliated and associated companies accounted for at equity	2,167	0.3	5,045	0.7	-2,878
Inventories	1,851	0.2	1,793	0.3	58
Payments on account	16,252	2.0	14,870	2.1	1,382
Other assets	63,397	7.8	42,638	5.9	20,759
Total current assets	**430,792**	**53.1**	**343,268**	**48.1**	**87,524**
Non-current assets					
Fixed assets	115,995	14.3	111,752	15.7	4,243
Goodwill	252,704	31.2	251,797	35.3	907
Trade receivables	61	0.0	0	0.0	61
Receivables from affiliated and associated companies accounted for at equity	3,727	0.5	0	0.0	3,727
Other assets	4,143	0.5	3,051	0.4	1,092
Deferred tax assets	3,668	0.4	3,619	0.5	49
Total non-current assets	**380,298**	**46.9**	**370,219**	**51.9**	**10,079**
Total assets	**811,090**	**100.0**	**713,487**	**100.0**	**97,603**

	31.12.2012		31.12.2011		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	46,575	5.7	24,749	3.5	21,826
Trade payables	48,303	6.0	41,003	5.7	7,300
Payables to affiliated and associated companies accounted for at equity	281	0.0	2,736	0.4	-2,455
Advance payments received	115,397	14.2	83,783	11.7	31,614
Provisions	15,551	1.9	15,388	2.2	163
Other liabilities	189,835	23.4	161,908	22.7	27,927
Total current liabilities	**415,942**	**51.2**	**329,567**	**46.2**	**86,375**
Non-current liabilities					
Medium- and long-term financial liabilities	159,406	19.7	180,141	25.2	-20,735
Other liabilities	272	0.0	172	0.0	100
Pension provisions	3,786	0.5	4,805	0.7	-1,019
Deferred tax liabilities	16,259	2.0	18,944	2.7	-2,685
Total non-current liabilities	**179,723**	**22.2**	**204,062**	**28.6**	**-24,339**
Shareholders' equity					
Share capital	48,000	5.9	48,000	6.7	0
Capital reserve	1,890	0.2	1,890	0.3	0
Statutory reserve	2,400	0.3	2,165	0.3	235
Retained earnings	147,500	18.2	114,803	16.1	32,697
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	14,522	1.8	11,476	1.6	3,046
Other comprehensive income	-303	0.0	8	0.0	-311
Currency differences	1,468	0.2	1,568	0.2	-100
Total shareholders' equity	**215,425**	**26.6**	**179,858**	**25.2**	**35,567**
Total shareholders' equity and liabilities	**811,090**	**100.0**	**713,487**	**100.0**	**97,603**

CURRENT ASSETS increased by EUR 87.524 million to EUR 430.792 million. This is attributable above all to a EUR 69.550 million increase in cash and cash equivalents to EUR 319.514 million, a EUR 20.759 million increase in other assets to EUR 63.397 million and to an increase of EUR 1.382 million in payments on account to EUR 16.252 million. These increases are offset by a EUR 1.347 million reduction in trade receivables to EUR 27.611 million, and a EUR 2.878 million decrease, to EUR 2.167 million, in receivables from affiliated companies and associates included at equity.

The EUR 69.550 million increase in **cash and cash equivalents** mainly results from the positive consolidated net income and from an increase in advance payments received and in liabilities in respect of ticket monies as at the balance sheet date. The distribution of dividends in the second quarter of 2012, especially, led to cash outflows in the reporting period.

Cash and cash equivalents, at EUR 319.514 million (prior year: EUR 249.964 million) include ticket monies from not yet invoiced pre-sales for events (ticket monies not yet invoiced in the Ticketing segment), which are reported under other liabilities (EUR 145.002 million; prior year: EUR 124.234 million). Other assets also include receivables relating to ticket monies from pre-sales in the Ticketing segment (EUR 30.937 million; prior year: EUR 18.997 million).

Trade receivables decreased by EUR 1.347 million in the context of ongoing business operations.

The EUR 1.382 million increase in **payments on account** is mainly attributable to production outlays in the Live Entertainment segment for events held in the first half of 2013.

Other assets increased in the course of ordinary business activities by EUR 20.759 million, mainly in respect of receivables relating to ticket monies from pre-sales in the Ticketing segment (EUR 11.940 million), VAT receivables (EUR 1.014 million), receivables from promoters (EUR 1.232 million), and in respect of marketable securities (EUR 1.566 million).

NON-CURRENT ASSETS were EUR 10.079 million higher, at EUR 380.298 million. The increase mainly related to fixed assets (EUR 4.243 million), receivables from affiliated companies and associates included at equity (EUR 3.727 million), other assets (EUR 1.092 million) and to goodwill (EUR 907 thousand).

The EUR 4.243 million change in **fixed assets** mainly relates to an increase in investments in associates included at equity (EUR +14.466 million), which mainly rose in conjunction with the HAL Apollo joint venture acquisition. Fixed assets were reduced by the 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 907 thousand increase in **goodwill** results from currency translation effects associated with the measurement of goodwill in foreign currencies as at the closing date of 31 December 2012 (EUR +455 thousand; Euro to Swiss Francs) and from the acquisition of nolock Softwarelösungen GmbH, Vienna (hereinafter: nolock) (EUR +452 thousand).

Other assets increased by EUR 1.092 million in the course of ordinary business activities, especially in the Ticketing segment.

Assets tied up for the long term account for 47% of the balance sheet total (prior year: 52%). Due, inter alia, to the capitalised assets formed by the purchase price allocation of the companies acquired in the 2010 financial year, assets tied up for the long term are now only partly financed by shareholders' equity.

CURRENT LIABILITIES rose EUR 86.375 million to EUR 415.942 million. This increase is mainly attributable to advance payments received (EUR +31.614 million), to other liabilities (EUR +27.927 million) and to short-term financial liabilities and current portion of long-term financial liabilities (EUR +21.826 million).

The EUR 21.826 million increase in **short-term financial liabilities and in the current portion of long-term financial liabilities** is mainly due to the timely reclassification of loan liabilities and purchase price liabilities from non-current liabilities to current loan liabilities. Current financial liabilities also increased as a result of external borrowing for acquiring shares in the HAL Apollo joint venture.

In the Live Entertainment segment, the EUR 31.614 million increase in **advance payments received** is mainly attributable to the fact that more ticket monies were received from pre-sales in the fourth quarter for events held in 2013. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

The EUR +27.927 million change in **other liabilities** is predominantly due to higher liabilities in the Ticketing segment in respect of ticket monies that have not yet been invoiced. Compared to the prior year, there were more events that had not yet been invoiced, as at 31 December 2012, due to the closure date, so that the liabilities for ticket monies not yet invoiced were increased accordingly.

NON-CURRENT LIABILITIES were reduced by EUR 24.339 million, mainly due to a decrease in medium- and long-term financial liabilities (EUR -20.735 million).

The EUR -20.735 million change in **medium- and long-term financial liabilities** resulted primarily from the timely reclassification of loan liabilities and purchase price liabilities as short-term financial liabilities.

SHAREHOLDERS' EQUITY increased by EUR 35.567 million to EUR 215.425 million, mainly as a result of the positive Group net income of EUR 54.990 million. The increase is offset, inter alia, by the reduction in shareholders' equity following the distribution of EUR 21.118 million as dividend for the 2011 financial year.

According to § 150 AktG, a stock corporation must form a statutory amount of reserves 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 235 thousand was therefore formed.

As at 31 December 2012, there were no longer any liabilities relating to the recognition of put options, due to the expiry of any obligations in that respect. The put options held by certain non-controlling interests were reclassified from financial liabilities into non-controlling interest under shareholders' equity.

The equity ratio (shareholders' equity divided by the balance sheet total) increased slightly from 25.2% to 26.6%.

The return on equity (consolidated net income divided by shareholders' equity) is 25.5%, compared to 23.5% in the prior year.

OTHER DISCLOSURES

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

	31.12.2012 [EUR'000]	31.12.2011 [EUR'000]
Debt [1]	205,981	204,890
Cash and cash equivalents	-319,514	-249,964
Net debt	**-113,533**	**-45,074**
Shareholders' equity	215,424	179,859
Net debt to shareholders' equity	-53%	-25%

[1] Debt ist 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. The CTS Group has more cash and cash equivalents than debt at the end of 2012. 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 149.704 million are tied up at the balance sheet date to comply with standard financial covenants for companies with good creditworthiness ratings. Other than fulfillment of these 'financing covenants', there are no specific restrictions that might adversely affect the availability of funds. The CTS Group assumes that the 'financing covenants' will be honoured in the years ahead.

3.2.2 FINANCIAL POSITION OF CTS AG (HGB)

	31.12.2012		31.12.2011		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	117,845	26.4	85,215	22.0	32,630
Trade receivables	7,519	1.7	9,010	2.3	-1,491
Receivables from affiliated companies and participations	21,451	4.8	24,462	6.3	-3,011
Inventories	387	0.1	528	0.1	-141
Other assets and prepaid expenses	18,919	4.2	9,982	2.6	8,937
Total current assets	**166,121**	**37.2**	**129,197**	**33.3**	**36,924**
Non-current assets					
Fixed assets	268,783	60.2	248,541	64.1	20,242
Goodwill	491	0.1	818	0.2	-327
Receivables from affiliated companies and participations	6,130	1.4	4,129	1.1	2,001
Other assets and prepaid expenses	4,878	1.1	5,107	1.3	-229
Total non-current assets	**280,282**	**62.8**	**258,595**	**66.7**	**21,687**
Total assets	**446,403**	**100.0**	**387,792**	**100.0**	**58,611**

	31.12.2012		31.12.2011		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities and current portion of long-term financial liabilities	40,578	9.1	14,786	3.8	25,792
Advance payments received	557	0.1	0	0.0	557
Trade payables	6,881	1.5	7,567	1.9	-686
Liabilities to affiliated companies and participations	9,251	2.1	5,331	1.4	3,920
Provisions	9,073	2.0	8,068	2.1	1,005
Other liabilities and deferred income	92,877	20.9	78,626	20.3	14,251
Total current liabilities	**159,217**	**35.7**	**114,378**	**29.5**	**44,839**
Non-current liabilities					
Medium- and long-term financial liabilities	116,429	26.1	133,714	34.5	-17,285
Deferred tax liabilities	43	0.0	43	0.0	0
Total non-current liabilities	**116,472**	**26.1**	**133,757**	**34.5**	**-17,285**
Shareholders' equity					
Share capital	48,000	10.8	48,000	12.4	0
less par value of treasury stock	-4	0.0	-4	0.0	0
Capital reserve	2,400	0.5	2,400	0.6	0
Statutory reserve	2,400	0.5	2,165	0.5	235
Balance sheet profit	117,918	26.4	87,096	22.5	30,822
Total shareholders' equity	**170,714**	**38.2**	**139,657**	**36.0**	**31,057**
Total shareholders' equity and liabilities	**446,403**	**100.0**	**387,792**	**100.0**	**58,611**

The balance sheet total of CTS AG increased year-on-year by EUR 58.611 million to EUR 446.403 million (+15%).

CURRENT ASSETS increased by EUR 36.924 million to EUR 166.121 million (+29%). The changes mainly derive from the EUR 32.630 million increase in cash and cash equivalents and the EUR 8.937 million increase in other receivables and in accrued income and prepaid expenses. These are offset by decreases in trade receivables (EUR -1.491 million) and in receivables from affiliated companies and participations (EUR -3.011 million).

Cash and cash equivalents rose in the financial year by EUR 32.630 million from EUR 85.215 million to EUR 117.845 million. This increase is attributable, inter alia, to the higher net income for the year, and to higher liabilities for ticket monies that have not yet been invoiced (EUR +13.128 million). A major cash outflow in the period under review was the disbursement of dividends in the second quarter of 2012.

Current receivables from affiliated companies and participations fell by EUR 3.011 million This decrease is mainly attributable to the repayment of loans in the reporting year and to the settlement of receivables from profit transfer agreements.

Other assets and prepaid expenses increased by EUR 8.937 million, mainly due to higher receivables for ticket monies that have not yet been invoiced (EUR 6.928 million).

NON-CURRENT ASSETS increased by EUR 21.687 million to EUR 280.282 million. A major portion of that increase, EUR 20.242 million, relates to fixed assets, while EUR 2.001 million of the increase relate to receivables from affiliated companies and participations.

Additions to **assets**, at EUR 31.888 million, are offset by EUR 5.658 million in depreciation and amortisation and EUR 6.316 million in disposals. Of those additions, EUR 5.060 million were to intangible assets, mainly for further development of the Global Ticketing System (EUR 4.413 million). The EUR 1.594 million in 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 1.051 million). The additions to financial assets, at EUR 25.234 million, mainly result from share capital increases in holding companies (EUR 20.668 million) for acquiring the HAL Apollo joint venture and Arena Management GmbH, from agreed payments of remaining purchase monies for existing shares in affiliated companies (EUR 4.064 million) and from the acquisition of a new participation (EUR 501 thousand). Depreciation, at EUR 5.658 million, relates primarily to straight-line depreciation of intangible assets and property, plant and equipment, and to the depreciation of financial assets. Depreciation of financial assets relates primarily to the concentration of business activities in the Ticketing segment in Switzerland, and to the integration of the Ticketcorner Group into the CTS Group. Disposals of financial assets, at EUR 6.259 million, relate to the repayment of loans to affiliated companies.

Of the EUR 2.001 million increase in long-term **receivables from affiliated companies and participations**, EUR 3.835 million results from the granting of loans to affiliated companies for business operations, offset by repayments of loans by affiliated companies and by timely reclassification of long-term to short-term receivables.

The EUR 229 thousand decrease in long-term **other assets and prepaid expenses** derives primarily from the reclassification of accruals from the long-term to short-term assets (EUR -370 thousand). Long-term loan receivables from promoters in the context of ongoing business operations increased, in contrast, by EUR 139 thousand.

CURRENT LIABILITIES increased by EUR 44.839 million to EUR 159.217 million, mainly by the increase in short-term financial liabilities and in the current portion of long-term financial liabilities (EUR +25.792 million), and by an increase in other liabilities and deferred expenses (EUR +14.251 million).

The EUR 14.251 million increase in **other liabilities and deferred expenses** is mainly caused by increased liabilities in respect of ticket monies that have not yet been invoiced (EUR +13.204 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 2012 closure date. There was also an increase of EUR 1.569 million in liabilities for gift vouchers sold but not yet redeemed.

Of the EUR 25.792 million increase in **short-term financial liabilities and in the current portion of long-term financial liabilities**, EUR 19.000 million resulted from short-term use of a syndicated credit line (revolving credit facility) to finance the HAL Apollo joint venture; at the beginning of the 2013 financial year, this short-term acquisition financing was rescheduled as a long-term loan to be repaid at the end of the term. Long-term loan liabilities amounting to EUR 17.285 million were also reclassified as short-term financial liabilities in accordance with repayment agreements, and EUR 722 thousand in interest on financial liabilities were deferred as at the balance sheet date. These amounts are offset by EUR 11.214 million in scheduled repayments of financial liabilities.

NON-CURRENT LOAN LIABILITIES were reduced by EUR 17.285 million to EUR 116.472 million. This decrease results from the timely reclassification of loan liabilities as short-term financial liabilities.

SHARHOLDERS' EQUITY rose by EUR 31.057 million to EUR 170.714 million. The net income for the reporting year, at EUR 52.175 million, is offset by the EUR 21.118 million dividend for the 2011 financial year that was adopted at the Annual Shareholders' Meeting in 2012.

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 subscribed capital is covered by the capital reserve and the statutory reserve. At CTS AG, the statutory reserve of EUR 235 thousand was therefore formed in the reporting year.

The equity ratio improved from 36.0% to 38.2%.

The return on equity (net income for the year divided by shareholders' equity) is 30.6%, compared to 31.0% in 2011.

3.3 CASH FLOW
3.3.1 CONSOLIDATED CASH FLOW (IFRS)

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	108,130	112,575	-4,445
Investing activities	-12,577	-13,197	620
Financing activities	-26,487	-27,592	1,105
Net increase / decrease in cash and cash equivalents	**69,066**	**71,786**	**-2,720**
Net increase / decrease in cash and cash equivalents due to currency translation	484	142	342
Cash and cash equivalents at beginning of period	249,964	178,036	71,928
Cash and cash equivalents at end of period	**319,514**	**249,964**	**69,550**

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 2011, cash and cash equivalents increased by EUR 69.550 million from EUR 249.964 million to EUR 319.514 million.

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

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased year-on-year by EUR -4.445 million from EUR +112.575 million to EUR +108.130 million. The main reason for this increase in cash flow from operating activities is the EUR 12.802 million increase in consolidated net income from EUR 42.188 million to EUR 54.990 million. The EUR +19.264 million increase in liabilities also had a positive impact on the cash flow from ongoing business operations. This was offset by a year-on-year decrease in cash flow mainly due to higher receivables and other assets (EUR -29.027 million), to larger payments of taxes on income (EUR -11.319 million) and to higher payments on account (EUR -4.243 million).

The positive cash flow effect of EUR +19.264 million from changes in **liabilities** was mainly the result of advance payments received in the Live Entertainment segment (EUR +12.564 million) and of liabilities accruing in the Ticketing segment from ticketing monies that have not yet been invoiced (EUR +15.042 million). These were offset by a reduction in trade payables (EUR -3.928 million) and in other liabilities (TEUR -4.414 million). In the Live Entertainment segment, ticket revenue generated in the pre-sale period is posted by the promoter on the liabilities side as **advance payments received**. When the event is subsequently held, these advance payments received are transferred to revenue. In the reporting period, as in the prior year, pre-sales for events held after the balance sheet date resulted in a stronger cash inflow. Compared to the previous year, this led to a positive cash flow effect of EUR +12.564 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 2012 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 +15.042 million due to the development of liabilities in respect of ticket monies that have not yet been invoiced.

The EUR -29.027 million negative cash flow effect due to the increase in **receivables and other assets** results from increased trade receivables, increased receivables in respect of ticket monies and an increase in receivables and other assets.

The year-on-year increase in **payments of taxes on income**, at EUR 11.319 million, is mainly attributable to the fact that increased payments of taxes on income as well as subsequent payments for previous years were made.

The EUR -4.243 million negative cash flow effect related to **payments on account** results from the increase in payments on account in respect of product costs for future events to be held after the balance sheet date.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities improved by EUR +620 thousand from EUR -13.197 million to EUR -12.577 million. The acquisition of shares in the HAL Apollo joint venture resulted in greater cash outflow for investing activities in the reporting year, at EUR -15.833 million. This was offset by positive cash flow effects amounting to EUR +14.331 million due to greater changes in funds resulting from consolidation (mainly because of the initial consolidation of Arena Management GmbH), and EUR +2.010 million due to less investing activity in intangible assets.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities changed year-on-year by EUR +1.105 million from EUR -27.592 million to EUR 26.487 million.

Year-on-year, cash flow from financing activities increased as a result of an acquisition-related loan of EUR +17.250 million. This was offset by greater systematic repayment of financial loans, at EUR -10.714 million, and distribution of EUR -5.191 million to non-controlling interest in the form of residual payments for increases in shareholdings, and distribution of dividends.

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)

	2012 [EUR'000]	2011 [EUR'000]	Change [EUR'000]
Cash flow from:			
Operating activities	70,845	65,081	5,764
Investing activities	-25,605	-211	-25,394
Financing activities	-12,610	-21,378	8,768
Net increase / decrease in cash and cash equivalents	**32,630**	**43,492**	**-10,862**
Net increase / decrease in cash and cash equivalents due to currency translation	0	3,306	-3,306
Cash and cash equivalents at beginning of period	85,215	38,417	46,798
Cash and cash equivalents at end of period	**117,845**	**85,215**	**32,630**

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 2011, cash and cash equivalents increased by EUR 32.630 million from EUR 85.215 million to EUR 117.845 million.

Cash flow from operating activities increased by EUR 5.764 million to EUR +70.845 million. The year-on-year increase in 2012 mainly results from positive cash flow effects produced by the higher net income for the year (EUR +8.876 million), higher depreciation (EUR +2.772 million) and by the change in receivables (EUR +4.746 million). These were offset by negative impacts resulting from the change in liabilities (EUR -9.267 million) and provisions (EUR -1.475 million).

The EUR +4.746 million positive cash flow effect in respect of **receivables** mainly relates to the cash inflow from changes in trade receivables (EUR +4.736 million) and in receivables from affiliated companies (EUR +15.632 million). These are offset by negative impacts resulting from changes in other assets and prepaid expenses (EUR -16.334 million).

In the case of **receivables from affiliated companies** (EUR +15.632 million), the settlement of receivables deriving from profit transfer agreements and from granted loans in the previous year led to a positive cash flow effect.

The negative cash flow effect in respect of **other assets and prepaid expenses** (EUR -16.334 million) results primarily from the growth of receivables in respect of ticket monies (EUR -10.663 million), which ensue from a high volume of ticket sales at the end of December 2012. The positive cash flow effect produced by refunds of taxes on income (EUR +4.433 million) in the prior year is not paralleled by similar cash inflows in the reporting year.

Of the negative cash flow effect in respect of **liabilities**, at EUR -9.267 million, EUR -6.726 million is due to a lower year-on-year increase in liabilities in respect of ticket monies not yet invoiced. Another negative cash flow effect ensues from a lower year-on-year reduction in VAT liabilities (EUR -1.708 million).

The negative cash flow effect arising from the change in **provisions**, at EUR -1.475 million, is mainly the result of reduced provisions for taxes.

Cash flow from investing activities fell by EUR -25.394 million from EUR 211 thousand to EUR -25.605 million. The increase in cash outflow is mainly due to share capital increases in holding companies for acquiring the HAL Apollo joint venture and Arena Management GmbH, to agreed payments of remaining purchase monies for existing shares in affiliated companies and to the acquisition of a new participation.

Cash flow from financing activities improved year-on-year by EUR +8.768 million from EUR -21.378 million to EUR -12.610 million. In contrast to the year before, short-term loans taken out in the reporting period produced a positive cash flow effect (EUR +19.000 million). This was offset by higher cash outflows year-on-year for scheduled repayments of long-term financial liabilities (EUR -10.715 million).

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, significantly increasing both revenues and earnings and thus reinforcing their leadership of the European market. The business model proved yet again to be very robust, even in a tough economic environment. In both segments, Ticketing and Live Entertainment, all the key performance figures were improved. The CTS Group thus succeeded in meeting its revenue and earnings targets for the 2012 financial year.

Due to organic growth in the core European markets in the Ticketing segment, to further expansion of the Internet business and due also to the successful integration of acquired companies, it was possible to improve the operating profit of the CTS Group. The anticipated synergies generated by the companies acquired in 2010 were largely realised in the year under review. Further improvements in earnings are attributable to reduced expenditures on non-recurring items and to operating income resulting from completion of an acquisition.

In the Live Entertainment segment, business growth mainly improved due to earnings generated by the 'Rock im Park' and 'Rock am Ring' open-air festivals and by tours and live events.

4. APPROPRIATION OF EARNINGS BY CTS AG

In the 2011 financial year, CTS AG generated net income for the year (according to HGB) of EUR 43.299 million. The Shareholders' Meeting on 15 May 2012 adopted a resolution to distribute EUR 21.118 million (EUR 0.44 per eligible share) of the balance-sheet profit of EUR 87.096 million as at 31 December 2011 to shareholders. Payment of this dividend was effected on 16 May 2012, and the remaining balance sheet profit of EUR 65.978 million was carried forward to the new account.

In the 2012 financial year, CTS AG generated EUR 52.175 million in net income (according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 27.358 million (EUR 0.57 per eligible share) be distributed and that the remaining EUR 90.560 million be carried forward to the new account.

5. DEPENDENCIES REPORT FOR CTS AG

A dependent relationship within the meaning of § 17 (1) AktG 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. The effectiveness of the risk management system of the CTS Group is continuously monitored and advanced, also in collaboration with external consultants. A new risk management software system has been purchased in that connection.

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

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

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.

An Accounting Policies and Procedures Manual stipulates accounting, measurement and disclosure rules in accordance with IFRS/IAS, and the associated reporting requirements for the relevant subsidiaries, for preparation of the consolidated financial statements and for all financial information to be reported by the companies included in the consolidated financial statements. The Accounting Policies and Procedures Manual is updated annually and contains an overview of the Standards and Interpretations adopted by the EU, as well as the dates from which they have to be applied. In addition to defining the scope of consolidation, the accounting rules also contain detailed definitions of the specific elements in the reporting packages to be produced by the Group companies. These formal requirements stipulate, inter alia, the mandatory use of a standardised and complete set of forms.

In the standalone financial statements of the subsidiaries of CTS 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 of CTS. All the consolidation steps involved in preparing the consolidated financial statements – such as capital consolidation, consolidation of assets or liabilities, or the elimination of intercompany expenses and profits and losses, including equity measurement – are generated and fully documented in LucaNet 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.

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. This means that even Group-wide application of the deployed systems cannot guarantee absolute security with regard to correct, complete and prompt recording of facts in the Group accounting system.

7.3 RISK CATEGORIES

The CTS Group classifies risks into seven categories:

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

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

7.3.1 STRATEGIC RISKS

RISKS RELATING TO FUTURE MACROECONOMIC TRENDS

The macroeconomic environment continues to pose challenges in 2013 also. A survey of bank economists conducted by the Bloomberg news agency showed a consensus that gross domestic product in the Eurozone will decline by 0.2% in 2013. The OECD expects the German economy to grow by only 0.7%.

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 App, cross-selling and upselling, promotions, VIP package deals, a ticket resale platform, special business offers, print-at-home solutions and the mobile access control system, 'eventim.access mobile'.

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, which produces a constant flow of new industry standards, new products and new services. It is uncertain 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 CTS Group uses technologies developed by external specialists from whom licences have been purchased. If the rights to use these technologies are lost for whatever reason, this could delay development and limit operation of the products, or could result in higher royalties being paid.

The Group's business operations and the 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 event promoters will continue to use these services in future, on account of the diversified structure of products and their distribution. This risk is minimised by interests in various well-known concert promoters at regional and supraregional level, and in other markets by entering into long-term contractual relationships.

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

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

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.

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

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

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

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

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

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

RISKS FROM INTERNET SECURITY THREATS

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

Unauthorised user may nevertheless attempt to access CTS systems by conducting cyberattacks and to perpetrate theft, unauthorised use or sabotage of intellectual property and confidential data. Any infringement of the IT security policy and any abuse or theft could have negative impacts on business operations and on earnings performance, financial position and cash flow.

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

7.3.5 FINANCIAL RISKS

CASH FLOW RISKS

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

Cash flow is planned and managed to ensure permanent solvency and financial flexibility. Monies generated by advance ticket sales are deposited in service accounts until accounting for the respective event has been completed.

Standard credit agreements are in place with various banks. The extension risk is minimised by varying credit terms. In addition to the financing of acquisitions already in place, a syndicated credit line (revolving credit facility) was taken out in the reporting year. The Group had sufficient cash reserves as at the balance sheet date of 31 December 2012.

As at 31 December 2012, the Group has bank liabilities of EUR 199.100 million (prior year: EUR 190.246 million). Of the external loans, EUR 149.704 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.

The are no significant concentrations of credit risks.

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

In the 2012 financial year, security amounting to EUR 8.889 million (prior year: EUR 8.770 million) was provided for Group companies, mainly to hedge the risks in ticket pre-sales by various box offices (EUR 8.741 million, prior year: EUR 8.706 million).

FOREIGN EXCHANGE RISKS

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

Foreign exchange risks which do not affect the cash flow of the Group (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 2012, the consolidated net income after tax would have been EUR 1.581 million lower (or higher, respectively) (prior year: EUR 540 thousand lower (higher)). The hypothetical effect on net income after tax, at EUR -1.581 million (prior year: EUR -540 thousand), results specifically from EUR/GBP currency sensitivity (EUR -663 thousand; prior year: EUR -481 thousand).

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for long-term loans (with fixed-interest periods of 1, 3 and 7 years). Short-term credit lines are not used continuously throughout the year. A syndicated credit line (revolving credit facility) taken out in the reporting year is used for specific projects.

Risks associated with changes in interest rates exist due to potential changes in market interest rates and may lead to a change in fair value in the case of fixed-rate financial instruments, and to variation of interest payments in the case of financial instruments with variable interest rates. Interest hedging instruments in the form of derivative financial instruments were used in the reporting year to hedge against future cash flow variations resulting from changes in market interest rates for variable-interest loans.

Under these forward interest swap contracts, fixed rates of interest are paid, and variable interest rates are obtained in return. External contracts for derivatives are concluded as a basic principle only with prime-rated banks.

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

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

Hypothetical changes in market interest rates as at 31 December 2012 would have effects on ongoing interest payments and/or interest income and expenditure in pre-tax profits and on shareholders' equity. The hypothetical effect on consolidated income results from the potential effects of original cash and cash equivalents and financial debts of EUR 47.852 million (prior year: EUR 71.383 million) that are subject to variable interest rates. The hypothetical effect on shareholders' equity results from subsequent measurement of the interest derivatives designated in effective cash flow hedging relationships.

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2012, consolidated net income after tax would have been EUR 388 thousand higher (lower EUR 33 thousand) (prior year: EUR 221 thousand lower) and shareholders' equity would have been EUR 1.806 million higher (EUR 1.355 million lower).

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 2012 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 44 thousand higher (lower) (prior year: EUR 2 thousand).

TAXES

Different opinions on fiscal matters may lead to subsequent tax demands being imposed that have adverse impacts on the financial situation. 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. These conducted audits had no material effects.

LITIGATION AND CLAIMS FOR DAMAGES

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

RISKS RELATING TO REPORTING AND BUDGETING

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

CAPITAL MANAGEMENT

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

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 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 SECTIONS 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 avails of the option provided for in § 179 (2) AktG, and defines that resolutions may be adopted with a simple majority of votes cast and, if a majority of share capital is required, with a simple majority of the share capital. Shareholder resolutions for which a qualified majority of votes or share capital is required by law, are adopted at the Shareholders' Meeting by a two-thirds majority unless otherwise stipulated by mandatory statutory provisions.

The Management Board has been authorised to increase the registered capital by up to EUR 12,000,000 by 13 May 2014, contingent on Supervisory Board approval, by issuing up to 12,000,000 new bearer shares against cash contributions or contributions in kind (approved capital, 2009). The Management Board has also been authorised to increase the share capital by up to EUR 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 11,000,000 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

Due to the expansionary monetary policies still pursued by leading central banks, the risk of significant inflation remains substantial. Sluggish growth of leading industrialised nations, accompanied in some cases by high levels of unemployment together with low pay rises, are temporarily counteracting such inflationary pressures. A significant risk of inflation thus remains in the medium to long term. Early indicators of inflation include intensifying activity in the credit channel, the upswing in property prices and improvements in the employment situation. A survey of bank economists conducted by the Bloomberg news agency showed a consensus that the European Central Bank will keep the base rate at 0.75% throughout 2013.

The debt crisis in Europe will continue to have impacts on the macroeconomic environment in the 2013 financial year. Political uncertainties resulting from the Italian general election at the end of February 2013 and recessionary tendencies in France are adding to concerns about the economy. Various factors are essential to create a dependable economic environment: One is that some of the peripheral and crisis-ridden countries in the Eurozone emulate Ireland in their further development and on the other is that a stronger global growth so that the Eurozone, too, can grow faster than currently expected. At the next European summits in 2013, breakthroughs are also needed to produce genuine integration, including a system of fiscal transfers. There is still a risk for the negative scenario in which Greece might leave the Eurozone in 2013. Even though the likelihood is very small, this negative scenario would have severe contagious effects on the rest of the Eurozone, since concerted efforts may fail to materialise.

Compared to 2012, the consensus among economists is that gross domestic product in the Eurozone will remain slightly negative at -0.1%, and that the unemployment rate will rise further to 12%. For Germany, economists expect only slight growth in GDP of 0.7%, with unemployment almost unchanged at 6.9%.

10.2 EXPECTED EARNINGS PERFORMANCE

The basis for the success achieved by the CTS Group is the compelling business model that drives both segments, Ticketing and Live Entertainment. 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. Investments in concert promoters in the Live Entertainment segment, and beyond that the excellent contacts established over many years with other promoters ensure that the CTS Group has a very large number of attractive events on offer in the Ticketing segment. As a final factor, an advanced, high-performance ticketing software guarantees that fans can quickly and easily buy the tickets they want. This combination has convinced the markets for many years.

Since the IPO in the year 2000, CTS shares have met or exceeded expectations. They are now an attractive, well established security listed on the SDAX index, and much-valued by investors and analysts alike. The Group has no intention of resting on its laurels and works continuously on further advancements in the technology deployed and on the development of innovative products. Extending our position as European market leader will also count among the paramount goals of the Management Board. In that respect, the CTS Group will rigorously continue along its path of consistent and profitable growth in the 2013 financial year.

TICKETING

The growth strategy in the Ticketing segment comprises organic and acquisitive expansion of the core markets in Germany and abroad, the implementation of large-scale projects and product diversification. Group activities are focused on further expansion of the ticketing volume sold through stationary sales channels (box offices) and high-margin online portals, where the greatest potential for growth is seen. People are increasingly using the Internet as an information and shopping platform – a trend for which there is no end in sight. A study conducted by PricewaterhouseCoopers shows that, in 2012, consumer expenditure by around 42% of those surveyed had included purchases via the Internet – an increase of 16% over the year before. In this regard, the CTS Group is superbly positioned to generate further growth and to extend its market leadership in Germany and Europe.

In the Ticketing segment, the aim is to handle all ticket sales in Europe from a single database and to be active in all the key European markets with CTS ticketing software.

The main focus of this growth strategy and the basis for profitable business development are continuous innovations and improvements in the ticketing portals and software products. Efforts are centred on early identification of technological trends and the development of products to match. The ticketing system offers many exclusive online services, such as FanTickets (original tickets with the tour art works of the respective artist printed in colour), hundreds of exclusive advance sales opportunities, online reservation of specific seats using a seating plan of the venue, ticket selling via the Mobile Shop and the iPhone or Android app, opportunities for cross- and upselling, the use of promotions for targeted management of special offers, VIP package deals and travel bundles, ticket resale platform, options for customer-specific segmentation and individualisation of products on offer, real-time suggestions, multivariant testing for continuous optimisation of webshop usability, print-at-home and Mobile Ticket solutions, also for Passbook and the access control system, eventim.access mobile. An extensive range of activities and apps in the marketing and social media fields, particularly via Google, Facebook and Twitter, round off the range of services available on the Internet and allow sales to be made in many social networks.

For example, the CTS Group participates in the trend towards mobile solutions, and is proving yet again its core competencies in the sphere of technology. In the hardware platform field (computer centres and other hardware), efforts will be focused in future on developing the virtualisation strategy and deploying tomorrow's cloud technologies. Enhancing the operational reliability of the IT infrastructure while simultaneously increasing its availability and reducing the maintenance and service effort are the key areas of focus here.

Expanding online ticketing operations throughout Europe remains a highly prioritised task for the CTS Group in the years ahead: 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 leads to improved profit margins with existing cost structures. The average value-added per online ticket is significantly higher than for conventional tickets.

The strategic acquisitions made in recent years – including the See Tickets Germany / Ticket Online Group and the Ticketcorner Group – have been smoothly integrated and now make a sustained contribution to revenue and earnings in the Ticketing segment.

Due to proportionally lower increases in costs (lower relative overhead), yearly increases in ticketing volumes and revenues produce scale effects and therefore increased ticketing margins. Various synergies have thus been achieved via the companies that have been acquired. More potential synergies are expected in the 2013 financial year.

In the sports field, many football, ice hockey, basketball and handball clubs in the top league divisions use EVENTIM. Tixx and EVENTIM.Farm, two innovative software solutions provided by the CTS Group, to optimise their workflows in the ticketing sphere. By using CRM functions, they can enhance their value creation in the ticketing and merchandising fields. It is also possible to address and tie specific customers or groups of customers. The CTS Group provides these clubs and associations with software interfaces so that tickets for these league events can also be obtained via the CTS portals and systems. Motor sports and boxing matches are another key focus within the sports field, where the aim of the CTS Group is to expand the customer base continuously and to gain new customers from other sports leagues, especially in other European countries.

In the cultural field, leading promoters of cultural events in Europe, such as the Zurich Opera House, the 'Berlinale' International Film Festival, the Finnish National Opera in Helsinki or the Berlin Philharmonic, use the specialised EVENTIM.Inhouse ticketing solution of the CTS Group to organise their ticketing operations and visitor management in theatres, opera and concert houses and festivals in the best way possible. In 2013, the CTS Group is working hard to extend its broad customer base by taking part in various tendering procedures. Promoters of cultural events are to be supported on a long-term basis by developing functions for acquiring and tying customers and for integrating sales partners.

In addition to those fields in which organic growth in ticketing can be achieved, the company will also be concentrating on handling major sporting events both in Germany and abroad. For example, the CTS Group succeeded in winning the contract to handle the ticketing operation for the 2014 Winter Olympic Games in Sochi.

In addition to classical sales of admission tickets, an increasingly important role is played by the diversification of ticketing products and/or by additional products, merchandise and services sold via online sales platforms.

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.

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 Depeche Mode, Roger Waters, Xavier Naidoo and Helene Fischer.

In addition to the creation of new kinds of events, recent years have also seen major venues being operated or contracted as part of ongoing business operations in this segment. Besides the existing leasing agreement for the Waldbühne arena in Berlin, the companies operating the Lanxess Arena in Cologne and the Hammersmith Apollo in London have also been taken over in this connection. 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, 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 with concomitant revenue growth and further improvements in earnings can be expected for the CTS Group and for CTS AG in 2013 and 2014. In the Ticketing segment, we expect a further increase in earnings if a greater share of total revenue can be achieved with online sales. In the Live Entertainment segment, we expect only moderate business growth, given the record results achieved in the 2012 financial year. 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, 14 March 2013

CTS EVENTIM Aktiengesellschaft

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2012

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012 (IFRS)

ASSETS		31.12.2012	31.12.2011
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	319,514,233	249,964,314
Trade receivables	(2)	27,610,459	28,958,336
Receivables from affiliated and associated companies accounted for at equity	(3)	2,167,272	5,045,151
Inventories	(4)	1,850,887	1,793,138
Payments on account	(5)	16,252,301	14,869,859
Receivables from income tax	(6)	8,341,133	7,701,649
Other assets	(7)	55,055,702	34,935,635
Total current assets		**430,791,987**	**343,268,082**
Non-current assets			
Property, plant and equipment	(8)	13,243,458	14,552,641
Intangible assets	(9)	83,957,438	92,291,474
Investments	(10)	1,985,881	2,300,583
Investments in associates accounted for at equity	(11)	16,538,823	2,073,144
Loans	(12)	269,287	534,198
Trade receivables	(13)	60,833	0
Receivables from affiliated and associated companies accounted for at equity	(14)	3,727,332	0
Other assets	(15)	4,142,950	3,051,213
Goodwill	(16)	252,703,762	251,797,101
Deferred tax assets	(17)	3,668,387	3,619,087
Total non-current assets		**380,298,151**	**370,219,441**
Total assets		**811,090,138**	**713,487,523**

SHAREHOLDERS‘ EQUITY AND LIABILITIES		31.12.2012	31.12.2011
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities and current portion of long-term financial liabilities	(18)	46,574,917	24,748,651
Trade payables	(19)	48,302,561	41,003,224
Payables to affiliated and associated companies accounted for at equity	(20)	281,060	2,735,596
Advance payments received	(21)	115,397,178	83,783,126
Other provisions	(22)	2,678,677	4,402,051
Tax provisions	(23)	12,873,183	10,986,278
Other liabilities	(24)	189,834,798	161,907,989
Total current liabilities		**415,942,374**	**329,566,915**
Non-current liabilities			
Medium- and long-term financial liabilities	(25)	159,406,317	180,141,159
Other liabilities	(26)	271,876	171,571
Pension provisions	(27)	3,786,459	4,805,193
Deferred tax liabilities	(28)	16,258,619	18,944,019
Total non-current liabilities		**179,723,271**	**204,061,942**
Shareholders' equity	(29)		
Share capital		48,000,000	48,000,000
Capital reserve		1,890,047	1,890,047
Statutory reserve		2,400,000	2,164,937
Retained earnings		147,500,194	114,803,415
Treasury stock		-52,070	-52,070
Non-controlling interest		14,521,702	11,475,828
Total comprehensive income		-302,980	8,086
Currency differences		1,467,600	1,568,423
Total shareholders' equity		**215,424,493**	**179,858,666**
Total shareholders‘ equity and liabilities		**811,090,138**	**713,487,523**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012 (IFRS)

		01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
		[EUR]	[EUR]
Revenue	(1)	520,333,723	502,813,932
Cost of sales	(2)	-341,019,309	-340,434,546
Gross profit		**179,314,414**	**162,379,386**
Selling expenses	(3)	-54,465,042	-50,726,883
General administrative expenses	(4)	-34,056,444	-33,463,146
Other operating income	(5)	17,272,266	13,314,813
Other operating expenses	(6)	-11,935,300	-19,443,567
Operating profit (EBIT)		**96,129,894**	**72,060,603**
Income / expenses from participations	(7)	10,697	279,404
Expenses / income from investments in associates accounted for at equity	(8)	-1,931,898	80,484
Financial income	(9)	2,125,017	2,203,625
Financial expenses	(10)	-8,173,358	-7,581,566
Earnings before tax (EBT)		**88,160,352**	**67,042,550**
Taxes	(11)	-27,074,107	-21,088,699
Net income before non-controlling interest		**61,086,245**	**45,953,851**
Non-controlling interest	(12)	-6,096,085	-3,765,681
Net income after non-controlling interest		**54,990,160**	**42,188,170**
Earnings per share (in EUR); undiluted (= diluted)		1.15	0.88
Average number of shares in circulation; undiluted (= diluted)		48 million	48 million

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012 (IFRS)

	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
	[EUR]	[EUR]
Net income before non-controlling interest	61,086,245	45,953,851
Exchange differences on translating foreign subsidiaries	-132,664	415,650
Available-for-sale financial assets	21,820	-13,756
Cashflow Hedges	-332,886	0
Other results	**-443,730**	**401,894**
Total comprehensive income	**60,642,515**	**46,355,745**
Total comprehensive income attributable to		
Shareholders of CTS AG	54,578,272	42,382,635
Non-controlling interest	6,064,243	3,973,110

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY (IFRS)

	Share capital	Capital reserve	Statutory reserve	Retained earnings	Treasury stock	Non-controlling interest	Other com-prehensive income	Currency differences	Total shareholders' equity (29)
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
01.01.2011	**24,000,000**	**23,310,940**	**0**	**98,544,271[1]**	**-52,070**	**11,394,953[1]**	**21,842**	**1,360,202**	**158,580,138[1]**
Change in the scope of consolidation	0	0	0	0	0	95,397	0	0	95,397
Capital increase	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**
Change in the scope of consolidation	0	0	0	-940,232	0	2,467,445	0	0	1,527,213
Allocation to the statutory reserve	0	0	235,063	-235,063	0	0	0	0	0
Dividends to non-controlling interest	0	0	0	0	0	-5,485,815	0	0	-5,485,815
Dividends to shareholders of CTS AG	0	0	0	-21,118,086	0	0	0	0	-21,118,086
Net income before non-controlling interest	0	0	0	54,990,160	0	6,096,085	0	0	61,086,245
Available-for-sale financial assets	0	0	0	0	0	0	21,820	0	21,820
Cashflow Hedges	0	0	0	0	0	0	-332,886	0	-332,886
Foreign exchange differences	0	0	0	0	0	-31,841	0	-100,823	-132,664
31.12.2012	**48,000,000**	**1,890,047**	**2,400,000**	**147,500,194**	**-52,070**	**14,521,702**	**-302,980**	**1,467,600**	**215,424,493**

[1] Adjusted prior-year figures due to the final purchase price allocation of See Tickets Germany / Ticket Online Group and T.O.S.C.

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012 (IFRS)

	01.01.2012 -31.12.2012	01.01.2011 31.12.2011
	[EUR]	[EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	54,990,160	42,188,170
Non-controlling interest	6,096,085	3,765,681
Depreciation and amortisation on fixed assets	23,463,317	22,574,314
Changes in pension provisions	-1,033,019	363,688
Deferred tax expenses / income	-3,258,538	-2,987,383
Cash flow	**80,258,005**	**65,904,470**
Other non-cash transactions	2,041,791	684,569
Book profit / loss from disposal of fixed assets	822,796	141,134
Interest expenses / interest income	4,444,615	4,643,503
Income tax expenses	30,332,646	24,076,081
Interest received	1,773,689	2,544,965
Interest paid	-4,565,562	-5,770,150
Income tax paid	-30,456,822	-19,137,790
Increase (-) / decrease (+) in inventories	267,518	-160,409
Increase (-) / decrease (+) in payments on account	-1,380,923	2,861,681
Increase (-) / decrease (+) in receivables and other assets	-20,553,159	8,474,354
Increase (+) / decrease (-) in provisions	-2,100,853	330,515
Increase (+) / decrease (-) in liabilities	47,246,450	27,982,239
Cash flow from operating activities (1)	**108,130,191**	**112,575,162**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-6,721,095	-8,731,088
Payments for investments in property, plant and equipment	-4,804,381	-4,687,486
Payments for investments in non-current financial assets	-451,849	-341,077
Proceeds from sales of property, plant and equipment	254,090	89,505
Proceeds from sales of non-current financial assets	278,256	103,010
Payments / proceeds for acquisition of consolidated companies	-1,131,976	370,182
Cash flow from investing activities (2)	**-12,576,955**	**-13,196,954**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	18,600,000	1,350,000
Payments for the change in non-controlling interest	-6,070,000	-2,070,000
Payments for redemption of financing loans	-12,413,578	-1,700,000
Dividend payments to non-controlling interest	-5,485,815	-4,294,506
Dividend payments to shareholders of CTS AG	-21,118,086	-20,878,108
Cash flow from financing activities (3)	**-26,487,479**	**-27,592,614**
D. Net increase / decrease in cash and cash equivalents	**69,065,757**	**71,785,594**
Net increase / decrease in cash and cash equivalents due to currency translation	484,162	142,247
Cash and cash equivalents at beginning of period	249,964,314	178,036,473
E. Cash and cash equivalents at end of period	**319,514,233**	**249,964,314**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	319,514,233	249,964,314
Cash and cash equivalents at end of period	**319,514,233**	**249,964,314**

CONTENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2012 (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 Germany and other European countries, in particular by using electronic data processing and modern communication and data transmission technologies. Further objects of the company are to produce, sell, broker, distribute and market merchandising articles and travel, and to engage in direct marketing activities of all kinds. The company competes for the provision of its services not only with regional and supraregional providers of similar services in Germany and other countries, but also with regional enterprises and with direct ticket selling by promoters. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, 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 14 March 2013, for presentation to the Supervisory Board.

1.2 ACCOUNTING PRINCIPLES

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

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

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

1.3 NEW AND AMENDED STANDARDS WITH MANDATORY APPLICATION IN 2012

The following new and amended standard has been applied for the first time as from 1 January 2012:

- Amendments to IAS 7 'Financial Instruments: Disclosures: Transfers of Financial Assets' (applicable on or after 1 July 2011)

All accounting standards mandatory from the 2012 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 2012 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 2012.

- Amendments to IFRS 1 'First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dated for First-Time Adopters Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters' (applicable on or after 1 July 2013)

- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (applicable on or after 1 January 2013)

- Amendments to IAS 1 'Financial Instruments: 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; not yet adopted by the EU)

- IFRS 9 'Financial Instruments: Classification and Measurement: Financial Liabilities (October 2010)' (applicable on or after 1 January 2015; not yet adopted by the EU)

- 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 2014)

- IFRS 11 'Joint Arrangements' (applicable on or after 1 January 2014)

- IFRS 12 'Disclosure of Interests in Other Entities' (applicable on or after 1 January 2014)

- 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 2014)

- IAS 28 ‘Investments in Associates and Joint Ventures (revised May 2011)’
  (applicable on or after 1 January 2014)

- 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)

- IFRS 1 ‘First time Adoption of International Financial Reporting Standards – Government Loans’
  (applicable on or after 1 January 2013)

- Amendments to IFRS 7 and IFRS 9: Mandatory Effective Date and Transition Disclosures
  (applicable on or after 1 January 2015)

- Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements – Investment Companies
  (applicable on or after 1 January 2014)

- Amendments to the transitional provisions in IFRS 10, IFRS 11 and IFRS 12 (June 2012)
  (applicable on or after 1 January 2013)

- Improvements to the International Financial Reporting Standards (May 2012)
  (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 IAS 36, goodwill must be reviewed annually with regard to carrying value and any indications of impairment.

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

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

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:

In a share acquisition agreement dated 30 July 2012, CTS AG acquired 65% of the shares in nolock Softwarelösungen GmbH, Vienna (hereinafter: nolock GmbH). The price paid for the shares was EUR 500 thousand.

In an agreement concluded on 13 September 2012, Ticket Online Austria GmbH, Vienna, was merged with Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna. The merger took effect on 23 October 2012, when the relevant entry was made in the register of companies.

The change of company name from EVENTIM CH AG, Zurich, to Ticketcorner Holding AG, Rümlang, took effect in November 2012, when the name change was entered in the register of companies.

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:

Arena Holding GmbH, Cologne, was established on 26 July 2012 as a future acquisitions holding company and was entered in the register of companies on 7 August 2012.

As of 21 December 2012, through its getgo consulting GmbH subsidiary, Hamburg, CTS AG consolidated 100% of the shares in Arena Management GmbH, Cologne, through Arena Holding GmbH, Cologne. Arena Management GmbH operates the Lanxess Arena in Cologne. The Lanxess Arena in Cologne has a seating capacity of up to 20,000 and attracts as many as 1.8 million visitors annually, making it one of the world's biggest and most successful event facilities. Since initial consolidation, Arena Management GmbH has generated EUR 1.305 million in revenue and net income of EUR 276 thousand. As a result of this investment, cash and cash equivalents amounting to EUR 15.723 million were acquired.

For information to the joint venture Hammersmith Apollo Ltd., London, reference is made to section 1.6.2.3.

1.6.2.2 PURCHASE PRICE ALLOCATION

PROVISIONAL PURCHASE PRICE ALLOCATION OF ARENA MANAGEMENT GMBH

Based on the provisional purchase price allocation, the following table shows the fair values at the time of initial consolidation and the carrying values immediately before acquisition of Arena Management:

	Fair value at the time of initial consolidation - provisional purchase price allocation- [EUR'000]
Cash and cash equivalents	15,723
Inventories	320
Trade receivables	1,372
Other assets	713
Total current assets	**18,128**
Property, plant and equipment	350
Intangible assets	2,116
Total non-current assets	**2,466**
Short-term financial liabilities	3,000
Trade payables	8,855
Provisions	102
Tax provisions	1,580
Other liabilities	3,636
Total current liabilities	**17,173**
Deferred tax liabilities	675
Total non-current liabilities	**675**
Total net assets	**2,746**

Assets and debts were recognised at fair value in the provisional purchase price allocation. The main item is a customer base with a fair value of EUR 2.081 million. Deferred tax liabilities of EUR 675 thousand were formed on the temporary difference arising from the remeasurement of intangible assets. The net assets determined during original measurement (EUR 2.746 million) were reassessed and the fair values after a subsequent review verified in accordance with IFRS 3.56.

As at 31 December 2012, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and debts will be conclusively determined within the first twelve months after the acquisition.

The present value of trade receivables, at EUR 1.372 million, derives from a gross carrying value of receivables, at EUR 1.723 million, and allowance for bad debts amounting to EUR 351 thousand.

In accordance with IFRS 3, EUR 67 thousand in ancillary purchase expenses are recognised as other operating expenses in the income statement for the 2012 financial year.

Reconciliation of acquisition costs as at the date of initial consolidation (21 December 2012):

	[EUR'000]
Acquisition cost	0
Cash and cash equivalents	15,723
Inventories	320
Trade receivables	1,372
Other assets	713
Property, plant and equipment	350
Intangible assets	2,116
Short-term financial liabilities	-3,000
Trade payables	-8,855
Provisions	-102
Tax provisions	-1,580
Other liabilities	-3,636
Deferred tax liabilities	-675
Total net assets / shareholders' equity	**2,746**
Bargain purchase	-2,746
	0

In the context of this acquisition, CTS AG agreed to repay a debenture loan provided by the seller EUR 3.000 million. When the debenture loan to be redeemed is taken into account, the purchase price totals EUR 3.000 million.

In the course of restructuring measures on the part of the banks invested in Arena Management GmbH, the CTS Group was offered the shares they held in Arena Management GmbH. The loan repayment waiver by the former shareholders, as agreed in the share purchase agreement, resulted in a redeemed overindebtedness or surplus coverage in capital.

After initial consolidation, remeasurement of the assets and liabilities acquired resulted in a negative difference (between net assets and purchase costs), which leads to an increase in other operating income of EUR 2.746 million, in accordance with IFRS 3.

In addition to establishing new types of events, major venues such as the Waldbühne in Berlin are also being managed as part of ongoing business operations in the Live Entertainment segment. In the reporting year, these business activities have been further diversified at both national and international level by takeovers of the companies operating the Hammersmith Apollo in London and the Lanxess Arena in Cologne. In the course of acquiring the company operating the Lanxess Arena (Arena Management GmbH), contractually agreed capital measures implemented by the seller and remeasurement of assets in the context of initial consolidation led to an increase in shareholders‘ equity.

1.6.2.3 JOINT VENTURE, HAMMERSMITH APOLLO LTD.

By registration in the English Companies Register on 22 May 2012, Stage C was established as an acquisition company domiciled in London. CTS EVENTIM and the Anschutz Entertainment Group (AEG) hold equal shares in Stage C, as a joint venture (hereinafter: HAL Apollo joint venture), which is recognised in the CTS consolidated balance sheet by applying the equity method. In its capacity as shareholder, getgo consulting GmbH, Hamburg, (a wholly-owned subsidiary of CTS AG) paid in GBP 14.4 million (around EUR 16.4 million) as shareholders’ equity when establishing Stage C.

In a contract of sale dated 31 May 2012, Stage C acquired 100% of the shares in Hammersmith Apollo Ltd., London, (hereinafter: HAL Apollo) from the British HMV Group plc. for GBP 32 million (around EUR 40 million). The main assets of the company are the customer base and long-term rights of use to the venue. At the time of acquisition, the transaction was subject to a merger control approval by the anti-trust authorities in England and Germany. Approval was granted at the beginning of August 2012, and the company has been consolidated at equity since then. HAL Apollo is the company which operates the central London venue of the same name. With a capacity of more than 5,000, the Apollo is one of London’s most popular venues for many live concerts, high-profile TV productions and comedy shows.

This participation in the HAL Apollo joint venture provides the CTS Group with a foundation for further and rapid expansion of its market position in Great Britain. As at 31 December 2012, the share in Stage C was recognised in the consolidated financial statements of CTS, in accordance with IAS 31, with a carrying amount of EUR 16.009 million. The share in revenue allocated to the CTS Group is EUR 1.393 million. The share in net result, consolidated according to the equity method (taking the acquisition costs and amortisation from the purchase price allocation into account) is EUR -388 thousand.

The following table shows the carrying amounts as at 31 December 2012:

	31.12.2012 [EUR'000]
Cash and cash equivalents	2,573
Inventories	108
Trade receivables	227
Other assets	77
Total current assets	**2,985**
Property, plant and equipment	8,845
Intangible assets	36,011
Deferred tax assets	3,892
Total non-current assets	**48,748**
Trade payables	1,012
Payables to affiliated companies	3,725
Advance payments received	1,971
Tax provisions	273
Other liabilities	248
Total current liabilities	**7,229**
Other liabilities	10,742
Deferred tax liabilities	2,683
Total non-current liabilities	**13,425**
Total net assets	**31,079**

1.6.2.4 PRO FORMA DISCLOSURES

The following pro-forma statement presents the financial data of the CTS Group, including the Group companies consolidated fully and at equity in the 2012 financial year, under the assumption that these companies were already integrated, at the conditions of the actual corporate acquisition, in the consolidated financial statements at the beginning of the financial year.

	2012 [EUR'000]
Revenue	
Reported	520,334
Pro forma	557,699
Net income	
Reported	54,990
Pro forma	63,976

When determining the pro forma disclosures, amortisation of recognised hidden reserves and deferred taxes were taken into account when remeasuring the intangible assets. Material intercompany relations are eliminated for the entire 2012 financial year when recognising revenues.

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, under www.eventim.de/tickets.html?affiliate=TUG&-fun=tdoc&doc=eventim/default/info/de/investor/investorStructure.

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 IFRS 3 AND IAS 27

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

Receivables and other assets are carried at amortised cost minus adjustments for discernible risks and in some cases at fair value not through profit and loss. The Group is 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 are carried at cost of purchase.

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Derivative financial instruments must be classified as a basic principle in the ‘held for trading’ category, in accordance with IAS 39, and carried as financial assets or liabilities according to their positive or negative market value. The changes in the fair values must be recognised through profit and loss. Exceptions to this rule are derivatives which are designed as cash-flow hedging instruments and which are effective as such (hedge accounting). The changes in value in the interest derivatives acquired to hedge against risks associated with changes in interest rates are therefore recognised as effective cash flow hedges under accumulated other comprehensive income, not through profit and loss.

As at the closing date, no financial instruments are classified as ‘held for trading’. Derivative financial instruments are designed as cash-flow hedging instruments.

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

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

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

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

- Software, licences: 2 - 10 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 2012 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 provision in the balance sheet.

NON-CONTROLLING INTEREST

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

RECOGNITION OF REVENUE

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

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

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 (measurement uncertainties) that affect the assets and liabilities, the disclosure of contingent liabilities as at the balance sheet date and the statement of income and expenditure during the financial year. In particular, it is necessary to make assumptions when performing the annual impairment test on goodwill and when recognising deferred tax assets. The actual amounts may deviate from the respective estimates.

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

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

2. NOTES TO THE CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS (1)

Cash and cash equivalents of EUR 319.514 million (prior year: EUR 249.964 million) are predominantly bank balances.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 27.610 million (prior year: EUR 28.958 million) are payable within one year. Trade receivables decreased by EUR -1.347 million in the course of normal business operations.

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

The EUR 2.167 million in current receivables from affiliated companies and associates included at equity (prior year: EUR 5.045 million) relate principally to receivables from subsidiaries in eastern Europe that are not consolidated due to insignificance (EUR 1.923 million; prior year: EUR 1.609 million).

INVENTORIES (4)

Inventories comprised the following items:

	31.12.2012	31.12.2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	297	310	-13
Finished goods and merchandise	1,554	1,483	71
	1,851	**1,793**	**58**

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

PAYMENTS ON ACCOUNT (5)

Payments on account, at EUR 16.252 million (prior year: EUR 14.870 million) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2013.

RECEIVABLES FROM INCOME TAX (CURRENT) (6)

Receivables from income tax, at EUR 8.341 million (prior year: EUR 7.702 million), relate in particular to capital gains tax and to tax refund entitlements in conjunction with advance prepayments.

OTHER ASSETS (CURRENT) (7)

Other assets, at EUR 55.056 million (prior year: EUR 34.936 million) comprise financial assets (EUR 45.254 million, prior year: EUR 27.026 million) and non-financial assets (EUR 9.802 million, prior year: EUR 7.910 million).

Other financial assets relate, inter alia, to receivables from pre-sales in the Ticketing segment, at EUR 30.937 million (prior year: EUR 18.997 million), to current loans, at EUR 3.640 million (prior year: EUR 2.408 million), mainly comprising receivables from promoters from ongoing operations, and to securities measured at fair value but not through profit and loss, at EUR 2.725 million (prior year: EUR 1.159 million).

The other, non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 3.168 million (prior year: EUR 1.943 million), other receivables amounting to EUR 834 thousand (prior year: EUR 636 thousand) and to one item for recognition and accrual of expenses and income according to period, at EUR 5.799 million (prior year: EUR 5.331 million). The latter relates, inter alia, to marketing expenses and production costs in the Live Entertainment segment and in the Ticketing segment to accrued prepayments to promoters for ticket distribution rights.

In the 2012 financial year, collateral amounting to EUR 934 thousand (prior year: EUR 838 thousand) was provided by Group companies, including EUR 425 thousand for rental deposits (prior year: EUR 494 thousand).

PROPERTY, PLANT AND EQUIPMENT (8)

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

	Other real estate, land rights and buildings, including buildings on third-party properties	Technical equipment and machinery	Other facilities, operating and office equipment	Payments on account	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
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 Dezember 2011	**587**	**76**	**13,880**	**10**	**14,553**
2012					
Historical cost					
1 January 2012	922	705	37,123	10	38,760
Addition from change in the scope of consolidation	190	0	181	0	371
Addition	66	23	4,715	0	4,804
Disposal	-144	-15	-3,586	-2	-3,747
Reclassification	0	0	8	-8	0
Currency differences	2	11	38	0	51
31 December 2012	**1,036**	**724**	**38,479**	**0**	**40,239**
Accumulated depreciation and amortisation					
1 January 2012	335	629	23,243	0	24,207
Addition	160	35	5,334	0	5,529
Disposal	-144	-9	-2,615	0	-2,768
Currency differences	1	4	23	0	28
31 December 2012	**352**	**659**	**25,985**	**0**	**26,996**
Carrying value as at 31 Dezember 2012	**684**	**65**	**12,494**	**0**	**13,243**

Additions to other property, plant and office equipment mainly relate to hardware for new IT infrastructure (including servers for data centres and equipment for box offices/promoters and hardware for admission control in stadiums), business and office equipment as well as exhibition inventory for 'edutainment' events.

INTANGIBLE ASSETS (9), GOODWILL (16)

The composition and development of these assets 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]
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**
2012						
Historical cost						
1 January 2012	51.974	20.597	256.487	84.294	2.103	415.455
Addition from change in scope of consolidation	35	0	452	2.081	0	2.568
Addition	1.013	4.645	0	0	1.063	6.721
Disposal	-442	-1.900	0	0	0	-2.342
Reclassification	0	2.341	0	0	-2.341	0
Currency differences	119	47	455	138	0	759
31 December 2012	**52.699**	**25.730**	**257.394**	**86.513**	**825**	**423.161**
Accumulated depreciation and amortisation						
1 January 2012	37.915	6.305	4.690	22.454	0	71.364
Addition	5.783	2.015	0	9.466	0	17.264
Disposal	-491	-1.751	0	0	0	-2.242
Currency differences	29	40	0	47	0	116
31 December 2012	**43.236**	**6.609**	**4.690**	**31.967**	**0**	**86.502**
Carrying value as at 31 December 2012	**9.463**	**19.121**	**252.704**	**54.546**	**825**	**336.661**

Investments in intangible assets and goodwill, at EUR 6.721 million, relate to additions for software, licences and similar rights (EUR 1.013 million), capitalised development costs (EUR 4.645 million), and to advance payments / proprietary software in progress (EUR 1.063 million).

Additions to software, licences and similar rights mainly include payments for ticket rights in the Ticketing segment. Additions to capitalised development costs (EUR 4.645 million) and to advance payments / proprietary software in progress (EUR 1.063 million) relate primarily to the development of ticketing software. Of those investments, EUR 4.803 million are for proprietary software and EUR 1.911 million for external software development.

Notes on the development of goodwill are presented below under 'Goodwill (16)'.

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

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

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

	Shares in affiliated companies	Participations	Investments in associates accounted for at equity	Security investments	Other loans	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
2011						
Historical cost						
1 January 2011	283	1,881	1,993	32	534	4,723
Addition	240	0	80	0	101	421
Disposal	0	0	0	0	-103	-103
Currency differences	0	25	0	0	2	27
31 December 2011	**523**	**1,906**	**2,073**	**32**	**534**	**5,068**
Accumulated depreciation and amortisation						
1 January 2011	1	156	0	5	0	162
31 December 2011	**1**	**156**	**0**	**5**	**0**	**162**
Carrying value as at 31 December 2011	**522**	**1,750**	**2,073**	**27**	**534**	**4,906**
2012						
Historical cost						
1 January 2012	523	1,906	2,073	32	534	5,068
Addition from change in scope of consolidation	0	0	16,398	0	0	16,398
Addition	150	204	0	0	98	452
Disposal	0	0	-1,932	-14	-264	-2,210
Reclassification	-93	0	0	0	0	-93
Currency differences	0	9	0	0	1	10
31 December 2012	**580**	**2,119**	**16,539**	**18**	**369**	**19,625**
Accumulated depreciation and amortisation						
1 January 2012	1	156	0	5	0	162
Addition	0	569	0	0	100	669
31 December 2012	**1**	**725**	**0**	**5**	**100**	**831**
Carrying value as at 31 December 2012	**579**	**1,394**	**16,539**	**13**	**269**	**18,794**

INVESTMENTS (10)

Investments, at EUR 1.986 million in interest (prior year: EUR 2.301 million) relate primarily to participations (EUR 1.394 million; prior year: EUR 1.750 million).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (11)

Investments in associates included at equity rose by EUR 14.466 million from EUR 2.073 million to EUR 16.539 million, mainly due to the acquisition of shares in the HAL Apollo joint venture.

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

	31.12.2012	31.12.2011
	[EUR'000]	[EUR'000]
Total assets	72,829	17,788
Total liabilities	47,252	20,414
Revenue	81,262	71,342
Net income	-3,499	272

Of the above amounts, the HAL Apollo joint venture accounts for total assets of EUR 51.733 million, total liabilities of EUR 20.654 million, revenue of EUR 2.785 million and result of EUR -776 thousand.

LOANS (12)

Loans, at EUR 269 thousand (prior year: EUR 534 thousand), relate entirely to loans to third parties, especially in the Live Entertainment segment.

TRADE RECEIVABLES (NON-CURRENT) (13)

Trade receivables with a remaining term of between one and five years amount to EUR 61 thousand.

RECEIVABLES FROM AFFILIATED COMPANIES AND ASSOCIATES INCLUDED AT EQUITY (NON-CURRENT) (14)

Receivables from affiliated companies and associates included at equity relate to EUR 3.727 million in receivables from Stage C.

OTHER ASSETS (NON-CURRENT) (15)

Of the non-current other assets, at EUR 4.143 million (prior year: EUR 3.051 million), EUR 4.103 million (prior year: EUR 3.051 million) are financial assets. These receivables have a maturity of between one and five years. Other assets increased by EUR 1.092 million in the course of ordinary business activities, especially in the Ticketing segment.

GOODWILL (16)

The disclosed goodwill totalling EUR 252.704 million (prior year: EUR 251.797 million) breaks down into EUR 217.413 million in the Ticketing segment (prior year: EUR 216.507 million) and EUR 35.290 million in the Live Entertainment segment (prior year: EUR 35.290 million).

In the Ticketing segment, goodwill increased by EUR 907 thousand in the reporting year. Of that increase, EUR 455 thousand was due to currency translation effects resulting from the measurement of goodwill in foreign currencies (EUR/CHF) as at 31 December 2012, and EUR 452 thousand to the acquisition of nolock GmbH.

There was no change in goodwill in the Live Entertainment segment.

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

Impairment tests are performed on goodwill to determine the recoverable amount of a CGU, equal to the fair value minus costs of sale. The fair value is the best possible estimate of the amount for which an independent third party would acquire the cash generating unit on the balance sheet date, minus the costs of sale. The fair value is calculated on the basis of a discounted cash flow (DCF) model. This procedure and the basic assumptions apply to all CGUs with goodwill that is subject to impairment tests. The calculations are based on forecast cash flows derived from five-year planning. When determining budget figures, the management took into account current and future likelihoods, business and economic trends, economic development and other circumstances. The cash flows in the year of perpetuity correspond to the cash flow in the last year of five-year planning. At the beginning of the detailed planning period, an EBITDA margin of 40.0% in the Ticketing segment and 9.0% in the Live Entertainment segment was used as a basis. In subsequent years, a moderately rising EBITDA margin is assumed, based on an anticipated increase in high-margin ticket sales via the Internet. A discount rate of 7.3% (prior year: 7.1%) was applied for this purpose. The discount rates used are interest rates after tax and reflect the specific risks to which the respective CGUs are exposed. The Group applies constant growth rates of 1.0% (prior year: 1.0%) to extrapolate cash flows after the detailed planning period. This growth rate is derived from past experience and does not exceed the long-term growth of the respective markets in which the entity operates. The growth rates take external macroeconomic data and trends within the industry into account. No impairment of goodwill, subdivided according to segment, was required in the 2012 financial year. If the estimated discount factor was 1.0% higher, or the EBITDA margin in the Ticketing segment or in the Live Entertainment segment were 10.0% lower, no impairment of goodwill would have been required in the respective segment.

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

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 TAX ASSETS (17)

The deferred tax assets, at EUR 3.668 million, pertain to the following:

	31.12.2012	31.12.2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	1,480	2,254	-774
Temporary differences	2,188	1,365	823
	3,668	**3,619**	**49**

It is assumed that there is sufficient likelihood that the deferred tax assets in respect of loss carryforwards, at EUR 1.480 million (prior year: EUR 2.254 million) as at 31 December 2012, can be used, in that the respective companies will generate profits of least the same amount in future periods.

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

	31.12.2012		31.12.2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Receivables	193	126	462	551
Other assets	244	62	1,081	569
Current assets	**437**	**188**	**1,543**	**1,120**
Property, plant and equipment	4	0	0	0
Intangible assets	1,015	16,711	2,088	19,921
Loans	0	0	0	12
Non-current assets	**1,019**	**16,711**	**2,088**	**19,933**
Other provisions	437	1	170	126
Other liabilities	173	200	7	45
Current liabilities	**610**	**201**	**177**	**171**
Financial liabilities	159	23	55	905
Pension provisions	840	13	713	26
Non-current liabilities	**999**	**36**	**768**	**931**
Loss carryforwards	1,480	0	2,254	0
Total	**4,545**	**17,136**	**6,830**	**22,155**
Offset	-877	-877	-3,211	-3,211
Deferred taxes	**3,668**	**16,259**	**3,619**	**18,944**

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 and the Arena Management.

The rate of deferred domestic taxation was between 29.3% and 32.7%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and municipal trade tax at between 13.5% and 16.5%. For foreign subsidiaries, the respectively applicable local tax rates were applied.

As at 31 December 2012, the fiscal loss carryforwards were as follows:

	31.12.2012	31.12.2011
	[EUR'000]	[EUR'000]
up to 1 year	66	0
up to 4 years	0	214
up to 5 years	297	199
up to 6 years	0	1,001
up to 7 years	0	12
indefinite	6,398	8,999
	6,761	**10,425**

It is assumed that there is sufficient likelihood that the EUR 6.761 million in fiscal loss carryforwards as at 31 December 2012 can be used, as the respective companies will generate profits of at least the same amount in future periods.

Deferred tax assets amounting to EUR 3.935 million were formed in respect of corporation tax losses (prior year: EUR 3.215 million), and to EUR 138 thousand (prior year: EUR 137 thousand) in respect of municipal trade tax losses, even though the respective companies have a history of losses and there are no corresponding deferred tax liabilities. However, positive earnings are planned for these companies.

No deferred tax assets were stated for EUR 748 thousand in loss carryforwards for municipal trade tax purposes (prior year: EUR 665 thousand), for EUR 70 thousand in loss carryforwards for corporation tax purposes (prior year: EUR 70 thousand), or for EUR 4.200 million in other loss carryforwards for foreign taxation purposes (prior year: EUR 3.487 million), as it is not expected at present that the resultant tax benefits can be realised in the near term.

SHORT-TERM FINANCIAL LIABILITIES AND CURRENT PORTION OF LONG-TERM FINANCIAL LIABILITIES (18)

Of the EUR 46.575 million in short-term financial liabilities and current portion of long-term financial liabilities (prior year: EUR 24.749 million), EUR 43.672 million relate to liabilities to banks (prior year: EUR 16.079 million), and EUR 2.903 million to purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 6.764 million). In the prior year, EUR 1.906 million in short-term purchase price obligations deriving from granted put options had to be recognised in accordance with IAS 32.

The increase in liabilities to banks and in short-term purchase price obligations is primarily due to the timely reclassification from loan liabilities to current loan liabilities and in the short-term use of a syndicated loan (revolving credit facility) taken out to finance the HAL Apollo joint venture.

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

TRADE PAYABLES (19)

Trade payables, at EUR 48.303 million (prior year: EUR 41.003 million) are payable within one year.

PAYABLE TO AFFILIATED COMPANIES AND ASSOCIATES ACCOUNTED FOR AT EQUITY (20)

Payables to affiliated companies and associates included at equity, at EUR 281 thousand (prior year: EUR 2.736 million), are primarily for supplies and services; of that total, EUR 242 thousand (prior year: EUR 2.691 million) are liabilities to associates included at equity in the Live Entertainment segment.

ADVANCE PAYMENTS RECEIVED (21)

The advance payments received, at EUR 115.397 million (prior year: EUR 83.783 million), mainly include ticket monies already received for future events in the Live Entertainment segment. The increase in advance payments received is mainly attributable to the fact that more ticket monies were received from pre-sales for events held in 2013.

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

OTHER PROVISIONS (22)

Changes in other provisions are shown in the following table:

	Workforce restructuring	**Other**	**Total**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**
01.January 2011	**2,430**	**1,955**	**4,385**
Change in scope of consolidation	0	21	21
Consumption	-740	-1,352	-2,092
Reversal	0	-37	-37
Addition	431	1,678	2,109
Currency differences	0	16	16
31. December 2011	**2,121**	**2,281**	**4,402**
Change in scope of consolidation	0	119	119
Consumption	-1,518	-1,132	-2,650
Reversal	-318	-299	-617
Addition	56	1,342	1,398
Currency differences	-1	27	26
31. December 2012	**340**	**2,338**	**2,678**

The provisions for workforce restructuring relate to the integration of companies acquired the 2010 financial 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.

TAX PROVISIONS (23)

Changes in tax provisions are shown in the following table:

	2012	2011
	[EUR'000]	[EUR'000]
01.01.	**10,986**	**8,359**
Change in scope of consolidation	1,587	0
Consumption	-7,495	-5,028
Reversal	-108	-187
Currency differences	7,897	7,828
Addition	6	14
31.12.	**12,873**	**10,986**

Due specifically to a lower volume of prepaid taxes on income in some companies for the 2012 financial year, additions to tax provisions are higher in comparison with the prior year.

OTHER LIABILITIES (CURRENT) (24)

Other liabilities comprise EUR 152.459 million in financial liabilities (prior year: EUR 130.529 million) and EUR 37.376 million in non-financial liabilities (prior year: EUR 31.379 million).

The financial liabilities include liabilities in respect of ticketing monies that have not yet been invoiced, at EUR 145.002 million (prior year: EUR 124.234 million), liabilities from ticket insurance, at EUR 2.340 million (prior year: EUR 1.332 million), liabilities from third-party concerts in the Live Entertainment segment, at EUR 1.362 million (prior year: EUR 1.633 million), liabilities from finance leases, at EUR 159 thousand (prior year: EUR 172 thousand), and EUR 3.596 million in other financial liabilities (prior year: EUR 3.158 million).

The non-financial liabilities result from tax liabilities, at EUR 13.545 million (prior year: EUR 13.646 million), social insurance liabilities, at EUR 576 thousand (prior year: EUR 487 thousand), liabilities to personnel, at EUR 9.944 million (prior year: EUR 9.064 million), credit voucher liabilities, at EUR 8.425 million (prior year: EUR 5.716 million), deferred income and accrued expenses, at EUR 4.242 million (prior year: EUR 1.012 million), and other non-financial liabilities, at EUR 646 thousand (prior year: EUR 1.154 million).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (25)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 159.406 million were carried (prior year: EUR 180.141 million). Of the medium- and long-term financial liabilities, EUR 155.428 million relate to bank loans (prior year: EUR 174.167 million) and EUR 3.978 million to liabilities from purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 5.974 million). The decrease in medium- and long-term financial liabilities was mainly due to the timely reclassification of loan liabilities and purchase price obligations as short-term financial liabilities and an decrease in loan liabilities arising from currency translation of foreign currency liabilities (EUR/CHF; EUR -335 thousand) as at the closure date.

OTHER LIABILITIES (NON-CURRENT) (26)

Other long-term liabilities, at EUR 272 thousand (prior year: EUR 172 thousand) mainly concern liabilities from finance leases (EUR 143 thousand; prior year: EUR 163 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 2012 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	205,981 (2011: 204,890)	46,575 (2011: 24,749)	113,653 (2011: 119,154)	45,753 (2011: 60,987)	
Advance payments received	115,397 (2011: 83,783)	115,397 (2011: 83,783)			
Trade payables	48,303 (2011: 41,003)	48,303 (2011: 41,003)			
Payables to affiliated and associated companies accounted for at equity	281 (2011: 2,736)	281 (2011: 2,736)			
Other liabilities	190,107 (2011: 162,080)	189,835 (2011: 161,908)	272 (2011: 172)		1) 13,545 (2011: 13,646) 2) 576 (2011: 487)
Liabilities, total	**560,069**	**400,391**	**113,925**	**45,753**	

DETAILS TO FINANCIAL LIABILITIES

The financial liabilities recognised on the balance sheet date (EUR 205.981 million) include loans of EUR 199.100 million (prior year: EUR 190.246 million) as well as EUR 6.881 million in purchase price obligations (prior year: EUR 14.644 million).

As at 31 December 2012, the loans include the following main items:

- EUR 89.286 million annuity 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 3 years

- EUR 41.418 million annuity loan with a remaining term of around 7 years This loan was taken out in Swiss Francs and is subject to variations in carrying amount due to the translation of foreign currency liabilities as at the closure date.

- EUR 19.000 million partial use of a syndicated loan (revolving credit facility), with a remaining term of less than one year. At the beginning of the 2013 financial year, short-term use of the syndicated loan was rescheduled as a long-term final-maturity loan (with a reminaing term of five years). On 13 March 2012, CTS AG took out a syndicated credit line amounting to EUR 60.0 million, with a remaining term of three years.

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

PENSION PROVISIONS (27)

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 Marek Lieberberg Konzertagentur GmbH & Co. KG, 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 Sports GmbH and Ticketcorner AG subsidiaries 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 (BVH). Reinsurance benefits which have been pledged to beneficiary employees on the basis of pension commitments are recognised as plan assets and were offset against pension provisions. In the 2012 financial year, pension benefits amounting to EUR 3.409 million were paid as pension obligations to beneficiaries (prior year: EUR 2.469 million); in the reporting year, payments amounting to EUR 1.675 million were made from plan assets (prior year: EUR 2.434 million).

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

	2012	2011
	[EUR'000]	[EUR'000]
Fair value of plan assets	-7,634	-6,862
Present value of obligations	11,420	11,667
Pension provisions	**3,786**	**4,805**

The present value of commitments developed as follows:

	2012	2011
	[EUR'000]	[EUR'000]
Beginning of the year	11,667	11,667
Current service costs	538	595
Interest expenses	390	456
Actuarial gains / losses	1,313	67
Currency differences	53	183
Contributions by plan participants	868	1,168
Amounts paid	-3,409	-2,469
End of year	**11,420**	**11,667**

Changes in plan assets are shown in the table below. Plan assets are reinsurance policies used to cover pension obligations. In combination with the income generated in past years and the associated expectations regarding future gains, an average of 3.15% - 3.6% is taken as the expected long-term rate of return. The actual yield from plan assets is EUR 996 thousand (prior year: EUR 305 thousand).

	2012	2011
	[EUR'000]	[EUR'000]
Fair value of plan assets 1 January	6,862	7,250
Expected return on plan assets	204	238
Actuarial gains / losses	792	68
Currency differences	44	149
Contributions by the employer	431	423
Contributions by plan participants	976	1,168
Amounts paid	-1,675	-2,434
Fair value of plan assets 31 December	**7,634**	**6,862**

The following amounts were recognised through profit and loss:

	2012	2011
	[EUR'000]	[EUR'000]
Current service costs	538	595
Interest expenses	390	456
Expected return on plan assets	-204	-238
Actuarial gains / losses	521	-1
Total amount	**1,245**	**812**

The actuarial losses in the year under review were caused primarily by a change in interest rate and additional disability pensions.

Of the amount recognised through profit and loss, EUR 256 thousand were factored into the cost of sales in accordance with the 'cost of sales' method (prior year: EUR 255 thousand), EUR 244 thousand into selling expenses (prior year: EUR 192 thousand) and EUR 354 thousand into administrative expenses (prior year: EUR 365 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:

	2012	2011
Discount rate	2.0% - 3.6%	2.5% - 4.9%
Expected return on plan assets	3.15% - 3.6%	3.15% - 3.8%
Future salary increases	1.0% - 2.5%	1.25% - 3.0%
Future pension increases	1.0% - 3.0%	1.0% - 3.0%

The discount rate is an important factor when measuring and recognising provisions for pensions and similar obligations. The data base previously used for determining the discount rate is no longer considered a sufficient basis, due to the significant reduction in high-quality corporate bonds with similar maturities used as a reference, following downgrades by rating agencies. For that reason, the selection criteria for the data base and the extrapolation method have been adjusted to derive the rate used to discount future pensions in the Eurozone. In future, the data base will include only high-quality corporate bonds that are rated AA by at least one of the three major rating agencies. As at 31 December 2012, this change resulted in an overall increase of 0.4% in the discount rate applied for measuring pension obligations in the Eurozone. If the discount rate applied were 40 base points lower, pension commitments in the Eurozone would be EUR 218 thousand higher.

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

	2012 [EUR'000]	2011 [EUR'000]	2010 [EUR'000]	2009 [EUR'000]	2008 [EUR'000]
Present value of defined benefit obligation	11,420	11,667	11,667	3,668	3,186
Fair value of plan assets	-7,634	-6,862	-7,250	-952	-939
Surplus or deficit in the plan	3,786	4,805	4,417	2,716	2,247
Experience adjustments arising in plan liabilities	1,313	67	73	203	122
Experience adjustments arising in plan assets	-792	-68	178	44	36

DEFERRED TAX LIABILITIES (28)

Deferred tax liabilities, at EUR 16.259 million (prior year: EUR 18.944 million), result from temporary differences between the carrying amounts stated in the consolidated balance sheet and their value for tax purposes. The EUR -2.685 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, the See Ticket Germany / Ticket Online Group and Arena Management GmbH.

SHAREHOLDERS' EQUITY (29)

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.

In connection with the share capital increase from CTS AG company funds, reserves were transferred to subscribed 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.

As at the balance sheet date, measurement of the derivative financial instruments (forward interest swap contracts, cash flow hedge) results in a loss on effective hedges, which is recognised in equity under total comprehensive income. Changes in the market values of derivative financial instruments amount to EUR -482 thousand and are disclosed in total comprehensive income in consideration of deferred taxes with a total amount of EUR -333 thousand. There are no gains or losses from an ineffective portion of the hedging instruments.

Reference is made to the consolidated statement of changes in equity on page 70.

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, originally 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 subscribed share capital of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from company 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 price by more than 10%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

The premium (§ 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed under capital reserve. As part of the share capital increase using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

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 decreased by EUR 3.046 million to EUR 14.522 million. This change results from the acquisition and sale of shares in companies (EUR 26 thousand) and from proportionate shares in the consolidated net income for 2012 (EUR 6.096 million), balanced against distributions to non-controlling interest in the 2012 financial year (EUR -5.486 million).

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 2012:

			Thereof: not impaired but overdue at the balance sheet date			
	Carrying value 31.12.2012	Thereof: neither impaired nor overdue at the balance sheet date	Less than 30 days	Between 30 - 90 days	Between 90 - 180 days	More than 180 days
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Trade receivables	27,671	20,783	2,929	723	233	1,909
Receivables from affiliated and associated companies accounted for at equity	5,895	4,620	209	148	176	742
Other financial assets	46,632	43,024	1,912	338	184	874
Other financial assets (at fair value not through profit and loss)	2,725	2,725	0	0	0	0
Investments (at fair value not through profit and loss)	13	13	0	0	0	0
Investments (at cost)	1,973	1,973	0	0	0	0
Loans	269	269	0	0	0	0
	85,178	**73,407**	**5,050**	**1,209**	**593**	**3,525**

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]	[EUR'000]	[EUR'000]
Trade receivables	28,958	21,260	3,848	589	651	1,459
Receivables from affiliated and associated companies accounted for at equity	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**

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:

	2012	2011
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts 1 January	3,718	4,712
Change in consolidated companies	351	56
Consumption	-1,121	-1,539
Reversal	-94	-497
Addition	1,964	992
Currency differences	42	-6
Allowances for doubtful accounts as at 31 December	**4,860**	**3,718**

3.2 FINANCIAL LIABILITIES

The following table shows the contractually agreed (undiscounted) repayments and interest payments in respect of the original and derivative financial liabilities, as at 31 December 2012:

	Carrying value 31.12.2012	Redemption < 1 year	Interest < 1 year	Redemption < 2 year	Interest < 2 year	Redemption < 4 year	Interest < 4 year	Redemption > 4 year	Interest > 4 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	136,173	-47,796	-2,214	-1,757	-1,707	-53,050	-1,499	-33,135	-905
Financial liabilities in relation to hedge accounting	69,808	0	0	-14,286	-145	-28,572	-723	-28,572	-491
Trade payables	48,303	-48,303	0	0	0	0	0	0	0
Payables to affiliated and associated companies accounted for at equity	281	-281	0	0	0	0	0	0	0
Other financial liabilities	152,138	-151,996	-8	-111	-3	-32	-1	0	0
Other dervative financial liabilities	482	0	0	0	-451	0	-85	0	201
	407,185	**-248,376**	**-2,222**	**-16,154**	**-2,306**	**-81,654**	**-2,308**	**-61,707**	**-1,195**

The carrying amount of the financial liabilities as at 31 December 2012 is lower due to amortisation of the transaction costs at a constant effective interest rate.

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

	Carrying value 31.12.2011	Redemption < 1 year	Interest < 1 year	Redemption < 2 year	Interest < 2 year	Redemption < 4 year	Interest < 4 year	Redemption > 4 year	Interest > 4 year
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Financial liabilities	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 accounted for at equity	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 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 2012. 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 2012 financial year are shown in the following table according to recognition categories:

		Balance sheet value according to IAS 39			
	Carrying value 31.12.2012	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	319,514	319,514			319,514
Trade receivables	27,671	27,671			27,577
Receivables from affiliated and associated companies accounted for at equity	5,895	5,895			5,840
Other financial assets	46,632	46,632			46,466
Other financial assets (at fair value not through profit and loss)	2,725		2,725		2,725
Investments (at fair value not through profit and loss)	13		13		13
Investments (at cost)	1,973			1,973	
Loans	269	269			279
LIABILITIES					
Short-term financial liabilities and current portion of long-term financial liabilities	46,575	46,575			46,285
Medium- and long-term financial liabilities	159,406	159,406			164,581
Trade payables	48,303	48,303			48,280
Payables to affiliated and associated companies accounted for at equity	281	281			280
Other financial liabilities	152,621	152,621			152,554
Categories according to IAS 39:					
Loans and receivables	399,981	399,981			399,676
Financial liabilities at amortised cost	407,186	407,186			411,980
Available-for-sale financial assets	4,711		2,738	1,973	2,738

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 accounted for at equity	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 accounted for at equity	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

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

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

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

The fair values of non-current trade receivables, receivables from affiliated companies and associates included at equity, other original financial assets, financial liabilities, payables to affiliated companies and associates included at equity 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 shares and investments in other companies cannot be measured reliably. These financial investments are measured at cost.

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

Of the total available-for-sale financial assets, EUR 2.738 million (prior year: EUR 1.186 million) are accounted for at fair value but not through profit and loss, and EUR 1.973 million are accounted for at cost (prior year: EUR 2.273 million). Since the fair values (EUR 2.738 million; prior year: EUR 1.186 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:

	2012 [EUR'000]	2011 [EUR'000]
Available-for-sale financial assets as at 1 January	3,459	5,049
Change in the scope of consolidation	-94	0
Addition	1,902	240
Disposal	-14	-1,816
Depreciation on financial assets	-568	0
Other comprehensive income	26	-14
Available-for-sale financial assets as at 31 December	**4,711**	**3,459**

NET PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

	2012 [EUR'000]	2011 [EUR'000]
Loans and receivables	1,859	1,451
Available-for-sale financial assets	43	266
Financial original liabilities	-6,679	-6,885
Derivative financial instruments in hedging relationship	-482	0
	-5,259	**-5,168**

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 706 thousand (prior year: EUR 730 thousand). The gains and losses of available-for-sale financial assets are stated in equity under total comprehensive income, not through profit and loss. The changes in value in the interest derivatives acquired to hedge against risks associated with changes in interest rates qualify as effective cash flow hedges and are likewise stated in equity under total comprehensive income, not through profit and loss.

FINANCIAL RISKS

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

3.4 DERIVATIVE FINANCIAL INSTRUMENTS
3.4.1 INTEREST DERIVATIVES AND HEDGES

To hedge against future cash outflows for variable-interest loans as a result of changes in market interest rates, derivative financial instruments in the form of interest rate swaps were taken out. With a negative market value totalling EUR 482 thousand, these financial instruments are reported under medium- and long-term financial liabilities.

The designated and effective cash flow hedges are accounted for in accordance with IAS 39 Hedge Accounting. The risks deriving from interest rate fluctuations are thus controlled in a deliberate manner and volatilities in earnings are reduced.

At the inception of the hedge, the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge are formally designated and documented. The documentation includes identification of the hedging instrument and the underlying transaction, the nature of the risk being hedged and a description of how the Group assesses the hedging instrument's effectiveness in offsetting the exposure to changes in cash flows attributable to the hedged risk. The hedging relationships are assessed on an ongoing basis to determine whether they were in fact highly effective throughout the reporting period for which the respective hedge was designated.

To qualify for hedge accounting, the hedge accounting rules in IAS 39 require that the designated hedging relationships be highly effective. The changes in the fair value of the hedge must be within a range of 80% to 125% of the opposite changes in the fair value of the hedged item, both prospectively and retrospectively. The effective portion of a hedging relationship, within the above range, is recognised in equity, not through profit and loss, whereas the ineffective portion is recognised immediately in profit or loss.

In the 2012 financial year, three cash flow hedges each involving future variable interest payments for loans and a forward interest rate swap (payer swap) were designed in compliance with the risk strategy. These interest rate swaps functioned as financial hedges against as yet unfixed future interest expense of the loans. Variable interest payments to be made on loans in the years 2014 - 2018 are thus fixed in amount at the interest rate level prevailing when the interest rate swaps were concluded.

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the 2012 financial year, the Group generated EUR 520.334 million in revenue (+3.5%). Revenue (before consolidation between segments) breaks down into EUR 231.507 million in the Ticketing segment (prior year: EUR 228.712 million) and EUR 296.426 million in the Live Entertainment segment (prior year: EUR 280.968 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 size and personnel expenses. Using this conversion code, material expenses, personnel expenses, depreciation, amortisation and other operating expenses of the individual companies according to the 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 type of expenditure method.

Material expenses (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of materials, supplies and purchased merchandise	17,653	15,196	2,457
Cost of purchased services	279,195	280,445	-1,250
	296,848	**295,641**	**1,207**

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

Personnel expenses (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	60,927	59,218	1,709
Social insurance contributions and expenses for pension and employee support	10,553	11,358	-805
	71,480	**70,576**	**904**

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 26.669 million were recognised as cost of sales (prior year: EUR 26.930 million), EUR 24.795 million as selling expenses (prior year: EUR 23.290 million) and EUR 20.070 million as general administrative expenses (prior year: EUR 19.527 million). Personnel expenses relating to non-recurring items were recognised in full as other operating expenses (EUR -54 thousand, prior year: EUR 829 thousand).

The increase in personnel expenses is attributable to the Live Entertainment segment. It is offset by a decrease in personnel expenses in the Ticketing segment, mainly due to the workforce restructuring carried out in the companies acquired in the 2010 financial year.

Employer contributions to pension insurance were 9.8% in the 2012 financial year. Social security and expenses for pension and employee support include EUR 2.907 million in contributions to statutory pension insurance (prior year: EUR 3.525 million). Statutory pension insurance is a defined contribution plan.

Depreciation and amortisation (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	22,794	22,574	220
	22,794	**22,574**	**220**

Depreciation and amortisation calculated using the type of expenditure method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. EUR 8.868 million in depreciation and amortisation costs were factored into cost of sales (prior year: EUR 8.708 million), EUR 7.817 million into selling expenses (prior year: EUR 7.679 million) and EUR 6.109 million into administrative expenses (prior year: EUR 6.187 million).

Depreciation and amortisation include EUR 10.058 million (prior year: EUR 10.520 million) in amortisation from purchase price allocations.

Other operating expenses (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	50,650	55,276	-4,626
	50,650	**55,276**	**-4,626**

Other operating expenses measured using the total cost method are allocated on a percentage basis to cost of sales, selling expenses, general administrative expenses and other operating expenses using the cost of sales method. Of the other operating expenses, EUR 8.929 million were recognised as cost of sales (prior year: EUR 9.128 million), EUR 21.853 million as selling expenses (prior year: EUR 19.753 million) and EUR 7.878 million as general administrative expenses (prior year: EUR 7.781 million). The remaining EUR 11.990 million (prior year: EUR 18.614 million) was allocated to other operating expenses. The year-on-year change in other operating expenses mainly relates to non-recurring items.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 3.738 million increase in selling expenses is mainly attributable to higher personnel expenses (EUR +1.435 million), expenses arising from the measurement of receivables on the closing date (EUR +1.190 million), advertising expenses and expenditures on advertising magazines (EUR +792 thousand) and amortisation and depreciation (EUR +331 thousand, of which EUR -105 thousand are amortisation ensuring from purchase price allocation).

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 593 thousand increase in general administrative expenses is principally due to increased personnel expenses (EUR +483 thousand).

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from advertising and marketing	4,818	4,050	768
Income from the settlement of an acquisition	2,900	0	2,900
Bargain purchase of an acquisition	2,746	0	2,746
Income from passed on expenses	1,278	1,618	-340
Income from written-off liabilities / written-off receivables	807	2,347	-1,540
Income from currency translation	830	1,286	-456
Income from insurance compensation	651	574	77
Income from the reversal of provisions	0	37	-37
Income relating to other periods	324	906	-582
Income from the reversal of allowances for doubtful accounts	94	497	-403
Payments of damages	32	242	-210
Other operating income	2,792	1,758	1,034
	17,272	**13,315**	**3,957**

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

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Expenses for third-party services	3,424	2,701	723
Expenses passed on to third parties	1,299	803	496
Loss from disposal of fixed assets	863	239	624
Non-recurring items*	733	9,598	-8,865
Leases / rent	542	596	-54
Cost for the supply of goods sold	473	393	80
Currency translation expenses	465	1,521	-1,056
Maintenance expenses	404	443	-39
Expenses relating to other periods / non-operating costs	206	444	-238
Donations	94	86	8
Other operating expenses	3,432	2,619	813
	11,935	**19,443**	**-7,508**

* 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 11 thousand (prior year: EUR 279 thousand) result from distributions from companies in which participations are held.

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

Expenses for investments in associates included at equity relate to the Live Entertainment segment and include EUR -388 thousand in respect of the HAL Apollo joint venture.

FINANCIAL INCOME (9)

Financial income includes EUR 2.109 million in interest (prior year: EUR 2.166 million) and EUR 16 thousand (prior year: EUR 38 thousand) in other financial income.

FINANCIAL EXPENSES (10)

Financial expenses comprise interest expense, at EUR 6.553 million (prior year: EUR 6.810 million), EUR -669 thousand in depreciation of financial assets, and EUR 951 thousand in other financial expenses (prior year: EUR 772 thousand). Financial expenses mainly comprise borrowing costs for financial acquisitions made in the 2010 financial year, and a syndicated loan (revolving credit facility) newly taken out.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income taxes	30,333	24,076	6,257
Deferred taxes	-3,259	-2,987	-272
	27,074	**21,089**	**5,985**

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 480 thousand (prior year: EUR 60 thousand), and deferred tax expenses for other periods, at EUR 91 thousand (prior year: EUR 1.464 million).

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

Deferred taxes amounting to EUR 138 thousand were recognised in shareholders‘ equity, not through profit and loss, under total comprehensive income.

Deferred tax income / expenses developed as follows:

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-3,259	-2,987	-272
thereof:			
from temporary differences	-4,046	-1,909	-2,137
from tax loss carryforwards	787	-1,078	1,865

Deferred taxes from temporary differences mainly result from the purchase price allocations in respect of the acquisitions made in the 2010 and 2012 financial years.

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 2012, an average tax rate of 31% (prior year: 31%) was multiplied by the pre-tax profit. The average tax rate is the effective tax rate for CTS AG, which is composed of German corporation tax at a rate of 15% (plus 5.5% solidarity supplement) and local municipal trade tax (at around 15%).

	2012	2011
	[EUR'000]	[EUR'000]
Earnings before tax (EBT)	88,160	67,043
Reconciliation to effective tax expenses		
Expected income taxes	**27,330**	**20,783**
Deviations from expected tax rate	-485	-402
Tax effects arising from utilization of loss carry-forwards	-114	-37
Tax effects arising from reassessment of deferred tax assets	-91	-1,132
Changes of deferred taxes due to changes in tax rates	-10	0
Non-deductible expenses / non-taxable income	229	392
Losses without the formation of deferred tax assets	117	420
Effects due to municipal trade tax additions and reduction	22	122
Other	76	943
Income taxes according to income statement	**27,074**	**21,089**

NON-CONTROLLING INTEREST (12)

The non-controlling interest in net income for 2012 increased from EUR 3.766 million to EUR 6.096 million. Non-controlling interest in the Ticketing segment amounts to EUR 1.778 million and in the Live Entertainment segment to EUR 4.404 million.

5. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities fell year-on-year by EUR -4.445 million from EUR +112.575 million to EUR +108.130 million. The main reason for this increase in cash flow from operating activities is the EUR 12.802 million increase in consolidated net income from EUR 42.188 million to EUR 54.990 million. The EUR +19.264 million increase in liabilities also had a positive impact on the cash flow from ongoing business operations. This was offset by a year-in-year decrease in cash flow mainly due to higher receivables and other assets (EUR -29.027 million), to larger payments of taxes on income (EUR -11.319 million) and to higher advance payments (EUR -4.243 million).

The positive cash-flow effect of EUR +19.264 million from changes in payables was mainly the result of advance payments received in the Live Entertainment segment (EUR +12.564 million) and of liabilities accruing in the Ticketing segment from ticketing monies that have not yet been invoiced (EUR +15.042 million). These were offset by a reduction in trade liabilities (EUR -3.928 million) and in other liabilities (TEUR -4.414 million).

In the Live Entertainment segment, ticket revenue generated in the pre-sales period is posted by the promoter on the liabilities side as advance payments received. When the event is subsequently held, these advance payments are transferred to revenue. In the reporting period, as in the prior year, pre-sales for events held after the balance sheet data resulted in a stronger cash inflow. Compared to the previous year, this led to a positive cash flow effect of EUR +12.564 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 2012 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 +15.042 million due to the development of liabilities in respect of ticket monies that have not yet been invoiced.

The EUR -29.027 million negative cash flow effect due to the increase in receivables and other assets results from increased trade receivables, increased receivables in respect of ticket monies and an increase in receivables and other assets.

The year-on-year increase in payments of taxes on income, at EUR 11.319 million, is mainly attributable to the fact that increased payments of taxes on income as well as subsequent payments for previous years were made.

The EUR -4.243 million negative cash flow effect related to payments on account results from the increase in payments on account in respect of product costs for future events to be held after the balance sheet date.

CASH FLOW FROM INVESTING ACTIVITIES (2)

Cash flow from investing activities improved by EUR +620 thousand from EUR -13.197 million to EUR -12.577 million. Payments amounting to EUR -16.898 million (prior year: EUR -1.065 million) were made in connection with the acquisition of consolidated companies. This was offset by a EUR 15.766 million change due to consolidation in the funds of the acquired companies (prior year: EUR 1.435 million). The acquisition of shares in the HAL Apollo joint venture resulted in greater cash outflow for investing activities in the reporting year, at EUR -15.833 million. This was offset by positive cash flow effects amounting to EUR +14.331 million due to greater changes in funds resulting from consolidation (mainly because of the initial consolidation of Arena Management GmbH), and EUR +2.010 million due to less investing activity in intangible assets.

CASH FLOW FROM FINANCING ACTIVITIES (3)

Cash flow from financing activities rose year-on-year by EUR +1.106 million from EUR -27.593 million to EUR -26.487 million.

Year-on-year, cash flow from financing activities increased as a result of an acquisition-related loan of EUR +17.250 million. This was offset by greater systematic repayment of financial loans, at EUR -10.714 million, and distribution of EUR -5.191 million to non-controlling interest in the form of residual payments for increases in shareholdings, and distribution of dividends.

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 deduction of non-controlling interest, by the number of shares outstanding (basic earnings per share). As at the balance sheet date, there is no dilution as a result of convertible bonds, stock options or similar instruments (potential common stock).

The earnings per share are determined as follows:

	2012	2011
	[EUR’000]	[EUR’000]
Net income after non-controlling interest	54,990,160	42,188,170
Quantity of shares	48,000,000	48,000,000
Earnings per share	**1.15**	**0.88**

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 division is to organise and execute events.

The Group is segmented on the basis of the internal reports to the chief operating decision maker (the Management Board) and includes the components required by 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 2012, 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 • nolock Softwarelösungen 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 • Arena Management GmbH • HAL Apollo joint venture

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

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

The internal and external revenues of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total for segment	
	2012	2011	2012	2011	2012	2011
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
External revenue	227,141	224,405	293,192	278,409	520,334	502,814
Internal revenue	37,727	33,737	73,904	70,364	111,631	104,101
Total revenue	**264,868**	**258,142**	**367,097**	**348,773**	**631,965**	**606,915**
Consolidation within segment	-33,361	-29,430	-70,671	-67,805	-104,032	-97,235
Revenue after consolidation within segment	**231,507**	**228,712**	**296,426**	**280,968**	**527,933**	**509,680**

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

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2012 [EUR'000]	2011 [EUR'000]	2012 [EUR'000]	2011 [EUR'000]	2012 [EUR'000]	2011 [EUR'000]	2012 [EUR'000]	2011 [EUR'000]
Revenue	231,507	228,712	296,426	280,968	-7,599	-6,866	520,334	502,814
EBITDA	92,690	75,827	26,622	18,808	-388	0	118,924	94,635
EBIT	71,983	55,181	24,535	16,879	-388	0	96,130	72,061
Depreciation and amortisation	-20,707	-20,646	-2,087	-1,928	0	0	-22,794	-22,574
Financial result							-7,970	-5,018
Earnings before tax (EBT)							88,160	67,043
Taxes							-27,074	-21,089
Net income before non-controlling interest							61,086	45,954
Non-controlling interest							-6,096	-3,766
Net income after non-controlling interest							54,990	42,188
Average number of employees	1,199	1,245	421	207			1,620	1,452
Normalised EBITDA	91,977	85,426	26,622	18,808	-388	0	118,211	104,233
Normalised EBIT before amortisation from purchase price allocation	81,328	75,299	24,535	16,879	-388	0	105,475	92,179

GEOGRAPHICAL DISCLOSURES

The following table shows the external revenue for the 2012 financial year, broken down by geographical distribution:

	2012	2011
	[EUR'000]	**[EUR'000]**
Germany	384,681	386,825
Austria	47,656	35,516
Switzerland	44,178	38,721
Italy	23,671	23,703
Other countries	20,148	18,049
	520,334	**502,814**

The carrying values of non-current, non-financial assets for the 2012 financial year are shown in the following table according to geographical distribution:

	2012	2011
	[EUR'000]	**[EUR'000]**
Germany	287,526	276,578
Austria	1,540	1,422
Switzerland	67,652	71,263
Italy	4,480	5,833
Other countries	5,286	5,618
	366,484	**360,714**

6.3 EMPLOYEES

On average over the year, 1,620 salaried staff (prior year: 1,452) were employed by the Group. Of that total, 1,037 (prior year: 881) were employed in Germany, and 620 (prior year: 571) 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 Lanxess Arena in Cologne, and the leasing obligations pertain primarily to vehicles.

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

	31.12.2012			31.12.2011		
	< 1 year [EUR'000]	1 - 5 years [EUR'000]	> 5 years [EUR'000]	< 1 year [EUR'000]	1 - 5 years [EUR'000]	> 5 years [EUR'000]
Rental obligations	13,503	41,279	26,961	5,807	8,300	1,127
Leasing obligations	578	477	0	655	469	0
Other obligations	1,125	206	0	777	260	0
	15,206	**41,962**	**26,961**	**7,239**	**9,029**	**1,127**

There were no contingent liabilities of any significance.

6.5 LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 159 thousand (prior year: EUR 172 thousand), and the long-term financial liabilities include liabilities from finance leases with a remaining term of up to three years, at EUR 143 thousand (prior year: EUR 163 thousand). The interest rates on which the leasing agreements are based vary between 2.7% and 5.9%, depending on the market rates and the date of conclusion. The main leases relate to 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 arise in the normal course of business. In the view of the company's legal representatives, there will no material impact on the earnings performance, financial position and cash flow of the Group when these matters are brought to an end. Provisions amounting to EUR 230 thousand (prior year: 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 2013.

6.8 DECLARATION OF COMPLIANCE

On 13 November 2012, the Management Board and the Supervisory Board of CTS AG released a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to § 161 AktG, and made said declaration permanently available to shareholders on the CTS AG website (http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorCorporateGovernance/correspondingDeclaration).

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

Some consolidated corporate enterprises and business partnerships of CTS AG qualify for § 264 (3) HGB and § 264b HGB, and the consolidated financial statements of CTS AG therefore release these subsidiaries from the requirement ot disclose their annual financial statements. The companies marked with an asterisk also qualify for the release form the requirement to prepare a management report:

- 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 2012 business year, executive officers of CTS AG conducted no notifiable securities transactions in shares of the company.

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

The contractual relationships with related companies and persons resulted in the following goods and services being sold to and bought from related parties in the 2012 reporting period:

	2012	2011
	[EUR'000]	[EUR'000]
Goods and services supplied by the Group		
Services related to events	4,524	7,757
Allocation of operating costs	772	1,003
Supply of ticketing software	309	524
Other	295	55
	5,900	**9,339**

EUR 640 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (prior year: EUR 534 thousand), EUR 1.760 million to associates included at equity (prior year: EUR 1.886 million) and EUR 3.501 million to other related parties (prior year: EUR 6.919 million).

	2012	2011
	[EUR'000]	[EUR'000]
Goods and services received by the Group		
Fulfilment services	13,506	11,414
Call centre operations	2,638	2,668
Production costs for events	2,406	2,491
Tenancy agreements	884	725
Business services agreements	999	616
Payment services	831	530
Other	194	1,616
	21,458	**20,060**

EUR 572 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (prior year: EUR 317 thousand), while EUR 1.388 million in goods and services were supplied by associates included at equity (prior year: EUR 2.315 million) and EUR 19.497 million were supplied by other related parties (prior year: EUR 17.428 million).

Receivables from	2012 [EUR'000]	2011 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	1,923	1,609
Associated companies	4,035	3,386
Other related parties	729	351
	6,687	**5,346**

Liabilities to	2012 [EUR'000]	2011 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	29	7
Associated companies	242	2,691
Other related parties	6,647	3,329
	6,918	**6,027**

Trade receivables / payables from/to associates included at equity were netted in the reporting year.

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

6.12 AUDITOR EXPENSES

In the 2012 financial year, auditing expenses of EUR 311 thousand (prior year: EUR 294 thousand), fees amounting to EUR 89 thousand for other services (prior year: EUR 496 thousand) and EUR 39 thousand for other consulting services 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 (within the meaning of § 315a (1) HGB, in combination with § 314 (1) No. 6 HGB) were as follows:

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	2,000,000	11,642	294,711	2,306,353
Volker Bischoff	350,000	19,692	103,766	473,458
Alexander Ruoff	450,000	17,759	103,766	571,525
Total	**2,800,000**	**49,039**	**502,243**	**3,351,336**

The emoluments paid to members of the Management Board include EUR 502 thousand in performance-based components and EUR 2.849 million in fixed components. There are no components involving long-term incentives.

The emoluments within the meaning of IAS 24.16 amount to EUR 3.351 million. 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, Aalen

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

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

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

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 3 thousand for the 2012 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.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 19 April 2012 and amounted on the latter date to 2.99% (1,433,986 votes), and that these voting rights (1,433,986 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 1 May 2012 and amounted on the latter date to 3.003% (1,441,910 votes), and that these voting rights (1,441,910 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 8 May 2012 and amounted on the latter date to 2.99% (1,437,853 votes), and that these voting rights (1,437,853 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

Fidelity Funds SICAV, L-1021, Luxembourg, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on that date to 1.23% (591,791 votes).

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 28 May 2012 and amounted on the latter date to 3.05% (1,463,909 votes), and that these voting rights (1,463,909 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Highbridge Capital Management, LLC, New York, NY, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 19 November 2012 and amounted on the latter date to 5.01% (2,404,083 votes), and that these voting rights (2,404,083 votes) are allocated in their entirety to Highbridge Capital Management, LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Mr Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2012.

The Management Board of CTS AG released the consolidated financial statements to the Supervisory Board on 14 March 2013.

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, 14 March 2013

CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg | Volker Bischoff | Alexander Ruoff

7. 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 the 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 1 January to 31 December 2012. 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 in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies 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, 14 March 2013

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian (German Public Auditor)	ppa. Dr. Achim Lienau (German Public Auditor)

8. FINANCIAL STATEMENTS OF CTS AG 2012

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2012 (HGB)

ASSETS	31.12.2012	31.12.2011
	[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	15,098,976	11,098,222
2. Goodwill	490,605	817,675
3. Payments on account	533,685	1,957,177
	16,123,266	**13,873,074**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	90,689	137,155
2. Technical equipment and machinery	1	1
3. Other facilities, operating and office equipment	2,785,218	2,197,476
	2,875,908	**2,334,632**
III. Investments		
1. Shares in affiliated companies	250,267,718	226,316,382
2. Loans due to affiliated companies	0	6,259,738
3. Participations	6,540	574,834
	250,274,258	**233,150,954**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	386,739	527,572
2. Payments on account	0	0
	386,739	**527,572**
II. Receivables and other assets		
1. Trade receivables	7,519,480	9,010,149
2. Receivables from affiliated companies	26,924,215	27,186,850
3. Receivables from participations	656,987	1,403,967
4. Other assets	20,535,817	11,885,317
	55,636,499	**49,486,283**
III. Cheques, cash in hand and bank balances	**117,845,136**	**85,214,746**
C. PREPAID EXPENSES	**3,261,161**	**3,204,696**
Total assets	**446,402,967**	**387,791,957**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2012	31.12.2011
	[EUR]	[EUR]
A. SHAREHOLDERS' EQUITY		
I. Share capital	48,000,000	48,000,000
less par value of treasury stock	-4,350	-4,350
II. Capital reserve	2,400,000	2,400,000
III. Statutory reserve	2,400,000	2,164,937
IV. Balance sheet profit	117,917,974	87,095,896
	170,713,624	**139,656,483**
B. PROVISIONS		
1. Tax provisions	3,071,508	2,928,500
2. Other provisions	6,001,388	5,139,500
	9,072,896	**8,068,000**
C. LIABILITIES		
1. Liabilities to banks	157,007,154	148,500,000
2. Advance payments received	557,023	0
3. Trade payables	6,880,933	7,567,362
4. Liabilities to affiliated companies	9,238,341	5,320,273
5. Liabilities to participations	12,838	10,667
6. Other liabilities	92,556,826	78,462,987
	266,253,115	**239,861,289**
D. DEFERRED INCOME	**320,065**	**162,918**
E. DEFERRED TAX LIABILITIES	**43,267**	**43,267**
Total shareholders' equity and liabilities	**446,402,967**	**387,791,957**

INCOME STATEMENT OF CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012 (HGB)

	01.01.2012 - 31.12.2012 [EUR]	01.01.2011 - 31.12.2011 [EUR]
1. Revenue	120,567,207	107,960,468
2. Cost of sales	-50,177,933	-44,486,343
3. Gross profit	**70,389,274**	**63,474,125**
4. Selling expenses	-15,565,221	-13,946,438
5. General administrative expenses	-7,047,046	-6,290,450
6. Other operating income thereof from currency translation EUR 39,103 (2011: EUR 33,433)	8,049,457	3,242,500
7. Other operating expenses thereof from currency translation EUR 119,032 (2011: EUR 179,158)	-6,180,837	-12,378,338
8. Income from participations	19,653,450	14,348,017
9. Income from loans held as financial assets thereof from affiliated companies EUR 36,923 (2011: EUR 386,194)	36,923	386,194
10. Income from profit transfer agreements	6,247,508	11,860,613
11. Other interest and similar income	1,254,210	1,224,227
12. Depreciation on current marketable securities	-1,851,177	0
13. Interest and similar expenses	-5,419,829	-5,370,562
14. Profit from ordinary business activities (EBT)	**69,566,712**	**56,549,888**
15. Extraordinary expenses	0	-87,976
16. Income taxes	-17,390,887	-13,368,632
17. Other taxes	-597	205,470
18. Net income for the year	**52,175,228**	**43,298,750**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2012 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2012 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) and the Stock Corporation Act (Aktiengesetz). The financial year is the calendar year. CTS 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. The supplementary disclosures pursuant to § 158 AktG are provided in the Notes.

The accounting policies remained unchanged compared to the year before.

For greater clarity and simplicity of presentation, the remarks to be made in accordance with statutory provisions in respect of items in the balance sheet and the income statement, and which may be made in the balance sheet or in the income statement, respectively, are mostly made in the Notes section.

2.2 RECOGNITION AND MEASUREMENT

Intangible assets acquired for a consideration 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 ten years is assumed for the capitalised releases of the 'Global Ticketing System'.

Property, plant and equipment are measured at cost, minus systematic depreciation and amortisation if subject to wear and tear.

Extraordinary depreciation to lower fair values is performed where relevant. Systematic depreciation and amortisation is performed on a straight-line basis, based on the normal useful life. Depreciation and amortisation is carried out on a pro rata temporis basis.

Financial assets are recognised at cost, with extraordinary depreciation to the lower fair value, where relevant, for any permanent or temporary reduction in value that is expected.

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

Receivables and other assets are measured at their nominal value minus adjustments for all discernible risks. Impairments are made to account for any discernible risk exposure in respect of insolvencies or creditworthiness. Overall impairments amounting to 1% of the net amount of receivables are made.

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

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

Shareholders' equity is measured at nominal value. Treasury shares are openly deducted from 'subscribed capital'.

Provisions are recognised at the settlement amount and are formed in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement. Future increases in prices and costs were taken into account when determining provisions. Provisions with a remaining term of more than one year are discounted in relation to their remaining terms at the average market interest rate of the past seven years, as published by the Deutsche Bundesbank.

Liabilities are shown at their settlement amount.

Deferred tax liabilities are recognised to account for differences in the accounting policies governing the commercial balance sheet and the fiscal balance sheet, in accordance with § 274 (1) sentence 1 HGB. A tax rate of 31% is applied when calculating deferred taxes.

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 2012 (HGB)

	Historical cost				
	01.01.2012 [EUR]	Addition [EUR]	Disposal [EUR]	Reclassification [EUR]	31.12.2012 [EUR]
I. Intangible assets					
1. Acquired concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	41,795,062	4,581,407	231	1,902,309	48,278,547
2. Goodwill	4,906,054	0	0	0	4,906,054
3. Payments on account	1,957,177	478,817	0	-1,902,309	533,685
	48,658,293	**5,060,224**	**231**	**0**	**53,718,286**
II. Property, plant and equipment					
1. Other real estate, land rights and buildings, including buildings on third-party properties	281,969	0	0	0	281,969
2. Technical equipment and machinery	572,445	0	0	0	572,445
3. Other facilities, operating and office equipment	9,709,753	1,593,608	99,277	0	11,204,084
	10,564,167	**1,593,608**	**99,277**	**0**	**12,058,498**
III. Investments					
1. Shares in affiliated companies	226,316,382	25,233,018	0	0	251,549,400
2. Loans due to affiliated companies	6,259,738	0	6,259,738	0	0
3. Participations	574,834	1,200	0	0	576,034
	233,150,954	**25,234,218**	**6,259,738**	**0**	**252,125,434**
Total	**292,373,414**	**31,888,050**	**6,359,246**	**0**	**317,902,218**

Accumulative depreciation and amortisation				Carrying value	
01.01.2012 [EUR]	Addition [EUR]	Disposal [EUR]	31.12.2012 [EUR]	31.12.2012 [EUR]	31.12.2011 [EUR]
30,696,840	2,482,961	230	33,179,571	15,098,976	11,098,222
4,088,379	327,070	0	4,415,449	490,605	817,675
0	0	0	0	533,685	1,957,177
34,785,219	**2,810,031**	**230**	**37,595,020**	**16,123,266**	**13,873,074**
144,814	46,466	0	191,280	90,689	137,155
572,444	0	0	572,444	1	1
7,512,277	950,051	43,462	8,418,866	2,785,218	2,197,476
8,229,535	**996,517**	**43,462**	**9,182,590**	**2,875,908**	**2,334,632**
0	1,281,682	0	1,281,682	250,267,718	226,316,382
0	0	0	0	0	6,259,738
0	569,494	0	569,494	6,540	574,834
0	**1,851,176**	**0**	**1,851,176**	**250,274,258**	**233,150,954**
43,014,754	**5,657,724**	**43,692**	**48,628,786**	**269,273,432**	**249,358,660**

The EUR 31.888 million in addition to **assets** (prior year: EUR 5.665 million) relate to additions to intangible assets (EUR 5.060 million; prior year: EUR 4.191 million), to property, plant and equipment (EUR 1.594 million; prior year: EUR 1.022 million) and to financial assets (EUR 25.234 million; prior year: EUR 452 thousand). The additions to intangible assets result primarily from further development of the Global Ticketing System (EUR 4.413 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System (EUR 858 thousand) and for connecting box offices to the Global Ticketing System (EUR 193 thousand). The additions to financial assets in the reporting year relate to newly acquired shares in subsidiaries (EUR 501 thousand) and to increases in the carrying values of participations due to share capital increases in subsidiaries (EUR 20.668 million), mainly for the acquisitions of the HAL Apollo joint venture and the Arena Management GmbH operating company. Other additions to financial assets relate to contractually agreed payments of remaining purchase monies for existing investments (EUR 4.064 million).

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

Receivables from affiliated companies include trade receivables amounting to EUR 3.668 million (prior year: EUR 6.482 million) and loan receivables of EUR 12.892 million (prior year: EUR 20.705 million). Receivables from affiliated companies amount to EUR 6.130 million (prior year: EUR 4.129 million) and have a remaining term of between one and five years.

Receivables from participations include trade receivables amounting to EUR 84 thousand (prior year: EUR 256 thousand), as well as loan receivables amounting to EUR 574 thousand (prior year: EUR 1.147 million). Receivables amounting to EUR 267 thousand have a remaining term of between one and five years.

Other assets include EUR 3.009 million in receivables with a remaining term of between one and five years (prior year: EUR 2.869 million).

Prepaid expenses mainly comprise EUR 2.539 million in prepaid financing expenses (prior year: EUR 2.773 million), EUR 120 thousand in commission expenses (prior year: EUR 93 thousand), EUR 265 thousand in maintenance expenses (prior year: EUR 93 thousand) and EUR 194 thousand in promotion expenses (prior year: EUR 56 thousand).

SHAREHOLDERS' EQUITY AND LIABILITIES

As at the closing date, the company had 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 Bil-MoG, the arithmetic par value of treasury stock had to be clearly distinguished from the subscribed capital.

The premium (§ 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed under **capital reserve**. As part of the share capital increase using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

According to § 150 AktG, a stock corporation must form a **statutory amount of reserves** 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 subscribed capital is covered by the capital reserve and the statutory reserve. The addition of EUR 235,063 to the statutory reserve as at the closing date means that 10% of the subscribed capital has been reached.

The balance sheet profit developed as follows:

	31.12.2012	31.12.2011
	[EUR'000]	[EUR'000]
Balance sheet profit as at 31 December 2011/2010	87,096	69,417
Increase of par value difference in treasury stock	0	2
Allocation to revenue reserve	0	-2,579
Net income for the year 2012/2011	52,175	43,299
Allocation to statutory reserve according to §150 AktG	-235	-2,165
	139,036	**107,974**
Dividends 2012/2011	-21.118	-20,878
Balance sheet profit as at 31 December 2012/2011	**117,918**	**87,096**

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 subscribed share capital of CTS AG from EUR 24,000,000 to EUR 48,000,000 by adding EUR 24,000,000 from company 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 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 2.294 million in provisions for personnel expenses (prior year: EUR 1.967 million), EUR 1.688 million for outstanding supplier invoices (prior year: EUR 1.597 million), EUR 1.279 million for outstanding commission (prior year: EUR 697 thousand), EUR 97 thousand for Supervisory Board emoluments (prior year: EUR 100 thousand) and EUR 353 thousand for accounting and auditing expenses (prior year: EUR 209 thousand).

Of the **liabilities to affiliated companies**, EUR 5.379 million (prior year: 2.500 million) relate to trade payments and EUR 2.912 million (prior year: EUR 2.820 million) to loan liabilities.

Liabilities to participations consist entirely of trade payables amounting to EUR 13 thousand (prior year: EUR 11 thousand).

STATEMENT OF LIABILITIES

The residual terms of the liabilities as at 31 December 2012 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	157,007,154 (2010: TEUR 148,500)	40,578,586 (2010: TEUR 14,786)	102,142,864 (2010: TEUR 105,143)	14,285,704 (2010: TEUR 28,571)	
Advance payments received	557,023 (2010: TEUR 0)	557,023 (2010: TEUR 0)			
Trade payables	6,880,933 (2010: TEUR 7,567)	6,880,933 (2010: TEUR 7,567)	0		
Liabilities to affiliated companies	9,238,341 (2010: TEUR 5,320)	9,238,341 (2010: TEUR 5,320)	0		
Liabilities to participations	12,838 (2010: TEUR 11)	12,838 (2010: TEUR 11)	0		
Other liabilities	92,556,826 (2010: TEUR 78,463)	92,556,826 (2010: TEUR 78,463)	0		1) 3,683,101 (2010: TEUR 3,416) 2) 0 (2010: TEUR 2)
Total liabilities	**266,253,115**	**149,824,547**	**102,142,864**	**14,285,704**	

Other liabilities, at EUR 92.557 million, mainly include EUR 81.679 million in liabilities in respect of ticket monies that have yet been invoiced (prior year: EUR 68.576 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 revenue, as stated under other assets. Other liabilities include EUR 12.610 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (prior year: EUR 5.695 million). Taxes account for EUR 3.683 million of the other liabilities (prior year: EUR 3.416 million).

The **deferred tax liabilities** result from different accounting policies governing the recognition of participations in affiliated companies in the commercial balance sheet and the fiscal balance sheet. Measurement of deferred taxes 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:

	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	88,845	83,150	5,695
Licence Fees	11,178	9,350	1,828
Other revenue			
Data line charges	3,687	2,873	814
System rental / maintenance / installation	3,356	2,544	812
Commission income	4,488	3,826	662
Sales of merchandise	447	556	-109
Package travel	314	606	-292
Other	8,252	5,055	3,197
	120,567	**107,960**	**12,607**

EUR 9.789 millon of total revenue was generated in foreign countries (prior year: EUR 9.957 million).

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

Material expenses (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	1,060	1,442	-382
Cost of purchased services	43,082	37,806	5,276
	44,142	**39,248**	**4,894**

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

Personnel expenses (according to type of expenditure method)	2012	2011	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	13,023	11,334	1,689
Social security contributions and expenses for pension and employee support	1,438	1,355	83
	14,461	**12,689**	**1,772**

The **selling expenses** for the 2012 financial year (according to the ‘cost of sales’ method) include EUR 327 thousand in amortisation of goodwill (prior year: EUR 327 thousand), EUR 77 thousand in proportional amortisation (51%) of the trademark rights for the ‘getgo.de’ Internet portal acquired (prior year: EUR 99 thousand), as well as proportional amortisation (51%) of software (EUR 1,189 thousand; prior year: EUR 805 thousand) and property, plant and equipment (EUR 508 thousand; prior year: EUR 400 thousand). The remaining amount of proportional depreciation and amortisation (49%) of these tangible and intangible assets is allocated to cost of sales or administrative expenses.

EUR 2.900 million of **other operating income** result from a contractually agreed purchase price adjustment in connection with an acquisition. Other operating income includes EUR 815 thousand in non-periodic income from the reversal of provisions (prior year: EUR 152 thousand), EUR 306 thousand in income from extinguished liabilities (prior year: EUR 293 thousand) and EUR 107 thousand in retroactive refunds (prior year: EUR 12 thousand).

Other operating expenses include EUR 97 thousand in non-periodic expenses from follow-up invoices and credit notes (prior year: EUR 75 thousand).

The EUR 19.653 million in **income from participations** was generated entirely by affiliated companies (prior year: 14.348 million).

Depreciation of financial assets relates to extraordinary write-downs due to foreseeable permanent impairment within the meaning of § 253 (3) sentence 3 HGB. The financial assets are written down in full, or to the nominal value of the respective investment.

The EUR 37 thousand in **income from loans of financial assets** (prior year: EUR 386 thousand) is attributable in its entirety to income from affiliated companies.

Other interest and similar income includes EUR 669 thousand in income from affiliated companies (prior year: EUR 870 thousand).

Interest and similar expenses includes expenses of affiliated companies amounting to EUR 100 thousand (prior year: EUR 211 thousand).

Income taxes include EUR 8.151 million in municipal trade tax (prior year: EUR 6.740 million), EUR 8.103 million in corporation tax (prior year: EUR 6.542 million) and EUR 446 thousand in solidarity supplement to corporation tax for the 2012 financial year (prior year: EUR 360 thousand). Taxes on income also include foreign withholding tax expense, at EUR 130 thousand (prior year: EUR 195 thousand), non-periodic expenses for retrospective tax payments for previous years, at EUR 552 thousand (prior year: EUR 43 thousand) and income tax expenses for a foreign establishment, at EUR 9 thousand (prior year: EUR 0 thousand).

Other taxes amounting to EUR 1 thousand (prior year: EUR -205 thousand) relate to vehicle tax expenses.

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

	31.12.2012	31.12.2011
	[EUR'000]	[EUR'000]
Net income for the year 2012/2011	52,175	43,299
Profit carried forward	65,978	45,960
Increase of par value difference in treasury stock	0	2
Allocation to statutory reserve according to §150 AktG	-235	-2,165
Balance sheet profit as at 31 December 2012/2011	**117,918**	**87,096**

Of the balance sheet profit for the previous year, at EUR 87.096 million, EUR 21.118 million were distributed to shareholders and EUR 65.978 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 4.059 million (prior year: EUR 3.385 million). As at the closing date, subsidiaries had availed of EUR 259 thousand in guarantee facilities (prior year: EUR 335 thousand) and credit lines amounting to EUR 750 thousand. It is not expected that any claims will be asserted against CTS AG on account of this assumption of liability, given the positive future earnings position and financial situation of the subsidiaries.

Following acquisition of the Ticketcorner Group, the company also bears liability for up to a maximum of CHF 26.000 million owed to banks by Ticketcorner Holding AG, Rümlang (formerly Eventim CH AG, Zurich). The debts owed to banks by Ticketcorner Holding AG amount to CHF 50.000 million as at the balance sheet date. Due to the positive earnings performance expected of the Ticketcorner Group, it is assumed that Ticketcorner Holding AG as holding company will be able to honour its obligations. No demands on CTS 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 Tickercorner Holding 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, other financial obligations relating to short- and medium-term rental, leasing and other contractual agreements amount to EUR 5.395 million (prior year: EUR 4.634 million). Of that total, EUR 2.973 million (prior year: EUR 2.874 million) are due within one year. Future rental obligations account for EUR 4.460 million (prior year: EUR 3.681 million), leasing obligations for EUR 206 thousand (prior year: EUR 263 thousand) and other obligations for EUR 729 thousand (prior year: EUR 690 thousand). The other financial commitments are EUR 70 thousand to affiliated companies (prior year: EUR 45 thousand).

As at the closing date, there were also EUR 227 thousand in financial obligations towards affiliated companies in respect of guaranteed order volumes for software development.

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are measured individually at their market value on the closing date. When the requirements for forming valuation units are met, the hedging and underlying transactions are combined in a single valuation unit.

In the financial year, CTS AG contracted three derivative financial instruments with a nominal value of EUR 71.429 million to hedge exposure to interest risks in respect of liabilities to banks. As at the balance sheet date, the market values of the financial derivatives amounted to EUR -482 thousand. In combiation with the underlying financial liability, valuation units within the meaning of § 254 HGB exist. A provision for an onerous contract must therefore not be recognised. The hedge transactions begin at the end of 2013 and have a term of five years. The fixed interest rate is between 0.8725% and 0.9%, and the 3-M-Euribor is applied for the variable interest rate.

The due dates for the variable amounts and the fixed amounts are at the end of each quarter, from the beginning to the end of the term. The reference amounts for the swaps develop analogously to the repayment schedules for the liabilities to banks.

Since the main conditions of the underlying and hedge transactions are identical, the resultant future variable cash flows during the term of the swaps are expected to balance each other out, which means that the heding relationship is effective.

In the case of interest rate hedging, the effectiveness of the hedging relationship is checked on a prospective basis by applying the critical terms match method. The latter is used because all the relevant assessment parameters of underlying and hedge transactions are identical. Effectiveness is assessed retrospectively at each balance sheet date by applying the hypothetical derivative method. Said method compares the change in value of the actually concluded hedge transaction with the change in value of a fictitious hedge transaction in which all the parameters relevant for assessment are exactly replicated by the underlying transaction.

4.3 APPROPRIATION OF EARNINGS

In the 2012 financial year, CTS AG generated EUR 52.175 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 27.358 million (EUR 0.57 per eligible share) be distributed and that the remaining EUR 90.560 million be carried forward to the new account.

4.4 LIST OF INVESTMENTS

A list of shareholdings is published on the companys website. These disclosures are published on the CTS AG website under http://www.eventim.de/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorStructure.

4.5 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 –
– Director for Corporate Strategy, New Media and Marketing –

Dipl.-Ökonom Volker Bischoff, Stuhr
– Chief Financial Officer –

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

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

Name	Fixed salary	Benefits	Management Bonus	Total
	[EUR]	[EUR]	[EUR]	[EUR]
Klaus-Peter Schulenberg	2,000,000	11,642	294,711	2,306,353
Volker Bischoff	350,000	19,692	103,766	473,458
Alexander Ruoff	450,000	17,759	103,766	571,525
Summe	**2,800,000**	**49,093**	**502,243**	**3,351,336**

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

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

- Scholz AG, Aalen

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

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

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

- gut.org gemeinnützige Aktiengesellschaft, Berlin (Chairman)

The members of the Supervisory Board of CTS AG received emoluments totalling EUR 80 thousand as well as reimbursed expenses of EUR 3 thousand for the 2012 financial year.

4.6 EMPLOYEES

On average, 210 persons were employed by the company during the year (prior year: 186). These were all salaried employees.

4.7 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/cgi-bin/tickets.html?affiliate=EVE&fun=tdoc&doc=eventim/default/info/de/investor/investorCorporateGovernance/correspondingDeclaration).

4.8 PARTICIPATING PERSONS

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

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 19 April 2012 and amounted on the latter date to 2.99% (1,433,986 votes), and that these voting rights (1,433,986 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 23 April 2012 and amounted on the latter date to 4.95% (2,376,799 votes), and that these voting rights (2,376,799 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 1 May 2012 and amounted on the latter date to 3.003% (1,441,910 votes), and that these voting rights (1,441,910 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 8 May 2012 and amounted on the latter date to 2.99% (1,437,853 votes), and that these voting rights (1,437,853 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on the latter date to 2.95% (1,417,953 votes), and that these voting rights (1,417,953 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

Fidelity Funds SICAV, L-1021, Luxembourg, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 11 May 2012 and amounted on that date to 1.23% (591,791 votes).

FIL Holdings Limited, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Holdings Limited under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

FIL Investments International, Hildenborough, Kent, England, UK, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Investments International under § 22 (1) sentence 1, no. 6 WpHG.

FIL Limited, Hamilton HMCX, Bermuda, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 25 May 2012 and amounted on the latter date to 4.64% (2,227,181 votes), and that these voting rights (2,227,181 votes) are allocated in their entirety to FIL Limited under § 22 (1) sentence 1, no. 6 WpHG.

FMR LLC, Boston, Massachusetts, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 28 May 2012 and amounted on the latter date to 3.05% (1,463,909 votes), and that these voting rights (1,463,909 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 in combination with § 22 (1) sentence 2 WpHG.

Highbridge Capital Management, LLC, New York, NY, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG fell below the 5% threshold on 19 November 2012 and amounted on the latter date to 5.01% (2,404,083 votes), and that these voting rights (2,404,083 votes) are allocated in their entirety to Highbridge Capital Management, LLC in accordance with § 22 (1) sentence 1, no. 6 WpHG.

Mr Klaus-Peter Schulenberg, Bremen, held 50.2% of the voting rights in the company as at 31 December 2012.

4.9 AUDITOR EXPENSES

Disclosure of the fees paid to the company's auditor is waived because these details are provided in item 6.12 of the Notes to the consolidated financial statements.

4.10 ASSURANCE BY LEGAL REPRESENTATIVES

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

Bremen, 14 March 2013

CTS EVENTIM AG

Klaus-Peter Schulenberg | Volker Bischoff | Alexander Ruoff

9. AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping and the management report of CTS EVENTIM Aktiengesellschaft, Munich, which is combined with the group management report, for the financial year from 1 January to 31 December 2012. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, the bookkeeping system and the combined management report on the basis of our audit.

We conducted our audit in accordance with § 317 HGB and the German generally accepted standards for the audit of financial statements as 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 representation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and of the economic and legal environment of the Company, and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, annual financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit 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, 14 March 2013

pwc

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gregor Solfrian
(German Public Auditor)

ppa. Dr. Achim Lienau
(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 management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. CTS 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.

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