ANNUAL REPORT 2013

eventim

KEY GROUP FIGURES

	2013	2012 [1,2]	Change
	[EUR'000]	[EUR'000]	[in %]
Revenue	628,349	520,334	20.8
EBITDA	133,876	120,593	11.0
EBITDA margin	21.3%	23.2%	-1.9 pp
EBIT	110,924	97,800	13.4
EBIT margin	17.7%	18.8%	-1.1 pp
Normalised EBITDA	136,262	119,881	13.7
Normalised EBIT before amortisation from purchase price allocation	123,693	107,145	15.4
Normalised EBITDA margin	*21.7%*	*23.0%*	*-1.3 pp*
Normalised EBIT margin before amortisation from purchase price allocation	*19.7%*	*20.6%*	*-0.9 pp*
Non-recurring items [3]	2,387	-713	-434.8
Amortisation resulting from purchase price allocation	10,383	10,058	3.2
Earnings before tax (EBT)	104,506	89,814	16.4
Net income after non-controlling interest	61,142	56,303	8.6
Cash flow	90,630	82,248	10.2
	[EUR]	[EUR]	
Earnings per share [4], undiluted (= diluted)	1.27	1.17	
	[Qty.]	[Qty.]	
Number of employees [5]	1,774	1,657	
Of which temporary	(269)	(275)	

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

[3] Cf. page 26 for non-recurring items

[4] Number of shares: 48 million

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

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Ladies and Gentlemen,

The success story called CTS EVENTIM was taken another step forward in the 2013 financial year. The two segments, Ticketing and Live Entertainment, performed well in what was our fourteenth year on the German stock exchange in Frankfurt. We increased revenue and earnings significantly in comparison with the year before and extended our leadership in the European market. This was also despite the difficulties facing the economies of some European countries.

The sustainable growth strategy of CTS EVENTIM is founded on an innovative business model that we rigorously implement. Our customers also appreciate the wide range of services provided by CTS EVENTIM, based on our unique IT platform which we are continuously improving. In doing so, we do not confine ourselves to those markets where we are already established, but are constantly seeking new opportunities for expansion.

CTS EVENTIM INCREASES GROUP REVENUE AND EARNINGS YET AGAIN

2013 was an excellent year for CTS EVENTIM. Revenue of EUR 628.3 million (up 20.8%) and a normalised EBITDA of EUR 136.3 million (up 13.7%) speak for themselves. We have a very stable financial basis that allows us to invest in the further development of CTS software and to strengthen our presence in both domestic and foreign markets. The shareholders should benefit, of course, from the successes achieved by the company, in the form of sustained growth in share value and from regular distributions of dividends.

RIGOROUS EXPANSION OF ONLINE TICKETING

2013 was another year in which we did not only defend, but also extended our position as leader of the European ticketing market. This is bolstered by the fact that our second main segment, Live Entertainment, gives us reliable access to world-class artists. More than 100 million tickets are sold annually using CTS systems. This includes sales through 20,000 stationary box offices throughout Europe and to an increasing extent through the Internet as well. In the 2013 financial year, we were able to increase the volume of highly profitable, Internet-based sales by 16.0% to a total of 23.8 million tickets. That figure sets a new record for the CTS Group and once again confirms our strategic direction. Since the value-added generated by Internet sales is around six times higher than in the case of traditional box office sales, the aim of the CTS Group for the medium term is to sell half its total ticket volume via the Internet.

CTS EVENTIM FOCUSES ON MOBILE INTERNET

One example of the innovational strength of CTS EVENTIM is the development of reliable and optimally operated apps for iPhone and Android. This is in response to the unbroken trend towards 'mobile Internet', and provides us with some great opportunities. Whatever the device that users own, the CTS Group wants to offer the right application to go with it. In addition to apps, we also have some spectacular features such as our new interactive seating program on the Internet, which allows users to simulate the view from any particular seat. Best possible operability and maximum reliability are the two criteria that guide our activities in this area. When we offer a new product, it has the same high level of reliability as any of our other services.

DIVERSIFICATION IN THE LIVE ENTERTAINMENT SEGMENT

Operating internationally well-known venues such as Eventim Apollo in London, Waldbühne in Berlin and Lanxess Arena in Cologne is leading to further diversification in the Live Entertainment segment.

We have been managing the Waldbühne, one of Europe's best-known open-air arenas, since January 2009. In 2013, we again offered a number of world-class events in the Waldbühne, featuring names like Bon Jovi, Elton John, KISS and rock legend Neil Young and according to the industry magazine Pollstar the Waldbühne was the world leading amphitheater outside North America in 2013. The Lanxess Arena and the Eventim Apollo were added to our list of venues in 2012. The Eventim Apollo in Hammersmith, London, has been one of the most popular English venues for live gigs, TV productions, shows, ballet performances and opera for decades and was ranked as the top leading European theatre venue by Pollstar in 2013. The Lanxess Arena, for its part, has a seating capacity of up to 20,000 and has established itself as one of the world's most popular and most visited arenas for live events.

SPORTS REMAIN A KEY REVENUE DRIVER

The sports industry, in which CTS EVENTIM is a much-appreciated ticketing partner, continues to be of major importance for our business operations. On behalf of the Organising Committee of the 2014 Winter Olympic Games in Sochi, we recently handled the entire ticketing operation in Russia without a hitch, on an exclusive basis, thus bolstering our good reputation at international level. That success was based yet again on our peerless ticketing system. CTS EVENTIM currently collaborates with more than 100 clubs, associations and sports promoters. Many football clubs in the national league in Germany are already using our ticketing platform. However, we do not leave it at that, but work hard on ways to gain new customers. In January 2013, for example, we signed long-term contracts with four handball clubs and with the Handball League Association. We attach great value to stable partnerships and are committed to prove this in the future as well.

ENTRY INTO THE SPANISH AND FRENCH MARKETS

On 6 March 2014, we were also able to announce another key acquisition, and due to the takeover of the ticketing activities of the Stage Entertainment Group we now have an established presence on the Spanish and French markets as well. At the same time, we succeeded in substantially extending our market position even further in the Netherlands and Russia.

The sheer diversity of our product range and the quality of our services mean that we are excellently positioned in Europe. Be it music, cultural or sports events – fans find what they want when they come to us. This achievement is also based in part on the untiring commitment and dedication of CTS EVENTIM employees. We will continue to do our best in the future to make the CTS products even more attractive and to improve customer satisfaction even further. Our aim is to constantly develop ourselves to achieve sustained and profitable growth.

Yours sincerely,

Klaus-Peter Schulenberg
Chief Executive Officer

Edmund Hug
Chairman

2. REPORT BY THE SUPERVISORY BOARD

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 2013 TO 31 DECEMBER 2013.

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 2013 reporting year, the Supervisory Board met on 21 March ('financial statements meeting'), 7 May, 8 May, 27 August and on 12 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 8 May 2013, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft in Osnabrück, a firm of public auditors, was chosen to audit the annual financial statements as at 31 December 2013 and the consolidated financial statements as at 31 December 2013. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2013 annual financial statements, the 2013 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 25 March 2014, the annual financial statements and the consolidated financial statements for 2013, 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 2013 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 to 31 December 2013 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 2013 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 12 November 2013, 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 2013 financial year.

25 March 2014

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

3. CTS SHARES

Equity markets in Europe turned in a positive performance for the 2013 financial year. In addition to increases in corporate profits, continuation of the expansive monetary policies of the central banks was another factor helping share prices to rise. The STOXX Europe 600 index rose by 18.7% in the 2013 financial year, the DAX, Germany's leading share index, by 22.8% and the SDAX by no less than 27.2%. Following a still rather volatile first half-year for European stock markets, the second half of the year was strongly characterised by shares enjoying further growth in confidence as an asset class.

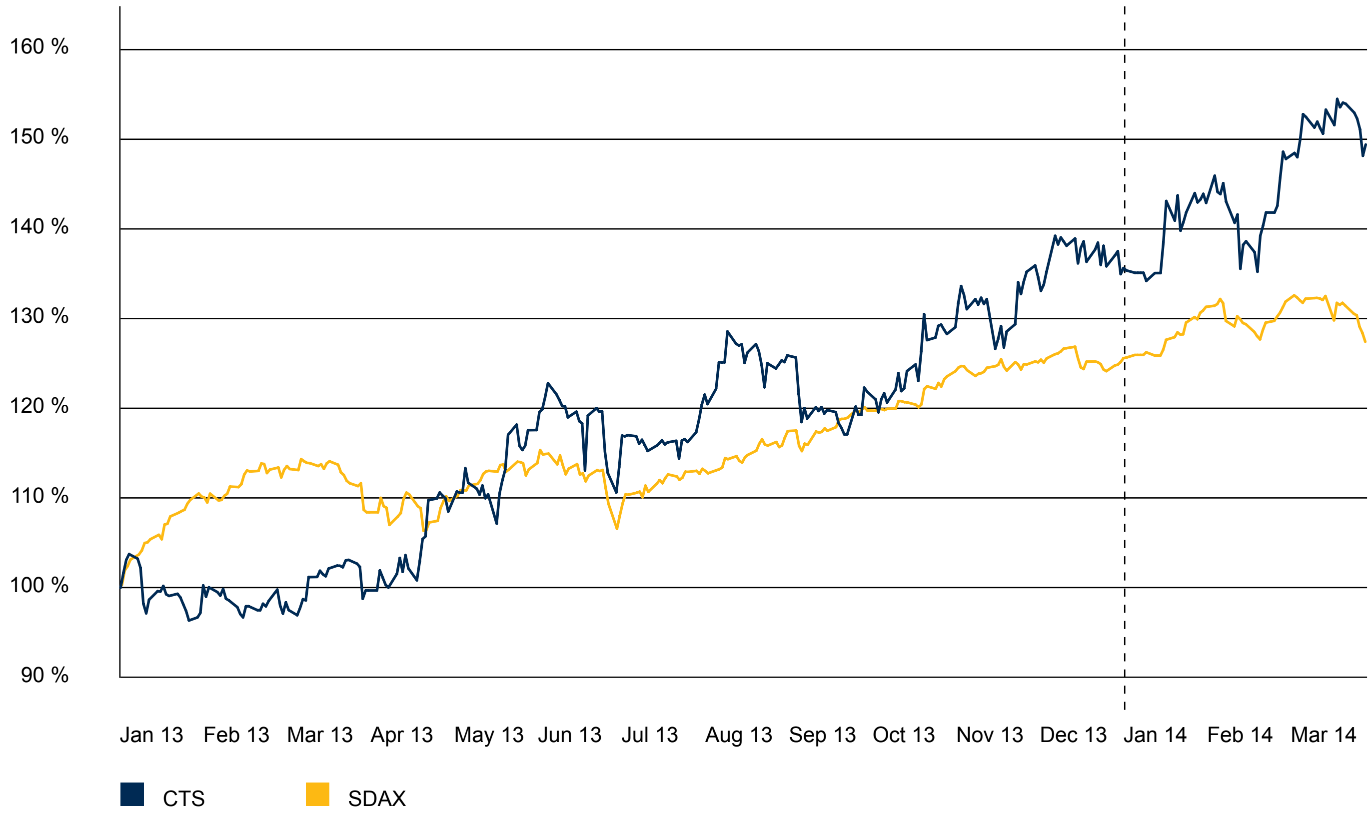
Shares in CTS EVENTIM AG also benefitted from that environment. Thanks to continuous growth in revenue and earnings over all four quarters, CTS shares demonstrated once again in the 2013 financial year their status as a solid investment. The CTS share price rose by 38.2% in the 2013 financial year, which equates to an outperformance of 11.0% over the SDAX reference index and 15.4% over the DAX as the main national index.

In addition to continuous appreciation in the value of the company, based on a business model delivering sustained growth, CTS EVENTIM AG has also been able to distribute almost EUR 136 million in dividends to its shareholders since 2006. Based on a consistent policy of distributing 50% of Group profits as dividends, shareholders in CTS EVENTIM AG therefore participate not only in growing corporate value, but also directly in the profits generated by the company. Since 2006, there has been an average annual increase of 20.0% in the amount of dividends paid out by CTS EVENTIM AG.

Owing to its stable business model and continuous upward growth curve, CTS EVENTIM AG attracts increasing attention from financial analysts. Analysts at established investment banks such as Berenberg, Commerzbank, Deutsche Bank, DZ Bank, Exane BNP Paribas, HSBC, JPMorgan, Kepler Cheuvreux, M.M. Warburg and NordLB cover CTS shares and are still recommending them with a 'Buy' or 'Hold' rating.

CTS EVENTIM AG was again presented to investors at various national and international conferences, roadshows and individual meetings in the course of the 2013 financial year. A transparent approach to investor relations is and remains a key focus of CTS EVENTIM policy, with the aim of further intensifying the good contacts already kept with investors at national and international level.

THE CTS SHARE PRICE (01.01.2013 TO 14.03.2014 – 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

	2013 EUR	2012 EUR
Earnings per share	1.27	1.17
Cash flow	90,630,270	82,247,496
High (Xetra)	38.25	29.27
Low (Xetra)	25.63	22.15
Year-end-price (Xetra)	36.81	26.65
Market capitalisation (based on year-end-price)	1,766,880,000	1,279,200,000
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 12 November 2013, 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 10 June 2013, 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 2013, 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	7,300	0.015

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 engaged in the following transactions involving no-par value bearer shares in the company (ISIN DE0005470306):

Name	Position	Transaction	Date	Number of shares
Dr. Bernd Kundrun	Member of Supervisory Board	Purchase	21.03.2013	7,300
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	01.07.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	02.07.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	11.12.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	12.12.2013	1,800

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

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 2013 business year to EUR 3.760 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 CTS EVENTIM AG Management Board:

Name	Fixed salary [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	2,000,000	11,805	500,000	2,511,805
Volker Bischoff	450,000	20,461	105,000	575,461
Alexander Ruoff	450,000	17,939	205,000	672,939
Total	**2,900,000**	**50,205**	**810,000**	**3,760,205**

Compensation paid to members of CTS EVENTIM AG Management Board for previous year:

Name	Fixed salary [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [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**	**49,093**	**502,243**	**3,351,336**

The compensation paid to members of the Management Board include EUR 810 thousand (prior year: EUR 502 thousand) in variable components and EUR 2.950 million (prior year: 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 the annual 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 2012. The comparative figures in the income statements and the balance sheet relate to the consolidated financial statements as at 31 December 2012.

The CTS Group has applied all the accounting standards that have been adopted by the EU and which are mandatory from 1 January 2013 onwards. The main changes to those standards relate to International Accounting Standard (IAS) 1 on 'Presentation of Financial Statements' and to IFRS 19 on 'Employee benefits'. The adjustments in accordance with the amended IAS 19 standard are to be made retrospectively. The CTS Group has adjusted the reported prior-year figures by the effects resulting from the amendments to IAS 19.

As at 31 December 2013, the purchase price allocation for Arena Management GmbH, Cologne, was finally completed within the stipulated 12-month period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed; the prior-year values for 2012 were adjusted accordingly.

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.

In the 2013 reporting period, the following changes in the structure of the Group occurred.

TICKETING

In a contract dated 15 March 2013, eventim Online Holding GmbH, Bremen, sold 100% of its shares in Ticketcorner GmbH, Bad Homburg, to GSO Holding GmbH, Bremen.

Ticket Online Software GmbH, Hamburg (hereinafter: Ticket Online Software), was merged with See Tickets Germany GmbH, Hamburg, in a merger agreement concluded on 15 March 2013. The merger took effect on 22 May 2013, when the relevant entry was made in the register of companies for See Tickets Germany GmbH, Hamburg.

See Tickets Germany GmbH, Hamburg (hereinafter: See Tickets Germany), was merged with CTS AG in a merger agreement concluded on 15 March 2013 and by resolution of the Shareholders' Meeting on 8 May 2013. The merger obtained legal effect on 28 June 2013, when the relevant entry was made in the register of companies for CTS AG.

Eventim Online Holding GmbH, Bremen, was merged with CTS AG in a merger agreement concluded on 15 March 2013 and by resolution of the Shareholders' Meeting on 8 May 2013. The merger obtained legal effect on 30 July 2013, when the relevant entry was made in the register of companies for CTS AG.

In a contract dated 15 July 2013, 61. Lydia Vermögensverwaltungsgesellschaft mbH, Bremen changed its name to Ticket Online Consulting GmbH, Bremen. These changes were entered in the register of companies on 2 August 2013.

On 15 October 2013, TicketOne S.p.A., a subsidiary domiciled in Milan and fully consolidated in the CTS Group, acquired a 60% share in CREA Informatica S.r.l., Milan (hereinafter: CREA).

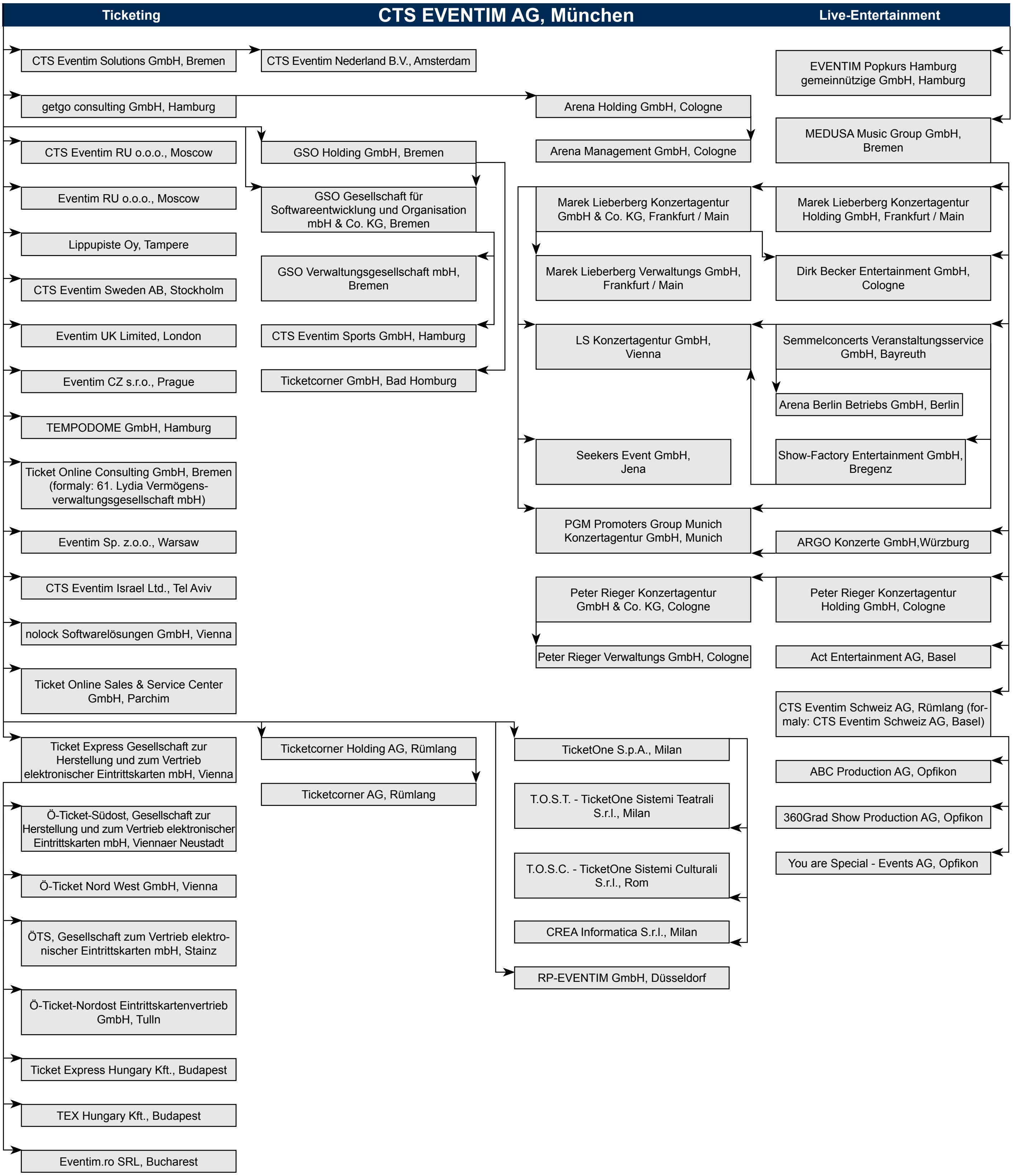
LIVE ENTERTAINMENT

Medusa Music Group GmbH, Bremen, acquired from CTS AG 100% of the shares in CTS Eventim Schweiz AG, Rümlang (formerly CTS Eventim Schweiz AG, Basle; hereinafter: CTS Eventim Schweiz). As an acquisition holding, the latter took over 80% of the shares in ABC Production AG, Opfikon, Switzerland (hereinafter: ABC Production), on 24 June 2013.

In a contract dated 7 August 2013, Semmelconcerts Veranstaltungsservice GmbH, Bayreuth, acquired 100% of the shares in NM Gesellschaft für Neues Marketing mbH, Bayreuth. Following entry in the register of companies on 11 September 2013, the name of the company was changed to Arena Berlin Betriebs GmbH, Berlin. The registered office of the company was also moved from Bayreuth to Berlin, and the objects of the company were amended. At the beginning of October 2013, the company concluded a lease agreement for the Arena Berlin, and in future will be the operator company for the arena.

In September 2013, in conjunction with another shareholder, CTS Eventim Schweiz established two promoter, namely 360Grad Show Production AG and You Are Special – Events AG, each of which is domiciled in Opfikon in Switzerland. CTS Eventim Schweiz holds 80% of the shares in each of the two companies. Formation obtained legal effect on 5 and 6 November 2013, when the relevant entries were made in the register of companies.

The following overview shows all the companies included by full consolidation in the consolidated financial statements as at 31 December 2013:



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 sophisticated ticketing platforms in existence and a complex, extensive distribution network, the Group enables music promoters to sell tickets through a high-performance system. On the basis of these CTS systems, ticket buyers are provided worldwide with permanently accessible Internet portals where tickets for different events can be purchased online.

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

The objects of the Ticketing segment are to produce, sell, broker, distribute and market tickets for concert, theatre, art, sports and other events in Germany and abroad, using state-of-the-art data processing and data transmission technologies. The events (tickets) are professionally marketed through its leading network platform (eventim.net), its 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.

This enables promoters to achieve high levels of attendance at events by selling all available ticket quotas quickly on a broad scale. Due to the networking and internationalisation of ticketing software at network, web and inhouse level, it is also possible for tickets to be offered across the border in a standardised global ticketing system.

The extensive range of activities in web-based sales have been developed and brought online specifically to meet the needs of 'networked consumers', namely by

- online reservation of specific seats,
- mobile ticket sales via apps for iPhone/iPad and Android, and by VIP package deals, travel bundles, a ticket resale platform, FanTickets and
- additional social media activities, especially Facebook and Twitter.

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. Internationally well-known venues are also operated. Promoters of leisure or music events consider professional sales of their tickets to be the critical factor for their success.

2.1.3 MAIN REGIONS OF OPERATION

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

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

2.1.4 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 sub-section 4.4 in the Corporate Governance report regarding details of individual compensation packages.

For the 2013 financial year, the members of the Supervisory Board of CTS AG received emoluments totalling EUR 100 thousand, as well as reimbursed expenses of EUR 5 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. The claim to damages was rejected by the ICC Court of Arbitration in June 2013. The legal and handling expenses arising from the arbitration proceedings against Live Nation were recognised in the 2013 financial years as special effects requiring normalisation.

2.2 CORPORATE MANAGEMENT AND ORGANISATIONAL STRUCTURE
2.2.1 CORPORATE MANAGEMENT

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

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

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

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

The return on capital employed ('ROCE') was further improved from 32.0% in the prior year to 37.7% in the 2013 financial year. Based on a weighted average cost of capital ('WACC') in the Group of 8.1%, the CTS Group generated a net return on capital employed of 29.7% in the 2013 financial year – a clear indicator of the positive growth in value of the CTS Group.

From the 2010 financial year onwards, a new key figure called 'normalised EBIT before amortisation from purchase price allocation' was defined due to the acquisitions made and the overall effects resulting from remeasurement of intangible assets acquired (trademark, customer base and software). When purchase price allocation is conducted in accordance with IFRS, the intangible assets of the target companies must be remeasured with their fair values as at the date of first inclusion in consolidation within the Group. These remeasured intangible assets are amortised on the basis of redefined useful lives in the Group. In the 2013 financial year, the depreciation from purchase price allocation within the Group totalled EUR 10.383 million (prior year: EUR 10.058 million). These were eliminated in the key figure 'normalised EBIT before amortisation from purchase price allocation' in order to provide a fair view of earnings power.

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

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

The capital structure of the CTS Group comprises debt, cash and cash equivalents and the shareholders' equity owed to investors in CTS 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.

2.2.2 ORGANISATIONAL STRUCTURE

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.

2.3 RESEARCH AND DEVELOPMENT

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

However, further advancements are constantly being made in the software engineering field. In order to broaden the range of ticketing-related services, to tap into additional sales channels and to continue meeting the requirements of event promoters, box offices and Internet customers, the ticket sales system is being constantly improved and expanded. In the reporting year, investments of EUR 6.450 million were made in developing the ticketing systems.

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

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

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

Uncertainty about the further course of the Eurozone debt crisis receded rapidly in September 2012 due to implementation of an expansionary monetary policy and to purchasing of government bonds on the secondary market by the European Central Bank. The global economy also stabilised in the course of 2013. In the estimation of the German Council of Economic Advisers, however, the emergent upswing is not yet self-sustaining, because many industrialised countries still have high government budget deficits and because expansionary monetary policy is aimed at supporting the economy. The economic slow-down in the newly industrialised countries continued during the past year. Institutional deficiencies are proving to be more and more of an obstacle to growth in the newly industrialised countried. That is particularly the case in Brazil, Russia, India and China. The weaker expansion of the Chinese economy, which has otherwise been one of the main forces driving global economic growth over the past decade, is having the greatest impact in this regard. On this basis, the German Council of Economic Advisers expects an increase in global production of 2.2% in 2013. According to Bloomberg, the consensus among various research institutes and banks is an increase of 2.0%.

As in 2013, the central banks of all the major economies have announced that they will continue to apply expansionary interest rate policies in 2014, due to the stability of prices and the low level of expected inflation. There is considerable uncertainty about when exactly the central banks will begin tapering their monetary expansion. The biggest challenge in this regard is in the USA. It can be assumed that the situation on the employment market in the USA will continue to improve during the winter half-year and that the Federal Reserve Bank will begin tapering its quantitative easing in 2014.

Between May and September 2013, the currencies of Brazil, India, Indonesia, South Africa and Turkey were significantly devalued (by between 15% and 20% relative to the US dollar) when financial investors restructured their portfolios to the detriment of these groups of countries. In early 2013, the prospect of the Federal Reserve gradually tapering its highly expansionary policy of quantitative easing caused long-term interest rates in the USA, then at a historical low, to rise by more than one per cent, thus making it seem less attractive to invest capital in other economic areas. There was also declining confidence on the part of the financial markets in economies which are heavily reliant on inflows of foreign capital due to their high current account deficits. In an effort to stabilise their currencies, the central banks in Brazil and Indonesia have raised their base interest rates. The Indian central bank initially responded to this turbulence with measures to limit money supply, but replaced those measures with an increase in the base lending rate when the situation relaxed in September 2013.

The second quarter of 2013 witnessed the first increase in the economic output of the Eurozone for eighteen months (up 0.3% year-on-year). This improvement was mainly attributable to expansion in Germany and France, and to slower decline in Italy, Spain and the Netherlands. This improvement in the economy is largely due to a rise in exports. Consumer expenditure and gross capital investment showed slight growth. Consumption by private households rose in Germany and France, in contrast to further declines in Italy, Spain and the Netherlands. Unemployment remains high in the latter countries, and coupled with a further downturn in property prices is causing a persistent weakness in private consumption. Private households in Spain, Ireland, Portugal and the Netherlands are also making efforts to reduce their debt levels. In recent years, however, the crisis-ridden countries of the Eurozone have made substantial progress towards improving their competitiveness and have managed to make many of the necessary adjustments to their balance of payments. For that reason, the German Council of Economic Advisers assumes that the recession has been overcome, despite the need for further adjustments.

The German economy has been experiencing an upswing since autumn 2013. The global economy is expanding somewhat more strongly again, and there is reduced uncertainty over the Euro crisis. Within that environment, conditions for the domestic economy begin to play a greater role. The encouraging situation on the employment market and continued availability of inexpensive financing are stimulating the German economy. Within that overall context, the economic outlook in Germany will continue to improve in the year 2014. The German Council of Economic Advisers expects only 0.4% growth in gross domestic product for the year 2013, although its forecast for 2014 is for 1.6% growth. This upswing will be borne in all likelihood by domestic demand.

Recent years have shown that the business development of the CTS Group in the Ticketing and Live Entertainment segments has been relatively immune to the ups and downs of the economy. Even a challenging macroenvironment for business has had no negative impacts on the business development of the CTS Group.

2.4.2 INDUSTRY-SPECIFIC ENVIRONMENT

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

Progressive digitalisation is and remains an important driving force behind macroeconomic trends, with the result that globalisation continues to gather pace, and that the volume of information and data being generated is continuously rising. The Federal Association for Information Technology, Telecommunications and New Media (BITKOM) has estimated the total number of Internet users worldwide in 2013 at approx. 2.8 billion people. This equates to almost 40% of the world's population, which is assumed to be approx. 7.2 billion. With the development of the mobile Internet and suitable devices for using it, the consumption of media regardless of time and place is gaining continuously in importance.

Social Media are still among the most important online applications. According to BITKOM, the number of Social Media users in Germany increased in 2013 alone by approx. 10% to 32.4 million people. By the year 2017, the number of Social Media users in Germany is expected to increase to almost 40 million. This equates to an average annual growth rate of 5.4%. Communication in social networks, and the networking of all mobile devices via 'cloud computing', is broadening the use of the Internet and is leading to the digitalisation of traditional industries. High-speed Internet access is becoming more and more important in that context. Consumer awareness of online marketplaces and their sheer diversity of applications and uses is now firmly established. Such apps are among the most popular ways of using smartphones and tablets. Apple claims that a total of 60 billion apps have already been downloaded since its App Store was first launched. More than a million different apps for iPhones and iPads are currently sold in Apple's App Store. In the PWC study entitled 'German Entertainment and Media Outlook 2013-2017', an average annual growth rate of 5.9% is forecast for the period from 2013 to 2017, from a baseline of around 14 billion Euro in revenue in the Internet access market in Germany in 2013. In order to participate in the growth of the entertainment and media industry, companies are adapting to this progressive digitalisation of society. The needs of 'networked consumers' are influencing business models, business processes and organisation structures.

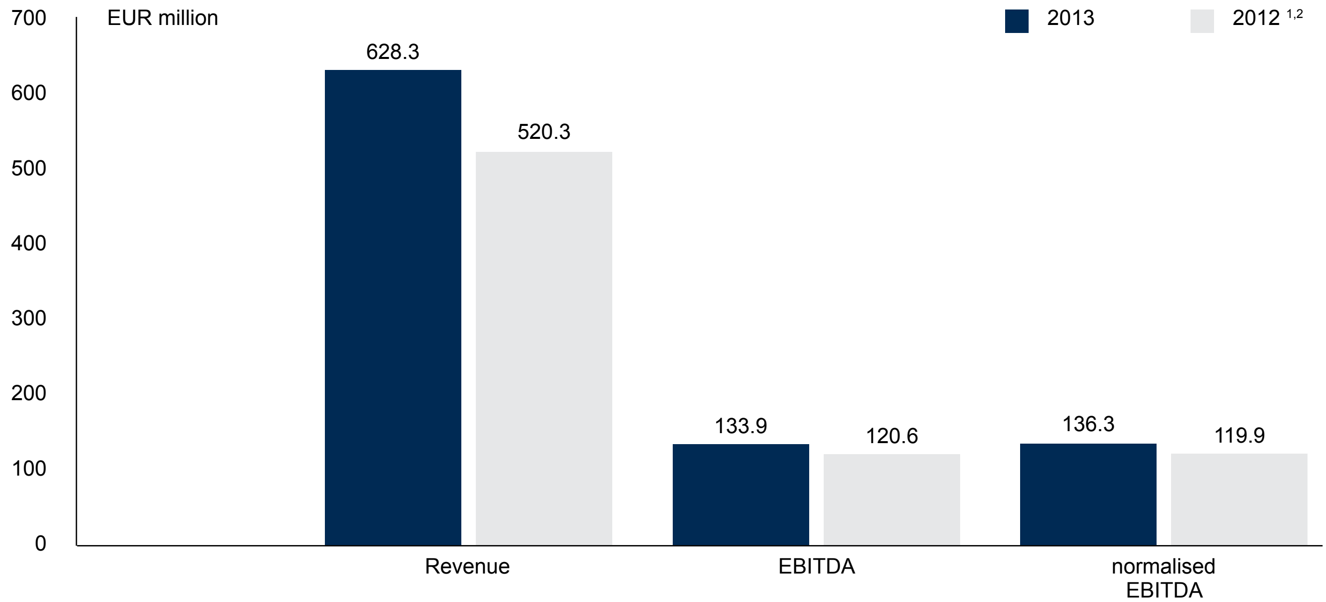
The events market is still a successful one. The trend towards live events persists. Despite periods of economic uncertainties and competition from computer games, videos, CDs and the Internet, people are still prepared to attend live events and to buy admission tickets. In a consumer study published by National Association for the Event Promotion Industry and the 'Musikmarkt' trade magazine, it was found that, of all entertainment segments, music events rank second in revenue after the book market. No other entertainment segment has shown similarly strong growth to that of live events.

2.4.3 BUSINESS PERFORMANCE OF THE CTS GROUP

The CTS Group boosted revenue and earnings to record level in the 2013 financial year and continued to reinforce its leadership in the European ticketing and live events markets. Despite phases of economic weakness in some individual European countries, the business model of the CTS Group proved to be very robust.

In the 2013 financial year, CTS AG and the Group in general achieved significant increases in both revenue and earnings, thus meeting in full the revenue and earnings forecasts for the year 2013.

Key performance figures are shown in the table below:

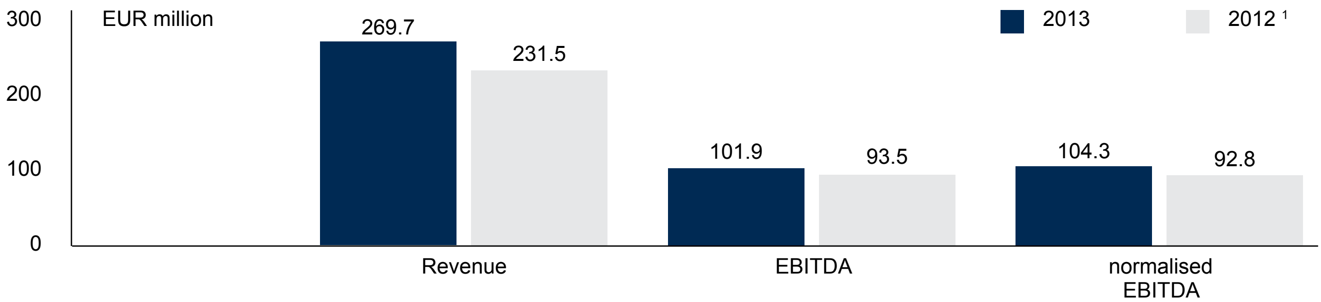


[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

Driven by a large number of attractive live events and a strong fourth quarter, the Ticketing segment increased revenue and eargnings year-on-year. In the period under review, 23.8 million tickets were sold via the Internet – which equates to a year-on-year increase of around 16% (prior year: 20.6 million tickets).

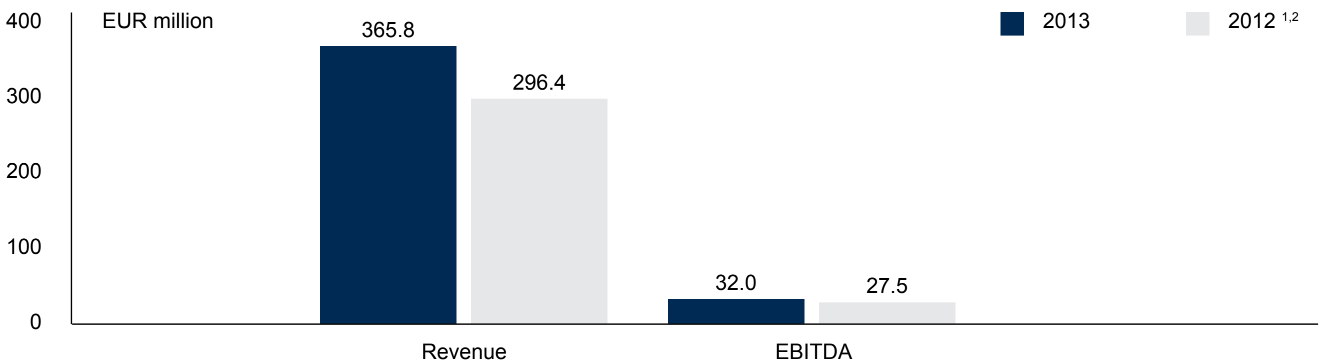
Key performance figures in the **Ticketing segment** are shown in the table below:



[1] Prior-year figures adjusted to reflect application of IAS 19R

The Live Entertainment segment showed excellent performance in the 2013 financial year. In addition to expanding the number of companies included in consolidation and the full year inclusion of companies acquired in 2012, attractive live events like Depeche Mode, Bruce Springsteen and Rihanna as well as renowned festivals 'Rock am Ring' and 'Rock im Park' resulted in significant revenue growth. In addition to new kinds of events, the management of some renowned venues are also gaining in importance for ongoing buiness operations.

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



[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

2.4.4 CTS SHARE PERFORMANCE

CTS shares succeeded in continuing their long-term growth trend in the 2013 financial year as well. The CTS share price alone rose by 38.2% in the 2013 financial year. Adding the EUR 0.57 dividend paid for the 2012 financial year results in an overall performance of 40.8% in 2013. This means that CTS shares far outperformed the SDAX index in 2013.

A detailed report on the performance of CTS shares and general information on the work of Investor Relations can be found in chapter 3 of the 2013 Annual Report.

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

	2013	2012 [1,2]	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**628,349**	**520,334**	**108,015**	**20.8**
Gross profit	**207,046**	**179,490**	**27,556**	**15.4**
EBITDA	**133,876**	**120,593**	**13,283**	**11.0**
EBIT	**110,924**	**97,800**	**13,124**	**13.4**
Non-recurring items:				
Acquisition costs / Workforce restructuring costs	508	1,032	-524	-50.8
Settlement of an acquisition	0	-1,820	1,820	-100.0
Legal consultancy costs in connection with the arbitration proceedings against Live Nation	1,879	75	1,804	2.405.3
	2,387	**-713**	**3,100**	**-434.8**
Normalised EBITDA	**136,262**	**119,881**	**16,381**	**13.7**
Amortisation from purchase price allocation	**10,383**	**10,058**	**325**	**3.2**
Normalised EBIT before amortisation from purchase price allocation	**123,693**	**107,145**	**16,548**	**15.4**
Financial result	-6,418	-7,986	1,568	-19.6
Earnings before tax (EBT)	**104,506**	**89,814**	**14,692**	**16.4**
Taxes	-35,122	-27,179	-7,943	29.2
Non-controlling interest	-8,242	-6,332	-1,910	30.2
Net income after non-controlling interest	**61,142**	**56,303**	**4,839**	**8.6**

[1] Prior-year figures adjusted to reflect application of IAS 19R
[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH; cf. Section 1.6.2.2, Purchase price allocation' in the notes to the consolidated financial statements, page 90f

3.1.1.1 REVENUE GROWTH

Group revenue growth is shown in the following table:

2003 [EUR'000]	224,382
2004 [EUR'000]	222,746
2005 [EUR'000]	256,179
2006 [EUR'000]	342,927
2007 [EUR'000]	384,375
2008 [EUR'000]	404,348
2009 [EUR'000]	466,698
2010 [EUR'000]	519,577
2011 [EUR'000]	502,814
2012 [EUR'000]	520,334
2013 [EUR'000]	628,349

The **CTS Group** achieved an excellent growth in revenue in the last ten years with an average growth rate (CAGR) of around 11.0%.

The CTS Group achieved significant growth in revenue in the 2013 financial year and extended its leadership in the European ticketing and live events markets. The ticketing business for music, sports and cultural events has proved to be exceedingly robust and sustainable, even in a tough economic environment. In the reporting period EUR 628.349 million in revenue was generated (prior year: EUR 520.334 million). Revenue (before consolidation between segments) breaks down in a very balanced fashion into EUR 269.702 million in the Ticketing segment (prior year: EUR 231.507 million) and EUR 365.838 million in the Live Entertainment segment (prior year: EUR 296.426 million).

Group revenue amounted in the reporting year to EUR 628.349 million (prior year: EUR 520.334 million) and breaks down as follows: Germany EUR 472.342 million (prior year: EUR 384.681 million), Austria EUR 46.176 million (prior year: EUR 47.656 million), Switzerland EUR 48.900 million (prior year: EUR 44.178 million), Italy EUR 31.371 million (prior year: EUR 23.671 million) and other countries EUR 29.569 million (prior year: EUR 20.148 million).

In the 2013 financial year, the **Ticketing segment** achieved revenue of EUR 269.702 million, compared to EUR 231.507 million in 2012 (+16.5%). This increase was driven by strong growth in the core European markets in particular in Germany, Italy, Great Britain and Austria. Revenue increased due to an internet ticket volume growth. In the 2013 financial year, 23.8 million tickets were sold via the Internet portals operated by the Group (prior year: 20.6 million). Revenue growth was generated both nationally and internationally; the share of revenue generated by foreign subsidiaries increased to 40.7% (prior year: 38.9%).

The **Live Entertainment segment** showed excellent performance in the 2013 financial year. In addition to expanding the number of companies included in consolidation as a result of the acquisition of shares in the operating company of the Lanxess Arena in Cologne in December 2012 and the swiss promoter company ABC Production AG, Opfikon, in the business year 2013, popular events like Depeche Mode, Bruce Springsteen, Rihanna as well as German stars like Sportfreunde Stiller and Helene Fischer and renowned festivals resulted in a significant revenue growth (+23.4%). Revenue resulted in year-on-year revenue growth of EUR 69.412 million to EUR 365.838 million (prior year: EUR 296.426 million).

3.1.1.2 EARNINGS GROWTH

GROSS PROFIT

The gross profit of the **CTS Group** for the 2013 reporting period is EUR 207.046 million, compared to the prior-year figure of EUR 179.490 million (+15.4%). The consolidated gross margin decreased from 34.5% to 33.0%.

In the **Ticketing segment**, the gross margin decreased in the 2013 reporting period from 60.9% to 58.1%. Organic growth of the highly profitable Internet business is offset by the implementation of commission agreements in the ticketing field. Commissioning results in higher profit contributions, whereas the additional revenue accociated with such sales have a negative effect on profit margins.

In the **Live Entertainment segment**, the gross margin increased from 13.0% in the prior year to 13.8%.

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

	2013 [in %]	2012 [in %]
Group	33.0	34.5
Ticketing	58.1	60.9
Live Entertainment	13.8	13.0

NON-RECURRING ITEMS

Non-recurring items in the Ticketing segment caused a temporary EUR 2.387 million drop (prior year: EUR -713 thousand) in **CTS Group** earnings in the period under review, due to implemented and planned acquisitions, to workforce restructuring and to legal fees and settlement costs in context with the Live Nation arbitration proceedings.

NORMALISED EBITDA / EBITDA

The normalised **CTS Group** EBITDA figure was increased by EUR 16.381 million from EUR 119.881 million to EUR 136.262 million. This growth in normalised EBITDA of EUR 16.381 million breaks down into EUR 11.527 million in the Ticketing segment and EUR 4.467 million in the Live Entertainment segment. The normalised EBITDA margin was 21.7%, compared to 23.0% the year before. Foreign subsidiaries accounted for 21.5% of normalised Group EBITDA (prior year: 19.4%).

Group EBITDA improved by EUR 13.283 million or 11.0% to EUR 133.876 million (prior year: EUR 120.593 million). This growth in EBITDA of EUR 13.283 million breaks down into EUR 8.428 million in the Ticketing segment and EUR 4.467 million in the Live Entertainment segment. The Group EBITDA margin amounts up to 21.3% (prior year: 23.2%). The share of normalised EBITDA generated by foreign subsidiaries increased to 21.7% (prior year: 19.1%).

In the **Ticketing segment**, the EBITDA figure rose by EUR 11.527 million (+12.4%) from EUR 92.768 million to EUR 104.295 million. Earnings were improved by further increases in the volume of tickets sold via the Internet platforms of the CTS Group. Expenditures for technological development (trend to mobile devices) as well as the implementation of commission agreements (as already noted in the the section gross margin) had a negative impact on profit margins. A major contribution to EBITDA growth derives from very successful business performance in the first nine months of 2013 and the seasonally strong fourth quarter 2013. The normalised EBITDA margin was 38.7% to (prior year: 40.1%). The share of normalised EBITDA generated by foreign subsidiaries increased to 27.6% (prior year: 24.6%).

In the Ticketing segment, the EBITDA figure rose by EUR 8.428 million (+9.0%) to EUR 101.908 million (prior year: EUR 93.480 million). The EBITDA margin was 37.8% (prior year: 40.4%). The share of EBITDA generated by foreign subsidiaries increased to 28.1% (prior year: 24.3%).

In the **Live-Entertainment segment**, EBITDA improved by EUR 4.467million from EUR 27.501 million to EUR 31.968 million. In addition to successfull events in the tour business as well as the expansion of the venue operation resulted in earnings growth. The EBITDA margin was 8.7%, after 9.3% the year before.

NORMALISED EBIT BEFORE AMORTISATION FROM PURCHASE PRICE ALLOCATION / EBIT

Normalised **CTS Group** EBIT before amortisation from purchase price allocation (for an explanation of this key performance figure, see also page 19, 2.2 'Corporate management') increased significantly by EUR 16.548 million from EUR 107.145 million to EUR 123.693 million. The normalised EBIT margin was 19.7%, compared to 20.6% the year before.

The Group EBIT figure, at EUR 110.924 million, is 13.4% higher year-on-year (EUR 97.800 million). The EBIT margin was 17.7% to 18.8%.

Total depreciation and amortisation within the Group, at EUR 22.952 million, is slightly higher than the previous year (EUR 22.794 million) and include EUR 10.383 million (prior year: EUR 10.058 million) in amortisation from purchase price allocations for companies acquired from 2010 financial year onwards.

In the **Ticketing segment**, the normalised EBIT before amortisation from purchase price allocation figure rose from EUR 82.119 million by EUR 11.735 million to EUR 93.855 million (+14.3%). The normalised EBIT margin was 34.8%, compared to 35.5% the year before.

EBIT rose from EUR 72.774 million to EUR 81.610 million (+12.1%). The EBIT margin was 30.3% (prior year: 31.4%).

The **Live Entertainment segment** achieved a normalised EBIT before amortisation from purchase price allocation of EUR 29.839 million, compared to EUR 25.414 million the year before. The normalised EBIT margin decreased to 8.2% (prior year: 8.6%). EBIT improved from EUR 25.414 million, compared to EUR 29.314 million the year before (+15.4%). The EBIT margin was 8.0% (prior year: 8.6%).

FINANCIAL RESULT

The financial result, at EUR -6.418 million (prior year: EUR -7.986 million) mainly includes EUR 1.895 million in financial income (prior year: EUR 2.130 million), EUR -7.427 million in financial expenses (prior year: EUR -8.195 million) and EUR -896 thousand in income from investments in associates included at equity (prior year: EUR -1.932 million).

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

TAXES

Tax expenses increased in fiscal 2013 by EUR 7.943 million to EUR 35.122 million. Tax expenses include deferred tax income (EUR 2.136 million; prior year: EUR 3.155 million) that is offset against the factual tax expenses of the consolidated standalone companies (EUR 37.258 million; prior year: EUR 30.333 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 2013 was 33.6% (prior year: 30.3%). The increase in the Group's taxation rate results from higher tax expenses for previous years, off-balance-sheet effects and lower non-taxable income.

NON-CONTROLLING INTEREST

Non-controlling interest comprises the share in current profits allocated to other shareholders and increase by EUR 1.910 million from EUR 6.332 million to EUR 8.242 million. The non-controlling interest reported in the income statement increased because of growth in profits in both segments.

NET INCOME AFTER NON-CONTROLLING INTEREST

The consolidated net income after non-controlling interest amounts to EUR 61.142 million (prior year: EUR 56.303 million). Earnings per share (EPS) for the 2013 financial year improved to EUR 1.27, compared to EUR 1.17 the year before.

The net income for the year of CTS AG as a standalone company, in accordance with HGB, was EUR 46.196 million (prior year: EUR 51.980 million), and the distributable earnings per share for the CTS AG standalone company were EUR 0.96 (prior year: EUR 1.09). The net income for the year 2013 is significantly impacted by depreciation effects (EUR 11.307 million) due to the merger of See Tickets Germany and Ticket Online Software. In the course of the chain merger the principal of cost according to section 253 (1) and 255 (1) HGB was used. In the financial statements, in accordance with HGB, the intangible assets and the goodwill as a result of the merger as at 1 January 2013 was amortised using the straight-line method over the respective useful life.

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 +7.976 million) and differences in amortisation of intangible assets (EUR +2.000 million). Differences in income from profit transfer agreements, according to HGB, (EUR +241 thousand) as well as different deferred taxes (EUR -617 thousand) were recorded. Furthermore, different approaches in the valuation of foreign currency receivables (EUR -133 thousand) and the measurement of long-term financial liabilities using the effective interest method (EUR -144 thousand) arose.

3.1.1.3 MAIN ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2013	2012	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	60,580	54,263	6,317	11.6
thereof non-recurring items	*1,879*	*0*	*1,879*	*n.a.*
General administrative expenses	37,415	33,819	3,596	10.6
Other operating income	14,612	18,327	-3,715	-20.3
thereof non-recurring items	*0*	*-1,820*	*1,820*	*-100.0*
Other operating expenes	12,739	11,935	804	6.7
thereof non-recurring items	*508*	*1,107*	*-599*	*-54.1*

SELLING EXPENSES

Selling expenses rose by EUR 6.317 million to EUR 60.580 million. The increase in selling expenses is mainly due, to expanding the number of companies included in consolidation (EUR +2.205 million) and normalised non-recurring items are disclosed in the selling expenses in the 2013 financial year. As a percentage of revenue, selling expenses fell from 10.4% to 9.6%.

GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses rose by EUR 3.596 million to EUR 37.415 million. The increase in general administrative expenses is principally due to expanding the number of companies included in consolidation (EUR +2.226 million). As a percentage of revenue, general administrative expenses fell from 6.5% to 6.0%.

OTHER OPERATING INCOME

Other operating income rose by EUR 3.715 million to EUR 14.612 million. In the 2012 reporting year, income from the completion of an acquisition in the Ticketing segment and income resulting from the purchase price allocation of Arena Management GmbH, Cologne, were reported. These are offset by higher income from insurance compensation, income from passed on expenses as well as income from the reversal of allowances for doubtful accounts.

OTHER OPERATING EXPENSES

Other operating expenses rose by EUR 804 thousand year-on-year to EUR 12.739 million, mainly due to higher expenses resulting from currency translation expenses and expansion in the number of companies included in consolidation. As a percentage of revenue, other operating income fell from 2.3% to 2.0%.

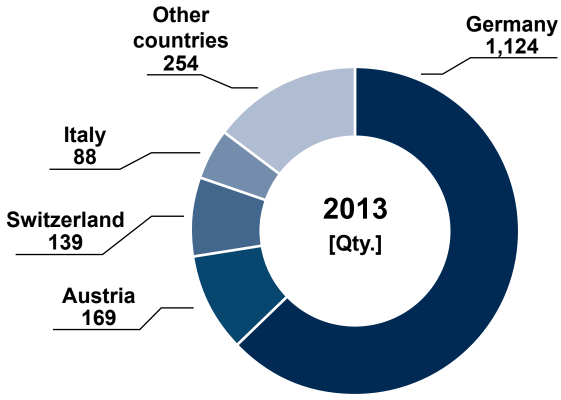
3.1.1.4 PERSONNEL

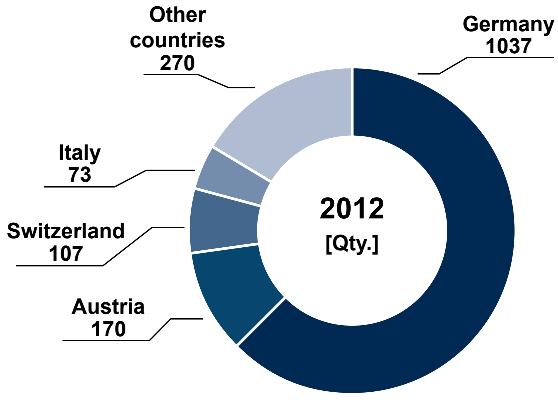
Personnel expenses, at EUR 81.174 million, are higher year-on-year (prior year: EUR 70.864 million). The increase in personnel expenses breaks down in the Ticketing segment (EUR 2.900 million) and in the Live Entertainment segment (EUR 7.409 million). The increase in personnel expenses in the Ticketing segment is primarily due to the expansion of the number of companies included in consolidation, implementation of international projects and expenses referring to further technological development. The increase in personnel expenses in the Live Entertainment segment results primarily from the expansion of the number of companies included in consolidation.

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

	2013	2012	Change	
	[Qty.]	[Qty.]	[Qty.]	[in %]
Ticketing	1,296	1,221	75	6,1
Live Entertainment	478	436	42	9,6
Total	**1,774**	**1,657**	**117**	**7,1**

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





On average during 2013, the Group had 86 more employees than in the 2012 financial year.

3.1.1.5 DEVELOPMENT OF THE TICKETING AND LIVE ENTERTAINMENT SEGMENTS

TICKETING

	2010 [EUR million]	2011 [EUR million]	2012 [EUR million]	2013 [EUR million]
Revenue	193.9	228.7	231.5	269.7
Gross profit	107.2	131.4	141.0	156.6
Gross margin	55.3%	57.4%	60.9%	58.1%
EBITDA	61.4	75.8	93.5	101.9
Normalised EBITDA	69.3	85.4	92.8	104.3
Normalised EBIT before amortisation from purchase price allocation	61.1	75.3	82.1	93.9

In the years 2010 – 2013, annual revenue growth in the Ticketing segment averaged 12%. Of the total revenue in this segment in the 2013 reporting year, EUR 170.924 million (prior year: EUR 144.981 million) were generated via the Internet, equivalent to Internet revenue growth of around 18%. Revenue generated via the Internet remained unchanged year-on-year at 63% of total Ticketing segment revenue in the 2013 financial year.

Up to 2013, EBITDA improved annually by an average of 18%. Normalised EBITDA improved annually by 15% on average up to 2013.

LIVE ENTERTAINMENT

	2010 [EUR million]	2011 [EUR million]	2012 [EUR million]	2013 [EUR million]
Revenue	333.8	281.0	296.4	365.8
Gross profit	40.0	31.0	38.7	50.4
Gross margin	12.0%	11.0%	13.0%	13.8%
EBITDA	26.6	18.8	27.5	32.0
EBIT	24.6	16.9	25.4	29.3

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, that the record figures achieved in 2010. In the years 2012 – 2013, both revenue and earnings in the Live Entertainment segment were continuously increased. The large number of attractive live events in 2013 financial year as well as the management of venues contributed to excellent business growth on record level. In the years 2010 – 2013, annual revenue growth in the Live Entertainment segment averaged 3.1%. Up to 2013, EBITDA improved annually by an average of 6.4%.

3.1.2 PRO-FORMA EARNINGS PERFORMANCE OF CTS AG (HGB)

3.1.2.1 PRO-FORMA EARNINGS PERFORMANCE 2012 OF CTS AG AND THE MERGED COMPANIES

See Tickets Germany, Ticket Online Software and eventim Online Holding GmbH, Bremen (hereinafter: eventim Online Holding) were merged with CTS AG with effect from 1 January 2013. The mergers in the 2013 reporting year do not result in any adjustment of the prior-year figures in the income statement as at 31 December 2012.

In order to present a fair view of the changes in income statement, the prior-year figures as at 31 December 2012 were therefore adjusted and presented with inclusion of the merger effects. The prior year figures do not include any amortisation of intangible assets and goodwill.

	After merger 2012	Prior to merger 2012
	[EUR'000]	[EUR'000]
Revenue	**129,330**	**120,567**
Gross profit	**73,238**	**70,389**
EBITDA	**52,876**	**53,452**
EBIT	**47,295**	**49,645**
Non-recurring items:	**-1,730**	**-2,208**
Normalised EBITDA	**51,146**	**51,244**
Normalised EBIT	**45,565**	**47,437**
Financial result	22,118	19,921
Earnings before tax (EBT)	**69,413**	**69,566**
Taxes	-17,433	-17,391
Net income for the year	**51,980**	**52,175**

3.1.2.2 EARNINGS PERFORMANCE OF CTS AG (HGB)

	2013 [EUR'000]	After merger 2012 [EUR'000]	Veränderung [EUR'000]	[in %]
Revenue	**150,011**	**129,330**	**20,681**	**16.0**
Gross profit	**82,031**	**73,238**	**8,793**	**12.0**
EBITDA	**54,292**	**52,876**	**1,416**	**2.7**
EBIT	**37,061**	**47,295**	**-10,234**	**-21.6**
Non-recurring items:				
Settlement of an acquisition	0	-2,900	2,900	-100.0
Acquisition costs	215	617	-402	-65.2
Workforce restructuring costs	143	478	-335	-70.1
Legal / consultancy costs in connection with the arbitration proceedings against Live Nation	1,879	75	1,804	2.405.3
	2,237	**-1,730**	**3,967**	**-229.3**
Normalised EBITDA	**56,529**	**51,146**	**5,383**	**10.5**
Normalised EBIT	**39,298**	**45,565**	**-6,267**	**-13.8**
Financial result	26,185	22,118	4,067	18.4
Earnings before tax (EBT)	**63,246**	**69,413**	**-6,167**	**-8.9**
Extraordinary income	482	0	482	n.a.
Taxes	-17,532	-17,433	-99	0.6
Net income for the year	**46,196**	**51,980**	**-5,786**	**-11.1**

3.1.2.2.1 REVENUE GROWTH

In the 2013 financial year, CTS AG revenue increased by EUR 20.681 million from EUR 129.330 million to EUR 150.011 million; this equates to a 16.0% 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 and the implementation of commission agreements.

3.1.2.2.2 EARNINGS GROWTH

GROSS PROFIT

Gross profit increased by EUR 8.793 million year-on-year. The gross margin was 54.7% (prior year: 56.6%). Organic growth of the highly profitable Internet business is offset by the implementation of commission agreements in the ticketing field. Commissioning results in higher profit contributions, whereas the additional revenue associated with such sales have a negative effect on profit margins.

NON-RECURRING ITEMS

CTS AG earnings in the reporting year were reduced by non-recurring items consisting of EUR 215 thousand (prior year: EUR 617 thousand) for budgeted and implemented projects, EUR 143 thousand (prior year: 478 thousand) for personnel restructuring and EUR 1.879 million (prior year: EUR 75 thousand) for legal consultancy fees in connection with the arbitration proceedings against Live Nation. In the prior year CTS AG earnings were normalised by income from a settlement of an acquisition amounting to EUR -2.900 million.

NORMALISED EBITDA / EBITDA

Very successful business performance in the seasonally strong fourth quarter of 2013, and a further increase in the volume of tickets sold online were the main factors accounting for the strong growth in normalised EBITDA to a figure of EUR 56.529 million (prior year: EUR 51.146 million). As already noted in the section on gross profit, the implementation of commission agreements and higher expenses for further technological development had a negative impact on profit margins. The normalised EBITDA margin was 37.8% (prior year: 39.5%). The EBITDA improved to EUR 54.292 million (Prior year: EUR 52.876 million): The EBITDA margin was 36.2% (prior year: 40.9%).

NORMALISED EBIT / EBIT

Due to the merger goodwill and intangible assets were capitalized in the 2013 financial year that resulted to systematically depreciation of EUR 11.307 million.

Normalised EBIT increased operationally by EUR 5.040 million to EUR 50.605 million but was reduced by depreciation due to the merger to EUR 39.298 million (prior year: ERU 45.565 million). The normalised EBIT margin was 26.2% (prior year: 35.2%). The EBIT figure for the reporting year is EUR 37.061 million (prior year: EUR 47.295 million), while the EBIT margin fell from 36.6% to 24.7%.

FINANCIAL RESULT

The financial result rose by EUR 4.067 million, from EUR 22.118 million the previous year to EUR 26.185 million.

The financial result includes EUR 30.403 million in income in the form of dividends and transferred profits from participations (prior year: EUR 28.126 million), EUR 1.167 million in interest income (prior year: EUR 1.264 million), EUR -4.484 million in interest expenses (prior year: EUR -4.661 million) and other financial expenses amounting to EUR -901 thousand (prior year: EUR -797 thousand). EUR 37 thousand in income from loans held as financial assets and EUR 1.851 million in depreciation of financial assets were recognised in the prior year.

Income in the form of dividends and transferred profits from participations increased by EUR 2.278 million. An increase in income in the form of profit transfer agreements, to EUR 4.529 million, is offset by a decrease in income in the form of dividends from participations, to EUR -2.252 million.

Interest expense and other financial expenses mainly relate to borrowing costs (particularly interest expenses and other borrowing costs) and the long-term financing of acquisitions.

EXTRAORDINARY RESULT

A merger-related profit of EUR481 thousand was recognised in respect of the merger of eventim Online Holding GmbH which was carried out in the 2013 financial year.

TAXES

Tax expenses increased by EUR 99 thousand from EUR 17.433 million to EUR 17.532 million. These tax expenses include EUR 17.485 million in taxes on income (prior year: EUR 17.433 million) and EUR 47 thousand in other taxes. The taxation rate (taxes on income / earnings before tax) is 27.7%.

NET INCOME FOR THE YEAR

The net income for the year, according to HGB, fell from EUR 51.980 million to EUR 46.196 million. Main factor for the burdened net income is the depreciation due to the merger of See Tickets Germany and Ticket Online Software with CTS AG with EUR 11.307 million. Intangible assets and goodwill resulting from the merger as at 1 January 2013 were amortised over their respective useful life. Net income, according to HGB, rose by EUR 5.522 million to EUR 57.502 million before amortised effects due to the merger.

3.1.2.2.3 MAIN ITEMS IN THE INCOME STATEMENT

	2013	After merger 2012	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Selling expenses	31,470	17,440	14,030	80.4
thereof non-recurring items	*1,879*	*0*	*1,879*	n.a.
General administrative expenses	13,155	8,361	4,794	57.3
Other operating income	5,035	7,750	-2,715	-35.0
thereof non-recurring items	*0*	*-2,900*	*2,900*	-100.0
Other operating expenses	5,381	7,891	-2,510	-31.8
thereof non-recurring items	*358*	*1,170*	*-812*	*-69.4*

SELLING EXPENSES

Selling expenses rose by EUR 14.030 million to EUR 31.470 million. This increase is mainly attributable to amortisation of intangible assets and goodwill resulting from the merger as at 1 January 2013 (EUR 7.649 million) and amortisation of intangible assets (EUR 3.657 million). The increase is also a result of temporarily burdened non-recurring items.

GENERAL ADMINISTRATIVE EXPENSES

The EUR 4.794 million increase in general administrative expenses in the reporting year, to EUR 13.155 million, is mainly the result of higher proportional personnel expenses (EUR+2.938 million), higher legal and consulting expenses (EUR +322 thousand), higher costs external personnel (EUR +345 thousand), higher travel expenses (EUR +272 thousand) as well as higher costs for office premises and rent (EUR +135 thousand).

OTHER OPERATING INCOME

Other operating income fell by EUR 2.715 million to EUR 5.035 million. Other operating income in the prior year was positively affected by a settlement of an acquisition (EUR 2.900 million).

OTHER OPERATING EXPENSES

The EUR 2.510 million decrease in other operating expenses to EUR 5.381 million is mainly attributable to lower losses on disposals of assets (EUR -413 thousand) and lower expenses for workforce restructuring measures (EUR -669 thousand).

PERSONNEL

Personnel expenses increased year-on-year by EUR 1.256 million from EUR 17.282 million to EUR 18.538 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 as well as the increasing technological development that these changes involve.

At the end of the 2013 financial year, CTS AG had 300 employees on its payroll (prior year: 255). The average number of employees over the year increased from 254 the previous year to 261 in the reporting period.

3.2 FINANCIAL POSITION
3.2.1 GROUP FINANCIAL POSITION (IFRS)

	31.12.2013		31.12.2012 [1,2]		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	375,736	42.9	319,514	39.4	56,222
Trade receivables	26,305	3.0	27,611	3.4	-1,306
Receivables from affiliated and associated companies accounted for at equtiy	1,833	0.2	2,167	0.3	-334
Inventories	2,123	0.2	1,851	0.2	272
Payments on account	13,452	1.5	16,252	2.0	-2,800
Other assets	58,849	6.7	64,218	7.9	-5,369
Total current assets	**478,298**	**54.5**	**431,613**	**53.2**	**46,685**
Non-current assets					
Fixed assets	129,316	14.8	115,989	14.3	13,327
Goodwill	257,380	29.4	252,704	31.1	4,676
Trade receivables	34	0.0	61	0.0	-27
Receivables from affiliated companies and associated companies accounted for at equity	4,699	0.5	3,727	0.5	972
Other assets	3,711	0.4	4,142	0.5	-431
Deferred tax assets	3,437	0.4	3,654	0.4	-217
Total non-current assets	**398,577**	**45.5**	**380,277**	**46.8**	**18,300**
Total assets	**876,875**	**100.0**	**811,890**	**100.0**	**64,985**

[1] Prior-year figures adjusted to reflect application of IAS 19R
[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

	31.12.2013		31.12.2012 [1,2]		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	34,734	4.0	46,575	5.7	-11,841
Trade payables	57,993	6.6	48,303	6.0	9,690
Payables to affiliated and associated companies accounted for at equity	113	0.0	281	0.0	-168
Advance payments received	118,209	13.5	115,397	14.2	2,812
Provisions	23,926	2.7	14,978	1.9	8,948
Other liabilities	208,055	23.7	189,861	23.4	18,194
Total current liabilities	**443,030**	**50.5**	**415,395**	**51.2**	**27,635**
Non-current liabilities					
Medium- and long-term financial liabilities	161,357	18.4	159,406	19.7	1,951
Other liabilities	168	0.0	201	0.0	-33
Pension provisions	4,792	0.6	4,123	0.5	669
Deferred tax liabilities	14,326	1.6	16,257	2.0	-1,931
Total non-current liabilities	**180,643**	**20.6**	**179,987**	**22.2**	**656**
Shareholders' equity					
Share capital	48,000	5.5	48,000	5.9	0
Capital reserve	1,890	0.2	1,890	0.2	0
Statutory reserve	2,400	0.3	2,400	0.3	0
Retained earnings	182,474	20.8	148,791	18.3	33,683
Treasury stock	-52	0.0	-52	0.0	0
Non-controlling interest	17,307	2.0	14,601	1.8	2,706
Other comprehensive income	-442	-0.1	-590	-0.1	148
Currency differences	1,625	0.2	1,468	0.2	157
Total shareholders' equity	**253,202**	**28.9**	**216,508**	**26.6**	**36,694**
Total shareholders' equity and liabilities	**876,875**	**100.0**	**811,890**	**100.0**	**64,985**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CURRENT ASSETS increased by EUR 46.685 million to EUR 478.298 million due to an increase in cash and cash equivalents (EUR +56.222 million). Trade receivables (EUR -1.306 million), payments on account (EUR -2.800 million) and other assets (EUR -5.369 million) reduced current assets compared to the previous year.

The EUR 56.222 million increase in **cash and cash equivalents** mainly results from the positive consolidated net income and from an increase in liabilities in respect of ticket monies at the reporting date. The distribution of dividends in the second quarter of 2013 led to cash outflows in the reporting period.

Cash and cash equivalents, at EUR 375.736 million (prior year: EUR 319.514 million) include ticket monies from not yet invoiced presales for events (ticket monies not yet invoiced in the Ticketing segment), which are reported under other liabilities (EUR 161.498 million; prior year: EUR 145.002 million). Other assets also include receivables relating to ticket monies from presales in the Ticketing segment (EUR 34.239 million; prior year: EUR 30.937 million).

Trade receivables decreased by EUR 1.306 million in the context of ongoing business operations.

The EUR 2.800 million decrease 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 decreased by EUR 5.369 million, mainly because of a sale of securities at fair value and scheduled redemption of receivables from the settlement of an acquisition.

NON-CURRENT ASSETS were EUR 18.300 million higher, at EUR 398.577 million. The increase mainly related to fixed assets (EUR 13.327 million), receivables from affiliated and associated companies accounted for at equity (EUR 972 thousand) and to goodwill (EUR 4.676 million).

The EUR 13.327 million change in **fixed assets** mainly relates to intangible distribution rights in the Ticketing segment. Fixed assets were reduced by the systematic amortisation of the trademark, customer base and software assets that were capitalised through purchase price allocation.

The increase in **receivables from affiliated and associated companies accounted for at equity** results from higher receivables from the HAL Apollo joint venture in connection with modernisation of the 'Eventim Apollo' venue in London for concerts and gigs (EUR 972 thousand).

The EUR 4.676 million increase in **goodwill** results from the acquisition of the Swiss promoter ABC Production AG, Opfikon (hereinafter: ABC Production; EUR +3.901 million) in the Live Entertainment segment and of the Italian company CREA (EUR +1.705 million) in the Ticketing segment. Currency translation effects associated with the measurement of goodwill in foreign currencies as at the closing date of 31 December 2013 led to a reduction (EUR -930 thousand; Euro to Swiss Francs)

Assets tied up for the long term account for 45.5% of the balance sheet total (prior year: 46.8%); therefore, assets tied up for the long term are partly financed by shareholders' equity.

CURRENT LIABILITITES rose by EUR 27.635 million to EUR 443.030 million. This increase is mainly attributable to trade payables (EUR 9.690 million), to advance payments received (EUR 2.812 million), to provisions (EUR 8.948 million) and to other liabilities (EUR 18.194 million). Short –term financial liabilities decreased by 11.841 million.

Trade payables increased by EUR 9.690 million in the context of ongoing business operations and due to the expansion of the number of companies included in consolidation.

In the Live Entertainment segment, the EUR 2.812 million increase in **advance payments received** is mainly attributable to the fact that more ticket monies were received from presales in the fourth quarter for events held in 2014. Advance payments received in the Live Entertainment segment are transferred to revenue when the respective events have taken place.

The increase in **provisions** of EUR 8.948 million mainly results from increased tax provisions.

The EUR 18.194 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 2013, due to the closure date, so that the liabilities for ticket monies not yet invoiced were increased accordingly.

The EUR 11.841 million decrease in **short-term financial liabilities** is mainly due to the scheduled redemption of financial liabilities as well as to the rescheduling of a short-term tranche of credit (partial use of a syndicated loan to finance the HAL Apollo joint venture) as a long-term final-maturity loan. On the other hand, the timely reclassification from medium- and long-term financial liabilities and the new claim of a short-term credit tranche led to an increase in short-term financial liabilities.

NON-CURRENT LIABILITIES increased by EUR 656 thousand, mainly due to an increase in medium- and long-term financial liabilities (EUR 1.951 million).

Medium- and long-term financial liabilities increased by EUR 1.951 million. A long-term, final-maturity loan taken out to finance the HAL Apollo joint venture led to an increase in financial liabilities within the reporting period. The increase also resulted from additions to liabilities to purchase price obligation in respect of the call and put option which was mandatorily reported in accordance with IAS 32 in connection with the acquisition of shares of the Italian Ticketing company (CREA). The timely reclassification from medium- and long-term financial liabilities to short-term financial liabilities led to a decrease.

SHAREHOLDERS' EQUITY increased by EUR 36.694 million to EUR 253.202 million, mainly as a result of the positive Group net income of EUR 61.142 million as well as increased non-controlling interest of EUR 2.706. The increase is offset, inter alia, by the reduction in shareholders' equity following the distribution of EUR 27.358 million as dividend for the 2012 financial year.

The equity ratio (shareholders' equity divided by the balance sheet total) increased slightly from 26.7% to 28.9%.

The return on equity (consolidated net income divided by shareholders' equity) is 24.2%, compared to 26.0% in the prior year.

OTHER DISCLOSURES

The net debt/equity ratio is as follows:

	31.12.2013 [EUR'000]	31.12.2012 [EUR'000]
Debt [1]	196,091	205,981
Cash and cash equivalents	-375,736	-319,514
Net debt	**-179,645**	**-113,533**
Shareholders' equity [2]	253,202	216,508
Net debt to shareholders' equity	-70.9%	-52.4%

[1] Debt ist defined as non-current and current financial liabilities

[2] Adjusted prior year figures due to the final purchase price allocation of the Arena Management GmbH and the application of IAS 19R

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 2013. The negative net debt/equity ratio means that the Group is de facto free of debt. The leverage of loan capital is expected to have positive effects on the return on equity.

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

3.2.2 FINANCIAL POSITION OF CTS AG (HGB)

3.2.2.1 PRO FORMA FINANCIAL POSITION 2012 OF THE MERGED COMPANIES AND CTS AG

See Tickets Germany, Ticket Online Software and eventim Online Holding were merged with CTS AG with effect from 1 January 2013. Due to the mergers effected in the reporting year, the financial position as at 31 December 2013 cannot be compared with the prior-year figures. In order to present a fair view of the changes in financial position, the prior-year figures as at 31 December 2012 were therefore adjusted and presented with inclusion of the merger effects.

The general principle of measurement at cost, pursuant to § 253 (1) and § 255 (1) HGB, was selected for recognising and measuring the chain merger of See Tickets Germany and Ticket Online Software. The carrying value of the absorbed shares is recognised as the cost for assets and debts taken over. The assets and debts of the companies taken over were remeasured as at 1 January 2013.

Eventim Online Holding was merged in accordance with § 24 UmwG, the law governing changes of legal form (pooling of interest method).

The mergers in the 2013 reporting year do not result in any adjustment of the prior-year figures in the balance sheet or the income statement as at 31 December 2012. Nevertheless, the balance sheet items before and after the merger are presented in order to establish comparability:

	After merger 31.12.2012		Prior to merger 31.12.2012	
	[EUR'000]	[in %]	[EUR'000]	[in %]
Current assets				
Cash and cash equivalents	121,135	26.1	117,845	26.4
Trade receivables	8,254	1.8	7,519	1.7
Receivables from affiliated companies and companies in which participations are held	23,852	5.1	21,451	4.8
Inventories	387	0.1	387	0.1
Other assets and prepaid expenses	19,593	4.2	18,919	4.2
Total current assets	**173,221**	**37.3**	**166,121**	**37.2**
Non-current assets				
Fixed assets	207,510	44.6	268,783	60.2
Goodwill	73,159	15.7	491	0.1
Receivables from affiliated companies and companies in which participations are held	6,130	1.3	6,130	1.4
Other assets and prepaid expenses	4,878	1.1	4,878	1.1
Total non-current assets	**291,677**	**62.7**	**280,282**	**62.8**
Total assets	**464,898**	**100.0**	**446,403**	**100.0**

	After merger 31.12.2012		Prior to merger 31.12.2012	
	[EUR'000]	[in %]	[EUR'000]	[in %]
Current liabilities				
Short-term financial liabilities	40,579	8.7	40,578	9.1
Advance payments received	557	0.1	557	0.1
Trade payables	7,167	1.5	6,881	1.5
Liabilities to affiliated companies and participations	19,273	4.2	9,251	2.1
Provisions	10,838	2.3	9,073	2.0
Other liabilities and deferred income	96,067	20.8	92,877	20.9
Total current liabilities	**174,481**	**37.6**	**159,217**	**35.7**
Non-current liabilities				
Medium- and long-term financial liabilities	116,429	25.0	116,429	26.1
Deferred tax liabilities	2,793	0.6	43	0.0
Total non-current liabilities	**119,222**	**25.6**	**116,472**	**26.1**
Shareholders' equity				
Share capital	48,000	10.3	48,000	10.8
less par value of treasury stock	-4	0.0	-4	0.0
Capital reserve	2,400	0.5	2,400	0.5
Statutory reserve	2,400	0.5	2,400	0.5
Balance sheet profit	118,399	25.5	117,918	26.4
Total shareholders' equity	**171,195**	**36.8**	**170,714**	**38.2**
Total shareholders' equity and liabilities	**464,898**	**100.0**	**446,403**	**100.0**

The merger mainly led primarily to a reduction of EUR -61.273 million in the **fixed assets**. This decrease mainly resulted from the EUR -74.116 difference in financial assets. The decrease in financial assets is due to the cancelled carrying values of the participations in the merged companies (EUR -172.913 million). This was offset by an increase in financial assets due to the takeover of recognised participating interests held by the merged companies (mainly Ticket Online Sales & Service Center GmbH, Parchim, and TicketOne S.p.A, Milan; EUR 98.797 million). The merger of See Tickets Germany and Ticket Online Software also entailed the remeasurement of intangible assets, with recognition of distribution rights (EUR 9.139 million), software (EUR 3.124 million) and a trademark (EUR 283 thousand).

Goodwill increased as a result of the chain merger by EUR 72.668 million.

The main changes in **short-term loans** relate to payables to affiliated companies (EUR 10.022 million), and to other liabilities and deferred expenses (EUR 3.190 million).

Under **long-term loans**, there was an increase in deferred tax liabilities (EUR 2.750 million). These resulted from the remeasurement of intangible assets in the HGB balance sheet, and the resultant deviations from the fiscal balance sheet.

3.2.2.2 FINANCIAL POSITION OF CTS AG (HGB)

	31.12.2013		After merger 31.12.2012		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current assets					
Cash and cash equivalents	159,969	32.0	121,135	26.1	38,834
Trade receivables	5,931	1.2	8,254	1.8	-2,323
Receivables from affiliated companies and participations	14,080	2.8	23,852	5.1	-9,772
Inventories	626	0.1	387	0.1	239
Other assets and prepaid expenses	17,680	3.5	19,593	4.2	-1,913
Total current assets	**198,286**	**39.7**	**173,221**	**37.3**	**25,065**
Non-current assets					
Fixed assets	225,564	45.2	207,510	44.6	18,054
Goodwill	65,183	13.0	73,159	15.7	-7,976
Receivables from affiliated companies and participations	6,084	1.2	6,130	1.3	-46
Other assets and prepaid expenses	4,318	0.9	4,878	1.1	-560
Deferred tax assets	107	0.0	0	0.0	107
Total non-current assets	**301,256**	**60.3**	**291,677**	**62.7**	**9,579**
Total assets	**499,543**	**100.0**	**464,898**	**100.0**	**34,645**

	31.12.2013		After merger 31.12.2012		Change
	[EUR'000]	[in %]	[EUR'000]	[in %]	[EUR'000]
Current liabilities					
Short-term financial liabilities	28,344	5.7	40,579	8.7	-12,235
Advance payments received	1,892	0.4	557	0.1	1,335
Trade payables	12,868	2.6	7,167	1.6	5,701
Payables to affiliated companies and participations	5,847	1.2	19,273	4.1	-13,426
Provisions	17,765	3.5	10,838	2.3	6,927
Other liabilities and deferred income	121,464	24.3	96,067	20.8	25,397
Total current liabilities	**188,180**	**37.7**	**174,481**	**37.6**	**13,699**
Non-current liabilities					
Medium- and long-term financial liabilities	120,143	24.1	116,429	25.0	3,714
Deferred tax liabilities	1,668	0.3	2,793	0.6	-1,125
Total non-current liabilities	**121,811**	**24.4**	**119,222**	**25.6**	**2,589**
Shareholders' equity					
Share capital	48,000	9.6	48,000	10.3	0
less par value of treasury stock	-4	0.0	-4	0.0	0
Capital reserve	2,400	0.5	2,400	0.5	0
Statutory reserve	2,400	0.5	2,400	0.5	0
Balance sheet profit	136,756	27.3	118,399	25.5	18,357
Total shareholders' equity	**189,552**	**37.9**	**171,195**	**36.8**	**18,357**
Total shareholders' equity and liabilities	**499,543**	**100.0**	**464,898**	**100.0**	**34,645**

The balance sheet total of CTS AG increased year-on-year by EUR 34.645 million to EUR 499.543 million (+7.5%).

CURRENT ASSETS increased by EUR 25.065 million to EUR 198.286 million (+14.5%). The changes mainly derive from the EUR 38.834 million increase in cash and cash equivalents. These are offset by decreases in trade receivables (EUR -2.323 million), in receivables from affiliated and associated companies accounted for at equity (EUR -9.772 million) as well as other assets and prepaid expenses (EUR -1.913 million).

Cash and cash equivalents rose in the financial year by EUR 38.834 million from EUR 121.135 million to EUR 159.969 million. This increase is attributable, inter alia, to the higher net income for the year (EUR +5.785 million) and to higher liabilities for ticket monies that have not yet been invoiced (EUR +24.127 million). A major cash outflow in the period under review was the disbursement of dividends in the second quarter of 2012 of EUR 27.358.

Current receivables from affiliated companies fell by EUR 9.772 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 of affiliated companies and participations.

Other assets and prepaid expenses decreased by EUR 1.912 million, mainly due to repayments of receivables for a settlement of an acquisition.

NON-CURRENT ASSETS increased by EUR 9.579 million to EUR 301.256 million. A major portion of that increase, EUR 18.054 million, relates to fixed assets. This was offset of a reduction in goodwill of EUR -7.976 million.

Additions to **assets**, at EUR +18.054 million mainly relate to intangible assets for further development of the Global Ticketing System (EUR +5.096 million) and purchased ticket distribution rights (EUR 20.000 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System and for connecting box offices to the Global Ticketing System (EUR 2.440 million). These are offset by systematic depreciation. The disposals of financial assets, at EUR 767 thousand, relate to the sale of two participations of subsidiaries caused by the change in Group structure.

The EUR -7.976 million decrease in **goodwill** derives from the amortisation of goodwill due to the merger, according to HGB.

CURRENT LIABILITIES increased by EUR 13.699 million to EUR 188.180 million, mainly by the increase in other liabilities and deferred expenses (EUR +25.397 million), trade payables (EUR +5.701 million) and provisions (EUR +6.927 million). These are offset by a reduction in the current financial liabilities (EUR -12.253 million) liabilities to affiliated companies and participations (EUR -13.426 million).

The EUR -12.235 million decrease in **short-term financial liabilities**, resulted from short-term use of a syndicated credit line (revolving credit facility) (EUR -5.000 million) and scheduled repayments of bank liabilities and deferred interest (EUR -21.520 million). In addition long-term bank liabilities of EUR 14.286 million in accordance with repayment agreements were rescheduled as a short-term loan.

The increase in **trade payables** mainly derives from the remaining amount in relation with the acquisition of exclusive ticket distribution rights.

The decrease in **liabilities to affiliated companies and participations** is mainly caused by compensation of receivables from affiliated companies and participations from previous years and lower trade payables and repayments of short-term loans.

The EUR +6.927 million increase in **provisions** mainly derives from higher tax provisions in the reporting period.

The EUR 25.397 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 +24.127 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 1.673 million in liabilities for gift vouchers sold but not yet redeemed whereas VAT liabilities decreased by EUR 990 thousand.

NON-CURRENT LIABILITIES increased by EUR 2.589 million to EUR 121.811 million. This increase mainly results from medium- and long-term financial liabilities (EUR +3.714 million). The increase of long-term loan liabilities mainly derives from additional borrowings to finance the HAL Apollo joint venture in the reporting period. These was offset by the timely reclassification of medium and long-term financial liabilities to short-term financial liabilities.

SHARHOLDERS' EQUITY rose by EUR 18.397 million to EUR 189.552 million. The net income for the reporting year, at EUR 46.196 million, is offset by the EUR 27.358 million dividend for the 2012 financial year that was adopted at the Annual Shareholders' Meeting in 2013.

The equity ratio improved from 36.8% to 37.9%.

The return on equity (net income for the year divided by shareholders' equity) is 24.4%, compared to 30.4% in 2012.

3.3 CASH FLOW

3.3.1 CONSOLIDATED CASH FLOW (IFRS)

	2013	2012 [1,2]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	142,898	108,130	34,768
Investing activities	-41,415	-12,577	-28,838
Financing activities	-44,274	-26,487	-17,787
Net increase / decrease in cash and cash equivalents	**57,209**	**69,066**	**-11,857**
Net increase / decrease in cash and cash equivalents due to currency translation	-987	484	-1,471
Cash and cash equivalents at beginning of period	319,514	249,964	69,550
Cash and cash equivalents at end of period	**375,736**	**319,514**	**56,222**

[1] Prior-year figures adjusted to reflect application of IAS 19R
[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

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 2012, cash and cash equivalents increased by EUR 56.222 million from EUR 319.514 million to EUR 375.736 million.

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

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased year-on-year by EUR 34.768 million from EUR 108.130 million to EUR 142.898 million. The main reason for this increase in cash flow from operating activities is the EUR +4.839 million increase in consolidated net income, higher other non-cash transactions (EUR +6.088 million), lower income tax payments (EUR +3.734 million), lower payments on account in the Live Entertainment segment (EUR +4.430 million) and a change in receivables and other assets (EUR +20.558 million). This was offset by a year-in-year decrease in cash flow mainly due to other liabilities (EUR -15.153 million).

The positive cash flow effect of EUR +6.088 million from changes in **non-cash transactions** was mainly the result of conversion at spot rate exchange rates and the valuation of receivables.

The change in **income tax paid** of EUR 3.734 million was mainly the result of higher prepayments in 2012 and payments made for previous years.

The positive cash flow effect of EUR +4.430 million from changes in **payments on account** was mainly the result of a reduction in production cost for future events to be held after the balance sheet date.

The positive cash flow effect of EUR +20.558 million from changes in **receivables and other assets** was mainly the result of lower accumulation of receivables relating to ticket monies from presales and higher decrease of other current assets.

The EUR -15.153 million negative cash flow effect due to the change in **liabilities** mainly results from lower increase of advance payments received in the Live Entertainment segment (EUR -28.731 million) and higher payments of ticket monies that have not yet been invoiced in the Ticketing segment (EUR -2.649 million). This was offset by a year-in-year increase in cash flow mainly due to trade liabilities (EUR 12.155 million) and other liabilities (EUR 4.071 million).

In the Live Entertainment segment, ticket revenue generated in the presales period is posted by the promoter on the liabilities side as **advance payments received**. When the event is subsequently held, these advance payments are transferred to revenue. In the reporting period, as in the prior year, presales for events held after the balance sheet data resulted in a stronger cash inflow.

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

CASH FLOW FROM INVESTING ACTIVITIES

The negative cash flow from investing activities increased by EUR 28.838 million from EUR 12.577 million to EUR 41.415 million. Higher investing activities in intangible assets especially ticket distribution rights (EUR -24.228 million) and cash outflows for acquisition of shares in ABC Production and CREA (EUR -2.879 million) resulted in greater cash outflow for investing activities in the reporting year.

CASH FLOW FROM FINANCING ACTIVITIES

The negative cash flow from financing activities rose year-on-year by EUR 17.787 million from EUR 26.487 million to EUR 44.274 million.

The payment of taking up loans (EUR 13.400 million) increased in the reporting period due to financing of ticket distribution rights. Repayments of financial loans (EUR -29.067 million) mainly increased due to the scheduled redemption of financial liabilities (EUR -10.688 million) and the rescheduling from short-term into long-term financial loans (EUR -19.000 million). Furthermore, lower payments were made for the purchase of shares in subsidiaries already included in consolidation (EUR 3.900) and higher dividends to shareholders (EUR -6.239).

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

3.3.2 CASH FLOW CTS AG (HGB)

	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cash flow from:			
Operating activities	99,256	70,845	28,411
Investing activities	-21,255	-25,605	4,350
Financing activities	-35,877	-12,610	-23,267
Net increase / decrease in cash and cash equivalents	**42,124**	**32,630**	**9,494**
Cash and cash equivalents at beginning of period	117,845	85,215	32,630
Cash and cash equivalents at end of period	**159,969**	**117,845**	**42,124**

The figures for the prior year shown in the cash flow refer to CTS AG without the pro-forma calculation of the merger performed in the financial year 2013.

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 2012, cash and cash equivalents increased by EUR 42.124 million from EUR 117.845 million to EUR 159.969 million.

Cash flow for operating activities increased by EUR 28.411 million to EUR 99.256 million. The year-on-year increase in 2013 mainly results inter alia from positive operative cash flow due to the higher net income for the year before depreciation form chain merger in 2013 (EUR 5.327 million). In addition positive cash flow effects result from lower receivables and other assets (EUR +20.950 million) and higher tax provisions (EUR +6.437 million). These were offset by negative impacts resulting from the change in liabilities (EUR -5.505 million). Positive cash flow effects of EUR 3.290 million resulted from the merger carried out in the reporting period.

The EUR +20.950 million positive cash flow effect in respect of lower **receivables and other assets** mainly relates to the cash inflow from changes in receivables from affiliated companies (EUR 8.892 million; thereof EUR 2.401 million as a result of the merger) and other assets (EUR 11.968 million, thereof EUR 658 thousand as a result of the merger). The positive cash flow effect in respect of other assets mainly relates to a reduction of receivables for ticket monies (EUR +8.409 million).

The EUR +6.437 million (thereof EUR -1.134 million as a result of the merger) positive cash flow effect in respect of **tax provisions** mainly relates to higher tax expenses for the reporting period because the net income, in accordance to HGB, before non-deductable depreciation effects of the merger increased.

Of the negative cash flow effect in respect of **liabilities**, at EUR -5.505 million, EUR -17.341 million is due to lower liabilities to affiliated companies (thereof EUR -10.022 million as a result of the merger) compared to positive cash flow effects year-on-year from higher liablities in respect of ticket monies that have not yet been invoiced (EUR 10.923 million; thereof EUR -2.422 million as a result of the merger).

Negative **cash flow for investing activities** of EUR -21.255 million increased from EUR -25.605 million by EUR 4.350 million. The increase in cash outflow due to investments in intangible assets, specifically ticket distribution rights (EUR -14.000 million), was offset by cash outflows in previous year for share capital increases in holding companies for acquiring the HAL Apollo joint venture and Arena Management GmbH.

Negative **cash flow from financing activities** improved year-on-year by EUR +23.267 million from EUR -12.610 million to EUR -35.877million.

The payment of taking up loans (EUR 13.000 million) increased in the reporting period due to financing of ticket distribution rights. Repayments of financial loans (EUR -30.027 million) mainly increased due to the scheduled redemption of financial liabilities (EUR -9.643 million) and the rescheduling from short-term into long-term financial loans (EUR -19.000 million). Furthermore, higher dividends were paid to shareholders (EUR -6.239).

3.4 GENERAL ASSESSMENT OF THE GROUP'S BUSINESS SITUATION

CTS AG and the Group as a whole yet again achieved successful results in the year under review, significantly increasing both revenue and earnings and thus reinforcing their leadership of the European market. Despite phases of economic weakness in some individual European countries, the business model of the CTS Group proved to be very robust. Key performance figures were improved in both segments, Ticketing and Live Entertainment. The CTS Group thus met in full its revenue and earnings targets for the 2013 financial year.

Due to the organic growth resulting from many attractive events and a traditionally strong fourth quarter in the Ticketing segment, both in Germany and abroad, as well as further expansion of the Internet business, it was possible to achieve a further improvement in Group operating profit.

The Live Entertainment segment finished the reporting year with excellent, record-level performance figures. Despite only moderate business expectations for the year 2013 as a whole, a significant improvement in revenue and earnings was nevertheless achieved, owing to a large number of attractive live events, established and new festivals, and also further expansion in venue-operating activities.

4. APPROPRIATION OF EARNINGS BY CTS AG

In the 2012 financial year, CTS AG generated net income for the year (according to HGB) of TEUR 52.175 million. The Shareholders' Meeting on 8 May 2013 adopted a resolution to distribute EUR 27.358 million (EUR 0.57 per eligible share) of the balance-sheet profit of EUR 117.918 million as at 31 December 2012 to shareholders. Payment of this dividend was effected on 9 May 2013, and the remaining balance sheet profit of EUR 90.560 million was carried forward to the new account.

In the 2013 financial year, CTS AG generated EUR 46.196 million in net income (according to HGB). The Management Board and Supervisory Board propose to the Shareholders' Meeting that a dividend of EUR 30.717 million (EUR 0.64 per eligible share) be distributed and that the remaining EUR 15.479 million be carried forward to the new account.

5. DEPENDENCIES REPORT FOR CTS AG

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

The report pursuant to Section 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 Section 312 AktG.'

6. EVENTS AFTER THE CLOSING DATE

The CTS Group successfully builds on its European expansion with further acquisitions. In early March 2014, agreements to take over three ticketing companies and an exclusive ticketing contract for Europe and Russia were signed with the Stage Entertainment Group. Under the deals, CTS AG acquires from the Stage Entertainment Group ticketing companies in Spain, France and the Netherlands. These include See Tickets Nederland B.V., domiciled in Amsterdam, and See Tickets Entradas S.A., which is domiciled in Madrid. Both companies are among the market leaders in their respective countries and also sell, in addition to tickets for the Stage Entertainment Musicals, admission tickets for many concerts, sports and other events. CTS AG also takes over Top Ticket France SAS, domiciled in Paris, and the ticket sales for Stage Entertainment in Russia where the Group is successfully operating two theatres in Moscow. Stage Entertainment is a leading musical musical show producer and promoter in the world and has been relying exclusively on CTS AG in Germany for more than three years.

The total purchase price is around EUR 25 million. CTS AG expects the transaction to generate additional revenue of around EUR 20 million and an EBITDA of around EUR 5 million. The Management Board also expects significant synergies for the years to come. The acquired assets include intangible assets such as the trademark and customer relationships.

On 13 March 2012, CTS AG took out a syndicated credit line (revolving credit facility) amounting to EUR 60.0 million. Negotiations for early prolongation and extension of the syndicated credit line were successfully completed in mid-

March 2014. The amendment structure involves an increase in the credit line to EUR 105.0 million, early prolongation until 1 April 2018 and optimisation of the financial conditions for potential usage.

7. REPORT ON OPPORTUNITIES

Opportunity management within the CTS Group is aimed at identifying and evaluating opportunities at an early stage and taking appropriate steps so that opportunities are exploited and result in business success. Responsibility for the systematic recognition and exploitation of opportunities that arise lies with the operations managers. Opportunities for organic growth are evaluated by the CTS Group as part of its annual budgetary planning and continually during the year, as the need arises.

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

Opportunities management also includes new fields of business, major projects in the ticketing segment, new types of events in the Live Entertainment segment, and strategic acquisitions in Germany and abroad. A new department for 'Corporate Development & Strategy' has been created in this regard, which supports the Management Board in matters relating to opportunities management. Growth initiatives are assessed according to strategic and financial criteria using contribution accounting, investment accounting and discounted cash flow accounting.

As a basic principle, the CTS Group strives for a balanced relationship between opportunities and risks, the aim being to increase the value-added for shareholders by analysing new market opportunities.

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

8. RISK REPORT

8.1 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 is of great importance for the Group.

Reasonable, transparent and manageable risks are accepted if these are related to the expansion and exploitation of the Group's core competencies. The associated rewards must entail an appropriate increase in 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 a risk management system.

In order to identify, assess, manage and document risks at an early stage, the Group operates a systemic and appropriate risk management system. Operational risk management includes the process of systematic risk analysis of business processes. The risk management system is integrated as a continuous process (control loop) into business processes, its aim being to identify, assess, control and document material risks, as well as risks that threaten the continued existence of the company as a going concern.

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

All 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.

The risk management system operated by the CTS Group thus serves the purpose not only of detecting existential risks at an early stage, as required by the German 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 consolidated 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. The new risk management software system, 'R2C_risk to chance', has been implemented to that end. Risk monitoring is simplified with the aid of the software's automatic monitoring status function, which displays the risks and their effects, the likelihood of risks materialising, as well as expectation value, status, management report and measures to be taken. Risks are assessed by the Risk Committee at CTS AG, which reports to the Management Board. The Supervisory Board is informed about the risk reports and monitors the efficiency of the risk management system.

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

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

8.2 INTERNAL ACCOUNTING CONTROL SYSTEM

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

Process-integrated and process-independent monitoring measures are the key elements of the internal control system within the CTS Group. In addition to automatic IT process controls, manual process controls, such as the 'four eyes principle', are also an essential part of the process-integrated measures. The auditor of the Group accounts, 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 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 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.

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

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

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

8.3 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

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

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

8.3.1 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 0.1% in 2013. The OECD expects the German economy to grow by only 0.6%. As past business trends have shown, the events market is relatively independent of economic upswings and downswings. The risk is classified as slight.

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 presales service, online reservation of specific seats, ticket sales by Mobile Shop and the apps for iPhone and Android, cross-selling and upselling, promotions, VIP package deals, a ticket resale platform, FanTicket, special business offers, print-at-home solutions and the mobile access control system, 'eventim.access'.

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

8.3.2 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 can always launch new technologies in a timely manner and without impairing the speed and responsiveness of the system. The CTS Group uses technologies developed by external specialists from whom licences have been purchased. If the rights to use these technologies are lost for whatever reason, this could delay development and limit operation of the products, or could result in higher royalties being paid.

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

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

Uncertainties on markets worldwide may have negative impacts on the events and ticketing market and hence on the business development of the CTS Group.

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

8.3.3 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.

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

System malfunctions and failures are prevented with a highly redundant system architecture and permanent monitoring of all system components. A mirrored system architecture, with multi-redundant system components and backup systems, does not of itself guarantee platform availability, but allows peak loads to be handled by intelligent load distribution algorithms, both 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. The risk is classified as a medium risk in the Ticketing segment.

RISKS FROM INTERNET SECURITY THREATS

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

Unauthorised 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. The risk is classified as a medium risk in the Ticketing segment.

PROCUREMENT

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

PERSONNEL RISKS

The financial successes achieved to date in the Ticketing segment are attributable in large measure to the activity and special commitment of certain key people with important leadership roles. Financial success will continue to depend on these managers remaining in our employ, 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. The risk is classified as slight.

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

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

8.3.5 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 separate service accounts until accounting for the respective event has been completed.

Standard credit agreements are in place with various banks. The extension risk is minimised by varying credit terms. In addition to existing financing of acquisitions, a medium- to long-term working capital credit facility is also available as part of general corporate financing. The Group had sufficient cash reserves as at the balance sheet date of 31 December 2013.

As at 31 December 2013, the Group has bank liabilities of TEUR 188.217 million (prior year: TEUR 199.100 million). Of the external loans, EUR 142.529 million (prior year: 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. The risk is classified as slight.

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 risk is classified as slight.

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

In the 2013 business year, security amounting to EUR 11.505 million (prior year: EUR 8.889 million) was provided for Group companies, mainly to hedge the risks in ticket presales by various box offices (EUR 11.167 million, prior year: EUR 8.741 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 performers as well as licensing agreements are transacted in foreign currencies.

Foreign exchange risks which do not affect the cash flow of the Group (that is, the risks which result from translating the assets and liabilities of foreign entities into the Group reporting currency) remain unsecured, as a basic principle. The risk is classified as medium.

Currency risks that may affect the cash flow of the Group are reviewed on a regular basis and hedged where necessary. Within the CTS Group, derivatives are used solely to hedge risks, but not as vehicles for speculation.

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

In order to disclose financial risk exposure, the CTS Group produces sensitivity analyses in accordance with IFRS 7, showing the effects that hypothetical appreciation and devaluation of the Euro in relation to other currencies will have on net income after tax and on shareholders' equity, where relevant. The periodic effects are determined by relating the hypothetical changes in foreign exchange rates to the financial instruments in place at the closing date. It is assumed that the volume of such instruments at the closing date is representative for the year as a whole. Foreign exchange risks within the meaning of IFRS 7 ensue when financial instruments are denominated in a currency other than the functional currency and are of a monetary nature; currency translation differences relating to the translation of financial statements into the functional currency of the Group are ignored in this regard. The risk is classified as slight.

If the Euro had appreciated (or depreciated) in value by 10% against all other currencies as at 31 December 2013, the consolidated net income after tax would have been EUR 1.839 million lower (or higher, respectively) (prior year: EUR 1,581 million lower (higher)). The hypothetical effect on net income after tax results specifically from EUR/GBP currency sensitivity (EUR -1.109 million; prior year: EUR -663 thousand for EUR/GBP).

INTEREST RISKS

Fixed-rate loan agreements are mostly in place for long-term loans (with fixed-interest periods of 1, 2, 5 and 6 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 are used 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. The risk is classified as slight in the Ticketing segment.

Hypothetical changes in market interest rates as at 31 December 2013 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 133.875 million (prior year: EUR 47.852 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 2013, consolidated net income after tax would have been EUR 2.133 million higher (EUR 1.411 thousand lower). The effect on consolidated net income after tax concerns cash and cash equivalents with variable interest rates (EUR 930 thousand higher; EUR 375 thousand lower) and interest rate hedges in 2013 (EUR 1.203 million higher; EUR 1.036 million lower). The interest rate hedges were classified into the 'held for trading' category and were closed in the first quarter 2014.

If the level of market interest rates had been 100 base points higher (lower) as at 31 December 2013, consolidated net income after tax would have been EUR 388 million higher (EUR 33 thousand lower) and shareholders' equity EUR 1.806 million higher and EUR 1.355 lower.

OTHER PRICE RISKS

The securities and financial derivatives not hedging underlying transactions that are 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 2013 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 23 thousand higher (lower) (prior year: EUR 44 thousand). The risk is classified as slight.

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 2011 in most of the subsidiaries in the Live Entertainment segment. These audits, some of which have already been completed, have had no material effects. The risk is classified as medium.

LITIGATION AND CLAIMS FOR DAMAGES

Pending litigation and damages claims are reported in section 6.7 of the notes to the consolidated financial statements. The risk is classified as slight.

RISKS RELATING TO REPORTING AND BUDGETING

Compliance with all the accounting standards applying to the CTS Group and with all new announcements of relevance is subjected to regular review. Future announcements on accounting methods and standards, for example on recognition of revenue or Leasing, may also have effects on financial data. A forecast of revenue in the CTS Group is dependent on many factors and therefore involves uncertainties. These factors include, but are not limited to 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 revenue. If anticipated revenue do not materialise, this may lead to fluctuations in operating profits. The use of estimates by management may have impacts on earnings performance, financial position and cash flow. The risk is classified as medium.

CAPITAL MANAGEMENT

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

8.3.6 POLITICAL / LEGAL RISKS

Political and 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. The risk is classified as medium.

8.3.7 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. The risk is classified as medium.

8.4 ASSESSMENT OF THE GROUP'S RISK EXPOSURE

An overview of risks shows that the Group is mainly exposed to market and performance risks. The assessment of individual opportunities and risks has not changed significantly in relation to the prior year. The Management Board currently assumes that the risks, as in the previous year, 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.

9. MANAGEMENT BOARD REPORT PURSUANT 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 7 May 2018, to grant the holders option and conversion rights to up to 22,000,000 new no-par bearer shares in the company, equal to share capital of up to EUR 22,000,000, and to exclude shareholders, within legally permitted limits, from subscribing to the convertible bonds under certain conditions. In view of the possible issue of shares to holders of option and conversion rights on the basis of this authorisation, an additional EUR 22,000,000 in contingent capital has been created ('contingent capital 2013').

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.

10. CORPORATE GOVERNANCE DECLARATION

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

11. REPORT ON EXPECTED FUTURE DEVELOPMENT

11.1 FUTURE MACROECONOMIC ENVIRONMENT

Uncertainty about the further course of the Eurozone debt crisis receded rapidly from the second half of 2012 onwards, due to implementation of an expansive orientation by the European Central Bank. The global economy also stabilised in 2013. The central banks of all the major economies have announced that they will continue to take an expansionary approach in both 2013 and in 2014.

The second quarter of 2013 witnessed the first increase in the economic output of the **Eurozone** for eighteen months (up 0.3% year-on-year). This improvement was mainly attributable to expansion in Germany and France and to slower decline in Italy, Spain and the Netherlands. The German Council of Economic Advisers assumes that the recession has been weathered, despite the further need for adjustments and less uncertainty about coping with the Euro crisis in many Member States.

The **German economy** has been experiencing an upswing since autumn 2013. The global economy is expanding somewhat more strongly again and there is reduced uncertainty over the Euro crisis. The encouraging situation on the employment market and continued availability of inexpensive financing are stimulating the German economy. Within that overall context, the economic outlook in Germany will continue to improve in the year 2014. The German Council of Economic Advisers expects only 0.4% growth in gross domestic product for the year 2013, its forecast for 2014 is for 1.6% growth. This upswing will be borne in all likelihood by domestic demand.

11.2 EXPECTED EARNINGS PERFORMANCE

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

The Group is continuously working on developing the technologies deployed and on creating innovative products. Extending the 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.

In the 2013 financial year, CTS AG and the Group in general achieved significant increases in both revenue and earnings, thus meeting in full the revenue and earnings forecasts for the year 2013.

TICKETING

The growth strategy in the Ticketing segment comprises organic and acquisitive development of the core markets in Germany and abroad, the implementation of large-scale projects and product diversification.

The CTS Group makes and will continue to make every endeavour to extend its position as a leader in innovation and technology. The strategic direction remains focused on expanding the online ticketing operation, on early identification of technological trends and on 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). A year after launching FanTickets, around half of all online tickets are sold in the new, innovative design, and are celebrated by artists and fans alike. In 2013, more than 100 new and innovative functions went online that optimise business processes in the Ticketing segment and which increase efficiency for customers. The value-added generated by Internet sales is around six times higher than in the case of traditional box office sales, so the aim of the CTS Group for the medium term is to sell half its net ticket volume via the Internet.

The trend towards mobile devices will continue apace in the years ahead. The CTS Group has succeeded in publishing one of the most innovative apps available. The result is that the CTS Group already recommends live events in the vicinity to more than 1.5 million app users, based on the favourite artists in their smartphone playlists. The Group has thus taken an even greater step towards meeting customer wishes. Rigorously promoting the expansion of electronic admission control systems also allows customers to buy tickets shortly before the event using mobile devices, including the issuing of an electronic or print-at-home ticket via the Internet. This noticeably increases the number of spontaneous and last-minute purchases. Electronic admission control is the prerequisite for checking the validity of digital tickets at the venue.

Box-office ticket sales remain an essential foundation for successfully selling tickets. Our European sales network, comprising several thousand box offices, is an absolutely unique feature.

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. In this way, the CTS Group can exploit its leading expertise as a ticket marketer and deliver in full on its promise to promoters to 'Sell More Tickets'. To that end, a team of staff will dedicate themselves to 'Active Marketing' and will conduct online marketing campaigns on behalf of customers and with the support of Customer Relationship Management (CRM) systems, with integration of leading-edge marketing, tracking and reporting functions. The CTS Group also aims to tap new sources of income in the fields of merchandising and catering for its customers, on the basis of innovative functions and the data generated by ticketing.

The strategic acquisitions made in recent years have been seamlessly integrated and likewise contribute on a sustained, long-term basis to revenue and earnings in the Ticketing segment. Due to proportionally lower increases in costs (lower relative overhead), yearly increases in ticketing volumes and revenue produce scale effects and therefore increased ticketing margins. Various synergies have thus been achieved via the companies that have been acquired. The CTS Group will continue to exploit strategic opportunities to enlarge its customer base and its market shares in Germany and abroad by acquiring attractive interests in other companies.

The innovative software solutions provided by the CTS Group in the sports field, namely EVENTIM.Tixx and EVENTIM.FaRM, are the leading ticketing and CRM systems on the market and are used by the majority of the football, ice hockey, basketball and handball club in the top league divisions. Motor sports, tennis and boxing events are other key areas of focus in the sports field. These customers are provided with software interfaces so that admission tickets for these sports events can also be obtained using CTS systems. The CTS Group intends to expand its existing customer base continuously in 2014 and above all to gain new customers from other sports leagues, especially in other European countries.

Handling major sporting events both in Germany and abroad will remain a key priority. Following the successful handling of ticket sales for the 2014 Winter Olympic Games in Sochi, the CTS Group will continue to take an active part whenever invitations to tender for major international events are attractive propositions.

In the cultural field, leading promoters of cultural events in Europe, such as La Scala Milan, the Zurich Opera House or the 'Berlinale' International Film Festival, 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 in the best way possible. The EVENTIM.Inhouse product was extensively and innovatively overhauled in 2013 and adapted to changing market requirements. More innovations are planned for 2014, especially in the field of mobile functions. The CTS Group aims to expand its broad customer base in 2014 and in particular to gain new customers in other European countries. Promoters of cultural events are to be supported on a long-term basis by developing functions for acquiring and tying customers and for integrating sales partners.

In addition to traditional 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 all the various fields of business within the Ticketing segment 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. Despite only moderate expectations at the outset, strong revenue growth and excellent, record-breaking business performance was nevertheless achieved in the 2013 financial year, thanks to attractive live events and expansion of the Group.

In addition to the creation of new kinds of events, major venues are also being operated or contracted as part of ongoing business operations in this segment. The operating companies for the Lanxess Arena in Cologne and the Eventim Apollo in London have been successfully integrated in this regard. It is planned to continue this diversification of the Live Entertainment segment at both national and international level.

In the year under review, the Live Entertainment segment expanded significantly following the acquisition of interests in live event companies in Switzerland.

Due to the market shares already achieved, successful business development is assumed for this segment in the future as well, especially in festivals and tours, the organisation of local events and the creation of new types of events.

11.3 EXPECTED CASH FLOW

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

11.4 GENERAL ASSESSMENT OF THE GROUP'S PROSPECTIVE DEVELOPMENT

If business expectations and strategic plans based on the events market come to fruition, further business advancement for the CTS Group can be expected in 2014, with a concomitant slight growth in the key revenue and earnings figures projected by management. These expectations are further supported by the continuous expansion of Internet ticketing operations, by continuing international expansion and by the launching of new products and services by the CTS Group. Based on the average revenue growth rate of around 10% over the past three years, we expect a similar increase in revenue and a corresponding increase in earnings in the Ticketing segment (and CTS AG) for the 2014 financial year, if a further increase in the percentage of sales via the Internet can be achieved. In the Live Entertainment segment, we expect business growth to be only moderate, given the record results achieved in the 2013 financial year, possibly with a slight decrease in revenue and margins, and a corresponding impact on earnings. Uncertainties on markets worldwide may have negative impacts on the events and ticketing market and hence on the business development of the CTS Group.

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

Bremen, 18 March 2014

CTS EVENTIM Aktiengesellschaft

The Management Board

6. CONSOLIDATED FINANCIAL STATEMENTS 2013

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 (IFRS)

ASSETS		31.12.2013	31.12.2012 [1,2]
		[EUR]	[EUR]
Current assets			
Cash and cash equivalents	(1)	375,735,787	319,514,233
Trade receivables	(2)	26,304,814	27,610,459
Receivables from affiliated and associated companies accounted for at equity	(3)	1,832,956	2,167,272
Inventories	(4)	2,123,469	1,850,887
Payments on account	(5)	13,452,439	16,252,301
Receivables from income tax	(6)	7,591,067	8,341,133
Other assets	(7)	51,256,972	55,876,461
Total current assets		**478,297,504**	**431,612,746**
Non-current assets			
Property, plant and equipment	(8)	13,375,462	13,243,458
Intangible assets	(9)	97,533,383	83,951,081
Investments	(10)	2,737,245	1,985,881
Investments in associates accounted for at equity	(11)	15,510,447	16,538,823
Loans	(12)	159,712	269,288
Trade receivables	(13)	33,511	60,833
Receivables from affiliated and associated companies accounted for at equity	(14)	4,699,230	3,727,332
Other assets	(15)	3,710,970	4,142,949
Goodwill	(16)	257,380,478	252,703,762
Deferred tax assets	(17)	3,436,649	3,654,211
Total non-current assets		**398,577,087**	**380,277,618**
Total assets		**876,874,591**	**811,890,364**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2013	31.12.2012 [1,2]
		[EUR]	[EUR]
Current liabilities			
Short-term financial liabilities	(18)	34,734,248	46,574,917
Trade payables	(19)	57,992,796	48,302,561
Payables to affiliated and associated companies accounted for at equity	(20)	113,107	281,060
Advance payments received	(21)	118,208,998	115,397,178
Other provisions	(22)	2,227,949	2,678,677
Tax provisions	(23)	21,697,085	12,299,883
Other liabilities	(24)	208,054,992	189,861,068
Total current liabilities		**443,029,175**	**415,395,344**
Non-current liabilities			
Medium- and long-term financial liabilities	(25)	161,357,275	159,406,316
Other liabilities	(26)	167,978	201,085
Pension provisions	(27)	4,792,013	4,122,804
Deferred tax liabilities	(28)	14,325,843	16,256,755
Total non-current liabilities		**180,643,109**	**179,986,960**
Shareholders' equity			
Share capital	(29)	48,000,000	48,000,000
Capital reserve		1,890,047	1,890,047
Statutory reserve		2,400,000	2,400,000
Retained earnings		182,474,103	148,790,918
Treasury stock		-52,070	-52,070
Non-controlling interest		17,306,982	14,600,832
Total comprehensive income		-441,816	-589,750
Currency differences		1,625,061	1,468,083
Total shareholders' equity		**253,202,307**	**216,508,060**
Total shareholders' equity and liabilities		**876,874,591**	**811,890,364**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013 (IFRS)

		01.01.2013 - 31.12.2013	01.01.2012 [1,2] - 31.12.2012
		[EUR]	[EUR]
Revenue	(1)	628,348,646	520,333,723
Cost of sales	(2)	-421,303,144	-340,843,376
Gross profit		**207,045,502**	**179,490,347**
Selling expenses	(3)	-60,579,634	-54,262,857
General administrative expenses	(4)	-37,415,441	-33,819,161
Other operating income	(5)	14,612,239	18,326,479
Other operating expenses	(6)	-12,738,790	-11,935,299
Operating profit (EBIT)		**110,923,876**	**97,799,509**
Income / expenses from participations	(7)	11,055	10,697
Expenses / income from investments in associates accounted for at equity	(8)	-896,397	-1,931,898
Financial income	(9)	1,894,535	2,129,779
Financial expenses	(10)	-7,426,915	-8,194,619
Income before tax (EBT)		**104,506,154**	**89,813,468**
Taxes	(11)	-35,122,323	-27,178,032
Net income before non-controlling interest		**69,383,831**	**62,635,436**
Non-controlling interest	(12)	-8,241,622	-6,332,317
Net income after non-controlling interest		**61,142,209**	**56,303,119**
Earnings per share (in EUR); undiluted (= diluted)		1.27	1.17
Average number of shares in circulation; undiluted (= diluted)		48 million	48 million

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013 (IFRS)

	01.01.2013 - 31.12.2013	01.01.2012[1,2] - 31.12.2012
	[EUR]	[EUR]
Net income before non-controlling interest	69,383,831	62,635,436
Remeasurement of the net defined benefit obligation for pension plans	-262,973	-528,763
Items that will not be reclassified to profit or loss	**-262,973**	**-528,763**
Exchange differences on translating foreign subsidiaries	60,930	-132,181
Available-for-sale financial assets	14,356	21,820
Cash flow hedges	332,884	-332,885
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**408,170**	**-443,246**
Other results	**145,197**	**-972,009**
Total comprehensive income	**69,529,028**	**61,663,427**
Total comprehensive income attributable to		
Shareholders of CTS AG	61,447,121	55,604,702
Non-controlling interest	8,081,907	6,058,725

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

	Share capital	Capital reserve	Statutory reserve	Retained earnings	Treasury stock	Non-controlling interest	Other com-prehensive income	Currency differences	Total shareholders' equity
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Status before adjustment 01.01.2012	**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**
Adjustment before IAS 19	**0**	**0**	**0**	**-22,236**	**0**	**84,353**	**0**	**0**	**62,117**
Status after adjustment 01.01.2012	**48,000,000**	**1,890,047**	**2,164,937**	**114,781,179** [1]	**-52,070**	**11,560,181** [1]	**8,086**	**1,568,423**	**179,920,783** [1]
Change in the scope of consolidation	0	0	0	-940,231	0	2,467,982	0	0	1,527,751 [1,2]
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	56,303,119 [1,2]	0	6,332,317 [1,2]	0	0	62,635,436 [1,2]
Available-for-sale financial assets	0	0	0	0	0	0	21,820	0	21,820
Cash flow hedges	0	0	0	0	0	0	-332,885	0	-332,885
Foreign exchange differences	0	0	0	0	0	-31,841	0	-100,340	-132,181
Remeasurement of the net defined benefit obligation for pension plans	0	0	0	0	0	-241,992	-286,771	0	-528,763 [1]
31.12.12	**48,000,000**	**1,890,047**	**2,400,000**	**148,790,918**	**-52,070**	**14,600,832**	**-589,750**	**1,468,083**	**216,508,060**
Change in the scope of consolidation	0	0	0	-101,503	0	-110,434	0	0	-211,937
Dividends to non-controlling interest	0	0	0	0	0	-5,265,323	0	0	-5,265,323
Dividends to shareholders of CTS AG	0	0	0	-27,357,521	0	0	0	0	-27,357,521
Net income before non-controlling interest	0	0	0	61,142,209	0	8,241,622	0	0	69,383,831
Available-for-sale financial assets	0	0	0	0	0	0	14,356	0	14,356
Cash flow hedges	0	0	0	0	0	0	332,884	0	332,884
Foreign exchange differences	0	0	0	0	0	-96,048	0	156,978	60,930
Remeasurement of the net defined benefit obligation for pension plans	0	0	0	0	0	-63,667	-199,306	0	-262,973
31.12.13	**48,000,000**	**1,890,047**	**2,400,000**	**182,474,103**	**-52,070**	**17,306,982**	**-441,816**	**1,625,061**	**253,202,307**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013 (IFRS)

	01.01.2013 - 31.12.2013 [EUR]	01.01.2012 [1,2] - 31.12.2012 [EUR]
A. Cash flow from operating activities		
Net income after non-controlling interest	61,142,209	56,303,119
Non-controlling interest	8,241,622	6,332,317
Depreciation and amortisation on fixed assets	23,151,965	23,463,317
Changes in pension provisions	230,055	-696,597
Deferred tax expenses / income	-2,135,581	-3,154,613
Cash flow	**90,630,270**	**82,247,543**
Other non-cash transactions	7,422,498	1,335,012
Book profit / loss from disposal of fixed assets	16,576	822,796
Interest expenses / Interest income	4,310,416	4,461,114
Income tax expenses	37,257,903	30,332,646
Interest received	2,310,333	1,773,689
Interest paid	-5,512,251	-4,565,562
Income tax paid	-26,722,389	-30,456,822
Increase (-) / decrease (+) in inventories	563	267,519
Increase (-) / decrease (+) in payments on account	3,048,703	-1,380,923
Increase (-) / decrease (+) in receivables and other assets	-839,129	-21,397,164
Increase (+) / decrease (-) in provisions	-1,062,898	-2,499,627
Increase (+) / decrease (-) in liabilities	32,036,920	47,189,970
Cash flow from operating activities (1)	**142,897,515**	**108,130,191**
B. Cash flow from investing activities		
Payments for investments in intangible assets	-30,949,138	-6,721,095
Payments for investments in property, plant and equipment	-5,837,992	-4,804,381
Payments for investments in non-current financial assets	-1,007,046	-451,849
Proceeds from sales of property, plant and equipment	110,253	254,090
Proceeds from sales of non-current financial assets	279,629	278,256
Payments for acquisition of consolidated companies	-4,010,916	-1,131,976
Cash flow from investing activities (2)	**-41,415,210**	**-12,576,955**
C. Cash flow from financing activities		
Proceeds from borrowing financing loans	32,000,000	18,600,000
Payments for redemption of financing loans	-41,480,997	-12,413,578
Payments for the change in non-controlling interest	-2,170,000	-6,070,000
Dividend payments to non-controlling interest	-5,265,323	-5,485,815
Dividend payments to shareholders of CTS AG	-27,357,521	-21,118,086
Cash flow from financing activities (3)	**-44,273,841**	**-26,487,479**
D. Net increase / decrease in cash and cash equivalents	**57,208,464**	**69,065,757**
Net increase / decrease in cash and cash equivalents due to currency translation	-986,910	484,162
Cash and cash equivalents at beginning of period	319,514,233	249,964,314
E. Cash and cash equivalents at end of period	**375,735,787**	**319,514,233**
F. Composition of cash and cash equivalents		
Cash and cash equivalents	375,735,787	319,514,233
Cash and cash equivalents at end of period	**375,735,787**	**319,514,233**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

CONTENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER 2013 (IFRS)

1. PRINCIPLES

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

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

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

The annual financial statements of CTS 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 18 March 2014, 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 their maturity. 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 2013

The following new and amended standards have been applied for the first time as from 1 January 2013:

- Amendment to IAS 1 'Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income' (applicable on or after 1 July 2012)

- IAS 19 'Employee Benefits (revised June 2011)' (applicable on or after 1 January 2013)

- Amendment to IFRS 7 'Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities' (applicable on or after 1 January 2013)

- IFRS 13 'Fair Value Measurement' (applicable on or after 1 January 2013)

- Amendment to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (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) – not applicable

- Amendments to IFRS 1 'First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dated for First-Time Adopters' (applicable on or after 1 January 2013) – not applicable

- Amendment to IFRS 1 'First time Adoption of International Financial Reporting Standards – Government Loans' (applicable on or after 1 January 2013) – not applicable

- Improvements to the International Financial Reporting Standards (May 2012) (applicable on or after 1 January 2013)

The CTS Group has applied all relevant accounting standards adopted by the EU and effective for the periods beginning on or after 1 January 2013. The amendments relate primarily to IAS 1, Presentation of Financial Statements and IAS 19, Employee Benefits.

The amended IAS 1 'Presentation of Financial Statements' resulted in a change in the presentation of the statement of other comprehensive income (OCI). The amendment of the standard requires that items of income and expenses that are not recognised in the profit or loss statement are to be presented separately. With this, it requires items to be presented separately by items that will never be recognised in the profit and loss statement (non-reclassification adjustments) and items that will be, if certain conditions are met, disclosed in the profit and loss statement (reclassification adjustments). The CTS Group has modified the statement of other comprehensive income accordingly.

The accounting treatment of employee benefits was modified according to the changes in IAS 19. The pension provisions were influenced by this amendment. The income to be recorded from the planned assets based on the appraisal of the pension provisions used interest rates was recorded in the income statement. On arisal the actuarial gains and losses are immediately and completely recorded in the statement of other comprehensive income.

The revised standard IAS 19 requires a retrospective application. The CTS Group has adjusted the figures reported for the previous year by the effects arising from the revisions of IAS 19.

The following tables present the material effects of applying the revised IAS 19:

	31.12.2012			01.01.2012		
	Unadjusted	Adjustment	Adjusted	Unadjusted	Adjustment	Adjusted
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Assets, total	**811,090**	**-14**	**811,076**	**713,487**	**-46**	**713,441**
Non-current assets, total	**380,298**	**-14**	**380,284**	**370,219**	**-46**	**370,173**
thereof Deferred tax assets	3,668	-14	3,654	3,619	-46	3,573
Shareholders' equity and liabilties, total	**811,090**	**-14**	**811,076**	**713,487**	**-46**	**713,441**
Current liabilities, total	**415,942**	**-309**	**415,633**	**329,567**	**-199**	**329,368**
thereof Other liabilities	189,835	-309	189,526	161,908	0	161,908
thereof Other provisions	2,679	0	2,679	4,402	-199	4,203
Non-current liabilities, total	**179,723**	**266**	**179,989**	**204,062**	**91**	**204,153**
thereof Pension provisions	3,786	337	4,123	4,805	91	4,896
thereof Other liabilities	272	-71	201	172	0	172
Shareholders' equity, total	**215,425**	**29**	**215,454**	**179,858**	**62**	**179,920**
thereof Retained earnings	147,500	237	147,737	114,803	-23	114,780
thereof Non-controlling interest	14,522	79	14,601	11,476	85	11,561
thereof Total comprehensive income	-303	-287	-590	8	0	8

	31.12.2012		
	Unadjusted	Adjustment	Adjusted
	[EUR'000]	[EUR'000]	[EUR'000]
EBIT	**96,130**	**615**	**96,745**
EBITDA	**118,924**	**615**	**119,539**
Financial result	-7,970	-16	-7,986
Earnings before tax (EBT)	**88,160**	**599**	**88,759**
Taxes	-27,074	-104	-27,178
Net income before non-controlling interest	**61,086**	**495**	**61,581**
Non-controlling interest	-6,096	-236	-6,332
Net income after non-controlling interest	**54,990**	**259**	**55,249**

There were no material effects on the presentation of the earnings performance, financial position and cash flow in the CTS group financial report due to all relevant accounting standards effective for the periods beginning on or after 1 January 2013.

1.4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The IASB and the International Financal Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations that are not yet mandatory for the 2013 financial year and which have not been applied to the consolidated annual financial statements as at 31 December 20132013.

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

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 consideration transferred in a business combination is equal to the fair value of the transferred assets and liabilities assumed at the time of transaction. Assets, debts and contingent liabilities which can be identified in the context of a business combination are recognised at their respective fair values when first included in consolidation. Any amount by which the cost exceeds the Group's share in the fair value of net assets is recognised as goodwill. If the consideration transferred is less than the net assets of the acquired subsidiary measured at fair value, the difference is recognised in the income statement. According to IAS 36, goodwill must be reviewed annually with regard to carrying value and any indications of impairment.

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

Investments in companies over which significant influence can be exercised are measured by the equity method; a significant influence can be exercised if the share of voting rights is between 20% and 50% ('associated companies accounted for 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 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 accounted for at equity is equal to or greater than the Group's share in that company, the Group does not post any further losses unless it has entered into obligations in respect of the associate, or has made payments for the associate.

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 changes in the Group structure occurred during the reporting period:

In an agreement concluded on 15 March 2013, eventim Online Holding GmbH, Bremen, sold 100% of their shares in Ticketcorner GmbH, Bad Homburg, to GSO Holding GmbH, Bremen.

Ticket Online Software GmbH, Hamburg, was merged with See Tickets Germany GmbH, Hamburg, in a merger agreement concluded on 15 March 2013. The merger took effect on 22 May 2013, when the relevant entry was made in the register of companies for See Tickets Germany GmbH, Hamburg.

See Tickets Germany GmbH, Hamburg, was merged with CTS AG in a merger agreement concluded on 15 March 2013 and by resolution of the Shareholders' Meeting on 8 May 2013. The merger obtained legal effect on 28 June 2013, when the relevant entry was made in the register of companies for CTS AG.

Eventim Online Holding GmbH, Bremen, was merged with CTS AG in a merger agreement concluded on 15 March 2013 and by resolution of the Shareholders' Meeting on 8 May 2013. The merger obtained legal effect on 30 July 2013, when the relevant entry was made in the register of companies for CTS AG.

In an agreement concluded on 15 July 2013 the company name was changed from 61. Lydia Vermögensverwaltungs-gesellschaft mbH, Bremen, to Ticket Online Consulting GmbH, Bremen. The changes took effect on 2 August 2013 when the entry in the register of companies was made.

TicketOne S.p.A. (hereinafter: TicketOne), a fully consolidated CTS Group subsidiary, headquartered in Milan, acquired 60% of the shares in CREA Informatica S.r.l., Milan (hereinafter: CREA) in an agreement dated 15 October 2013. CREA's software is used in more than 1,000 cinemas throughout Italy; thereby, the company is the leading provider of cinema ticketing software in Italy. By purchasing the majority of the shares the CTS Group enhances its portfolio in the Ticketing services. Since its acquisition date CREA contributed EUR 644 thousand to revenue and EUR 61 thousand to earnings in the CTS Group. If CREA had been acquired at the beginning of the year 2013, the company would have contributed EUR 2.993 million to revenue and EUR 200 thousand to earnings in the Ticketing segment.

1.6.1.2 PURCHASE PRICE ALLOCATION
PROVISIONAL PURCHASE PRICE ALLOCATION CREA

Based on the provisional purchase price allocation, the following table shows the fair value of the respective balance sheet items at the time of initial consolidation (31 October 2013) of CREA:

	Fair value at the time of initial consolidation - provisional purchase price allocation
	[EUR'000]
Cash and cash equivalents	293
Inventories	280
Trade receivables	1,169
Other assets	126
Total current assets	**1,868**
Fixed assets	1,330
Total non-current assets	**1,330**
Short-term financial liabilities	326
Trade payables	341
Tax provisions	59
Other liabilities	149
Deferred income	324
Total current liabilities	**1,199**
Pension provisions	173
Deferred tax liabilities	388
Total non-current liabilities	**561**
Total net assets	**1,438**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. The main item in fixed assets is a customer base with a fair value of EUR 1.225 million. Deferred tax liabilities of EUR 384 thousand were formed on the temporary difference arising from the remeasurement of intangible assets.

As at 31 December 2013, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

The present value of trade receivables, at EUR 1.169 million, derives from a gross carrying value of receivables, at EUR 1.175 million, and allowances for bad debts amounting to EUR 6 thousand.

The ancillary expenses of EUR 150 thousand were reported in the income statement as other operating expenses in the 2013 financial year according to IFRS 3.

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

	[EUR'000]
Consideration transferred for 60% of the shares	1,800
Consideration transferred for 40% (Put Option)	1,343
Cash and cash equivalents	293
Inventories	280
Trade receivables	1,169
Other assets	126
Fixed assets	1,330
Short-term financial liabilities	-326
Trade payables	-341
Tax provisions	-59
Other liabilities	-149
Deferred income	-324
Pension provisions	-173
Deferred tax liabilities	-388
Total net assets / shareholders' equity	**1,438**
Goodwill	1,705

As a first step, TicketOne acquired 60% of the shares of CREA. A previously agreed call and put option ensures that TicketOne can increase its participation in CREA up to 100% in the medium term. If all of the opportunities and risks from the call and put option remain within the CTS Group, the present value of the imputed purchase price has to be mandatorily reported as a purchase price obligation in respect of the call and put option in accordance with IAS 32.11.

The difference of EUR 1.705 million between the purchase price and the share in net assets was allocated to goodwill and mainly reflects future growth opportunities.

1.6.2 BUSINESS COMBINATIONS IN THE LIVE ENTERTAINMENT SEGMENT

1.6.2.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the Group structure occurred during the reporting period:

Medusa Music Group GmbH, Bremen (hereinafter: Medusa), acquired 100% of the shares in CTS Eventim Schweiz AG, Rümlang (former: CTS Eventim Schweiz AG, Basel; hereinafter: CTS Eventim Schweiz) from CTS AG. As an acquisition holding, the latter took over 80% of the shares in ABC Production AG, Opfikon, Switzerland (hereinafter: ABC Production), on 24 June 2013.

In an agreement concluded on 7 August 2013, Semmelconcerts Veranstaltungsservice GmbH, Bayreuth, acquired 100% of the shares in the shelf company NM Gesellschaft für Neues Marketing mbH, Bayreuth. The change of the company name to Arena Berlin Betriebs GmbH, Berlin, the relocation of the headquarter from Bayreuth to Berlin as well as the modification of the company's purpose took effect on 11 September 2013 when the changes were entered in the register of companies. The company has entered into a lease agreement for the venue Arena Berlin in early October and will operate the venue from now on.

CTS Eventim Schweiz formed the promoter companies 360Grad Show Production AG and You Are Special - Events AG both based in Opfikon, Switzerland, in September 2013. CTS Eventim Schweiz holds 80% of the shares in each company. The formation obtained legal effect on 5 and 6 November 2013 respectively, when the relevant entry was made in the register of companies.

1.6.2.2 PURCHASE PRICE ALLOCATION

FINAL PURCHASE PRICE ALLOCATION OF ARENA MANAGEMENT GMBH

As at 31 December 2013, the purchase price allocation relating to the acquisition of Arena Management GmbH, Cologne, was finally completed within the stipulated 12-month-period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. Comparative information for the reporting periods prior to completion of accounting for the business combination must be presented as if the purchase price allocation had already been completed.

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

	Fair value at the time of initial consolidation	
	final purchase price allocation	provisional purchase price allocation
	[EUR'000]	[EUR'000]
Cash and cash equivalents	15,723	15,723
Inventories	320	320
Trade receivables	1,372	1,372
Other assets	1,534	713
Total current assets	**18,949**	**18,128**
Property, plant and equipment	350	350
Intangible assets	2,110	2,116
Total non-current assets	**2,460**	**2,466**
Short-term financial liabilities	3,000	3,000
Trade payables	8,855	8,855
Provisions	102	102
Tax provisions	1,007	1,580
Other liabilities	3,972	3,636
Total current liabilities	**16,936**	**17,173**
Deferred tax liabilities	673	675
Total non-current liabilities	**673**	**675**
Total net assets	**3,800**	**2,746**

As part of the final purchase price allocation assets and liabilities were recognised at fair value. The fair values of intangible assets, other assets, tax provisions, other liabilities and deferred tax liabilities changed in comparison to the provisional purchase price allocation at initial consolidation on 21 December 2012.

Reconciliation of consideration transferred as at the date of acquisition (21 December 2012):

	final purchase price allocation	provisional purchase price allocation
	[EUR'000]	[EUR'000]
Consideration transferred	0	0
Cash and cash equivalents	15,723	15,723
Inventories	320	320
Trade receivables	1,372	1,372
Other assets	1,534	713
Property, plant and equipment	350	350
Intangible assets	2,110	2,116
Short-term financial liabilities	-3,000	-3,000
Trade payables	-8,855	-8,855
Provisions	-102	-102
Tax provisions	-1,007	-1,580
Other liabilities	-3,972	-3,636
Deferred tax liabilities	-673	-675
Total net assets / shareholders' equity	**3,800**	**2,746**
Bargain purchase	-3,800	-2,746
	0	0

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

The comparative figures in the balance sheet and income statement as at 31 December 2012 had to be adjusted on account of the final purchase price allocation as at 31 December 2013; in the CTS Group other operating income as at 31 December 2012 increased by EUR 1.054 million due to the recognition of a negative difference (between net assets and consideration transferred).

The following table provides an overview of the changes in the consolidated income statement as at 31 December 2012 as a result of the final purchase price allocation.

	Consolidated income statement		
	final purchase price allocation 31.12.2012	provisional purchase price allocation 31.12.2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	520,334	520,334	0
Other operating income	18,326	17,272	1,054
EBITDA	119,978	118,924	1,054
EBIT	97,184	96,130	1,054
Net income after non-controlling interest	56,044	54,990	1,054

The following table provides an overview of the changes in the consolidated balance sheet as at 31 December 2012 as a result of the final purchase price allocation.

	Consolidated balance sheet		
	final purchase price allocation 31.12.2012	provisional purchase price allocation 31.12.2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Assets			
Intangible assets	83,951	83,957	-6
Other assets	55,877	55,056	821
			815
Liabilities and shareholders' equity			
Tax provisions	12,300	12,873	-573
Other liabilities	190,171	189,835	336
Deferred tax liabilities	16,257	16,259	-2
Retained earnings	148,554	147,500	1,054
			815

PROVISIONAL PURCHASE PRICE ALLOCATION ABC PRODUCTION

Based on the provisional purchase price allocation, the following table shows the fair value of the respective balance sheet items at the time of initial consolidation (30 June 2013) of ABC Production:

	Fair value at the time of initial consolidation - provisional purchase price allocation [EUR'000]
Cash and cash equivalents	363
Inventories	243
Other assets	24
Total current assets	**630**
Property, plant and equipment	173
Deferred tax assets	47
Total non-current assets	**220**
Tax provisions	42
Other liabilities	43
Other provisions	147
Total current liabilities	**232**
Pension provisions	55
Total non-current liabilities	**55**
Total net assets	**563**

Assets and liabilities were recognised at fair value in the provisional purchase price allocation. As at 31 December 2013, the purchase price allocation is still provisional because investigations regarding the intangible assets and the assessment of legal aspects are still pending. The fair value of the assets and liabilities will be conclusively determined within the first twelve months after the acquisition.

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

	[EUR'000]
Consideration transferred	4,332
Cash and cash equivalents	363
Inventories	243
Other assets	24
Property, plant and equipment	173
Deferred tax assets	47
Tax provisions	-42
Other liabilities	-43
Ohter provisions	-147
Pension provisions	-55
Total net assets / shareholders' equity	**563**
80% of total net assets	**450**
Goodwill	3,882

The difference of EUR 3.882 million between the consideration transferred and the share in net assets was allocated to goodwill and mainly reflects future growth opportunities in the Live Entertainment segment in Switzerland.

Since its acquisition date ABC Production contributed EUR 5.137 million to revenue and EUR 7 thousand to earnings in the CTS Group. If ABC Production had been acquired at the beginning of the year 2013, the company would have contributed EUR 5.499 million to revenue and EUR 16 thousand to earnings in the Live Entertainment segment.

1.6.3 PRO-FORMA DISCLOSURES

The following pro-forma statement presents the financial data of the CTS Group, including the consolidated Group companies which were acquired during the financial year 2013, under the assumption that these companies had already been integrated in the consolidated financial statements at the beginning of the finanical year 2013 with their actual acquisition conditions.

	2013
	[EUR'000]
Revenue	
Reported	628,349
Pro-forma	631,062
Net income	
Reported	61,142
Pro-forma	61,027

When determining the pro-forma disclosures, amortisation of recognised hidden reserves and deferred taxes from remeasuring the intangible assets in the process of the purchase price allocation were taken into account. Material intercompany relations were eliminated for the entire financial year 2013 when recognising revenue.

1.6.4 JOINT VENTURE HAL APOLLO

As at 30 September 2013, the purchase price allocation for the HAL Apollo joint venture was finally completed within the stipulated 12-month period, in accordance with IFRS 3.45. According to IFRS 3.49, corrections to the provisional fair values must be reported as if the accounting for the business combination was completed at the date of acquisition. The initial consolidation as an associate accounted for at equity within the CTS Group occured in early August 2012. As part of the final purchase price allocation the fair value for the intangible assets had been modified compared to the provisional purchase price allocation. Comparative figures in the balance sheet and income statement as at 30 September 2012 had to be adjusted due to the at 30 September 2013 finally completed purchase price allocation; in the CTS Group, the results of associates accounted for at equity as at 30 September 2012 have accordingly improved by EUR 58 thousand.

As at 31 December 2013 the following notes represent the Group's proportional share in the joint venture HAL Apollo:

	31.12.2013	31.12.2012
	[EUR'000]	[EUR'000]
Current assets	874	1,493
Non-current assets	25,048	24,374
Current liabilities	4,576	3,615
Non-current liabilities	6,671	6,713

In the reporting period, the HAL Apollo joint venture generated as per the Group's proportional share revenue amounting to EUR 2.978 million (prior year: EUR 1.393 million) and EBITDA of EUR 1.207 million (prior year: EUR 317 thousand).

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 IAS 32

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

NOTE CONCERNING RECOGNITION IN ACCORDANCE WITH IFRS 3 AND IAS 27

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

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

The Group holds some financial assets classified as ‘held-to-maturity investments’, ‘loans and receivables’ and as ‘available-for-sale financial assets’.

Derivative financial instruments must be classified as a basic principle in the ‘held for trading’ category, in accordance with IAS 39, and carried as financial assets or liabilities according to their positive or negative market value. The CTS Group uses derivative financial instruments, such as (forward) interest rate swaps and currency options, to hedge its exposure to interest rate and foreign exchange risks. Foreign exchanged risks are hedged to the extent in which they influence the cash flow of the Group. The interest rate risks result from the Group’s financing activities. The foreign exchange risks result mainly from operating activities.

The changes in the fair values must be recognised through profit and loss. Exceptions to this rule are derivatives which are designed as cash-flow hedging instruments and which are effective as such (hedge accounting).

Forward interest swap contracts were concluded for an annuity loan in the financial year 2012, as a cash flow hedge, due to the low interest rate for the long-term financing. These derivative financial instruments were acquired to secure the benefits of low interest rates for CTS AG, for the fixed-interest agreements which expired on 30 December 2013. After the term loan was again extended with a fixed interest rate, the hedge relation had to be dissolved at 30 December 2013. The up to that point cumulative negative effect including deferred taxes which was recorded within the equity was reclassified to profit and loss (EUR 333 thousand).

In the reporting period, the CTS Group has hedged current foreign exchange payments based on hedge ratios. At company level future transactions, that have a very high probability to occur, are hedged against currency translation risks. Within the CTS Group a 12 month budget plan is applied, on which basis maturity-congruent forward foreign exchange hedges are acquired. These cash flow and fair value hedges are continuously accounted for in accordance with IAS 39. The effective portion of the gains or losses from cash flow hedges are recognised in equity and are transferred to the income statement as soon as the hedge payments affect the income statement. The ineffective portion of the hedging transaction is immediately recognised in the income statement.

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

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

‘Held-to-maturity investments’ are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group intends to hold until maturity and is also capable of holding these until maturity.

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

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

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

In accordance with IAS 36, goodwill is not amortised systematically, but is reviewed for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. For the impairment test, the goodwill is subdivided and allocated to the cash-generating units. The goodwill is allocated to those cash-generating units expected to derive benefits from the business combination in which the goodwill arose.

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

In compliance with IAS 36, the Group routinely assesses the carrying values of all assets for possible impairment. If events or changes in circumstances provide grounds for believing that the carrying value of such an asset might no longer reach the applicable amount, the Group makes a comparison between the recoverable amount and the carrying value of the particular asset (impairment test). If the asset is impaired, the Group records an impairment loss so that the asset is written down to the recoverable amount. In no case did the carrying values of reporting entities exceed the respective fair value, so there were no indications of impairments to the stated value of any reporting entity in the 2013 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 and defined contribution plans. These are obligations on the part of the company resulting from pension expectancies and ongoing benefits paid to active employees who are eligible for benefits. Pension obligations are dependent on years of service and the pay level of the respective employee.

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

If reinsurance policies and cash resources exist for pension commitments which 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 375.736 million (prior year: EUR 319.514 million) are predominantly bank balances.

TRADE RECEIVABLES (CURRENT) (2)

Current trade receivables totalling EUR 26.305 million (prior year: EUR 27.611 million) are payable within one year. Trade receivables decreased by EUR 1.306 million in the course of normal business operations.

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

The EUR 1.833 million in current receivables from affiliated companies and associates accounted for at equity (prior year: EUR 2.167 million) relate principally to receivables from subsidiaries in Eastern Europe that are not consolidated due to insignificance (EUR 1.719 million; prior year: EUR 1.923 million).

INVENTORIES (4)

Inventories comprise the following items:

	31.12.2013	31.12.2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Raw materials and supplies	223	297	-74
Finished goods and merchandise	1,900	1,554	346
	2,123	**1,851**	**272**

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 13.452 million (prior year: EUR 16.252 million) pertain to prepaid production costs in the Live Entertainment segment (e.g. artists' fees) for events taking place in 2014.

RECEIVABLES FROM INCOME TAX (CURRENT) (6)

Receivables from income tax, at EUR 7.591 million (prior year: EUR 8.341 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 51.257 million (prior year: EUR 55.876 million) comprise financial assets (EUR 41.792 million, prior year: EUR 45.254 million) and non-financial assets (EUR 9.465 million, prior year: EUR 10.622 million).

Other financial assets relate, inter alia, to receivables from presales in the Ticketing segment, at EUR 34.239 million (prior year: EUR 30.937 million), to current loans, at EUR 3.201 million (prior year: EUR 3.640 million), mainly comprising receivables from promoters from ongoing operations, and to securities measured at fair value but not through profit and loss, at EUR 766 million (prior year: EUR 2.725 million).

The other, non-financial assets relate to refund claims in respect of sales tax and other taxes, at EUR 2.403 million (prior year: EUR 3.989 million) and to one item for recognition and accrual of expenses and income according to period, at EUR 6.161 million (prior year: EUR 5.799 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.

As at 31 December 2013, there were collaterals amounting to EUR 837 thousand (prior year: EUR 934 thousand), including EUR 788 thousand for rental deposits (prior year: EUR 425 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
2012	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
Historical cost					
1 January 2012	922	705	37,123	10	38,760
Addition from change in the scope of consolidation	190	1	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 December 2012	**684**	**65**	**12,494**	**0**	**13,243**
2013					
Historical cost					
1 January 2013	1,036	724	38,479	0	40,239
Addition from change in the scope of consolidation	7	0	218	0	225
Addition	108	76	5,577	77	5,838
Disposal	-2	-16	-1,043	0	-1,061
Reclassification	0	0	8	0	8
Currency differences	0	19	-88	0	-69
31 December 2013	**1,149**	**803**	**43,151**	**77**	**45,180**
Accumulated depreciation and amortisation					
1 January 2013	352	659	25,985	0	26,996
Addition	177	23	5,605	0	5,805
Disposal	0	-15	-921	0	-936
Reclassification	0	0	-23	0	-23
Currency differences	1	-3	-35	0	-37
31 December 2013	**530**	**664**	**30,611**	**0**	**31,805**
Carrying value as at 31 December 2013	**619**	**139**	**12,540**	**77**	**13,375**

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	Capitalised development costs	Goodwill	Customer base	Payments on account / Proprietary software in progress	Total
2012	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
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**
2013						
Historical cost						
1 January 2013	52,699	25,730	257,394	86,513	825	423,161
Addition from change in scope of consolidation	5	49	5,630	1,225	0	6,909
Addition	23,274	3,760	0	0	2,690	29,724
Disposal	-205	-536	0	0	-2	-743
Reclassification	133	1,176	0	0	-1,317	-8
Currency differences	-166	-62	-954	-288	0	-1,470
31 December 2013	**75,740**	**30,117**	**262,070**	**87,450**	**2,196**	**457,573**
Accumulated depreciation and amortisation						
1 January 2013	43,236	6,609	4,690	31,967	0	86,502
Addition	6,040	2,032	0	9,075	0	17,147
Disposal	-205	-536	0	0	0	-741
Reclassification	-46	68	0	0	0	22
Currency differences	-74	-54	0	-143	0	-271
31 December 2013	**48,951**	**8,119**	**4,690**	**40,899**	**0**	**102,659**
Carrying value as at 31 December 2013	**26,789**	**21,998**	**257,380**	**46,551**	**2,196**	**354,914**

Investments in intangible assets and goodwill, at EUR 30.949 million, relate to additions for software, licences and similar rights (EUR 23.274 million), capitalised development costs (EUR 3.760 million), customer base (EUR 1.225 million) and to advance payments / proprietary software under development (EUR 2.690 million).

Additions to software, licences and similar rights mainly include payments for exclusive ticketing distribution rights in the Ticketing segment (EUR 20.000 million). Additions to capitalised development costs (EUR 3.760 million) and to advance payments / proprietary software under development (EUR 2.690 million) relate primarily to the development of ticketing software. Of those investments, EUR 5.765 million are for proprietary software and EUR 2.046 million for external software development. Additions to customer base relate to changes in the consolidated companies in the Ticketing segment (EUR 1.225 million). 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]
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**
2013						
Historical cost						
1 January 2013	580	2,119	16,539	18	369	19,625
Addition from change in scope of consolidation	0	0	0	0	2	2
Addition	0	0	0	1,007	0	1,007
Disposal	0	-26	-1,029	-13	-109	-1,177
Currency differences	1	0	0	0	-2	-1
31 December 2013	**581**	**2,075**	**15,510**	**1,012**	**260**	**19,438**
Accumulated depreciation and amortisation						
1 January 2013	1	725	0	5	100	831
Addition	0	200	0	0	0	200
31 December 2013	**1**	**925**	**0**	**5**	**100**	**1,031**
Carrying value as at 31 December 2013	**580**	**1,150**	**15,510**	**1,007**	**160**	**18,407**

INVESTMENTS (10)

Investments, at EUR 2.737 million (prior year: EUR 1.986 million) relate primarily to participations (EUR 1.150 million; prior year: EUR 1.394 million) and to security investments (held-to-maturity) EUR 1.007 million (EUR 13 thousand).

INVESTMENTS IN ASSOCIATES ACCOUNTED FOR AT EQUITY (11)

Investments in associates accounted for at equity (Greenfield Festival AG, Hünenberg, Greensave GmbH, Würzburg, FKP Scorpio Konzertproduktionen GmbH, Hamburg, Stage C Ltd., London) decreased by EUR -1.029 million from EUR 16.539 million to EUR 15.510 million due to negative results.

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.

	31.12.2013	31.12.2012
	[EUR'000]	[EUR'000]
Total assets	71,982	72,829
Total liabilities	51,006	47,252
Revenue	105,573	81,262
Net income	-2,890	-3,499

The pro-rata losses of associates accounted for at equity not to be recognised according to IAS 28 amounted to EUR 749 thousand in the 2013 financial year.

LOANS (12)

Loans, at EUR 160 thousand (prior year: EUR 269 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 between one and five years amount to EUR 34 thousand (prior year: EUR 61 thousand).

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

Receivables from affiliated and associated companies accounted for at equity relate to receivables in connection with the modernisation of the London concert and event venue 'Eventim Apollo' of EUR 4.699 million (prior year: EUR 3.727 million) against the joint-venture HAL Apollo.

OTHER ASSETS (NON-CURRENT) (15)

Of the non-current other assets, at EUR 3.711 million (prior year: EUR 4.143 million), EUR 3.711 million (prior year: EUR 4.103 million) are financial assets. These receivables have a maturity between two and five years. Other assets decreased by EUR 392 thousand in the course of ordinary business activities, especially in the Ticketing segment.

GOODWILL (16)

The disclosed goodwill totalling EUR 257.380 million (prior year: EUR 252.704 million) breaks down into EUR 216.967 million in the Ticketing segment (prior year: EUR 217.413 million) and EUR 40.413 million in the Live Entertainment segment (prior year: EUR 35.290 million).

In the Ticketing segment, goodwill decreased by EUR 446 thousand in the reporting year. The decrease results from the new assignment of goodwill from the Ticketing segment to the Live Entertainment segment resulting from the sale of shares of CTS Eventim Schweiz from the CTS AG to Medusa. Furthermore, of that reduction, EUR 930 thousand was due to currency translation effects resulting from the measurement of goodwill in foreign currencies (EUR/CHF) as at 31 December 2013. In contrast, goodwill increased by EUR 1.705 million due to the acquisition of the Italian company CREA.

The goodwill increase in the Live Entertainment segment results from the acquisition of the Swiss promoter ABC Production (EUR +3.882 million) and from the new assignment to the Live Entertainment segment due to the sale of shares of CTS Eventim Schweiz (EUR +1.221 million).

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

Impairment tests are performed on goodwill to determine the recoverable amount of a CGU, equal to the fair value minus costs of sale. The fair value is the best possible estimate of the amount for which an independent third party would acquire the cash generating unit on the balance sheet date, minus the costs of sale. The fair value is calculated on the basis of a discounted cash flow (DCF) 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 around 39% in the Ticketing segment and around 7% in the Live Entertainment segment was used as a basis. In subsequent years, a moderately rising EBITDA margin is assumed, based on an anticipated increase in high-margin ticket sales via the Internet. In the Ticketing segment a discount rate of 8.20% and in the Live Entertainment segment a discount rate of 7.99%) 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% (prior year: 1%) to extrapolate cash flows after the detailed planning period. This growth rate is derived from past experience and does not exceed the long-term growth of the respective markets in which the entity operates. The growth rates take external macroeconomic data and trends within the industry into account. No impairment of goodwill, subdivided according to segment, was required in the 2013 financial year. If the estimated discount factor was 1% higher or the EBITDA margin in the Ticketing segment or in the Live Entertainment segment were 10% lower, no impairment of goodwill would have been required in the respective segment.

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

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

DEFERRED TAXES (17)

The deferred tax assets, at EUR 3.437 million, pertain to the following:

	31.12.2013	31.12.2012 [1,2]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Tax loss carryforwards	1,890	1,480	410
Temporary differences	1,547	2,174	-627
	3,437	**3,654**	**-217**

[1] Prior-year figures adjusted to reflect application of IAS 19R
[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

It is assumed that there is sufficient likelihood that the deferred tax assets in respect of loss carryforwards, at EUR 1.890 million (prior year: EUR 1.480 million) as at 31 December 2013, 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:

	31.12.2013		31.12.2012 [1,2]	
	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]	Deferred tax assets [EUR'000]	Deferred tax liabilities [EUR'000]
Receivables	154	64	193	126
Other assets	457	21	244	62
Current assets	**611**	**85**	**437**	**188**
Property, plant and equipment	12	0	4	0
Intangible assets	1,162	15,866	1,015	16,708
Loans	0	43	0	0
Non-current assets	**1,174**	**15,909**	**1,019**	**16,708**
Other provisions	345	0	395	1
Other liabilities	328	266	118	200
Current liabilities	**673**	**266**	**513**	**201**
Financial liabilities	134	0	159	23
Pension provisions	905	16	923	14
Non-current liabilities	**1,039**	**16**	**1,082**	**37**
Loss carryforwards	1,890	0	1,480	0
Total	**5,387**	**16,276**	**4,531**	**17,134**
Offset	-1,950	-1,950	-877	-877
Deferred taxes	**3,437**	**14,326**	**3,654**	**16,257**

[1] Prior-year figures adjusted to reflect application of IAS 19R
[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

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 for acquisitions starting from the business year 2010 onwards.

The rate of deferred domestic taxation was between 29.3% and 32.5%. This rate includes corporation tax at 15%, the solidarity supplement at 5.5% of the corporation tax and municipal trade tax between 13.5% and 16.7%. For foreign subsidiaries, the respectively applicable local tax rates were applied.

As at 31 December 2013, the fiscal loss carryforwards were as follows:

	31.12.2013	31.12.2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
up to 1 year	0	66	-66
up to 5 years	159	297	-138
indefinite	8,242	6,398	1,844
	8,401	**6,761**	**1,640**

It is assumed that there is sufficient likelihood that the EUR 8.401 million (prior year: EUR 6.761 million) in fiscal loss carryforwards as at 31 December 2013 can be used, as the respective companies will generate profits of at least the same amount in future periods. The increase of tax losses carryforwards result due to the revaluation of tax losses and the changes in the scope of consolidated companies. On contrary, the usage of taxable losses led to a reduction.

Deferred tax assets amounting to EUR 4.875 million were formed in respect of corporation tax losses (prior year: EUR 3.935 million), and to EUR 79 thousand (prior year: EUR 138 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 702 thousand in loss carryforwards for municipal trade tax purposes (prior year: EUR 748 thousand) and for EUR 2.616 million in other loss carryforwards for foreign taxation purposes (prior year: EUR 4.200 million), as it is not expected at present that the resultant tax benefits can be realised in the near term. In the prior year EUR 70 thousand in loss carryforwards were recorded for corporation tax purposes.

SHORT-TERM FINANCIAL LIABILITIES (18)

Of the EUR 34.734 million in short-term financial liabilities (prior year: EUR 46.575 million), EUR 30.755 million relate to liabilities to banks (prior year: EUR 43.672 million), and EUR 3.979 million to purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 2.903 million).

The decrease in liabilities to banks is primarily related to the scheduled redemption of financial liabilities and the rescheduling of a short-term tranche of credit (partial use of a syndicated loan to finance the HAL Apollo joint venture) as a long-term final-maturity loan; on the other hand, there was an increase in purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation, the timely reclassification into the short-term financial liabilities and the short-term use of a syndicated loan (revolving credit facility) for debt financing of ticket distribution rights.

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

TRADE PAYABLES (19)

Trade payables, at EUR 57.993 million (prior year: EUR 48.303 million) are payable within one year.

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

Payables to affiliated and associated companies accounted for at equity, at EUR 113 thousand (prior year: EUR 281 thousand), are primarily for supplies and services; of that total, EUR 96 thousand (prior year: EUR 242 thousand) are liabilities to associates accounted for at equity in the Live Entertainment segment.

ADVANCE PAYMENTS RECEIVED (21)

The advance payments received, at EUR 118.209 million (prior year: EUR 115.397 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 presales for events held in 2014.

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

OTHER PROVISIONS (22)

Changes in other provisions are shown in the following table:

	Workforce restructuring	Other	Total
	[EUR'000]	[EUR'000]	[EUR'000]
1 January 2012	**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**
Change in scope of consolidation	0	148	148
Consumption	-340	-837	-1,177
Reversal	0	-229	-229
Addition	0	808	808
31 December 2013	**0**	**2,228**	**2,228**

The other provisions relate to many matters, with individual carrying amounts of only secondary importance, such as commission and litigation risks, or outstanding costs in the Live Entertainment segment.

PROVISIONS FOR TAXES (23)

Changes in tax provisions are shown in the following table:

	2013 [EUR'000]	2012 [1] [EUR'000]
1 January	**12,300**	**10,986**
Change in consolidated companies	101	1,014
Consumption	-6,404	-7,495
Reversal	-359	-108
Currency differences	-18	6
Addition	16,077	7,897
31 December	**21,697**	**12,300**

[1] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

Due specifically to a lower volume of prepaid taxes on income in some companies for the 2013 financial year, additions to tax provisions are higher in comparison with the prior year.

OTHER LIABILITIES (CURRENT) (24)

Other liabilities comprise EUR 170.224 million in financial liabilities (prior year: EUR 152.459 million) and EUR 37.831 million in non-financial liabilities (prior year: EUR 37.402 million).

The financial liabilities include liabilities in respect of ticketing monies that have not yet been invoiced, at EUR 161.498 million (prior year: EUR 145.002 million), liabilities from ticket insurance, at EUR 2.674 million (prior year: EUR 2.340 million), liabilities from third-party concerts in the Live Entertainment segment, at EUR 1.444 million (prior year: EUR 1.362 million), liabilities from finance leases, at EUR 63 thousand (prior year: EUR 159 thousand), and EUR 4.546 million in other financial liabilities (prior year: EUR 3.596 million).

The non-financial liabilities result from tax liabilities, at EUR 12.966 million (prior year: EUR 13.880 million), credit voucher liabilities, at EUR 10.548 million (prior year: EUR 8.425 million), liabilities to personnel, at EUR 9.333 million (prior year: EUR 9.635 million), income and accrued expenses, at EUR 3.314 million (prior year: EUR 4.242 million), social insurance liabilities, at EUR 580 thousand (prior year: EUR 576 thousand), deferred and other non-financial liabilities, at EUR 1.089 million (prior year: EUR 646 thousand).

MEDIUM- AND LONG-TERM FINANCIAL LIABILITIES (25)

As at the balance sheet date, medium- and long-term financial liabilities amounting to EUR 161.357 million were carried (prior year: EUR 159.406 million). Of the medium- and long-term financial liabilities, EUR 157.462 million relate to bank loans (prior year: EUR 155.428 million) and EUR 2.534 million to liabilities from purchase price obligations for the acquisition of shares in subsidiaries already included in consolidation (prior year: EUR 3.978 million) and EUR 1.362 million to purchase price obligation in respect of the call and put option which was mandatorily reported in accordance with IAS 32.

In the period under review, the borrowing of a long-term loan to finance the HAL Apollo joint venture led to an increase in financial liabilities. Medium- and long-term bank liabilities in the Ticketing segment increased as a result of acquisition-related liabilities from put options according to IAS 32. These were offset by a reclassification of medium- and long-term bank liabilities to short-term financial liabilities.

OTHER LIABILITIES (NON-CURRENT) (26)

Other long-term liabilities, at EUR 168 thousand (prior year: EUR 201 thousand) mainly concern liabilities from finance leases (EUR 107 thousand; prior year: EUR 143 thousand). These liabilities are due in two to five years.

STATEMENT OF LIABILITIES

The composition and remaining term of the liabilities as at 31 December 2013 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	196,092 (2012: 205,981)	34,734 (2012: 46,575)	132,032 (2012: 113,653)	29,326 (2012: 45,753)	
Advance payments received	118,209 (2012: 115,397)	118,209 (2012: 115,397)			
Trade payables	57,993 (2012: 48,303)	57,993 (2012: 48,303)			
Payables to affiliated and associated companies accounted for at equity	113 (2012: 281)	113 (2012: 281)			
Other liabilities	208,223 (2012: 190,062) [1,2]	208,055 (2012: 189,861) [1,2]	168 (2012: 201) [1,2]		1) 12,966 (2012: 13,880) [2] 2) 580 (2012: 576) [1]
Liabilities, total	**580,630** (2012: 560,069) [1,2]	**419,104** (2012: 400,417) [1,2]	**132,200** (2012: 13,854) [1,2]	**29,326** (2012: 45,753)	

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

DETAILS TO FINANCIAL LIABILITIES

The financial liabilities recognised on the balance sheet date EUR 196.092 million (prior year: EUR 205.981 million) include loans of EUR 188.217 million (prior year: EUR 199.100 million) as well as EUR 7.875 million in purchase price obligations (prior year: EUR 6.881 million).

As at 31 December 2013, the loans include the following main items:

- EUR 71.429 million annuity loan with a remaining term of around 5 years

- EUR 45.000 million final-maturity loan against promissory notes, with a remaining term of around 2 years

- EUR 39.101 million annuity loan with a remaining term of around 6 years.This loan was taken out in Swiss Francs and is subject to variations in carrying amount due to the translation of foreign currency liabilities as at the closure date.

- EUR 18.000 million annuity loan with a remaining term of around 4 years

- EUR 14.000 million partial use of a syndicated loan (revolving credit facility), with a remaining term of less than one year.

On 13 March 2012, CTS AG took out a syndicated credit line (revolving credit facility) amounting to EUR 60.0 million, with a remaining term of around one year as at the balance sheet date.

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

PENSION PROVISIONS (27)

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

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

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

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

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

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

The pension provisions were measured at the closing date on the basis of actuarial expertises, using the projected unit credit method. This latter method takes account not only of the pensions and acquired benefits known on the reporting date, but also any anticipated increases in salaries and pensions. The calculation is based on actuarial expertises, taking biometric factors into account. Actuarial gains and losses resulting from adjustments and amendments of actuarial assumptions in line with experience are recognised in shareholders’ equity, not through profit and loss.

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

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

	2013	2012 [1]
	[EUR'000]	[EUR'000]
Fair value of plan assets	-9,811	-7,859
Present value of obligations	14,603	11,982
Pension provisions	**4,792**	**4,123**

[1] Prior-year figures adjusted to reflect application of IAS 19R

If reinsurance policies and cash resources exist for pension commitments and can only be used to cover the benefits due under the pension commitments, and the insurance policy is pledged to the beneficiary employee, these are treated as plan assets and were offset against pension provisions in accordance with IAS 19. Some pension commitments are financed by means of independently management funds, particularly in Switzerland and Germany. Whereas the fund assets are measured using the market values of the invested funds at the closing date, the pension commitments are measured using actuarial calculations and assumptions.

The present value of commitments developed as follows:

	2013	2012 [1]
	[EUR'000]	[EUR'000]
Beginning of the year	11,982	12,026
Changes due to business combinations	661	0
Current service costs	721	583
Past service costs	58	0
Interest expenses	282	406
Experience adjustments	171	1,080
Actuarial gain/losses from change in financial assumptions	-16	433
Currency differences	-156	-3
Contributions by plan participants	1,470	892
Amounts paid	-570	-3,435
End of year	**14,603**	**11,982**

[1] Prior-year figures adjusted to reflect application of IAS 19R

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

The following essential actuarial assumptions were made:

	2013	2012 [1]
Discount rate	2.0% - 3.7%	2.0% - 3.6%
Expected return on plan assets	2.0% - 3.7%	2.0% - 3.6%
Future salary increases	1.0% - 3.0%	1.0% - 2.5%
Future pension increases	1.0% - 3.0%	1.0% - 3.0%

[1] Prior-year figures adjusted to reflect application of IAS 19R

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

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

Changes in plan assets are shown in the table below:

	2013 [EUR'000]	2012 [1] [EUR'000]
Fair value of plan assets as at 1 January	7,859	7,052
Expected return on plan assets, excluding interest income	76	873
Experience adjustments	8	0
Interest income	144	153
Currency differences	-120	47
Changes due to business combinations	377	0
Contributions by the employer	451	454
Contributions by plan participants	1,470	999
Amounts paid	-454	-1,694
Actuarial gain/loss from change in financial assumptions	0	-25
Fair value of plan assets as at 31 December	**9,811**	**7,859**

The plan assets consist of insurance policies (reinsurance policies) for EUR 9.538 million, and fixed-term deposits of EUR 273 thousand.

The following amounts were recognised in profit and loss:

	2013 [EUR'000]	2012 [1] [EUR'000]
Current service costs	721	583
Past service costs	58	0
Net interest expense / income	138	253
Total amount	**917**	**836**

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

	2013 [EUR'000]	2012 [1] [EUR'000]
Experience adjustments	163	1,080
Actuarial gain/losses from change in financial assumptions	-16	458
Expected return on plan assets, excluding interest income	-76	-873
Obligations assumed in the course of business combinations	284	0
Total amount	**355**	**665**

[1] Prior-year figures adjusted to reflect application of IAS 19R

The actuarial losses in the reporting year were caused primarily by a change in interest rate, whereas higher actuarial gains and losses based on experience were caused in the prior year by additional disability pensions.

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

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

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

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

- Active employees with pension entitlement: EUR 13.005 million
- Beneficiaries of invalidity pensions (Switzerland): EUR 1.531 million
- Retirees with pension entitlement: EUR 66 thousand

The weighted average term of commitment, as at 31 December 2013, is 14.7 years.

In the 2014 financial year, the Group expects contributions of EUR 621 thousand.

DEFERRED TAXES (28)

Deferred tax liabilities, at EUR 14.326 million (prior year: EUR 16.257 million), result from temporary differences between the carrying amounts stated in the consolidated balance sheet and their value for tax purposes. The 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.

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.

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

The share capital of the CTS AG is EUR 48,000,000 and is divided into 48,000,000 no-par value bearer shares. Every share has a voting right and presents an arithmetic share in the share capital of EUR 1.00. The CTS AG holds as in prior years 4,350 own shares. 47,995,650 shares were in circulation during the entire financial year 2013. Capital and statutory reserves are limited in their use according to AktG (German stock corporation Act).

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

Reference is made to the consolidated statement of changes in equity on page 78.

RESOLUTIONS OF THE ANNUAL SHAREHOLDERS' MEETING

At the **Shareholders' Meeting on 21 January 2000**, a contingent share capital increase of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005 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 Section 218 sentence 1 AktG. No use has been made so far of this authorisation. The premium (§ 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed under capital reserve. As part of the share capital increase using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

The Annual **Shareholders' Meeting of the company held on 23 August 2005** resolved to increase the share capital of CTS 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.

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 counter value paid for these shares may not exceed or fall below the traded price by more than 10%. The applicable share price is defined as the mean closing price for shares on the XETRA trading platform during the last five trading days before publication of the offer to purchase the shares. The volume of the offering may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

By resolution of the **Shareholders' Meeting held on 8 May 2013**, the Management Board has been authorised to issue warrant bonds and convertible bonds by 7 May 2018, to a total par value of up to EUR 275 million and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 22,000,000 new no-par bearer shares of the company, equal to share capital of up to EUR 22,000,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulted through this resolution, a contingent capital of EUR 22,000,000 was formed ('contingent capital 2013').

§3 VII of the statute was cancelled and rewritten as follows:

The share capital of the company may be increased conditionally by up to EUR 22,000,000 by issuing up to 22,000,000 new no-par bearer shares entitled to participate in profits as from the beginning of the financial year in which they were issued (hereinafter: 'contingent capital 2013'). This contingent increase in capital is for granting shares to the holders of warranty bonds and convertible bonds issued in accordance with the above authorisation until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent increase in capital shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The Management Board is authorised to stipulate further details for implementing the contingent increase in capital.

NON-CONTROLLING INTEREST

The non-controlling interest comprises the shares held by third parties in the shareholders' equity of the consolidated subsidiaries. In accordance with IAS 1, non-controlling interest is presented separately within shareholders' equity. Non-controlling interest increased by EUR 2.706 million to EUR 17.307 million. This change results from proportionate shares in the consolidated net income for 2013 (EUR 8.242 million), balanced against distributions to non-controlling interest in the 2013 financial year (EUR -5.265 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 2013:

			Thereof: not impaired but overdue at the balance sheet date			
	Carrying value 31.12.2013	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	26,338	17,511	6,145	835	374	325
Receivables from affiliated and associated companies accounted for at equity	6,532	5,084	0	0	0	254
Other financial assets	44,706	38,574	2,003	466	698	1,112
Other financial assets (at fair value not through profit and loss)	766	766	0	0	0	0
Held-to-maturity investments	1,007	1,007	0	0	0	0
Investments (at cost)	1,730	1,730	0	0	0	0
Loans	160	160	0	0	0	0
	81,239	**64,832**	**8,148**	**1,301**	**1,072**	**1,691**

The following table shows the structure of financial assets according to age as at 31 December 2012:

	Carrying value 31.12.2012	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	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**

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:

	2013	2012
	[EUR'000]	[EUR'000]
Allowances for doubtful accounts 1 January	4,860	3,718
Change in consolidated companies	11	351
Consumption	-1,055	-1,121
Reversal	-164	-94
Addition	3,417	1,964
Currency differences	-76	42
Allowances for doubtful accounts as at 31 December	**6,993**	**4,860**

3.2 FINANCIAL LIABILITIES

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

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

The carrying amount of the financial liabilities as at 31 December 2013 is lower due to amortisation of the transaction costs at a constant effective interest rate.

The following table shows the contractually agreed (undiscounted) redemptions 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 hedge relationships	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 original financial liabilities	152,138	-151,996	-8	-111	-3	-32	-1	0	0
Other derivative 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 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 2013. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3.3 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

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

Carrying values, balance sheet values and fair values for the 2012 financial year are shown in the following table according to measurement 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	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 original 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

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 accounted for 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 accounted for at equity, other original financial assets, financial liabilities, payables to affiliated companies and associates accounted for at equity and other financial liabilities are equal to the present value of the cash flows associated with the financial instruments.

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 766 thousand (prior year: EUR 2.738 million) are accounted for at fair value but not through profit and loss, and EUR 1.730 million are accounted for at cost (prior year: EUR 1.973 million). Since the fair values (EUR 766 thousand; prior year: EUR 2.738 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:

	2013 [EUR'000]	2012 [EUR'000]
Available-for-sale financial assets as at 1 January	4,711	3,459
Change in the scope of consolidation	0	-94
Addition	22	1,902
Disposal	-2,037	-14
Depreciation on financial assets	-200	-568
Total comprehensive income	0	26
Available-for-sale financial assets as at 31 December	**2,496**	**4,711**

NET PROFIT/LOSS FROM FINANCIAL INSTRUMENTS

	2013	2012
	[EUR'000]	[EUR'000]
Loans and receivables	-4,160	1,859
Available-for-sale financial assets	-189	43
Financial liabilities	-7,056	-6,679
Derivative financial instruments in hedging relationships	-372	-482
	-11,777	**-5,259**

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 632 thousand (prior year: EUR 706 thousand).

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

In the prior year, forward interest swap contracts were concluded for annuity loans, as a cash flow hedge, due to the low interest rates for long-term financing. These derivative financial instruments were concluded with the aim of securing for CTS AG the benefits deriving from the low interest rate for the fixed-interest loan agreements expiring on 30 December 2013. After the annuity loan was prolonged with a new fixed interest rate with effect from 30 December 2013, the hedge had to be terminated. The cumulative negative effect recognised until then in shareholders' equity was reclassified from shareholders' equity to profit or loss as a reclassification adjustment.

Foreign currency derivative contracts were concluded in some cases to hedge against foreign exchange risks. The negative change in value of the foreign currency derivatives, amounting in the reporting period to EUR 60 thousand, was recognised as ensuing from effective fair value hedges and stated in the income statement.

FINANCIAL RISKS

Disclosures regarding the risks ensuing from financial instruments are presented in item 8 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, contracts for derivative financial instruments in the form of interest rate swaps were concluded. 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. With a negative market value totalling EUR 312 thousand, these financial instruments are reported under short-term financial liabilities.

In the 2012 financial year, forward interest swap contracts were concluded for annuity loans, as a cash flow hedge, due to the low interest rates for long-term financing. These derivative financial instruments were concluded with the aim of securing for CTS AG the benefits deriving from the low interest rate for the fixed-interest loan agreements expiring on 30 December 2013. After the annuity loan was prolonged again at a fixed interest rate, the hedge had to be terminated as at 30 December 2013. The EUR 333 million cumulative negative effect recognised until then in shareholders' equity was reclassified from equity to profit or loss as a reclassification adjustment.

3.4.2 FOREIGN CURRENCY DERIVATIVES AND HEDGES

In the reporting year, CTS AG concluded forward foreign exchange transactions to hedge against foreign exchange risks in connection with loan receivables denominated in Pound Sterling (GBP). Fair value hedges were formed in respect of the underlying loan receivables. As at the closing date, the underlying transactions included in the hedge (receivables from affiliated companies) amount to GBP 1.713 million. The fair value of the derivatives as at the closing date is EUR -87 thousand.

A (plain vanilla) currency option was also purchased in the reporting year in order to hedge against foreign exchange risks of a foreign exchange balance denominated in Russian Rubles. A fair value hedge was formed in respect of the underlying balance. As at the closing date, the foreign exchange balance forming the underlying transaction of the hedge amounts to RUB 46.000 million. The option was accounted for in other assets at the fair value of EUR 20 thousand.

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

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

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

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

3.5 DISCLOSURES REGARDING FAIR VALUE

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

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

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

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

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

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

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

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

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

Reclassifications between the levels within the fair value hierarchy are carried out at the beginning of the respective quarter in which the reason or the change in circumstances occurred that results in the reclassification. In the 2013 financial year, no reclassifications were carried out.

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

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

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE (1)

In the 2013 financial year, the Group generated EUR 628.349 million (prior year: EUR 520.334 million). Revenue (before consolidation between segments) breaks down into EUR 269.702 million in the Ticketing segment (prior year: EUR 231.507 million) and EUR 365.838 million in the Live Entertainment segment (prior year: EUR 296.426 million).

COST OF SALES (2)

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

Cost of sales comprises all material expenses as well as proportional personnel expenses, depreciation and amortisation and other operating expenses.

In the following, material expenses, personnel expenses, depreciation and amortisation and other operating expenses are presented using total cost method.

Material expenses (according to total cost method)	**2013**	**2012**	**Change**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**
Cost of materials, supplies and purchased merchandise	18,179	17,653	526
Cost of purchased services	352,579	279,195	73,384
	370,758	**296,848**	**73,910**

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

Personnel expenses (according to total cost method)	2013	2012 [1]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	69,408	60,836	8,572
Social insurance contributions and expenses for pension and employee support	11,766	10,029	1,737
	81,174	**70,864**	**10,309**

[1] Prior-year figures adjusted to reflect application of IAS 19R

Personnel expenses according to the total cost method are allocated on a percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Of total personnel expenses, EUR 32.515 million were recognised as cost of sales (prior year: EUR 26.493 million), EUR 24.534 million as selling expenses (prior year: EUR 24.593 million) and EUR 24.125 million as general administrative expenses (prior year: EUR 19.778 million).

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

Employer contributions to pension insurance were 9.45% in the 2013 financial year. Social security and expenses for pension and employee support include EUR 3.243 million (prior year: EUR 2.907 million) in contributions to statutory pension insurance. Statutory pension insurance is a defined contribution plan.

Depreciation and amortisation (according to total cost method)	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Depreciation and amortisation on property, plant and equipment and intangible assets	22,952	22,794	158
	22,952	**22,794**	**158**

Depreciation and amortisation calculated using the total cost method are allocated on a direct and percentage basis to cost of sales, selling expenses and general administrative expenses using the cost of sales method. Depreciation and amortisation include EUR 10.383 million (prior year: EUR 10.058 million) in amortisation from purchase price allocations.

Other operating expenses (according to total cost method)	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Other operating expenses	57,551	50,650	6,901
	57,551	**50,650**	**6,901**

Other operating expenses measured using the total cost method are allocated on a direct or percentage basis to cost of sales, selling expenses, general administrative expenses and other operating expenses using the cost of sales method. Of the other operating expenses, EUR 9.885 million were recognised as cost of sales (prior year: EUR 8.929 million), EUR 23.538 million as selling expenses (prior year: EUR 21.853 million) and EUR 11.401 million as general administrative expenses (prior year: EUR 7.878 million). The remaining EUR 12.727 million (prior year: EUR 11.990 million) was allocated to other operating expenses. The year-on-year change in other operating expenses mainly relates to conversion at spot rate exchange rates and the valuation of receivables as well as the expansion of the consolidation scope.

SELLING EXPENSES (3)

Selling expenses include expenditures for sales, advertising and marketing. The EUR 6.317 million increase in selling expenses is mainly attributable to the expansion of the consolidation scope and to non-recurring items.

GENERAL ADMINISTRATIVE EXPENSES (4)

The EUR 3.596 million increase in general administrative expenses is principally due to the expansion of the consolidation scope.

OTHER OPERATING INCOME (5)

Other operating income comprises the following items:

	2013	2012 [1]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income from advertising and marketing	4,720	4,818	-98
Income from passed on expenses	2,092	1,278	814
Income from insurance compensation	1,563	651	912
Income from written-off liabilities / written-off receivables	1,252	807	445
Income from currency translation	671	830	-159
Income relating to other periods	514	324	190
Payments of damages	248	32	216
Income from the reversal of allowances for doubtful accounts	164	94	70
Income from the settlement of an acquisition	0	2,900	-2,900
Bargain purchase of an acquisition	0	3,800	-3,800
Other operating income	3,390	2,793	596
	14,612	**18,327**	**-3,715**

[1] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

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

OTHER OPERATING EXPENSES (6)

Other operating expenses comprise the following items:

	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Expenses for third-party services	4,392	3,424	968
Currency translation expenses	1,894	465	1,429
Expenses passed on from third parties	1,738	1,299	439
Expenses relating to other periods / non-operating costs	842	206	636
Non-recurring items*	508	733	-225
Cost for the supply of goods sold	391	473	-82
Donations	97	94	3
Loss from disposal of fixed assets	53	863	-810
Other operating expenses	2,824	4,378	-1,554
	12,739	**11,935**	**804**

* A description of the non-recurring items can be found in the combined management report, page 29

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

INCOME / EXPENSES FROM PARTICIPATIONS (7)

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

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

Expenses for investments in associates accounted for at equity relate to the Live Entertainment segment (EUR -896 thousand; prior year: EUR -1.932 million) and include EUR -537 thousand (prior year: EUR -388 thousand) in respect of the HAL Apollo joint venture and the subgroup FKP Scorpio.

FINANCIAL INCOME (9)

Financial income includes EUR 1.888 million in interest (prior year: EUR 2.113 million) and EUR 6 thousand (prior year: EUR 16 thousand) in other financial income.

FINANCIAL EXPENSES (10)

Financial expenses comprise interest expense, at EUR 6.199 million (prior year: EUR 6.574 million), EUR 200 thousand in depreciation of financial assets (prior year: EUR 669 thousand), and EUR 1.028 million in other financial expenses (prior year: EUR 951 thousand). Financial expenses mainly comprise borrowing costs for financial acquisitions made.

TAXES (11)

The total disclosed tax expenses are comprised as follows:

	2013	2012 [1,2]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Income taxes	37,258	30,333	6,925
Deferred taxes	-2,136	-3,155	1,019
	35,122	**27,178**	**7,944**

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 375 thousand (prior year: EUR 480 thousand), and deferred tax expenses for other periods, at EUR 446 thousand (prior year: EUR 91 thousand).

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

Deferred taxes amounting to EUR 144 thousand (prior year: EUR 210 thousand) were recognised in shareholders' equity, not through profit and loss, under total comprehensive income.

Deferred tax income developed as follows:

	2013	2012 [1,2]	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Deferred taxes	-2,136	-3,155	1,019
thereof:			
from temporary differences	-1,705	-3,942	2,237
from tax loss carryforwards	-430	787	-1,218

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

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

The following table shows the reconciliation of the tax expenses expected in the respective financial year with the tax expense as actually disclosed. To determine the expected tax expense for 2013, 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%).

	2013	2012 [1,2]
	[EUR'000]	[EUR'000]
Profit before tax (EBT)	104,506	89,814
Reconciliation to effective tax expenses		
Expected income taxes	**32,397**	**27,842**
Deviations from expected tax rate	-349	-546
Changes in value adjustment of deferred tax assets	-446	-91
Usage of not capitalised tax loss carryforwards	0	-114
Changes of deferred taxes due to changes in tax rates	27	-10
Losses without the formation of deferred tax assets	82	117
Effects due to municipal trade tax additions and reductions	182	22
Actual taxes referring to previous years	375	480
Non-deductible expenses / Non-taxable income	842	828
Other	2,012	-1,349
Income taxes according to income statement	**35,122**	**27,178**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

The amounts recognised in the position 'Other' in 2012 included actual taxes referring to previous years. For clarification purposes, there were separately reported in 2013. Tax effects from expenses/income from investments in associates accounted for at equity were reclassified to 'Non-deductible expenses / non-taxable income'. Prior year amounts were adjusted accordingly.

NON-CONTROLLING INTEREST (12)

The non-controlling interest in net income for 2013 increased from EUR 6.332 million to EUR 8.242 million. Non-controlling interest in the Ticketing segment amounts to EUR 2.843 million and in the Live Entertainment segment to EUR 5.412 million.

5. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES (1)

Cash flow from operating activities increased year-on-year by EUR 34.768 million from EUR 108.130 million to EUR 142.898 million. The main reason for this increase in cash flow from operating activities is the EUR +4.839 million increase in consolidated net income, higher other non-cash transactions (EUR +6.088 million), lower income tax payments (EUR +3.734 million), lower payments on account in the Live Entertainment segment (EUR +4.430 million) and a change in receivables and other assets (EUR +20.558 million). This was offset by a year-in-year decrease in cash flow mainly due to other liabilities (EUR -15.153 million).

The positive cash flow effect of EUR 6.088 million from changes in **non-cash transactions** was mainly the result of conversion at spot rate exchange rates and the valuation of receivables.

The change in **income tax** paid of EUR 3.734 million was mainly the result of higher prepayments in 2012 and payments made for previous years.

The positive cash flow effect of EUR 4.430 million from changes in **payments on account** was mainly the result of a reduction in production cost for future events to be held after the balance sheet date.

The positive cash flow effect of EUR 20.558 million from changes in **receivables and other assets** was mainly the result of lower accumulation of receivables relating to ticket monies from presales, higher increase of trade receivables and higher decrease of other current assets.

The EUR -15.153 million negative cash flow effect due to the change in **liabilities** mainly results from lower increase of advance payments received in the Live Entertainment segment (EUR -28.731 million) and higher payments of ticket monies that have not yet been invoiced in the Ticketing segment (EUR -2.649 million). This was offset by a year-in-year increase in cash flow mainly due to trade liabilities (EUR 12.155 million) and other liabilities (EUR 4.071 million).

In the Live Entertainment segment, ticket revenue generated in the presales period is posted by the promoter on the liabilities side as **advance payments received**. When the event is subsequently held, these advance payments are transferred to revenue. In the reporting period, as in the prior year, presales for events held after the balance sheet data resulted in a stronger cash inflow.

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

CASH FLOW FROM INVESTING ACTIVITIES (2)

The negative cash flow from investing activities increased by EUR 28.838 million from EUR 12.577 million to EUR 41.415 million. Higher investing activities in intangible assets especially ticket distribution rights (EUR -24.228 million) and cash outflows for acquisition of shares in ABC Production and CREA (EUR -2.879 million) resulted in greater cash outflow for investing activities in the reporting year.

CASH FLOW FROM FINANCING ACTIVITIES (3)

The negative cash flow from financing activities rose year-on-year by EUR 17.787 million from EUR 26.487 million to EUR 44.274 million.

The proceeds from borrowing financing loans (EUR 13.400 million) increased in the financial year due to financing of distribution rights. Payments for redemption of financing loans (EUR -29.067 million) mainly increased due to the scheduled redemption of financial liabilities (EUR -10.688 million) and the rescheduling from short-term into long-term financing loans (EUR -19.000 million). Furthermore, lower payments were made for the purchase of shares in subsidiaries already included in consolidation (EUR 3.900 million) and higher dividends to shareholders (EUR -6.239 million).

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

6. OTHER NOTES
6.1 EARNINGS PER SHARE

Earnings per share were calculated according to IAS 33 by dividing the consolidated net income after non-controlling interest by the number of shares issued (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:

	2013	2012 [1,2]
	[EUR]	[EUR]
Net income after non-controlling interest	61,142,209	56,303,119
Number of shares	48,000,000	48,000,000
Earnings per share	**1.27**	**1.17**

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

6.2 SEGMENT REPORTING

The Group operates in the leisure events market with its Ticketing and Live Entertainment divisions. CTS AG, the parent company of the Group, operates in the field of ticketing and is the one company that sets the pace in this particular segment. Statements made in respect of the Ticketing segment apply also and especially to CTS AG. Selling tickets for leisure events is the basic object of the Ticketing segment, which markets events (tickets) using the internet (eventim.de) and 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 (eventim.access). The basic object of the Live Entertainment division is to organise and execute events as well as the operation of venues.

The Group is segmented on the basis of the internal reporting 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 2013, the companies operating in the segments were as follows:

TICKETING

• CTS EVENTIM 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 • Eventim.ro SRL • Ticketcorner AG • Ticketcorner GmbH • Ticket Online Sales & Service Center GmbH • CTS Eventim Israel Ltd. • getgo Consulting GmbH • nolock Softwarelösungen GmbH • Ticket Online Consulting GmbH • CREA Informatica S.r.l.

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 • Act Entertainment AG • ABC Production AG • You are special – Events AG • 360Grad Show Production AG • Arena Berlin Betriebs GmbH

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

Internal revenues between the Group companies within 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 normal market prices charged to third parties. Depending on their business content, individual transactions are allocated to their proper segment, in deviation from their allocation according to corporate structure.

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

	Ticketing		Live Entertainment		Total segments	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	[EUR'000]	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**	**[EUR'000]**
External revenue	265,833	227,141	362,516	293,193	628,349	520,334
Internal revenue	40,150	37,727	89,075	73,904	129,225	111,631
Total revenue	**305,983**	**264,868**	**451,591**	**367,097**	**757,574**	**631,965**
Consolidation within the segment	-36,281	-33,361	-85,753	-70,671	-122,034	-104,032
Revenue after consolidation within the segment	**269,702**	**231,507**	**365,838**	**296,426**	**635,540**	**527,933**

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

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	2013 [EUR'000]	2012 [1] [EUR'000]	2013 [EUR'000]	2012 [1,2] [EUR'000]	2013 [EUR'000]	2012 [EUR'000]	2013 [EUR'000]	2012 [1,2] [EUR'000]
Revenue	269,702	231,507	365,838	296,426	-7,191	-7,599	628,349	520,334
EBITDA	101,908	93,480	31,968	27,501	0	-388	133,876	120,593
EBIT	81,610	72,774	29,314	25,414	0	-388	110,924	97,800
Depreciation and amortisation	-20,299	-20,707	-2,653	-2,087	0	0	-22,952	-22,794
Financial result							-6,418	-7,986
Earnings before tax (EBT)							104,506	89,814
Taxes							-35,122	-27,178
Net income before non-controlling interest							69,384	62,636
Non-controlling interest							-8,242	-6,332
Net income after non-controlling interest							61,142	56,303
Average number of employees	1,220	1,199	485	421			1,705	1,620
Normalised EBITDA	104,295	92,768	31,968	27,501	0	-388	136,262	119,881
Normalised EBIT before amortisation from purchase price allocation	93,855	82,119	29,839	25,414	0	-388	123,693	107,145

[1] Prior-year figures adjusted to reflect application of IAS 19R

[2] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

GEOGRAPHICAL DISCLOSURES

The following table shows the **external revenue** for the 2013 financial year, broken down by geographical distribution:

	2013	2012
	[EUR'000]	[EUR'000]
Germany	472,342	384,681
Austria	46,176	47,656
Switzerland	48,900	44,178
Italy	31,371	23,671
Other countries	29,560	20,148
	628,349	**520,334**

The carrying values of **non-current, non-financial assets** for the 2013 financial year are shown in the following table according to geographical distribution:

	2013	2012 [1]
	[EUR'000]	[EUR'000]
Germany	299,688	287,520
Austria	1,709	1,540
Switzerland	67,545	67,652
Italy	10,016	4,480
Other countries	4,842	5,286
	383,800	**366,478**

[1] Adjusted prior-year figures due to the final purchase price allocation of Arena Management GmbH

6.3 EMPLOYEES

On average over the year, 1,705 salaried staff (prior year: 1,620) were employed by the Group. Of that total, 1,087 (prior year: 1,015) were employed in Germany, and 618 (prior year: 605) 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. The leasing obligations pertain primarily to vehicles.

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

	2013			2012		
	< 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	12,529	41,287	20,000	13,503	41,279	26,961
Leasing obligations	559	413	0	578	477	0
Other obligations	881	116	0	1,125	206	0
	13,969	**41,816**	**20,000**	**15,206**	**41,962**	**26,961**

In addition, there were no other contingent liabilities.

6.5 LEASING

Other short-term financial liabilities include liabilities from finance leases, at EUR 63 thousand (prior year: EUR 159 thousand), and the long-term financial liabilities include liabilities from finance leases with a remaining term of up to four years, at EUR 107 thousand (prior year: EUR 143 thousand). The interest rates on which the leasing agreements are based vary between 2.8% and 8.6%, 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

In the course of the geographical market expansion in the Ticketing segment, contracts for the takeover of three ticketing companies as well as an exclusive ticketing agreement for Europe and Russia were signed with the Stage Entertainment Group in early March 2014. The companies include See Tickets Nederland B.V., domiciled in Amsterdam, and See Tickets Entradas S.A., which is domiciled in Madrid. Both companies are among the market leaders in their respective countries and also sell, in addition to tickets for the Stage Entertainment Musicals, admission tickets for many concerts, sports and other events. CTS AG also takes over Top Ticket France SAS, domiciled in Paris, which is responsible for the ticket distribution of the Stage events in France.

In the course of the acquisition of the assets the CTS Group also acquired intercompany loan receivables from the former shareholders. Considering the cost of acquired assets and the intercompany loan receivables the purchase price totals to an amount of approximately EUR 25 million.

The CTS Group expects the transaction to generate around EUR 20 million in additional revenue and around EUR 5 million in additional EBITDA.

The disclosure of the carrying amounts and fair values for each class of assets and (contingent) liabilities of the acquired companies immediately before the business combinations which is mandatory according to IFRS 3.B67 as well as the disclosure of the goodwill was practically impossible since an interim reporting could not be submitted due to the short duration of time between acquisition and preparation of the consolidated financial statement and correspondingly no purchase price allocation was prepared at the date of initial consolidation. The acquired assets include intangible assets such as trademarks and customer bases.

On 13 March 2012, CTS AG entered into a syndicated credit line (revolving credit facility) amounting to EUR 60.0 million. This syndicated credit line was prematurely prolonged until 1 April 2018. The amendment structure involves an increase in the credit line to EUR 105.0 million and an optimisation of the financial conditions for potential usage.

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 be no material impact on the earnings performance, financial position and cash flow of the Group when these matters are being finalised. Provisions amounting to EUR 271 thousand were formed as at the balance sheet date to cover litigation expenses.

6.8 DECLARATION OF COMPLIANCE

On 12 November 2013, 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 that 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 companies and business partnerships of CTS AG qualify for § 264 (3) HGB and § 264b HGB with regard to the reporting and disclosure of their annual financial statements. Therefore, the consolidated financial statements of CTS AG are the exempting consolidated financial statements for these subsidiaries. The company marked with an asterisk (*) also qualify for the release from the requirement to prepare a management report:

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

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

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

Name	Position	Transaction	Date	Number of shares
Dr. Bernd Kundrun	Member of Supervisory Board	Purchase	21.03.2013	7,300
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	01.07.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	02.07.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Sale	11.12.2013	1,800
Prof. Jobst W. Plog	Member of Supervisory Board	Purchase	12.12.2013	1,800

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 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 2013 reporting period:

	2013	2012
	[EUR'000]	[EUR'000]
Goods and services supplied by the Group		
Services related to events	7,470	4,524
Passing on of operating costs	1,035	772
Supply of ticketing software	290	309
Other	358	295
	9,153	**5,900**

EUR 921 thousand in goods and services were supplied by the Group to subsidiaries not included in consolidation due to insignificance (prior year: EUR 640 thousand), EUR 1.517 million to associates accounted for at equity (prior year: EUR 1.760 million) and EUR 6.715 million to other related parties (prior year: EUR 3.501 million).

	2013	2012
	[EUR'000]	[EUR'000]
Goods and services received by the Group		
Fulfilment services	14,692	13,506
Call center operations	2,410	2,638
Production costs for events	2,014	2,406
Business service agreements	999	999
Tenancy agreements	983	884
Payment services	796	831
Other	160	194
	22,054	**21,458**

EUR 167 thousand in goods and services were received by the Group from subsidiaries not included in consolidation due to insignificance (prior year: EUR 572 thousand), while EUR 1.491 million in goods and services were supplied by associates accounted for at equity (prior year: EUR 1.388 million) and EUR 20.396 million were supplied by other related parties (prior year: EUR 19.497 million).

	2013	2012
	[EUR'000]	[EUR'000]
Receivables from		
Subsidiaries not included in consolidation due to insignificance	1,289	1,923
Associates accounted for at equity	4,829	4,035
Other related parties	293	729
	6,411	**6,687**

	2013	2012
	[EUR'000]	[EUR'000]
Liabilities to		
Subsidiaries not included in consolidation due to insignificance	4	29
Associates accounted for at equity	560	242
Other related parties	5,230	6,647
	5,794	**6,918**

Trade receivables / payables from/to associates accounted for 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 2013 financial year, auditing expenses of EUR 355 thousand (prior year: EUR 311 thousand), fees amounting to EUR 117 thousand for other services (prior year: EUR 89 thousand) and EUR 39 thousand were invoiced in the previous year for other consulting services.

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 in 2013 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 [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	2,000,000	11,805	500,000	2,511,805
Volker Bischoff	450,000	20,461	105,000	575,461
Alexander Ruoff	450,000	17,939	205,000	672,939
Total	**2,900,000**	**50,205**	**810,000**	**3,760,205**

The amounts of compensation paid in 2012 to individual members of the Management Board were as follows:

Name	Fixed salary [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [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**	**49,093**	**502,243**	**3,351,336**

The emoluments paid to members of the Management Board include EUR 810 thousand (prior year: EUR 502 thousand) in performance-based components and EUR 2.950 million (prior year: EUR 2.849 million) in fixed components. There are no components involving long-term incentives. 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 100 thousand (prior year: EUR 80 thousand) as well as reimbursed expenses of EUR 5 thousand (prior year: EUR 3 thousand) for the 2013 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.

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 21.03.13 and amounted on the latter date to 2.99% (1,437,406 votes), and that these voting rights (1,437,406 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 21 March 2013 and amounted on the latter date to 2.99% (1,437,406 votes) and that these voting rights (1,437,406 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 Abs. 1 WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 21 March 2013 and amounted on the latter date to 2.99% (1,437,406 votes) and that these voting rights (1,437,406 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 fell below the 3% threshold on 7 May 2013 and amounted on the latter date to 2.83% (1,359,041 votes) and that these voting rights (1,359,041 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 WpHG 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 exceeded the 3% threshold on 16 May 2013 and amounted on the latter date to 3.11% (1,493,177 votes) and that these voting rights (1,493,177 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG 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 21 June 2013 and amounted on the latter date to 4.91% (2,355,000 votes) and that these voting rights (2,355,000 votes) are allocated in their entirety to Highbridge Capital Management, LLC under § 22 (1) sentence 1 no. 6 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 3% threshold on 6 January 2014 and amounted on the latter date to 2.97% (1,427,248 votes) and that these voting rights (1,427,248 votes) are allocated in their entirety to Highbridge Capital Management, LLC under § 22 (1) sentence 1 no. 6 WpHG.

Fidelity Management & Research Company, Boston, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 14 January 2014 and amounted on the latter date to 3.004% (1,442,228 votes) and that these voting rights (1,428,228 votes) are allocated in their entirety to Fidelity Management & Research Company under § 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 2013.

The Management Board of CTS AG released the consolidated financial statements to the Supervisory Board on 18 March 2014.

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, 18 March 2014

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 balance sheet, the income statement, the statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the CTS EVENTIM AG, Munich, for the business year from 1 January to 31 December 2013. 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, 18 March 2014

PricewaterhouseCoopers

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

8. FINANCIAL STATEMENTS OF CTS AG 2013

BALANCE SHEET OF CTS AG AS AT 31 DECEMBER 2013 (HGB)

ASSETS	31.12.2013 [EUR]	31.12.2012 [EUR]
A. FIXED ASSETS		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets, and licences in such right and assets	44,226,606	15,098,976
2. Goodwill	65,182,698	490,605
3. Payments on account	1,809,956	533,685
	111,219,260	**16,123,266**
II. Property, plant and equipment		
1. Other real estate, land rights and buildings, including buildings on third-party properties	44,223	90,689
2. Technical equipment and machinery	1	1
3. Other facilities, operating and office equipment	4,053,529	2,785,218
	4,097,753	**2,875,908**
III. Investments		
1. Shares in affiliated companies	175,423,320	250,267,718
2. Participations	6,540	6,540
	175,429,860	**250,274,258**
B. CURRENT ASSETS		
I. Inventories		
1. Finished products and goods	545,622	386,739
2. Payments on account	80,589	0
	626,211	**386,739**
II. Receivables and other assets		
1. Trade receivables	5,930,811	7,519,480
2. Receivables from affiliated companies	20,057,163	26,924,215
3. Receivables from participations	106,898	656,987
4. Other assets	18,268,260	20,535,817
	44,363,132	**55,636,499**
III. Cheques, cash in hand and bank balances	**159,968,480**	**117,845,136**
C. PREPAID EXPENSES	**3,731,477**	**3,261,161**
D. DEFERRED TAX ASSETS	**106,549**	**0**
Total assets	**499,542,722**	**446,402,967**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2013	31.12.2012
	[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	2,400,000
IV. Balance sheet profit	136,756,219	117,917,974
	189,551,869	**170,713,624**
B. PROVISIONS		
1. Tax provisions	10,785,684	3,071,508
2. Other provisions	6,979,128	6,001,388
	17,764,812	**9,072,896**
C. LIABILITIES		
1. Liabilities to banks	148,487,190	157,007,154
2. Advance payments received	1,892,253	557,023
3. Trade payables	12,867,522	6,880,933
4. Liabilities to affiliated companies	5,836,821	9,238,341
5. Liabilities to participations	10,306	12,838
6. Other liabilities	121,244,268	92,556,826
	290,338,360	**266,253,115**
D. DEFERRED INCOME	**220,108**	**320,065**
E. DEFERRED TAX LIABILITIES	**1,667,573**	**43,267**
Total shareholders' equity and liabilities	**499,542,722**	**446,402,967**

INCOME STATEMENT OF CTS AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013 (HGB)

	01.01.2013 - 31.12.2013 [EUR]	01.01.2012 - 31.12.2012 [EUR]
1. Revenue	150,010,581	120,567,207
2. Cost of sales	-67,979,611	-50,177,933
3. Gross profit	**82,030,970**	**70,389,274**
4. Selling expenses	-31,470,138	-15,565,221
5. General administrative expenses	-13,154,637	-7,047,046
6. Other operating income thereof from currency translation EUR 65,148 (2012: EUR 39,103)	5,035,206	8,049,457
7. Other operating expenses thereof from currency translation EUR 759,156 (2012: EUR 119,032)	-5,380,602	-6,180,837
8. Income from participations	17,238,781	19,653,450
9. Income from loans held as financial assets thereof from affiliated companies EUR 0 (2012: EUR 36,923)	0	36,923
10. Income from profit transfer agreements	13,164,549	6,247,508
11. Other interest and similar income	1,166,666	1,254,210
12. Depreciation on financial assets and current marketable securities	0	-1,851,177
13. Interest and similar expenses	-5,384,647	-5,419,829
14. Profit from ordinary business activities (EBT)	**63,246,148**	**69,566,712**
15. Extraordinary income	481,464	0
16. Income taxes thereof from deferred taxes EUR 1,231,558 (2012: EUR 0)	-17,484,834	-17,390,887
17. Other taxes	-47,013	-597
18. Net income for the year	**46,195,765**	**52,175,228**

NOTES TO THE FINANCIAL STATEMENTS FOR THE 2013 FINANCIAL YEAR

1. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2013 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 combination with § 152 AktG; the income statement conforms to the German form of income statement showing 'cost of sales', pursuant to § 275 (3) HGB. The supplementary disclosures pursuant to § 158 AktG are provided in the notes.

When the requirements for forming valuation units are met, the hedging and underlying transactions are combined in a single valuation unit, pursuant to § 254 HGB.

The accounting policies remained unchanged compared to the year before.

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

2.2 MERGERS

By a notarised merger agreement dated 15 March 2013 and by resolution of the Shareholders' Meeting held on 8 May 2013, eventim Online Holding GmbH, Bremen, was merged with CTS AG with retroactive effect from 1 January 2013. The merger obtained legal effect on 30 July 2013, when the relevant entry was made in the register of companies for CTS AG. The merger was carried out in accordance with § 24 UmwG, the law governing changes of legal form (pooling of interest method).

By a notarised merger agreement dated 15 March 2013, Ticket Online Software GmbH, Hamburg (hereinafter: Ticket Online Software), was merged with retroactive effect from 1 January 2013 with See Tickets Germany GmbH, Hamburg (hereinafter: See Tickets Germany). The merger obtained legal effect on 22 May 2013, when the relevant entry was made in the register of companies for See Tickets Germany.

By a notarised merger agreement dated 15 March 2013 and by resolution of the Shareholders' Meeting held on 8 May 2013, See Tickets Germany, Hamburg, was merged with CTS AG with retroactive effect from 1 January 2013. The merger obtained legal effect on 28 June 2013, when the relevant entry was made in the register of companies for CTS AG.

The general principle of historical cost, pursuant to § 253 (1) and § 255 (1) HGB, was selected for recognising and measuring this chain merger. The carrying value of the absorbed shares is recognised as acquisition costs for assets and liabilities taken over.

The assets and liabilities of the companies merged were remeasured as at 1 January 2013. The resulting difference in relation to the final balance sheets as at 31 December 2012 of the companies being merged was distributed at the respective fair values among the assets and liabilities taken over. The remaining difference must be capitalised as goodwill.

The mergers in the 2013 reporting year do not result in any adjustment of the prior-year figures in the balance sheet or the income statement as at 31 December 2012.

In the following tables, the balance sheet and the main items in the income statement of the companies merged in 2013 and of CTS AG are shown pro-forma for the 2012 prior year to enable comparability:

ASSETS	Prior to merger 31.12.2012	After merger 31.12.2012
	[EUR]	[EUR]
A. FIXED ASSETS		
1. Intangible assets	16,123,266	101,432,733
2. Property, plant and equipment	2,875,908	3,077,632
3. Investments	250,274,258	176,158,387
B. CURRENT ASSETS		
1. Inventories	386,739	386,739
2. Receivables and other assets	55,636,499	59,430,486
3. Cheques, cash in hand and bank balances	117,845,136	121,135,216
C. PREPAID EXPENSES	3,261,161	3,277,612
Total assets	446,402,967	464,898,805

SHAREHOLDERS' EQUITY	Prior to merger 31.12.2012	After merger 31.12.2012
	[EUR]	[EUR]
A. SHAREHOLDERS' EQUITY		
Shareholders' equity and liabilities	**170,713,624**	**171,195,088**
B. PROVISIONS		
1. Tax provisions	3,071,508	4,205,457
2. Other provisions	6,001,388	6,632,719
	9,072,896	**10,838,176**
C. LIABILITIES		
1. Liabilities to banks	157,007,154	157,007,154
2. Advance payments received	557,023	557,023
3. Trade payables	6,880,933	7,167,263
4. Liabilities to affiliated companies	9,238,341	19,260,472
5. Liabilities to participations	12,838	12,838
6. Other liabilities	92,556,826	95,695,742
	266,253,115	**279,700,492**
D. DEFERRED INCOME	**320,065**	**372,465**
E. DEFERRED TAX LIABILITIES	**43,267**	**2,792,584**
Total shareholders' equity and liabilities	**446,402,967**	**464,898,805**

As a result of the mergers, intangible assets increased mainly in respect of goodwill (EUR 72.668 million), distribution rights (EUR 9.139 million), software (EUR 3.124 million) and trademarks (EUR 283 thousand).

Financial assets decreased by EUR -74.116 million. The decrease in financial assets results from the cancelled carrying values of the participations in the merged companies (EUR 172.913 million). This was offset by an increase in financial assets at CTS AG due to the takeover of recognised participating interests held by the merged companies (EUR 98.797 million).

The main changes in shareholders' equity and liabilities concern payables to affiliated companies, other liabilities and deferred tax liabilities. The change in deferred tax liabilities (EUR 2.749 million) results from the remeasurement of assets in the HGB balance sheet, and the resulting deviations from the fiscal balance sheet.

MAIN ITEMS IN THE INCOME STATEMENT

	Prior to merger 2012 [EUR]	After merger 2012 [EUR]
Revenue	**120,567**	**129,330**
Gross profit	**70,389**	**73,238**
Other operating income	8,050	7,750
Other operating expenses	-6,181	-7,891
EBITDA	**53,452**	**52,876**
EBIT	**49,645**	**47,295**
Financial result	19,921	22,117
Earnings before tax (EBT)	**69,566**	**69,413**
Taxes	-17,391	-17,433
Net income for the year	**52,175**	**51,980**

2.3 RECOGNITION AND MEASUREMENT

Acquired intangible assets are capitalised at acquisition cost and reduced by straight-line amortisation (proportionately in the year of addition). A useful life of ten years is assumed for the capitalised releases of the 'Global Ticketing System'. Other intangible assets, such as software and licences, are amortised over a useful life of two to ten years. Trademarks are amortised over five to ten years. The intangible assets (software, distribution rights, trademarks) capitalised in connection with the chain merger of Ticketonline Software and See Tickets Germany with retroactive effect from 1 January 2013 are subject to systematic straight-line amortisation over a useful life of one to 9.5 years.

The **goodwill** from bringing in the Ticketing business, recognised in the course of stock exchange listing, is subject to systematic straight-line amortisation over a useful life of 15 years due to the prospects of earnings being generated for that duration by the customer taken over. The goodwill capitalised in connection with the chain merger of Ticketonline Software and See Tickets Germany with retroactive effect from 1 January 2013 is subject to systematic straight-line amortisation over a useful life of 9.5 years. The useful life of the goodwill capitalised in connection with the chain merger is defined on the basis of an important distribution agreement concluded at the time of acquisition of See Tickets Germany / Ticket Online Group.

Property, plant and equipment are measured at cost, minus systematic depreciation if depreciable. Systematic depreciation is performed on a straight-line basis, based on the normal useful life. Depreciation is carried out on a pro rata temporis basis. Systematic depreciation of other property, plant and office equipment is mainly based on a useful life between 3 and 13 years. Extraordinary depreciation to lower fair values is performed where relevant.

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

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

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

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

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

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

Shareholders' equity is measured at nominal value. Treasury stocks are openly deducted from 'share capital'.

Provisions are recognised at the settlement amount and are formed in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement. Future increases in prices and costs were taken into account when determining provisions. Provisions with a remaining term of more than one year are discounted in relation to their remaining terms at the average market interest rate of the past seven years, as published by the Deutsche Bundesbank. Provisions for commitments relating to part-time employment prior to retirement are measured using actuarial calculation methods (PUC method). Average market interest rates for congruent terms are applied.

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.

2.4 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 2013 (HGB)

	Historical cost					
	01.01.2013	**Addition**	**Merger**	**Disposal**	**Reclas-sification**	**31.12.2013**
	[EUR]	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**
I. Intangible assets						
1. Aquired concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	48,278,547	23,846,141	12,640,991	11,905	478,817	85,232,591
2. Goodwill	4,906,054	0	72,668,476	0	0	77,574,530
3. Payments on account	533,685	1,755,088	0	0	-478,817	1,809,956
	53,718,286	**25,601,229**	**85,309,467**	**11,905**	**0**	**164,617,077**
II. Property, plant and equipment						
1. Other real estate, land rights and buildings, including buildings on third-party properties	281,969	0	0	0	0	281,969
2. Technical equipment and machinery	572,445	0	0	0	0	572,445
3. Other property, plant and office equipment	11,204,084	2,440,329	201,723	225,285	0	13,620,851
	12,058,498	**2,440,329**	**201,723**	**225,285**	**0**	**14,475,265**
III. Investments						
1. Shares in affiliated companies	251,549,400	38,508	-74,115,872	2,048,716	0	175,423,320
2. Participations	576,034	0	0	0	0	576,034
	252,125,434	**38,508**	**-74,115,872**	**2,048,716**	**0**	**175,999,354**
Total	**317,902,218**	**28,080,066**	**11,395,318**	**2,285,906**	**0**	**355,091,696**

Accumulative depreciation and amortisation				Carrying value	
01.01.2013	**Addition**	**Disposal**	**31.12.2013**	**31.12.2013**	**31.12.2012**
[EUR]	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**	**[EUR]**
33,179,571	7,838,311	11,897	41,005,985	44,226,606	15,098,976
4,415,449	7,976,383	0	12,391,832	65,182,698	490,605
0	0	0	0	1,809,956	533,685
37,595,020	**15,814,694**	**11,897**	**53,397,817**	**111,219,260**	**16,123,266**
191,280	46,466	0	237,746	44,223	90,689
572,444	0	0	572,444	1	1
8,418,866	1,370,050	221,594	9,567,322	4,053,529	2,785,218
9,182,590	**1,416,516**	**221,594**	**10,377,512**	**4,097,753**	**2,875,908**
1,281,682	0	1,281,682	0	175,423,320	250,267,718
569,494	0	0	569,494	6,540	6,540
1,851,176	**0**	**1,281,682**	**569,494**	**175,429,860**	**250,274,258**
48,628,786	**17,231,210**	**1,515,173**	**64,344,823**	**290,746,873**	**269,273,432**

The EUR 28.080 million in additions to **assets** (prior year: EUR 31.888 million) relate to additions to intangible assets (EUR 25.601 million; prior year: EUR 5.060 million), to property, plant and equipment (EUR 2.440 million; prior year: EUR 1.594 million) and to financial assets (EUR 38 thousand; prior year: EUR 25.234 million). The additions to intangible assets result primarily from the acquisition of a distribution right (EUR 20.000 million) as well as further development of the Global Ticketing System (EUR 5.096 million; prior year: EUR 4.413 million). The additions to property, plant and equipment relate primarily to IT hardware for operating the Global Ticketing System (EUR 1.462 million; prior year: EUR 858 thousand) and for connecting box offices to the Global Ticketing System (EUR 570 thousand; prior year: EUR 193 thousand). The additions to financial assets in the reporting year relate to increases in the carrying values of participations due to share capital increases in subsidiaries (EUR 38 thousand; prior year: EUR 20.668 million). For changes from the merger refer to 2.2.

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

Receivables from affiliated companies include trade receivables amounting to EUR 4.510 million (prior year: EUR 3.668 million) and loan receivables of EUR 10.707 million (prior year: EUR 12.892 million). With an amount of EUR 6.084 million (prior year: EUR 6.130 million) receivables from affiliated companies have a remaining term between one and five years.

Receivables from participations include trade receivables amounting to EUR 33 thousand (prior year: EUR 83 thousand), as well as loan receivables amounting to EUR 74 thousand (prior year: EUR 574 thousand). Receivables from participations are payable within one year.

Other assets include EUR 3.116 million in receivables with a remaining term of between one and five years (prior year: EUR 3.009 million).

Prepaid expenses mainly comprise EUR 1.870 million in prepaid financing expenses (prior year: EUR 2.539 million), EUR 1.177 million in maintenance expenses (prior year: EUR 265 thousand), EUR 265 thousand in promotion expenses (prior year: EUR 194 thousand) and EUR 78 thousand in commission expenses (prior year: EUR 120 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.

The **contingent capital** totals EUR 22,000,000 at 31 December 2013.

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

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 share capital, and 24,000,000 new no-par value bearer shares were issued.

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

	2013	2012
	[EUR'000]	[EUR'000]
Balance sheet profit as at 31 December 2012/2011	117,918	87,096
Net income for the year 2013/2012	46,196	52,175
Allocation to statutory reserve according to §150 AktG	0	-235
	164,114	**139,036**
Dividends 2013/2012	-27,358	-21,118
Balance sheet profit as at 31 December 2013/2012	**136,756**	**117,918**

RESOLUTIONS OF THE SHAREHOLDERS' MEETING

At the **Shareholders' Meeting on 21 January 2000**, a contingent share capital increase of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation. As a consequence of the shareholders' decisions on 23 August 2005 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 Section 218 sentence 1 AktG. No use has been made so far of this authorisation. The premium (§ 272 (2) No. 1 HGB) for the shares issued on the stock exchange is disclosed under capital reserve. As part of the share capital increase using company funds implemented in October 2005, EUR 12,000,000 of the capital reserve was converted to subscribed share capital, and 12,000,000 new no-par value bearer shares were issued. As part of the further share capital increase using company funds implemented in May 2011, a further EUR 24,000,000 of reserve was converted to subscribed share capital, and 24,000,000 new no-par value bearer shares were issued.

The **Annual Shareholders' Meeting of the company held on 23 August 2005** resolved to increase the share capital of CTS 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.

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

By resolution of the **Shareholders' Meeting held on 8 May 2013**, the Management Board has been authorised to issue warrant bonds and convertible bonds by 7 May 2018, to a total par value of up to EUR 275 million and with a maximum term of 20 years, contingent on Supervisory Board approval, and to grant the bearers of warrant bonds options and the bearers of convertible bonds conversion rights on up to 22,000,000 new no-par bearer shares of the company, equal to share capital of up to EUR 22,000,000, and excluding the rights of the shareholders to the convertible bonds under certain conditions within the permissible statutory subscription. In view of the possibility to issue shares to the shareholder arising from warrant and convertible bonds resulted through this resolution, a contingent capital of EUR 22,000,000 was formed ('contingent capital 2013').

§3 VII of the statute was cancelled and rewritten as follows:

The share capital of the company may be increased conditionally by up to EUR 22,000,000 by issuing up to 22,000,000 new no-par bearer shares entitled to participate in profits as from the beginning of the financial year in which they were issued (hereinafter: 'contingent capital 2013'). This contingent increase in capital is for granting shares to the holders of warranty bonds and convertible bonds issued in accordance with the above authorisation until 7 May 2018 by the company or by a company in which an interest is directly or indirectly held. The new shares shall be issued at the respective option or conversion price to be specified. The contingent increase in capital shall be carried out only to the extent that use is made of the option or conversion rights under the bonds, or conversion obligations in respect of such bonds are honoured, and the company does not honour its obligation to grant shares by transferring treasury shares to the bearers of such bonds. The Management Board is authorised to stipulate further details for implementing the contingent increase in capital.

Other provisions include EUR 2.609 million in provisions for personnel expenses (prior year: EUR 2.294 million), EUR 2.425 million for outstanding supplier invoices (prior year: EUR 1.688 million), EUR 804 thousand for outstanding commission (prior year: EUR 1.279 million), EUR 343 thousand for pending losses for financial instruments, EUR 390 thousand for accounting and auditing expenses (prior year: EUR 353 thousand) and EUR 92 thousand for Supervisory Board emoluments (prior year: EUR 97 thousand).

Of the **liabilities to affiliated companies**, EUR 1.965 million (prior year: 5.379 million) relate to trade payables and EUR 2.058 million (prior year: EUR 2.912 million) to loan liabilities.

Liabilities to participations consist entirely of trade payables amounting to EUR 10 thousand (prior year: EUR 13 thousand).

The residual terms of the liabilities as at 31 December 2013 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
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Liabilities to banks	148,487,190 (2012: EUR'000 157,007)	28,344,338 (2012: EUR'000 40,579)	120,142,852 (2012: EUR'000 102,143)	0 (2012: EUR'000 14,286)	
Advance payments received	1,892,253 (2012: EUR'000 557)	1,892,253 (2012: EUR'000 557)			
Trade payables	12,867,522 (2012: EUR'000 6,881)	12,867,522 (2012: EUR'000 6,881)			
Liabilities to affiliated companies	5,836,821 (2012: EUR'000 9,238)	5,836,821 (2012: EUR'000 9,238)			
Liabilities to participations	10,306 (2012: EUR'000 13)	10,306 (2012: EUR'000 13)			
Other liabilities	121,244,268 (2012: EUR'000 92,557)	121,244,268 (2012: EUR'000 92,557)			1) 2,731,253 (2012: EUR'000 3,683)
Total liabilities	**290,338,360**	**170,195,508**	**120,142,852**	**0**	

Other liabilities, at EUR 121.244 million, mainly include EUR 108.228 million in liabilities in respect of ticket monies that have not yet been invoiced (prior year: EUR 81.679 million). These liabilities 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 14.160 million in liabilities to affiliated companies in respect of ticket monies that have not yet been invoiced (prior year: EUR 12.610 million). Taxes account for EUR 2.731 million of the other liabilities (prior year: EUR 3.683 million).

The **deferred tax liabilities** result from different accounting policies governing the recognition of intangible assets and participations in affiliated companies in the commercial balance sheet and the fiscal balance sheet. The recognised deferred tax liabilities mainly result from different accounting policies in connection with the chain merger of See Tickets Germany and Ticket Online Software. For the commercial balance sheet, the principle of measurement at cost was applied in accordance with § 24 UmwG. Assets are remeasured and hidden reserves are recognised. There is no recognition of hidden reserves in the fiscal balance sheet. For the fiscal balance sheet, the merger was accounted for with continuation of carrying values, in accordance with § 12 (2) UmwStG, the law governing taxation of changes of legal form. 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:

	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Ticket revenue	118,291	88,845	29,446
Licence fees	9,040	11,178	-2,138
Other revenue			
Data line charges	3,875	3,687	188
System rental / maintenance / installation	3,414	3,356	58
Commission income	5,197	4,488	709
Sales of merchandise	403	447	-44
Package travel	683	314	369
Other	9,108	8,252	856
	150,011	**120,567**	**29,444**

EUR 11.611 millon of total revenue was generated in foreign countries (prior year: EUR 9.789 million). Revenue from licence fees decreased in the reporting period due to the merger of See Tickets Germany and Ticket Online Software with CTS AG.

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

Material expenses (according to total cost method)	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Cost of purchased merchandise	881	1,060	-179
Cost of purchased services	59,520	43,082	16,438
	60,401	**44,142**	**16,259**

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

Personnel expenses (according to total cost method)	2013	2012	Change
	[EUR'000]	[EUR'000]	[EUR'000]
Wages and salaries	16,624	13,023	3,601
Social security contributions and expenses for pension and employee support	1,914	1,438	476
	18,538	**14,460**	**4,077**

The **selling expenses** for the 2013 financial year (according to the 'cost of sales' method) include EUR 7.976 million in amortisation of goodwill as a result of the chain merger (prior year: EUR 327 thousand) and on intangible assets and property, plant and equipment of EUR 4.534 million (prior year: EUR 1.697 million).

Other operating income includes EUR 348 thousand in non-periodic income from the reversal of provisions (prior year: EUR 815 thousand), EUR 451 thousand in income from extinguished liabilities (prior year: EUR 306 thousand), EUR 43 thousand in retroactive refunds (prior year: EUR 107 thousand) and EUR 22 thousand income from disposal of fixed assets.

Other operating expenses include EUR 93 thousand in non-periodic expenses from follow-up invoices and granted credit notes (prior year: EUR 97 thousand) and losses from disposal of fixed assets, at EUR 7 thousand.

The EUR 17.239 million in **income from participations** was entirely generated by affiliated companies (prior year: EUR 19.653 million).

Other interest and similar income includes EUR 636 thousand in income from affiliated companies (prior year: EUR 669 thousand). Discounted interest income was not recognised as in previous year.

Interest and similar expenses include expenses of affiliated companies amounting to EUR 107 thousand (prior year: EUR 100 thousand). Discounted interest expense was not recognised as in previous year.

Extraordinary income amounting to EUR 481 thousand relates to the merger of eventim Online Holding GmbH with CTS AG.

Income Taxes include EUR 9.168 million in municipal trade tax (prior year: EUR 8.151 million), EUR 8.919 million in corporation tax (prior year: EUR 8.103 million) and EUR 491 thousand in solidarity supplement to corporation tax for the 2013 financial year (prior year: EUR 446 thousand). Taxes on income also include foreign withholding tax expense, at EUR 68 thousand (prior year: EUR 130 thousand), non-periodic expenses for retrospective tax refunds for previous years, at EUR 520 thousand (prior year: EUR 552 thousand), non-periodic income for retrospective tax payments for previous years, at EUR 448 thousand and expenses for foreign branches, at EUR 39 thousand (prior year: EUR 9 thousand). Furthermore, income taxes include income from the formation of deferred tax assets at EUR 106 thousand and income from the reversal of deferred tax liabilities at EUR 1.125 million.

Income taxes mainly relate to profit from ordinary business activities and only account for a small part to the extraordinary income.

Other taxes amounting to EUR 47 thousand (prior year: EUR 1 thousand) relate to expenses for subsequent VAT tax at EUR 41 thousand and vehicle tax expenses at EUR 6 thousand.

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

	2013	2012
	[EUR'000]	[EUR'000]
Net income for the year	46,196	52,175
Profit carried forward	90,560	65,978
Allocation to statutory reserve	0	-235
Balance sheet profit	**136,756**	**117,918**

Net income for the 2013 financial year was burdened by amortisation effects due to the merger of See Tickets Germany and Ticket Online Software, at EUR 11.307 million. For the recognition of the chain merger the historical cost principle was applied according to §§ 253 (1) and 255 (1) HGB. In the annual financial statements in accordance to HGB intangible assets and goodwill due to the merger with retroactive effect from 1 January 2013 have to be amortised over the respective useful life.

Of the balance sheet profit for the previous year, at EUR 117.918 million, EUR 27.358 million were distributed to shareholders and EUR 90.560 million were carried forward to the new account.

4. OTHER DISCLOSURES

4.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The company bears liability for debts owed to banks by CTS Eventim Solutions GmbH, Bremen. As at the closing date, CTS Eventim Solutions GmbH, Bremen, has no liabilities to banks. CTS AG also bears liability for bank credit and guarantee facilities granted to subsidiaries, which amount to EUR 800 thousand (prior year: EUR 1.059 million). As at the closing date, this liability was not invoked. 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; hereinafter: Ticketcorner Holding AG). The debts owed to banks by Ticketcorner Holding AG amount to CHF 48.000 million as at the closing date. Due to the positive earnings performance expected of the Ticketcorner Group, it is assumed that Ticketcorner Holding AG as holding company will be able to honour its obligations. No demands on CTS 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.

As at the closing date, other financial obligations relating to short- and medium-term rental, leasing and other contractual agreements amount to EUR 3.124 million (prior year: EUR 5.395 million). Of that total, EUR 2.284 million (prior year: EUR 2.973 million) are due within one year. Future rental obligations account for EUR 2.371 million (prior year: EUR 4.460 million), leasing obligations for EUR 270 thousand (prior year: EUR 206 thousand) and other obligations for EUR 483 thousand (prior year: EUR 729 thousand). The other financial commitments are EUR 56 thousand to affiliated companies (prior year: EUR 70 thousand).

4.2 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at market value. When the requirements for forming valuation units are met the hedging and underlying transactions are combinded in a single valuation unit. The basis for the formed valuation units are micro-hedge-relationship where the risk from the underlying transaction is hedged by each hedging instrument.

In the reporting year, CTS AG concluded forward foreign exchange transactions to hedge against foreign exchange risks in connection with loan receivables denominated in Pound Sterling (GBP). Single valuation units were formed in respect of the underlying loan receivables, in the sense of § 254 HGB. As at the closing date, the underlying transactions included in the hedge (receivables from affiliated companies) amount to GBP 1.713 million. The fair value of the derivatives as at the closing date is EUR -83 thousand.

CTS AG also concluded forward foreign exchange transactions in the reporting year to hedge against budgeted royalties denominated in Swiss Francs (CHF). Single valuation units were formed, in the sense of § 254 HGB, for the share in expected future royalty income. As at the closing date, the underlying transactions of the hedges (expected share in royalties) amounted to EUR 303 thousand. The fair value of the derivatives as at the closing date is EUR -3 thousand.

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

The valuation unit for foreign exchange risks was recognised by using the net hedge presentation method. Effective results from hedging instruments are not recorded until the underlying business transaction takes place. Negative impacts (ineffectiveness) were valued using the imparity principle and recorded as provision for pending losses.

A (plain vanilla) currency option was also purchased in the reporting year in order to hedge against foreign exchange risks of a foreign exchange balance denominated in Russian Rubles. The recognition of a single valuation unit, in the sense of § 254 HGB, was not formed due to the short-term maturity as at 30 April 2014. The option was accounted for in other assets at the fair value of EUR 20 thousand.

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. With a negative market value totalling EUR -311 thousand. The recognised valuation unit in relation to the financial liabilites in the previous year in the sense of §254 HGB was released in the 2013 financial year. Due to follow-up financing at a fixed interest rate, there was no longer a match between the main terms and conditions for the underlying transaction and the hedge, and balancing expected future cash flows. A provision for pending losses in the amount of the negative market value was recorded as at the balance sheet date.

4.3 APPROPRIATION OF EARNINGS

In the 2013 financial year, CTS AG generated EUR 46.196 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 30.717 million (EUR 0,64 per eligible share) be distributed and that the remaining EUR 15.479 million be carried forward to the new account.

4.4 LIST OF PARTICIPATIONS

A list of shareholdings is published on the company's website. These disclosures are published on the CTS AG website under www.eventim.de/tickets.html?affiliate=TUG&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 [EUR]	Benefits [EUR]	Management Bonus [EUR]	Total [EUR]
Klaus-Peter Schulenberg	2,000,000	11,805	500,000	2,511,805
Volker Bischoff	450,000	20,461	105,000	575,461
Alexander Ruoff	450,000	17,939	205,000	672,939
Total	**2,900,000**	**50,205**	**810,000**	**3,760,205**

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 100 thousand (prior year: EUR 80 thousand) as well as reimbursed expenses of EUR 5 thousand (prior year: EUR 3 thousand) for the 2013 financial year.

4.6 EMPLOYEES

On average, 261 persons were employed by the company during the year (prior year: 210). 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=t-doc&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.

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 21.03.13 and amounted on the latter date to 2.99% (1,437,406 votes), and that these voting rights (1,437,406 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 21 March 2013 and amounted on the latter date to 2.99% (1,437,406 votes) and that these voting rights (1,437,406 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 Abs. 1 WpHG that its share of voting rights in CTS AG fell below the 3% threshold on 21 March 2013 and amounted on the latter date to 2.99% (1,437,406 votes) and that these voting rights (1,437,406 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 fell below the 3% threshold on 7 May 2013 and amounted on the latter date to 2.83% (1,359,041 votes) and that these voting rights (1,359,041 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1, no. 6 WpHG 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 exceeded the 3% threshold on 16 May 2013 and amounted on the latter date to 3.11% (1,493,177 votes) and that these voting rights (1,493,177 votes) are allocated in their entirety to FMR LLC under § 22 (1) sentence 1 no. 6 WpHG 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 21 June 2013 and amounted on the latter date to 4.91% (2,355,000 votes) and that these voting rights (2,355,000 votes) are allocated in their entirety to Highbridge Capital Management, LLC under § 22 (1) sentence 1 no. 6 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 3% threshold on 6 January 2014 and amounted on the latter date to 2.97% (1,427,248 votes) and that these voting rights (1,427,248 votes) are allocated in their entirety to Highbridge Capital Management, LLC under § 22 (1) sentence 1 no. 6 WpHG.

Fidelity Management & Research Company, Boston, USA, notified in accordance with § 21 (1) WpHG that its share of voting rights in CTS AG exceeded the 3% threshold on 14 January 2014 and amounted on the latter date to 3.004% (1,442,228 votes) and that these voting rights (1,428,228 votes) are allocated in their entirety to Fidelity Management & Research Company under § 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 2013.

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, 18 March 2014

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 system, and the management report, which is combined with the group management report of the CTS EVENTIM Aktiengesellschaft, Munich, for the business year from 1 January to 31 December 2013. 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, together with the bookkeeping system and the combined management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Osnabrück, 18 March 2014

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.

CONTACT

CTS EVENTIM AG
Contrescarpe 75 A
28195 Bremen
Phone: +49 (0) 421 / 36 66 - 0
Fax: +49 (0) 421 / 36 66 - 2 90

www.eventim.de
investor@eventim.de

PUBLISHERS' NOTES
PUBLISHED BY:

CTS EVENTIM AG
Contrescarpe 75 A
28195 Bremen
Phone: +49 (0) 421 / 36 66 - 0
Fax: +49 (0) 421 / 36 66 - 2 90

EDITORIAL OFFICE:

Engel & Zimmermann
CTS EVENTIM AG

ARTWORK:

SECHSBAELLE, Bremen

COVER PICTURE:

360°-Motiv: 3D Panorama Artist, Torsten Hemke

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