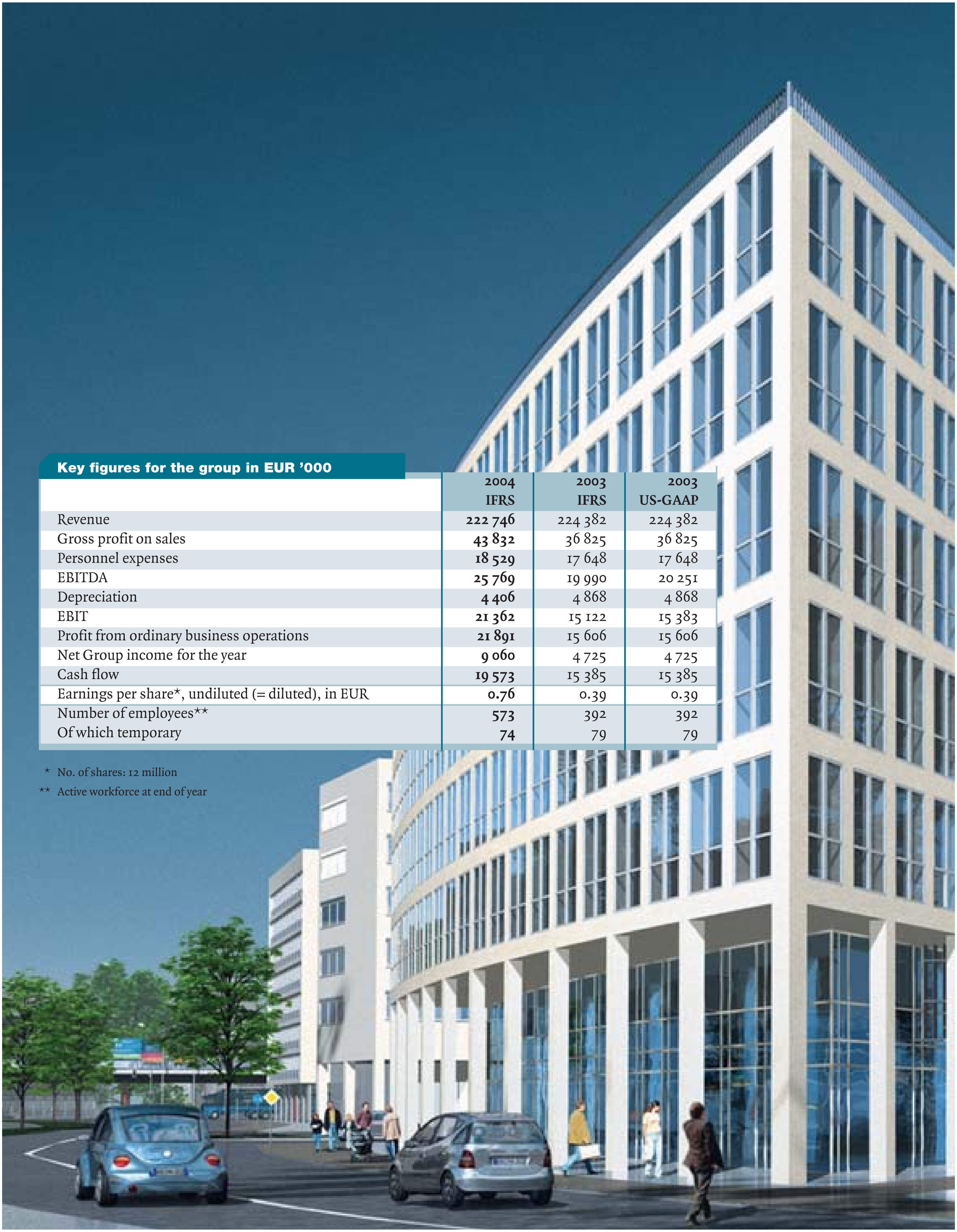
re:port 2004

ANNUAL REPORT 2004

CTSeventim.AG

ket : Group : Open-air festivals : Classical music : Rock : Pop : Musicals : Theatre : Cinema : Leisure parks
ons Cup : Database with 1 million events : Internet shops : 3,000 stationary box offices : Call Centres : Co
ert tours : Planning : Organisation : Handling : Sales : ShowSoft : Access control systems : Revenue and ea
g : new fields of business : 250 offline marketing and distribution partners : Online ticket sales through mor
urs : City Search : Leisure events : Online auctions : Internet advertising : Newsletter : Ticket Alarm : 3-da
ingle source : eventim-music.de : Music downloads : eventim.de : getgo.de : 30 million tickets p.a. : 70,00
k : Pop : Musicals : Theatre : Cinema : Leisure parks : Sports : Formula 1 : Bundesliga football : 3 million ti
vents : Internet shops : 3,000 stationary box offices : Call Centres : Contacts with top performers : Europe
arket expansion into Switzerland and southern Europe : Merchandising : new fields of business : 250 offlin
ed partners : 1.5 million online customers : Event tours : City Search : Internet advertising : 3-day advanc
e : eventim-music.de : Music downloads : eventim. your personal entertainer

re:port 2004



Key figures for the group in EUR ’000

	2004 IFRS	2003 IFRS	2003 US-GAAP
Revenue	**222 746**	224 382	224 382
Gross profit on sales	**43 832**	36 825	36 825
Personnel expenses	**18 529**	17 648	17 648
EBITDA	**25 769**	19 990	20 251
Depreciation	**4 406**	4 868	4 868
EBIT	**21 362**	15 122	15 383
Profit from ordinary business operations	**21 891**	15 606	15 606
Net Group income for the year	**9 060**	4 725	4 725
Cash flow	**19 573**	15 385	15 385
Earnings per share*, undiluted (= diluted), in EUR	**0.76**	0.39	0.39
Number of employees**	**573**	392	392
Of which temporary	**74**	79	79

* No. of shares: 12 million

** Active workforce at end of year

IN THIS ISSUE

01 : REPORT BY THE SUPERVISORY BOARD OF CTS EVENTIM AG

on the company's annual financial statements and the consolidated annual financial statements and on the management report for the company and the Group for the financial year from 01.01.04 to 31.12.04

: **1.** During the entire period under review, the Supervisory Board of the company comprised the following members: Mr. Edmund Hug (Oberstenfeld), Dr. Peter Haßkamp (Bremen) and Dr. Peter Versteegen (Hamburg). The Chairman of the Supervisory Board throughout the year was Mr. Edmund Hug; the Vice-Chairman was Dr. Peter Haßkamp. No committees were formed.

: **2.** On the basis of ongoing reports, the Supervisory Board informed itself extensively on the business development and the general situation of the company. During the reporting period, the Supervisory Board met on 26.03.2004, 07.06.2004, 17.08.2004 and on 08.12.2004. The Management Board of the company also took part at these meetings and had an opportunity to comment on events and processes of importance for the company.

: **3.** At the Shareholders' Meeting of the company held on 18 August 2004, Susat & Partner oHG Wirtschaftsprüfungsgesellschaft, Hamburg was chosen to audit the annual financial statements and the consolidated financial statements for the 2004 financial year.

The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2004 annual financial statements, the 2004 consolidated financial statements and the management report were submitted in timely manner to the Supervisory Board by the Management Board of the company, along with the respective audit reports.

At the Supervisory Board meeting on 21 March 2005, the annual financial statements and the consolidated financial statements for 2004, as well as the management report, the Group management report and the proposal for appropriation of profits were discussed with the Management Board. The Supervisory Board was given an opportunity 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 granted unqualified notes of confirmation by the auditor.

Having examined the audit report, the Supervisory Board has no objections to raise against the annual financial statements as prepared by the Management Board, which is therefore formally adopted in accordance with Section 172 AktG [Stock Corporation Act]. The Supervisory Board also approves the consolidated financial statements prepared by the Management Board for the 2004 financial year, to which no objections are raised.

: **4.** The Management Board has submitted its dependencies report, prepared in accordance with Section 312 AktG and audited by the auditor. The Supervisory Board agrees with the audit result, which concludes with the following unqualified note of confirmation: "Having audited and assessed the report in accordance with professional standards, we confirm that

: the disclosures of fact made in the report are true and correct
: that the performance rendered by the company in connection with the legal transactions detailed in the report are not unreasonably great, or that any disadvantages were balanced out."

: **5.** No changes were made to the composition of the Management Board during the 2004 financial year.

: **6.** On 8 December 2004, the Supervisory Board and the Management Board issued a joint updated declaration of compliance with the German Corporate Governance Code, in accordance with Section 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 2004 financial year.

March 2005

Edmund Hug Chairman	Dr. Peter Haßkamp Vice-Chairman	Dr. Peter Versteegen

02 : FOREWORD BY THE MANAGEMENT BOARD

"We're nowhere near our limit!"

An interview with the CEO, Klaus-Peter Schulenberg, about entertainment and expansion, Internet and internationalisation, projects and *Phantasie.*

Mr. Schulenberg, how do you assess the 2004 business year? : We're very satisfied. We generated around 223 million euros in sales revenue and an EBIT figure of more than 21 million euros. This means we were able to exceed our original targets by a wide margin. 2004 was a superb year for CTS EVENTIM. :

What were the factors driving this success? The economic environment in Germany was none too healthy ... : Our basic concept is the right one. During the IPO in 2000, we outlined our plans and perspectives, and today they have been realised – but with a delay of about 18 months. We have an outstanding Live Entertainment segment with the best promoters that the industry can offer. We've also built up the Ticketing division from the beginning in such a way that we can use the Internet as the medium of tomorrow, alongside conventional sales through box offices and call centers. Taken together, and with some special features thrown in, we have a package that will permanently consolidate and expand our market leadership. :

You had originally expected lower revenue in 2004. : 2003 was an exceptional year, especially for the Live Entertainment segment. Nobody in this industry expected that so many and such good tours and concerts could be brought to Germany again. In fact, however, we generated around 183 million euros in revenue in 2004, which is only about 4% less than in that record-breaking year. What's even more important is the fact that we increased our EBIT again, despite lower sales. This is an excellent performance that shows the potential of our Group. :

But ticketing remains the driving force? : Yes, that's what we have always been telling the financial markets and the media. In the Ticketing segment we achieved more than 20% growth in 2004, to a revenue figure of 42 million euros. The increase in EBIT is even more pronounced – we now have an EBIT of more than 9.2 million euros, compared to 3.9 million the year before. That's an increase of 138%, and proves the scalability of our business model. :

What does that mean, specifically? : It means that Internet sales are permanently increasing as a percentage of total ticket sales. To give you a comparison: in fiscal 2003 we sold 1.5 million tickets on the Web, whereas the figure in 2004 was already 2.3 million. By the end of 2006 we expect Internet ticket sales to be around 50% of the total. The fact that we earn excellent margins with this sales channel means we were also able to increase our earnings significantly. There's no question about it – the future belongs to the Internet. :

What for you were last year's highlights? : Two themes, definitely – music downloads and World Cup ticketing. Even if we're not satisfied yet by far with the music download business, what it has done is boost our position and the level of awareness for CTS in the market. Last year we had approximately 60 million visitors to our website, so there is still incredible potential here. Ticketing for the 2006 Football World Cup in this country is firstly a great success for the image of CTS EVENTIM, and secondly the successful handling of this major project will provide us with excellent testimonials for further events around the world, for example the Olympic Games or the European Football Championships. :

Where do you see CTS in three years? : We are very cautious about forward-looking statements. Our next major objective is to expand further into neighbouring European countries. We have a very good presence in the Benelux countries, Austria and eastern Europe and now want to expand our network in Switzerland, Italy and Spain by making acquisitions. I am very optimistic that we will succeed in this endeavour in 2005. Beyond that, we are going to make additional improvements to our internal processes in order to achieve further increases in Group earnings. :

Does the share price reflect the overall success of CTS EVENTIM? : Yes and no. We're encouraged by the fantastic performance in 2004 and our listing in the SDAX index. Analysts and investors realise the potential in our company. But I am convinced that we're nowhere near our limit with the current share price. I see plenty of upside potential.

03 : HIGHLIGHTS OF THE 2004 BUSINESS YEAR

2004 was a year of highlights for CTS.

Tours and concerts, football and music, partnerships and the Internet – despite renewed weakness in the economy as a whole, the company exceeded its targets. Particularly worthy of mention is the strategic expansion of business fields and the high profitability rate in the Ticketing segment, which demonstrated once again its importance as a driver of corporate growth. Sales through the Internet, especially, were strongly boosted – as at 31.12., CTS sold around 2.3 million tickets through the Internet channel (2003: 1.5 million) – a new record.

Football: Tickets for the 2006 World Cup

: Schweinsteiger, Huth, Mertesacker – young German talents who want to stand up to the great international stars of the Beckham and Ronaldo ilk at the 2006 World Cup. When millions of fans from all over the world pour into the stadiums where the World Cup is being played, CTS will be a focus of attention as well. Since August 2004, when CTS was awarded the concession to manage the entire ticketing operation for the 2006 FIFA World Cup Germany™, the name CTS EVENTIM has become a household word for football fans. Tickets for matches in the twelve World Cup stadiums have been on sale at the www.fifa-worldcup.com website since 1 February 2005. The entire ticketing operation, involving 3.2 million tickets, is being handled with CTS systems. CTS won the ticketing rights against big-name companies, thanks also to its many years of experience with major sports events. Formula 1 races, all international football matches, as well as first- and second-divisions matches in the German football league have been part of the standard repertoire of the ticketing company for years. CTS will generate revenue of around EUR 30 million from World Cup ticketing, and achieve an enormous image boost on the international stage through the prestigious World Cup project.

Music: legal downloads and complete packages

: Eric Clapton, Dido or Die Toten Hosen – from the Internet, in a legal, inexpensive, fast and straightforward way. Since March 2004, CTS has been offering all this on its music download platform. The www.eventim-music.de portal was launched at the CeBIT fair in Hanover – with prominent support from Gerhard Schröder. CTS is thus the first and only provider to offer a complete range of products from concert tickets to live clips. At www.eventim.de, Europe's biggest portal for events, music fans can get information about concerts, buy tickets, and download the music they want from the Internet – legally. Using free software, tracks are downloaded in MP3 format for EUR 0.99 each.

The CTS EVENTIM success story: concert highlights (a selection)

Alicia Keys : Alanis Morissette : Anastacia : Avril Lavigne : Bon Jovi : Bruce Springsteen : Bryan Adams : Britney Spears : David Bowie : Dido : Elton John : Herbert Grönemeyer : Lenny Kravitz : Limp Bizkit : Lionel Ritchie : Lord of the Dance : Mark Knopfler : Meat Loaf : Metallica : Norah Jones : Patricia Kaas : Paul McCartney : Peter Gabriel : Phil Collins : Pink : Prince : R.E.M. : Santana : Seal : Shania Twain : Simon & Garfunkel : Simply Red : Sting : Supertramp : Westlife : ZZ Top

Concerts: booming Live Entertainment

: People want to see their favourite stars close up – in the Waldbühne in Berlin, the Festhalle in Frankfurt, or the Musikhalle in Hamburg. Be it classical music or rock, concerts by performers across the range, from Patricia Kaas to Joe Cocker, are as popular as ever. Live music is 'in'. In the Live Entertainment segment, CTS was able to follow up the success it achieved in its record-breaking year 2003, and was involved in virtually all major music events – either as organiser, ticketer or as overall manager. Artists like Herbert Grönemeyer, Anastacia and Phil Collins attracted hundreds of thousands to their concerts. Although the domestic economy in Germany remained sluggish, CTS was able to profit from the public's obvious desire for entertainment in difficult times. In total, more than 30 million tickets for more than 70,000 events were sold through CTS systems.

Travel: partnership with TUI

: Madonna in Paris, Sting in London, Robbie Williams in Berlin. A city trip and a top concert in a single package deal. An ideal combination, and no problem with CTS EVENTIM. In September 2004, CTS concluded a major cooperation deal with TUI Leisure Travel Management GmbH (TLT). In future, in addition to approx. 1,500 CTS box offices already in place, 1,380 travel agencies operated by TLT, a TUI subsidiary, will be able to sell tickets for more than 70,000 rock/pop, beat/folk music, classical music, theatre, opera, musical and sports events. CTS is responding in this way to the general trend towards combining city tours with events and concerts. The new partnership supplements its other sales channels, namely box-office sales, call centers and the Internet. All around the world.

03 : TOP EVENTS IN 2004

Entertainment for everyone

In the 2004 business year, CTS sold more than 30 million tickets through its eventim.de and getgo.de portals and its standard ticketing systems. From live concerts to theatre performances to sport events, CTS serves a broad range of interests.

R.E.M. & Co: exclusive

: August 2004. Before official presales begin, music lovers can pick the best seats for selected concert highlights. Tickets for top events like Joe Cocker, R.E.M., Elton John or, more recently, Marius Müller-Westernhagen are on sale before the official starting date at the www.eventim.de and www.getgo.de Internet portals. As market leader in Internet presale tickets, CTS provides not only the biggest selection of tickets for around 70,000 concerts, plays and sports events in Europe, but also fair prices and a reliable booking system. The seat selection system allows Internet users to choose exactly the seats they want. Quick responders have a good chance of getting first-row tickets.

Confed Cup: the dress rehearsal

: Football has lost none of its fascination and excitement. Soccer exerts a charm for millions of people the world over – also in summer 2005. The countdown for the FIFA Confederation Cup in Germany has already started. CTS is responsible for ticketing this event as well. The Confed Cup is seen as a dress rehearsal for the 2006 FIFA Football World Cup™, and 300,000 of altogether 700,000 tickets have already been sold. Eight top teams, including Brazil, five times the world champions, and the current European champions, Greece, will be taking part with their famous players and fighting for the treasured trophy. The German national team will be playing their first match, against Australia, in Frankfurt am Main on 15 June 2005. As with World Cup tickets, Conferderation Cup tickets can be ordered online at www.fifaworldcup.com.

Formula 1: pole position

: Like Michael Schumacher, motor sports enthusiasts can launch into the Formula-1 season from pole position, with CTS. Since as early as mid-December, they can make sure of the best seats at the two Internet ticketing portals www.eventim.de and www.getgo.de. Tickets are available not only for the Nürburgring, but also for the races in Bahrain, Hockenheim and Monte Carlo. By using CTS's convenient seat selection system, they can pick exactly the tickets they want. CTS is also organising and planning some fantastic side-events for motor sports enthusiasts – such as visits to the pits to see the racing cars – and takes care of all travel arrangements to and from each race, including hotel reservations. CTS has carved out a name for itself with its handling of sports events like these, thus demonstrating its capabilities for major events like the Football World Cup.

Anastacia: powerful voice

: With her inimitable soul voice and a perfect stage show, Anastacia wowed her fans and sold out her tour venues in 2004. The live music business lives from superstars like her. They are proof of the fascination and wonder of popular music, its suggestive force spontaneously drawing millions of people into its spell – regardless of the difficult patch that the German economy is going through, or perhaps to spite it.

Herbert Grönemeyer: 'Mensch'-lich

: He's back! After a four-year break, Herbert Grönemeyer returned sensationally with his new album, 'Mensch', and played a brilliant series of concerts in 2003. When CTS started presales for his new tour in summer 2004, tickets were sold out within days. It is exceptional artists like Grönemeyer who bless CTS with packed concert halls and extreme demand for tickets.

New: seat selection via Internet

: CTS makes it possible: for the first time ever, fans around the world can book specific seats for a wide range of up 70 000 events. The new service at www.eventim.de and www.getgo.de was launched in summer 2004 and is already used by 40% of online ticket buyers. The seat selection system a graphical overview of the respective venue and shows the seats that are still available. Users can select and buy the seats they want on screen. With its new seat selection system, CTS is replacing the 'best seat' system that has prevailed worldwide until now, which automatically allocates the best currently available seats in the chosen price category. Visitors who place particular value on individual seat selection have previously had to buy their tickets from normal box offices.

03 : PRESS HIGHLIGHTS 2004

Frankfurter Allgemeine Zeitung, 11.02.2004

Best business year yet for CTS EVENTIM

Germany's biggest concert organiser and ticketing company profited last year from the large number of rock and pop concerts in Germany. Never before had Germans been to more concerts, festivals and tours, says CTS EVENTIM. 2003 was the best business year to date for the company. According to preliminary figures, revenue increased by 41 percent relative to the previous year, to 224.4 million euros, while earnings before interest and taxes (EBIT) improved from 3.2 million to 15.2 million euros. (...) Apart from the large number of tours by stars, the company also profited from the "obvious longing among the public" for entertainment during difficult times, to quote the CEO, Klaus-Peter Schulenberg.

Musikwoche, 16.02.2004

Healthy balance sheet and rosy outlook

CTS EVENTIM succeeds across the board

In 2003, CTS EVENTIM AG experienced its most successful business year to date. The share price of the ticket marketer and live entertainment provider climbed to a record high. The company views its rising fortunes as reflecting the current boom in the live entertainment industry. Never before had people in Germany seen more concerts, festivals and tours than in 2003. At CTS EVENTIM, this was manifested by higher levels of public interest and demand in all business operations. According to Klaus-Peter Schulenberg, CEO at CTS, sales revenue from online ticketing doubled to 10.2 million euros: "We realised at an early stage the opportunities presented by this sales channel, and by establishing our own portal and acquiring getgo we created the right foundations." (...)

Die Welt, 15.03.2004

Double-digit growth for concert organiser CTS

CTS EVENTIM is not only Germany's biggest concert organiser, but, with more than a million Internet customers, is also the leading seller of tickets for leisure and sports events. Marc Osigus, analyst at the Hamburg-based Berenberg Bank, praises CTS for its superb distribution network, which sets it clearly apart from its competitors and establishes the basis from which to protect its market position. Thanks to its strengths in the ticketing field, entertainers often ask CTS to organise their concerts. CTS can then decide who will handle the high-margin ticketing operation, thus raising the entry hurdles for competitors like Ticketmaster. According to the Berenberg Bank, the increasing willingness to buy tickets via the Internet is benefiting the medium-term growth prospects of CTS and is leading in general to healthy, double-digit revenue growth in this segment, as well as strong profit growth. (...) Berenberg Bank's opinion: with a cash flow return of 30 percent on market capitalisation in 2005, the company's shares offer substantial gains.

Bestes Geschäftsjahr für CTS Eventim

CTS Eventim AG, München. Der größte deutsche Konzertveranstalter und Tikketverkäufer hat im vergangenen Jahr von der großen Zahl der Rock- und Popkonzerte in Deutschland profitiert. Nie zuvor hätten die Deutschen mehr Konzerte, Festivals und Tourneen besucht, berichtete CTS Eventim. Für das Unternehmen sei 2003 das bisher beste Geschäftsjahr gewesen. Nach vorläufigen Zahlen stieg der Umsatz im Vergleich mit dem Vorjahr um 41 Prozent auf 224,4 Millionen Euro, der Gewinn vor Zinsen und Steuern (Ebit) verbesserte sich von 3,2 Millionen auf 15,2 Millionen Euro. Das Nettoergebnis wird Ende März veröffentlicht. CTS hat nach eigenen Angaben im vergangenen Jahr rund 70 000 Veranstaltungen vermarktet und mehr als 30 Millionen Eintrittskarten verkauft. Das Unternehmen habe außer

CTS Eventim reüssiert in allen Bereichen

Brillante Bilanz und glänzende Aussichten

Zweistelliger Zuwachs für Konzertveranstalter CTS

Euro am Sonntag, 16.05.2004

CTS EVENTIM goes for it with 2006 World Cup

CTS EVENTIM, the ticket marketing company, has a chance of winning the concession to sell the three million or so tickets for the 2006 Football World Cup. "Our chances are well above average", says CEO Klaus-Peter Schulenberg. The company is on the verge of signing a deal with FIFA, the world football federation, and the German Football Association (DFB), who form the World Cup organisation committee. (...) The agreement was hugely important for CTS for two main reasons. Firstly, because it would give an enormous boost to revenue – the company currently earns approximately six euros for each concert ticket sold via the Internet, for example. For three million World Cup tickets, this would mean additional revenue of at least 18 million euros. (...) Winning the concession would also signify a major image boost. "Anyone who proves he can handle this job has good chances of attracting other interesting business throughout Europe", says the company spokesman.


CTS Eventim spielt bei WM 2006 auf Sieg

Handelsblatt, Düsseldorf, 19.05.2004

Concert organiser brings music to shareholder ears

Positive analyst assessments of CTS EVENTIM

Germans spend billions of euros not only on concerts, but also on sports events, plays and musicals. CTS EVENTIM (...), Germany's biggest ticket seller and event organiser, profits from this trend – although not always in equal measure. This is reflected in share and business performance. After more than 1000 percent appreciation in share price since 2002, CTS shareholders can hope for further share price increases. "The shares still have upward potential in our view. We give them a Buy recommendation", says Martina Noß, analyst at Nord LB. (...) CTS is concentrating on improving profits through its core business. The main driver of growth is Internet ticketing.


Konzertveranstalter bringen Musik ins Aktiendepot

Börsen-Zeitung, 29.12.2004

Fourth-quarter music from CTS

Ticketing company heads for record earnings

Shortly before the 2004 financial year ends, and after completing its Christmas trade, CTS EVENTIM AG is in a very optimistic mood. In an interview with the Börsen-Zeitung, Volker Bischoff, the company's Chief Financial Officer, expects a strong fourth quarter. According to industry estimates, earnings before interest and taxes (EBIT) will top 20 million euros for 2004 as a whole. This would be the best earnings performance since the IPO. (...) The main driver of this success is high-margin sales via the Internet, says Schulenberg. The shares of sales through this channel is to be increased from 15% to 50% by the end of 2006. Every percentage point generates an extra million euros in gross profit. (...) Schulenberg reiterated an earlier pronouncement that CTS intends to double the bottom-line net margin of 2.1% in 2003 by the end of 2006. The likelihood of a dividend being paid would seem to be increasing. Schulenberg, referring to consideration of whether CTS should start distributing profits, said that a distribution of 50 % is conceivable in the medium term.


Bei CTS spielt die Musik im vierten Quartal

Der Beharrliche

03 : CTS SHARES

Financial data on the Internet: www.eventim.de/investorrelation

eMail for investor enquiries: investor@eventim.de

Dynamic: CTS share price rises more than 85%

: 2004 was a good year for CTS EVENTIM – also for the share price. In April, CTS shares were included in the SDAX small-cap index due to higher trading volumes and market capitalisation. Since then, share price performance has pointed steadily upwards, thanks above all to good news from the company. From its EUR 9.60 low for the year in January 2005 (Xetra trade), shares appreciated to EUR 17.80 on 30.12.2004 (+ 85%), performing significantly better than the SDAX Performance Index. At the end of February 2005, spurred by the successful start to World Cup ticketing and a broad media presence, shares reached EUR 28.85, one of the highest levels since the IPO in 2000.

Professional: Investor Relations at home and abroad

: Since the IPO, CTS EVENTIM has conducted its investor relations and financial communications in a proactive and professional manner. In the 2004 business year, the Management Board went on several international roadshows and presented the company, its products and strategies to investors in Paris, London, Edinburgh, Zurich, Milan, Denver and New York. These activities, combined with above-average presence in the business media and successful business growth of CTS, have helped to generate positive assessments by banks and investors. Since September 2004, CTS has been informing the financial community – beyond the obligatory quarterly reports and ad-hoc announcements – with its own quarterly newsletter. CTS shares are monitored and covered by a number of analysts, including Berenberg Bank, DZ Bank (Designated Sponsor), Nord LB and Bayerische Landesbank (Designated Sponsor).

Competence: Analysts recommend CTS EVENTIM

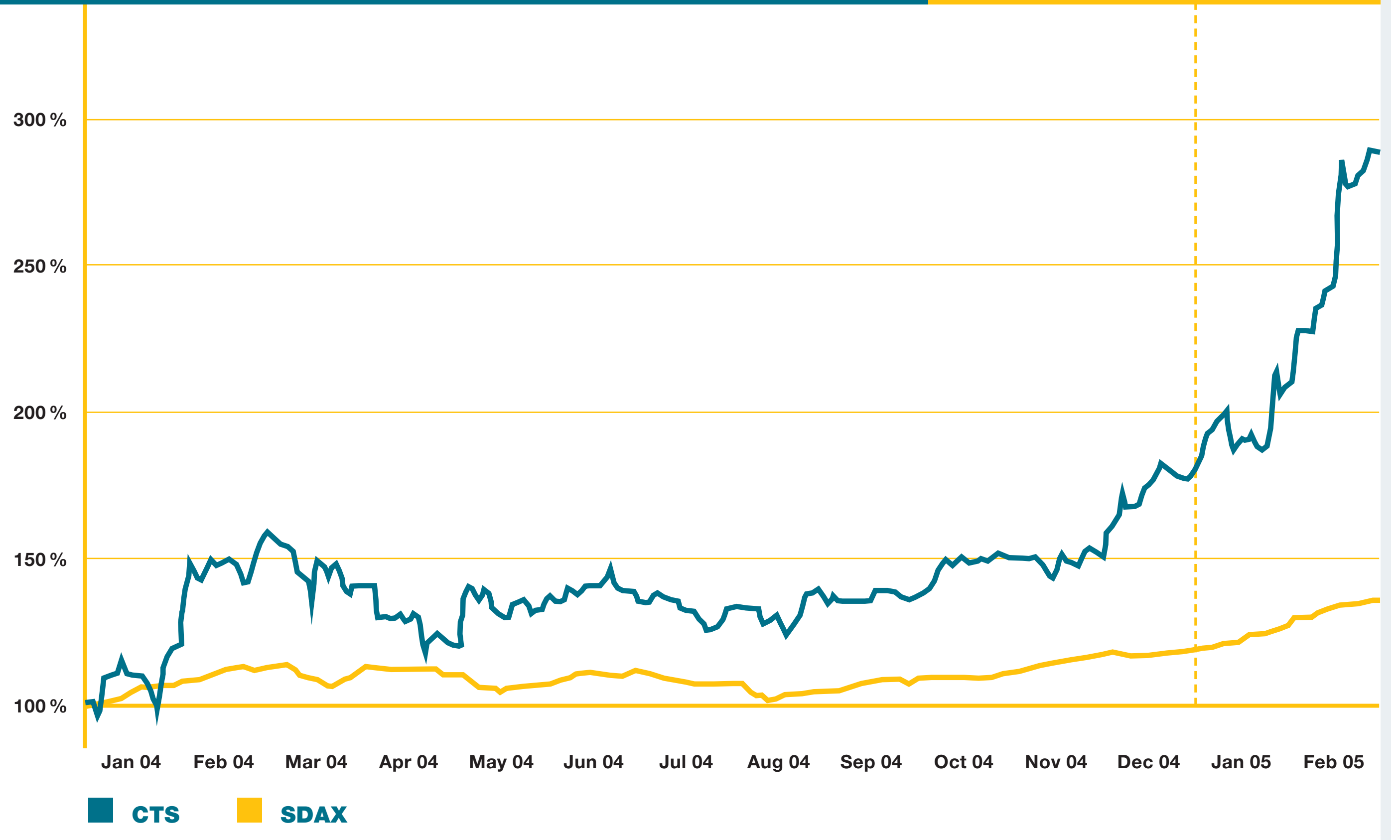
: **Berenberg Bank: New price target up to € 33:** *"The newsflow should remain intact: (a) In the first half year U2 and the first tranche of the FIFA World Cup 2006 (>800,000 tickets; commission of > € 9); (b) as the essential investments in the Ticketing platform have already been concluded, CTS EVENTIM will return part of its excess cash to shareholders and could imagine a payout ratio of 50% for 2005. We reiterate our recommendation to Buy the share with a new PT of €33 (32) (…)."*(21.02.2005)
Analyst: Marc Osigus
Tel. +49 040-35 06 04 52
marc.osigus@berenbergbank.de

: **DZ Bank: Reiterated Buy recommendation:** *"CTS was able to exceed our annual earnings estimate due to a fourth-quarter increase in its pace of growth. We have therefore raised our revenue and earnings guidance for the years ahead. (…) Applying our DCF model, this results in a new fair value per share of 28.4 euros, up from 22.5 euros. We reiterate our recommendation to Buy the share."*
(18.02.2005)
Analyst: Harald Heider
Tel. +49 069-7447-6093
harald.heider@dzbank.de

: **Bayerische Landesbank: Profit margins increasing faster than expected:** *"Two effects in particular have prompted us to raise our medium- to long-term forecast. Firstly, the volume of tickets sold via the Internet, a sales channel with high profit margins, is expected to increase faster than we originally estimated. Secondly, it is now evident that the total volume of tickets sold by the CTS ticketing system is not stagnating at around 30 million, as we cautiously assumed, but can be increased still further."* (08.03.2004)
Analyst: Thomas Grillenberger
Tel. +49 089-2171-27448
thomas.grillenberger@bayernlb.de

: **Nord/LB: Estimates exceeded:** *"The published figures on revenue and earnings growth in 2004 were a positive surprise and were also beyond our expectations. We had anticipated revenue totalling EUR 210.0 million and an EBIT figure of EUR 19.5 million for fiscal 2004. Accordingly, we have raised our revenue and earnings estimates for fiscal 2004 and adjusted our share price target (6–12 months) from EUR 20.00 to EUR 25.00 in response to the published figures."*
(16.02.2005)
Analyst: Steffen Haack
Tel. +49 0511-361-4481
steffen.haack@nordlb.de

CTS EVENTIM shares (02.01.2004 – 28.02.2005, indexed)



	2004 / EUR		
Consolidated earnings per share	0,76	Type of shares	No-par value ordinary bearer shares
Cash flow	19 573 203	Securities code	5 4 7 0 3 0
High (Xetra)	18,20	ISIN number	DE 000 547 030 6
Low (Xetra)	9,60	Symbol	EVD
Year-end price (Xetra)	17,80	First listed	01.02.2000
Market capitalisation		Stock exchange segment	Prime Standard
(based on year-end share price)	213 600 000	Indices	SDAX, Prime All Share
Shares outstanding on 31.12.2004	12 000 000	Sectoral index	Prime Media
Share capital after IPO	12 000 000		

Number of shares held by members of executive organs as at 31 December 2004:

Members of the Management Board:		Members of the Supervisory :	
Klaus-Peter Schulenberg	8 000 000 shares	Edmund Hug (Chairman)	2 600 shares
Volker Bischoff	102 000 shares	Dr. Peter Haßkamp	1 465 shares
Christian Alexander Ruoff	1 000 shares	Dr. Peter Versteegen	0 shares
Dr. Rainer Bartsch	5 000 shares		

04 : GROUP MANAGEMENT REPORT, MANAGEMENT REPORT FOR THE AG

Preliminary statements

In addition to the separate financial statements for CTS EVENTIM AG (hereinafter 'CTS') 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). Consolidated financial statements in accordance with German accounting legislation were not prepared (Section 292 a HGB).

With the adoption by the Council of Ministers of the European Union of EU Regulation of the European Parliament and the Council on the application of International Accounting Standards in June 2002, all Community companies participating in financial markets must prepare their consolidated financial statements in accordance with IFRS for financial years beginning after 31 December 2004. CTS decided as early at the beginning of 2004 to effect the transition in its accounting from the United States Generally Accepted Accounting Principles (US GAAP) to IFRS.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' was applied to the preparation of the first IFRS financial statements. The date of transition was the opening IFRS balance sheet as at 1 January 2003. Accordingly, all assets and liabilities were recognised in accordance with the IFRS standards applying on 31 December 2004. No significant changes in the financial situation and financial performance of the company resulted from the transition in accounting to IFRS. In the financial statements according to IFRS, currency gains and losses are disclosed in other operating income and expenses. According to US GAAP the disclosure was shown in the financial results. Earnings before Interest and Taxes (EBIT), Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) and the financial results for the business year 2003 according to IFRS were adjusted respectively.

Economic macroenvironment

: The economy in general: strong exports, slow consumption: The German economy ended its three-year stagnation phase in 2004 and achieved a 1.6% increase in gross domestic product (hereinafter: GDP). That said, the general economic climate was characterised by a deep split, with healthy export growth rates on the one hand, but sluggish domestic demand and little impetus on the other. Private household consumption stagnated, corporate investment levels were disappointing, unemployment rose to record heights, and the general mood in the population reached a new low.

: The company: special profile generates robust growth: On the whole, 2004 was yet another business year in which CTS could profit from a steady demand for live entertainment. In the ticketing field, a growing preference for the Internet channel became evident – across all types of event and all target groups. 2004 marked another year in which Internet sales showed growth in both absolute volume and as a percentage of total sales. With the Internet becoming increasingly widespread, more and more consumers are discovering and appreciating real-time information about new events, the convenience of online booking and the simple, easy way of buying tickets.

: The future: promising perspectives: In their assessments for the Eurozone, leading economic research institutes predict a growth rate of 2% in 2005. The German Council of Economic Advisers expects German GDP growth to be relatively weak in 2005, in the order of 1.4%. This panel of experts does not expect a powerful upswing in the domestic economy in the current year; mediocre economic growth will be driven by exports, if at all.

This means that Germans can expect another year of relative stagnation on the broader economic front. Trends in the prior year showed that such prospects are not necessarily reflected by the events market. Just when the economy is going through a difficult patch, demand for live entertainment has been and continues to be unbroken. In the ticketing field, the Internet will play an increasingly dominant role. More and more people in Germany now have regular access to the Web.

In the 2004 business year, the Group succeeded in further enhancing its leading position in the ticketing market. In the Live Entertainment segment, business growth in 2004 was very encouraging once again.

Macroenvironment and sectoral situation

: The Group operates in the leisure events market with its Ticketing and Live Entertainment divisions. CTS, 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 in particular to CTS as well, therefore.

New companies in 2004

Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt

ÖTS, Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg

Ticket Nord, Gesellschaft zur Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Linz

Ticket Express Hungary Kft., Budapest

Palazzo Produktionen GmbH, Hamburg

Palazzo Produktionen GmbH, Vienna

Organising and executing events is the primary object of the Live Entertainment division. The situation in this sector is characterised by intensifying globalisation and monopolisation. Owing to its market position, the Group is confronted by very few competitors in Germany and Austria.

Promoters of leisure events consider ticket selling to be the critical factor for success. These sales activities are the basic object of the Ticketing segment, from marketing events (tickets) through its leading network platform (CTS Ticketing software), to the in-house ticketing product (ShowSoft), to a solution for ticket sales, admission control and payment in stadiums and arenas.

In addition to the German market, the Group also operates in the ticketing segment in other European countries (Croatia, the Netherlands, Austria, Poland, the Slovak Republic, Slovenia and Hungary). In the latter, the Group competes with domestic and foreign network operators and ticketing software providers.

The events for which tickets are sold using our 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 a leading ticket supplier, CTS is superbly positioned in its market. That position was further consolidated and extended in the ticketing field by means a broad-based distribution network featuring a full-coverage network of box offices, sales via call centres and Internet ticket shops. By acquiring holdings in leading German tour and concert promoters, the Group's position on these markets has been secured for the future as well.

CTS competes with national and regional network operators. The company enjoys competitive advantages over competitors, in that CTS operates throughout Germany in a variety of market segments using a networked ticketing system, and because it links all sales channels in a common database. Another advantage lies in cooperation with major promoters, enabling a large number of different and attractive events to be marketed though all the Group's sales channels.

Corporate situation

: **Corporate growth:** In the 2004 business year, the Group succeeded in further enhancing its leading position in the ticketing market. In the Live Entertainment segment, business growth in 2004 was very encouraging once again, following the recordbreaking season of superlatives in 2003.

In the Ticketing segment, continued growth in Internet sales volume led to a significant increase in both revenue and earnings. With new features such as seat selection by Internet, new standards were set and new event market segments were tapped.

The Organising Committee for the FIFA World Cup (hereinafter: World Cup) has commissioned CTS to handle the entire ticketing operation for the 2006 World Football Championships to be held in Germany, and for the 2005 FIFA Confederations Cup (hereinafter: ConfedCup) in Germany. As a service provider, CTS will organise the ticketing process from management of tickets in the proven ticketing system, to actual sales and ticket handling on site in the stadiums. Up to three million World Cup tickets can be sold, with the Group generating planned sales of 30 million Euros as a result.

CTS has concluded a major cooperation deal with TUI Leisure Travel (TLT). In future, in addition to CTS box offices already in place, around 1,380 travel agencies operated by TLT will be able to sell tickets for all rock/pop, beat/folk music, classical music, theatre, opera, musical and sport events. By integrating the CTS ticketing platform into the TLT network, CTS is responding to the trend towards combining city tours with events of various kinds. For the Ticketing segment, this new partnership adds to the previous ticketing sales channels comprising stationary box offices, call centres and the Internet.

In line with the Group's internationalisation strategy, new subsidiaries in the Ticketing segment were established in Croatia, the Slovak Republic and Slovenia in the course of the 2004 business year. In these young and growing market economies, the Group expects business to develop well in the medium term.

With the implementation of a new music download service in the first half of 2004 and the launch of the www.eventim-music.de portal, CTS is now offering music tracks for legal download.

As expected, operations in the Live Entertainment segment were somewhat less intensive than in the outstanding 2003 season, but still involved a large number of major events and tours. Stars like Anastacia, Santana, Simon & Garfunkel, Dido and Sting helped revenues in the 2004 business year to approach the previous year's level, and to boost earnings further through better use of capacities. The Live Entertainment segment was broadened to include 'Variety-Gastronomy' events (Palazzo events). There is huge popular demand for this mixture of dinner show and variety on tour.

Stars like Anastacia, Santana, Simon & Garfunkel, Dido and Sting helped revenues in the 2004 business year to approach the previous year's level, and to boost earnings further through better use of capacities.

Structure of entities within the Group/changes to the scope of consolidation

: Live Entertainment: The parent company of MEDUSA Music Group GmbH, Bremen (hereinafter: MEDUSA), namely Vierte Herrengraben 31 Verwaltungsgesellschaft, Hamburg (hereinafter: Vierte Herrengraben), increased its interest in MEDUSA to 92.9 % in the period under review.

The change in name of Scorpio Konzertproduktionen GmbH, Hamburg to FKP Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: FKP Scorpio) was entered in the Commercial Register on 11 February 2004.

FKP Scorpio, a Group company, acquired an interest in Palazzo Produktionen GmbH, Hamburg (hereinafter: Palazzo Hamburg). In conjunction with a local event promoter, Palazzo Hamburg established Palazzo Produktionen GmbH, Vienna (hereinafter: Palazzo Vienna). The Palazzo companies put on variety-gastronomy events in Germany and Austria.

: Ticketing: In 2004,the following regional sales companies of the Austrian subsidiary, Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX) have been newly included in the Ticketing segment by way of consolidation: ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg, Ö-Ticket-Südost Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, Ticket Nord Gesellschaft zur Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Linz. A further subsidiary, Ticket Express Hungary Kft., Budapest, was also included in consolidation for the first time in 2004.

Corporate structure of CTS EVENTIM AG and its subsidaries
Status: 31 December 2004

Assets and capital

: **Group:** The Group's balance sheet total increased by EUR 22.318 million from EUR 149.582 million to EUR 171.900 million.

Additions to software, tangible assets and financial assets amounted to EUR 5.800 million. By recognising changes in the scope of consolidation (EUR 153 thousand), depreciation on assets (EUR 4.406 million) and asset disposals (EUR 213 thousand), the carrying value of assets increased by EUR 1.334 million as at 31 December 2004. The increase in assets mainly relates to the positive goodwill resulting from the acquisition of MEDUSA shares, and to investments in hardware for box offices, event promoters and Internet portals. Assets (EUR 52.911 million) are covered by equity (EUR 59.877 million). In addition, the adjustment for minority interests (EUR 6.452 million) and the long-term provisions for pensions (EUR 1.858 million) are available as unused funds.

The 2004 business year was characterised by outstanding development in the Ticketing segment, in particular in sales via Internet, with growth rates greater than average being achieved.

Assets tied up for the short term increased by EUR 22.839 million to EUR 113.262 million. The main increases were in inventories, in particular downpayments for production costs already incurred (EUR 5.184 million), liquid assets (EUR 18.008 million) and trade receivables (EUR 496 thousand), which were offset by a reduction in other assets by EUR 1.584 million. The liquid assets in the Ticketing segment consist primarily of ticket revenues for events in 2005. They are offset by other liabilities relating to ticket revenues that have not yet been invoiced.

Equity increased to EUR 59.877 million, mainly due to the EUR 9.060 million net income for the year. Withdrawals from the capital reserve of the parent company totalled EUR 1.079 million. This amount was used to partially offset the EUR 9.342 million loss carry-forward from the prior year, in accordance with Section 150 (4) AktG. After this set-off and the reclassification of the IPO costs of EUR 1.062 million, the capital reserve as at 31 December 2004 is EUR 35.323 million and the balance sheet profit EUR 12.550 million. The equity ratio increased to 34.8% (prior year: 33.9%). The return on capital employed (ROCE) improved from 9.3% to 15.1% in 2004. Both ratios underscore the stability and profitability of the Group.

The minority interests decreased from EUR 6.794 million to EUR 6.452 million. This change results from profit distributions to minority interests (EUR –4.267 million) in the 2004 financial year, balanced against proportionate shares in the net income for 2004 (EUR 3.966 million), the acquisition of MEDUSA shares by Vierte Herrengraben, and the minority interest in the companies initially consolidated in 2004 (EUR –41 thousand).

Long-term provisions for pensions increased by EUR 128 thousand to EUR 1.858 million.

Short-term loan capital, including short-term provisions, increased by EUR 13.615 million to EUR 100.043 million. The main part of that increase is attributable to provisions for taxes (EUR 2.232 million), downpayments received but not yet invoiced (EUR 10.366 million) and trade payables (EUR 5.158 million). Other liabilities decreased by EUR 5.082 million.

: **CTS:** Additions to software, tangible assets and financial assets amounted to EUR 3.181 million. Taking depreciation on assets (EUR 4.084 million) and asset disposals (EUR 2 thousand) into account, the carrying value of fixed assets decreased by EUR 905 thousand as at 31 December 2004.

Assets tied up for the short term increased by EUR 4.299 million to EUR 57.490 million. This change resulted from the increase in inventories (EUR 58 thousand), the reduction in receivables and other assets (EUR 4.270 million) and the increase in cash and cash equivalents (EUR 8.511 million). Inventories amounting to EUR 448 thousand are attributable to unsold ticket stocks and hardware. Cash and cash equivalents consist to a significant proportion of ticket monies from pre-sales of tickets for events in 2005. These amounts are offset by other liabilities relating to ticket revenues that have not yet been invoiced. Cash and cash equivalents include a bank balance of EUR 459 thousand that CTS manages on a trustee basis for the German Football Association (DFB). The account is used to administer the pre-sales of tickets for the ConfedCup to be held in Germany.

Shareholders' equity (pursuant to HGB regulations) increased by the net income for the year, namely by EUR 8.263 million to EUR 47.821 million. The net income therefore results in the equity ratio increasing to 57.5 % (prior year: 49.6 %) and the return on capital employed to 17.3 % (prior year: 11.2 %).

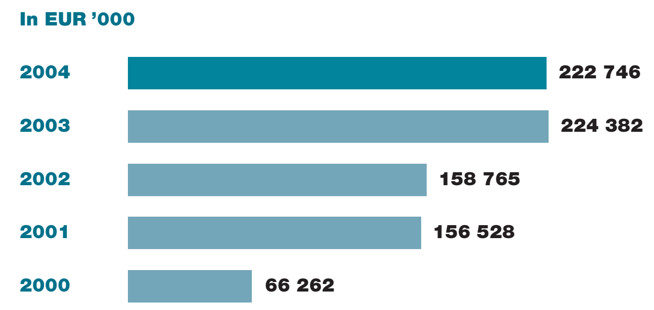
Short-term loan capital, including short-term provisions, was reduced by EUR 5.755 million to EUR 34.429 million. This change is mainly attributable to the increase in provisions (EUR 1.343 million), the reduction in other liabilities (EUR 5.869 million), the increase in trade payables (EUR 323 thousand) and reduced liabilities to banks (EUR 1.659 million).

Operating results

: The Group was once again involved in almost every major performance, either as promoter, ticket marketer or as principal. The 2004 business year was characterised by outstanding development in the Ticketing segment, in particular in sales via Internet, with growth rates greater than average being achieved. Despite a smaller number of major events and tours, the Live Entertainment segment was also able to close the 2004 business year very successfully. The income situation in both segments was further improved. The Group was able to exceed its revenue forecast and earnings guidance.

: Group: With revenue at EUR 222.746 million, the Group almost reached the revenue figure of the prior year (EUR 224.382 million). Revenue (before consolidation between the segments) breaks down to EUR 183.404 million in the Live Entertainment segment and EUR 42.150 million in the Ticketing segment.

Revenue developed as follows



Of the EUR 222.746 million in Group revenue achieved in the reporting year, EUR 210.807 million was generated in Germany, EUR 11.390 million in Austria, EUR 128 thousand in the Netherlands and EUR 421 thousand in Hungary.

The consolidated gross margin in the 2004 financial year was 19.7 % (prior year: 16.4 %). The gross margin in the Ticketing segment, particularly, was increased significantly to 54.7 % (prior year: 46.3 %). The gross margins in the Live Entertainment segment is generally lower due to sectoral factors, and improved to 11.5 % (prior year: 10.7 %).

Earnings before interest and taxes but after amortisation (EBIT) were significantly increased by EUR 6.240 million, or 41.3 %, from EUR 15.122 million in 2003 to EUR 21.362 million in 2004. The reporting year closed with an earnings before interest, taxes, depreciation and amortisation (EBITDA) figure of EUR 25.769 million (prior year: EUR 19.990 million).

In accordance with the International Accounting Standards (IAS) IAS 36 “Impairment of Assets”, existing intangible assets with an indefinite useful life and goodwill were tested for impairment in the 2004 financial year to determine whether they conform to the new criteria as of the date on which they are first applied. The Group reviewed the useful life and residual value after depreciation of all intangible assets and established that no adjustments to goodwill were necessary.

Earnings before tax (EBT) improved by EUR 6.285 million from EUR 15.606 million to EUR 21.891 million.

In the tax expenses as disclosed, deferred taxes have been offset against the tax expenses of the separate consolidated companies. Deferred tax assets were formed on the basis of the losses carried forward. Profits lead to deferred tax expenses via reductions in deferred income taxes.

With effect from 1 January 2004, unused losses may be recognised in the form of loss carryforwards, without restriction for losses up to EUR 1 million in total, and for up to 60 % of the total income in excess of EUR 1 million. This ‘minimum taxation’ or capping of loss carryforwards must also be applied, pursuant to Section 10d (2) EStG to loss carryforwards that arose prior to 1 January 2004 (Section 52 (25) EStG). The loss carryforward is not cancelled as such, but stretched over a longer period. For CTS, this means that only EUR 1 million of the EUR 7.5 million in loss carryforwards from prior years can be offset without restriction in the 2004 financial year against the positive earnings for 2004. In a second step, an amount equal to 60 % of the remaining income is offset against the loss carryforward. The remaining 40 % of the net income, around EUR 3.1 million, must be taxed. The new minimum taxation rule results in an additional tax burden in 2004 of around EUR 1.0 million in the stand-alone financial statements of CTS, and this amount is recognised correspondingly in the consolidated financial statements.

After deducting minority interests (EUR 3.966 million) from the net income for the year (EUR 13.026 million), the consolidated net income is calculated at EUR 9.060 million (prior year: EUR 4.725 million). EUR 6.030 million of the consolidated net income is attributed to CTS as a stand-alone company. The net income of the year for CTS, calculated according to HGB accounting regulations at EUR 8.263 million, was adjusted in accordance with IFRS (deferred tax expenses and amortisation of goodwill) by EUR 2.233 million.

Development of the Ticketing and Live Entertainment segments

: **Live Entertainment:** Despite a smaller number of major events and tours, revenue in the Live Entertainment segment was only 4.3 % lower, at EUR 183.404 million, than the record figure achieved in 2003 (EUR 191.744 million). The 2003 business year was characterised by many tour highlights, in particular by the Herbert Grönemeyer tour for which more than one million tickets were sold. In the 2004 business year, higher attendance rates and a lower proportional increase in cost of sales led to improved contributions to earnings. Gross profit on sales increased to EUR 21.000 million (prior year: EUR 20.572 million). This is equivalent to a gross profit margin of 11.5 %, compared to 10.7 % in the prior year. The EBITDA figure for 2004 was EUR 12.506 million, up EUR 847 thousand on the prior year (EUR 11.659 million). EBIT improved by EUR 886 thousand from EUR 11.240 million to EUR 12.126 million. The consolidated EBIT margin thus improved to 6.6 % (prior year: 5.9 %).

: **Ticketing:** Ticketing revenue was also increased significantly by EUR 6.949 million (up 19.7 %) from EUR 35.201 million to EUR 42.150 million. Of the total revenue in this segment, EUR 14.991 million (prior year: EUR 10.400 million) were generated via the Internet, equivalent to Internet revenue growth of 44.1 %. This means that revenue generated via the Internet increased from 30 % to 36 % of total revenue in the Ticketing segment .

After offsetting EUR 19.096 million in cost of sales, the gross profit amounts to EUR 23.054 million. This is equivalent to a gross profit margin of 54.7 % (prior year: 46.3 %). The EBITDA figure for the whole of 2004 was up 59.2 % at EUR 13.262 million (prior year: EUR 8.330 million). EBIT increased by EUR 5.356 million from EUR 3.881 million to EUR 9.237 million. The fourth quarter of 2004 was very successful, with a EUR 4.959 million share in total EBIT that exceeded the prior year’s Q4 figure (EUR 2.444 million) by EUR 2.515 million. Profit growth in the Ticketing segment, due especially to growth in Internet ticketing, is very encouraging. In the 2004 business year, 2.3 million tickets were sold through the company’s own Internet portals compared to 1.5 million in 2003. In the reporting year, EUR 1.3 million in project expenses relating to the 2006 World Cup were incurred. The first sales revenues from advance sales of World

Cup tickets will be generated from mid-2005 onwards. Revenue from tickets for the ConfedCup was already earned in the fourth quarter of 2004.

: **CTS:** CTS revenue increased significantly by EUR 5.680 million (21.9 %) from EUR 25.921 million to EUR 31.601 million. By achieving such revenue growth, CTS plays a major role in the ticketing segment.

The operating profit improved by EUR 3.751 million from EUR 4.473 million to EUR 8.224 million. This improvement in earnings is mainly attributable to revenue growth and the improved gross profit margin. In addition, cost savings were achieved in respect of line expenses, inter alia. In CTS as a stand-alone company, ticket volumes through classic box-office sales were increased. Sales through the Internet sales channel grew at an above-average rate.

After offsetting interest expense against interest income, resulting in net financial income of EUR 795 thousand (prior year: EUR 937 thousand), as well as the EUR 786 thousand in income from the profit transfer agreement with ShowSoft GmbH, Bremen (hereinafter: ShowSoft)(prior year: EUR 647 thousand) and the EUR 12 thousand in net income from associated companies, the profit from normal business operations amounted to EUR 9.817 million (prior year: EUR 6.058 million).

After deducting taxes on income and other taxes totalling EUR 1.554 million (prior year: EUR 134 thousand), the result is a significantly improved net income for the year of EUR 8.263 million (prior year: EUR 4.432 million).

Personnel

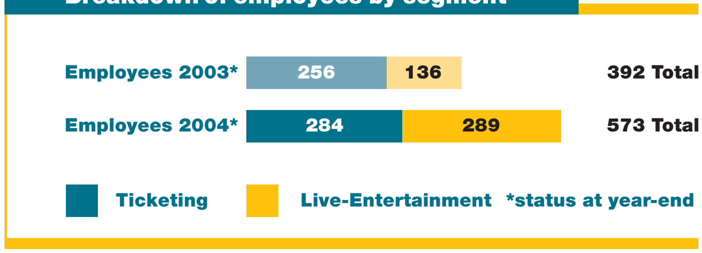
: **Group:** The Group had 573 employees on its payroll at the end of the 2004 financial year (prior year: 392), of whom 143 were employed in Austria, 2 in the Netherlands and 19 in Hungary.

In the Ticketing segment, the number of employees increased as a result of the regional TEX companies being included for the first time in consolidation. The increase in workforce size in the Live Entertainment segment is due, in particular, to the initial consolidation of Palazzo Hamburg and Palazzo Vienna, which together employ 151 people. Owing to seasonal fluctuations in the workforce size, the Group employed 86 more people in 2004 on average than in 2003.

Compared to the prior year, Group personnel expenses increased by EUR 881 thousand from EUR 17.648 million to EUR 18.529 million.

This increase in personnel expenses breaks down to EUR 563 thousand in the Live Entertainment segment and EUR 318 thousand in the Ticketing segment. The increase in the Live Entertainment segments results primarily from the inclusion of Palazzo Hamburg and Palazzo Vienna in the consolidated financial statements. In the Ticketing segment, inclusion of the regional TEX companies in consolidation led to an increase in personnel expenses. This increase is offset by reductions in personnel expenses in GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG (hereinafter: GSO KG).

Breakdown of employees by segment



: **CTS:** At the end of the 2004 financial year, CTS had 120 employees on its payroll (prior year: 117). Compared to the prior year, personnel expenses at CTS increased by EUR 156 thousand from EUR 5.343 million to EUR 5.499 million.

Investments and financing

: **Group:** The main investments made by CTS (EUR 2.622 million) in the Ticketing segment during the reporting year were in hardware for box offices, in addition to investments in projects (EUR 2.159 million). Investments in financial assets were made amounting to EUR 463 thousand. The investments were financed from the free cash flow.

In the Live Entertainment segment, Vierte Herrengraben increased its holding in MEDUSA to 92.9 %. This acquisition was financed from both the free cash flow and with long-term loans. Investments in fixed assets amount to EUR 547 thousand. Additions in finacial assets (EUR 893 thousand) concern primarily other loans.

: **CTS:** CTS investments in 2004 mainly related to further development of the CTS ticketing software system and the Internet applications (EUR 1.512 million). Investments in tangible assets were mainly for the technical equipment required to operate the CTS ticketing software system, the Internet shop and special projects (EUR 728 thousand). Investments were also made in the computer hardware equipment for the box offices and promoters connected to the CTS ticketing software system (EUR 119 thousand). These hardware components are provided to users on a rental basis. In addition CTS invested in financial assets amounting to EUR 586 thousand. The investments were financed from free cash flow.

Research and Development

: In order to broaden the range of ticketing-related services, to tap additional sources of revenue and to meet the future requirements of promoters, box offices and Internet customers, the ticket sales system is being constantly improved and expanded. As a basic principle, all software development is carried out by development departments within the Group. In the field of ticketing and software development, the Group has acquired a high level of expertise. In order to tap new markets, the company plans developments in new technologies such as chip tickets or mobile ticketing.

Expenses for research and development are included in costs of sales, since these research and development expenses are for continuous improvement in the software. Separate disclosure under research and development has therefore been discontinued.

Risks

: The future financial position and financial performance of the Group, with subsidiaries operating in Germany and Europe, is exposed to a number of unknown risks, uncertainties and other factors, in particular: (i) tougher competition from former and new competitors; (ii) rapid changes in respect of markets and product acceptance; (iii) concentration of income on one or few services; (iv) absence or delayed launch of new and improved services; (v) dependence on a limited number of third parties who market, sell and deploy the services provided by CTS; (vi) handling growth; (vii) handling international growth; (viii) the ability to find and keep skilled personnel; (ix) dependence on key employees; (x) fluctuations in quarterly results; (xi) cash flow.

The success of the Group is mainly rooted in the live entertainment field, the efficiency of the company's proprietary ticketing software and the Internet websites.

The company currently enjoys a leading market position in the pre-selling of tickets for events. It is not certain that this market position can be maintained. The company competes with regional and supraregional providers as well as with direct ticket sales by event promoters themselves.

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

In 2003, an external fiscal audit was conducted at CTS and its legal predecessors for the years 1996 to 1999. The audit findings resulted in a small amount of retrospective taxes being payable in the 2003 business year. These retrospective payments resulted primarily from capitalisation of costs for expertises on software prior to the re-engineering of CTS ticketing software. Depreciation in the following years will compensate for this additional tax expense.

Other audits within the Group did not result in any income changes of any significance. Nevertheless, subsequent tax demands may result from different interpretation of facts by the tax authorities in future fiscal audits, resulting in adverse impacts on the company's financial situation.

The Group's business operations in the ticketing sector are significantly dependent on promoters selling their entry tickets over 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 participations in various well-known concert promoters at regional and supraregional level.

The financial successes achieved to date are attributable in large measure to the activity and special commitment of certain employees with key management functions. The financial success of the company will continue to depend on these managers remaining in the employ of the company.

The Group's business operations in the live entertainment sector are significantly dependent on promoters being able in the future as well to offer artistic products (content) of national and international renown.

Risks of a general nature may ensue from intensified globalisation and/or monopolisation on the entertainment market.

Appropriation of CTS profits

: The net income for the 2004 business year, at EUR 8,262,924, is offset against the loss carryforward of EUR 9,342,030. The remaining balance-sheet loss of EUR 1,079,106 is taken from the capital reserve.

Dependencies Report

: Pursuant to Section 17 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 Section 312 AktG, we therefore submit a report containing 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 requiring disclosure were neither effected or waived in the 2004 business at the behest or in the interest of affiliated companies within the meaning of Section 312 AktG."

Significant events since the end of the financial year

: No significant events have occurred since the end of the financial year.

Outlook for 2005: Group continues on successful path

: The Management Board is very optimistic for the future and expects the company to develop well in the current business year as well, in all fields of business. One of the key topics in 2005 is the consistent expansion of the core business in Germany and abroad.

In the Live Entertainment segment – superbly positioned with the German concert promoters Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt am Main, Peter Rieger Konzertagentur GmbH & Co. KG, Cologne, FKP Scorpio Konzertproduktionen GmbH, Hamburg, Semmel Concerts Veranstaltungsservice GmbH, Bayreuth, ARGO Konzerte GmbH, Würzburg and Dirk Becker Entertainment GmbH, Cologne – the Group will continue to play a leading role in the music and events industry. Performers of international renown, such as Madonna, Sting and Anastacia, show as much confidence in the professional support they receive as do German stars like Herbert Grönemeyer, Marius Müller-Westernhagen or Peter Maffay. What is more: the Group has built an excellent base for attracting future tours and events through its growth, European expansion and strategic alliances with international partners.

In the Ticketing segment, the primary focus is on further domestic and foreign expansion. CTS is concentrating here on increasing sales through stationary box offices, on the one hand, and on further transfer of these sales to the Internet platforms eventim.de and getgo.de. The company is already leading the industry with the number of visitors to its portals. CTS continues to work intensively on expanding the business model to neighbouring European countries. In addition to the business conducted through its subsidiaries in Austria, the Netherlands and eastern Europe, the Group plans to enter the markets in other European countries. The medium-term goal is to build a pan-European network of companies enabling professional and profitable cooperation between event promoters and ticket sellers across national boundaries, and offering different target groups an attractive entertainment programme.

Another core topic in 2005, besides ambitious plans for the operating business, is the further improvement of earnings. Ongoing and intensive cost control, lean structures and optimisation of workflows with cutting-edge technologies are aimed at ensuring even better figures in the current business year. There are also some interesting projects in the pipeline. In February of this year, CTS demonstrated its exceptional position in global ticketing by organising the worldwide registration phase for 2006 World Cup tickets in a technically perfect and smoothly functioning manner. This not only recommends us for the major upcoming event in Germany, but also signifies an opportunity for future international events. Before that, however, there are some specific events on the agenda for 2005. The concert and tour season promises to deliver some special, including the U2 tour and, in the sports field, the ConfedCup as a general rehearsal for the 2006 World Cup.

Forward-looking statements

: In addition to historical financial data, this Report may contain forward-looking statements using terms such as 'believe', 'assume', 'expect' and the like. Such statements may deviate, by their very nature, from actual future events or developments.

Bremen, 8 March 2005

CTS EVENTIM Aktiengesellschaft

The Management Board

05/06 : CTS EVENTIM AG – CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS FOR 2004

Consolidated balance sheet (IFRS) as at 31 December 2004

ASSETS	2004 EUR	2003 EUR
Current assets	**113 262 302**	**90 423 714**
Cash and cash equivalents	84 609 382	66 601 143
Marketable securities	16 836	2 556
Trade receivables	13 456 129	12 959 822
Receivables from affiliated companies	678 035	334 228
Inventories	8 058 109	2 750 540
Prepaid expenses, accrued income and other assets	6 443 811	7 775 425
Non-current assets	**58 637 979**	**59 157 865**
Tangible assets	3 073 106	2 568 847
Intangible assets	7 804 973	9 999 808
Financial assets	947 896	435 456
Investments stated at equity	29 186	36 790
Loans	1 883 965	1 161 325
Long-term investments	30 359	15 039
Trade receivables	74 648	75 196
Receivables from affiliated companies	49 069	10 000
Other assets	689 994	570 500
Goodwill	39 141 544	37 359 519
Deferred tax assets	4 913 239	6 925 385
Total assets	**171 900 281**	**149 581 579**

EQUITY AND LIABILITIES	2004 EUR	2003 EUR
Current liabilities	**100 042 948**	**86 428 016**
Short-term loans and current portion of long-term loans	2 575 362	2 167 678
Trade payables	17 054 644	11 896 729
Payables to affiliated companies	308 775	261 521
Downpayments received	32 053 043	21 686 889
Provisions	949 266	1 335 309
Deferred income	979 576	106 898
Income tax liabilities	8 431 848	6 200 276
Other liabilities	37 690 434	42 772 716
Non-current liabilities	**5 528 273**	**5 609 976**
Medium- and long-term loans	3 568 418	3 880 137
Downpayments received	101 733	0
Accrual for pensions	1 858 122	1 729 839
Minority interest	**6 451 873**	**6 794 256**
Equity	**59 877 187**	**50 749 331**
Share capital	12 000 000	12 000 000
Capital reserve	35 322 647	36 401 753
Balance sheet profit/loss	12 549 864	2 347 578
Currency differences	4 676	0
Total equity and liabilities	**171 900 281**	**149 581 579**

Consolidated income statement (IFRS)

		2004 EUR	2003 EUR
1:	Revenues	222 745 527	224 382 198
2:	Cost of sales	–178 913 178	–187 556 867
3:	**Gross profit**	**43 832 349**	**36 825 331**
4:	Selling expenses	–13 545 023	–13 036 954
5:	General administrative expenses	–9 386 144	–8 987 385
6:	Other operating income	3 873 980	4 737 171
7:	Other operating expenses	–3 412 787	–4 416 651
8:	**Operating profit (EBIT)**	**21 362 375**	**15 121 512**
9:	Income from participations	16 944	43 602
10:	Other interest and similar income	1 248 386	1 147 922
11:	Depreciation on financial assets	0	–33 500
12:	Interest and similar expenses	–736 210	–673 418
13:	**Profit from ordinary business activities (EBT)**	**21 891 495**	**15 606 118**
14:	Taxes on income	–8 852 486	–7 003 202
15:	Other taxes	–12 467	–13 989
16:	**Net income for the year**	**13 026 542**	**8 588 927**
17:	Net income for minority interests	–3 966 127	–3 864 284
18:	**Consolidated net income for the year**	**9 060 415**	**4 724 643**
	Earnings per share (in EUR); undiluted (= diluted)	0.76	0.39
	Weighted average shares outstanding; undiluted (= diluted)	12 000 000	12 000 000

Consolidated statement of changes in equity

	Share capital EUR	Capital reserve EUR	Foreign currency translation reserve EUR	Balance sheet profit/loss EUR	Total Equity EUR
Status 01.01.2003	12 000 000	36 401 753	0	–2 314 508	46 087 245
Change in scope of consolidation	0	0	0	–62 557	–62 557
Net income for 2003	0	0	0	4 724 643	4 724 643
Status 31.12.2003	**12 000 000**	**36 401 753**	**0**	**2 347 578**	**50 749 331**
Change in capital reserve	0	–1 079 106	0	1 079 106	0
Currency differences	0	0	4 676	0	4 676
Change in scope of consolidation	0	0	0	62 765	62 765
Net income for 2004	0	0	0	9 060 415	9 060 415
Status 31.12.2004	**12 000 000**	**35 322 647**	**4 676**	**12 549 864**	**59 877 187**

Consolidated cash flow statement

The following cash flow statement shows the flows of funds from ongoing business operations, investment activities and financing activities of the Group and the resultant changes in funds:

		2004 EUR	2003 EUR
A	**Cash flow from ongoing operating activities**		
	Consolidated net income for the year	9 060 415	4 724 643
	Share in profits attributed to minority interests	3 966 127	3 236 434
	Depreciation on assets	4 406 390	4 901 687
	Appreciation to assets	–159	0
	Additions to pension accruals	128 283	516 651
	Deferred tax expense / income	2 012 147	2 005 836
	Cash flow	**19 573 203**	**15 385 251**
	Other cash-neutral expenses / income	–12 426	–298 554
	Book profit / losses from disposal of assets	–57 232	125 647
	Increase / decrease in inventories; payments on account	–5 245 169	14 274 135
	Decrease/increase in receivables and other assets	1 732 178	6 445 296
	Increase / decrease in prepaid expenses and accrued income	–602 570	19 630
	Increase in provisions	1 785 454	1 728 139
	Increase / decrease in short-term liabilities	10 284 286	–39 917 963
	Increase / decrease in accrued expenses and deferred income	866 877	-218 406
	Cash flow from operating activities	**28 324 601**	**–2 456 825**
B	**Cash flow from investment activities**		
	Payments for investments in intangible assets	–2 588 248	–4 648 612
	Payments for investments in tangible assets	–1 837 216	–1 341 440
	Payments from disposals of fixed and financial assets	116 886	70 700
	Payments for investments in financial assets	–1 355 763	–404 647
	Cash flow from investment activities	**–5 664 341**	**–6 323 999**
C	**Cash flow from financing activities**		
	Proceeds from taking out financing loans	0	5 350 000
	Payments for redemption of financing loans	–1 446 049	–1 023 813
	Distributions of profits to minority interests	–4 266 635	–1 011 731
	Cash flow from financing activities	**–5 712 684**	**3 314 456**
D	**Change in funds with effect on payments (total of A–C)**	**16 947 576**	**–5 466 368**
	Funds at beginning of period	66 603 699	70 733 837
	Changes in funds due to consolidation effects	1 074 943	1 336 230
E	**Funds at end of period**	**84 626 218**	**66 603 699**
F	**Composition of funds**		
	Liquid assets	84 609 382	66 601 143
	Marketable securities	16 836	2 556
	Funds at end of financial year	**84 626 218**	**66 603 699**

Notes to the consolidated financial statements for the financial year from 1 January to 31 December 2004 (IFRS)

Structure and business operations of the company

The company is registered as CTS EVENTIM AG, Bremen (hereinafter 'CTS') in the Commercial Register at the Bremen Local Court under no. HRB 20569. On 21 August 2003, the Annual CTS Shareholders' Meeting approved relocation of the company domicile from Bremen to Munich. The relocation of domicile in the Commercial Register has yet to be registered.

The objects of the company in the Ticketing segment are the production, sale, brokering, distribution and marketing of tickets for concert, 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 the production, sale, brokering, distribution and marketing of merchandising articles and travel, as well as 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, but also with regional enterprises and with direct ticket selling by the respective promoters. The objects of the Live Entertainment segment, in addition, are the planning, preparation and execution of events, in particular music events and concerts, and the marketing of music productions.

Declaration of compliance

On 8 December 2004, the Management Board and the Supervisory Board of CTS released a further declaration of compliance with the recommendations of the 'Government Commission on the German Corporate Governance Code' pursuant to Section 161 of the Stock Corporation Act (Aktiengesetz), and made said declaration permanently accessible for shareholders on the company's website.

Notes concerning the transition to IFRS accounting standards

These consolidated financial statements of CTS were prepared in accordance with the 'International Financial Reporting Standards' (IFRS) of the International Accounting Standards Board (IASB) and were approved by the Management Board on 15 March 2005 for submission to the Supervisory Board. International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in effect as at 31 December 2004 were applied in their entirety for the first time.

The accounting and valuation principles were adjusted to the IFRS standards as at 31 December 2004 in accordance with IFRS 1 'First-time Adoption of International Financial Reporting Standards'. The IASB standards were adopted for the first time in respect of the consolidated financial statements for the 2004 financial year. The version of the IFRSs current on the balance sheet date was used.

In accordance with IFRS 1, the IFRSs were applied retrospectively to the entire presentation of financial statements. With the exception of the option in IFRS 1 regarding the recognition of business combinations, none of the other options provided by IFRS 1 were applied. The goodwill recognised in the previous accounting as at 1 January 2003 in accordance with US GAAP was restated in the opening IFRS balance sheet after performing an impairment test as at 1 January 2003. IFRS 3 was applied prematurely to all business combinations that occurred on or after 1 January 2003. The transition from US GAAP to IFRS had no significant effects on the financial position and financial performance of the company.

Some items were reclassified in the balance sheet as part of the first-time adoption of IFRS. No adjustments of relevance to the carrying amounts of assets and liabilities, and no effects on earnings ensued from the transition to IFRS. Following reclassification of the tax payable on the emission costs from the loss carryforward to the capital reserve, the equity remains unchanged.

	Share capital EUR	Capital reserve EUR	Balance sheet loss/profit EUR	Equity EUR
US GAAP Status as at 01.01.2003	12 000 000	35 339 700	–1 252 455	46 087 245
Tax on emission expenses	0	1 062 053	–1 062 053	0
Opening IFRS balance sheet Status as at 01.01.2003	12 000 000	36 401 753	–2 314 508	46 087 245

Accounting principles

The annual financial statements of all the companies included in consolidation were prepared as at the closing date of the consolidated financial statements.

When preparing the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that affect 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. The actual amounts may deviate from the respective estimates.

The balance sheet is presented in the layout corresponding to the quarterly company reports required under the rules of the Deutsche Börse AG. This balance sheet layout is compliant with IAS 1 ‘Presentation of Financial Statements’.

No changes were made to accounting and valuation methods compared to the 2003 financial year.

The financial statements of foreign subsidiaries 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. Revenues and expenses are translated using the average exchange rate for the respective financial year. Currency translation differences are disclosed as a separate equity item.

Principles of consolidation

: **Scope of consolidation:** The annual financial statements of the company and its subsidiaries are included in consolidation. The following subsidiaries under the legal or de facto control of CTS are included by full consolidation in the consolidated financial statements with the following percentage interests as at 31 December 2004:

		Percentage interest (held by the respective owning company)	
Company	**Country**	**2004**	**2003**
GSO Holding GmbH, Hamburg		80.0 %	80.0 %
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim (GSO KG)		100.0 %	100.0 %
GSO Verwaltungsgesellschaft mbH, Schwegenheim		100.0 %	100.0 %
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (TEX)	Austria	75.0 %	75.0 %
ÖTS GmbH, Deutschlandsberg (ÖTS; initial consolidation 2004)	Austria	55.0 %	
ÖT Süd Ost GmbH, Wiener Neustadt (ÖT SüdOst; initial consolidation 2004)	Austria	50.0 %	
Ö-Ticket Nord GmbH, Vienna (ÖT Nord; initial consolidation 2004)	Austria	100.0 %	
Ticket Express Hungary Kft., Budapest (TEX Hungary; initial consolidation 2004)	Hungary	51.0 %	
eventim ONLINE Holding GmbH, Bremen		100.0 %	100.0 %
RP EVENTIM GmbH, Düsseldorf		51.0 %	51.0 %
ShowSoft GmbH, Bremen (ShowSoft)		100.0 %	100.0 %
Ticknology B.V., Amsterdam (NL)	Netherlands	75.0 %	75.0 %
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg		100.0 %	100.0 %
MEDUSA Music Group, Bremen		92.9 %	92.5 %
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main		51.0 %	51.0 %
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main (MLK KG)		100.0 %	100.0 %
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main		100.0 %	100.0 %
Peter Rieger Konzertagentur Holding GmbH, Cologne		70.0 %	70.0 %
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne (PRK KG)		100.0 %	100.0 %
Peter Rieger Konzertagentur Verwaltungs GmbH, Cologne		100.0 %	100.0 %
FKP Scorpio Konzertproduktionen GmbH, Hamburg		50.2 %	50.2 %
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (Semmel)		50.2 %	50.2 %
ARGO Konzerte GmbH, Würzburg (ARGO)		50.2 %	50.2 %
Dirk Becker Entertainment GmbH, Cologne (Dirk Becker)		73.0 %	73.0 %
LS Konzertagentur GmbH, Vienna (LS)	Austria	75.0 %	75.0 %
Promoters Group Munich Konzertagentur GmbH, Munich (PGM)		100.0 %	100.0 %
CRP Konzertagentur GmbH, Hamburg (CRP)		50.2 %	50.2 %
Palazzo Produktionen GmbH, Hamburg (Palazzo Hamburg; initial consolidation 2004)		51.0 %	
Palazzo Produktionen GmbH, Vienna (Palazzo Vienna; initial consolidation 2004)	Austria	90.0 %	

The following regional sales companies of the TEX subsidiary were included in the scope of consolidation for the first time: ÖTS, ÖT Südost, ÖT Nord and TEX Hungary. These are companies that were established in previous years and which were first included in consolidation in 2004 on account of their significance. In total, these companies contributed EUR 1.709 million to the revenue and EUR 76 thousand to the net income of the Group in the 2004 financial year.

Palazzo Hamburg and Palazzo Vienna, two newly established companies, were also included in the consolidated financial statements for the first time in 2004. In total, these companies contributed EUR 6.860 million to the revenue of the Group in the 2004 financial year. The operating results were affected by preproduction costs of EUR 420 thousand.

The investment in Greensave GmbH, Würzburg was valued at equity and included in the consolidated financial statements. The Group holds a 27.7 % interest in said company, which generated revenue of EUR 289 thousand in 2004 and a net loss of EUR 27 thousand.

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 secondary importance for establishing a fair view in overall terms of the Group's financial position and financial performance.

Consolidation methods

Capital consolidation is effected using the purchase method by allocating the acquisition costs to the shareholders' equity accruing to the parent company at the time of acquisition ('purchase accounting'). Initial consolidation was effected in each case as at the time of acquisition or the time the companies were included in the scope of consolidation because they exceeded the minimum for significance. The resulting differences are allocated, as far as possible, to the assets and liabilities of the subsidiary. Owing to the balance sheet structure of the Group companies, any net differences that remain are routinely capitalised as goodwill. According to IFRS 3 'Business Combinations' and IAS 36 'Impairment of Assets', goodwill must be reviewed annually with regard to carrying value and any indications of impairment. Capitalised goodwill deriving from the consolidation of the subsidiaries included in the consolidated financial statements is stated at EUR 39.142 million. All relevant subsidiaries that CTS directly or indirectly controls are included in the consolidated financial statements. Significant interests are valued at equity in accordance with IAS 28 'Investments in Associates' when a significant influence can be exercised over the entity; this is presumed to exist if the share of voting rights owned is between 20 % and 50 %. Investments valued at equity are carried at the proportionate adjusted interest in the investee's equity. Changes in the proportionate equity value with effects on net income are included in the income statement as income or loss from investments in associates.

Receivables, liabilities, expenses, income and interim results are eliminated between consolidated companies.

Principal accounting and valuation methods

General aspects

: **Cash and cash equivalents:** Cash and cash equivalents comprise cash in hand and bank balances.

: **Marketable securities:** Marketable securities mainly comprise shares in investment funds, which are valued at cost.

: **Receivables:** Receivables and other assets are carried at nominal value minus adjustments for discernible risks. The company is fundamentally exposed to potential default risks in respect of trade receivables. Adequate consideration is given to these risks by making appropriate impairments.

: **Inventories:** Inventories are carried either at purchase cost, taking ancillary expenses into account and deducting any bonuses or discounts received, or at production cost, or at the net realisable value on the balance sheet date.

: **Financing instruments:** Recognition and valuation of original financial instruments is described under the specific items. With the exception of a forward exchange transaction for USD 500,000, no derivative financing instruments are used, so no special effects ensue in this regard from application of IAS 39 'Accounting for

Derivative Instruments and Hedging Activities'. The stated values of the company's financing instruments, which include cash and cash equivalents, loans, trade receivables, trade payables, other liabilities and long-term loans, are compliant with the accounting principles in IAS 39 and are recognised at their current purchase cost.

Shares in affiliated companies and participations which are not included in consolidation due to lack of significance are stated at purchase cost.

: **Intangible and tangible assets:** Intangible and tangible assets of determinate useful life are carried at their cost of purchase or cost of production, minus systematic straight-line or reducing balance depreciation. Financing costs were not included. There are no capital lease agreements.

Systematic depreciation of intangible assets and tangible assets is mainly based on the following useful lives:

- Software, licences: 3–7 years on average
- Trademarks: 10 years
- Customer base: 5 years
- Other property, plant and equipment: 3–14 years on average

In accordance with IFRS 3, goodwill with an indeterminate useful life is no longer subjected to systematic depreciation. The Group now 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. The fair value of each reporting entity in the Group is determined on the basis of the estimated present value of future flows of payments. A discount rate of 10.85 % was applied for this purpose. When determining expected future cash flows, the company took into account current and future likelihoods, business and economic trends, economic development and other circumstances.

In compliance with IAS 36, the company routinely assesses the carrying amounts of assets for possible impairment. If events or changes in circumstances provide grounds for believing that the carrying amount of such an asset might no longer reach the applicable amount, the Group makes a comparison between the recoverable amount and the carrying amount of the particular asset (impairment test). If the asset is impaired, the company records an impairment loss so that the asset is written down to the recoverable amount. The management takes the view that no such impairment losses need be recognised as at the balance sheet date on 31 December 2004.

In no case did the carrying amounts of reporting entities exceed the respective fair value, so there were no indications for reducing the stated value of any reporting entity in the past financial year.

: **Liabilities:** Liabilities are shown at their respective redemption values. Their composition and residual terms are shown in the analysis of liabilities.

: **Provisions:** In accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', other provisions were formed when commitments towards third parties existed that are likely to require settlement. The probable amounts of such obligations were estimated according to the state of knowledge when the balance sheet was prepared.

When calculating provisions for pensions, expected wage and salary increases are also taken into account. This departs from German accounting principles. Recognition of pension obligations is based on the principles set forth in IAS 19 'Employee Benefits'.

: **Recognition of revenue:** Revenue is 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.

: **Recognition of expenses:** Expenses are recorded as such when they are incurred. Development costs are expensed in full when incurred.

: **Foreign exchange items in the standalone financial statements:** Business transactions in currencies other than the functional currency of the Group are translated to Euro at the transaction rate of exchange. At the balance sheet date, adjustments are made on the basis of the exchange rate on the closing date, with any differences being recognised in profit or loss.

Notes to the consolidated balance sheet

: **Receivables:** As at 31 December 2004, receivables and other assets amount to EUR 20.578 million (prior year: EUR 21.069 million) and are payable within one year. Long-term receivables amount to EUR 124 thousand (prior year: EUR 85 thousand) and other assets amount to EUR 690 thousand (prior year: EUR 570 thousand).

Inventoris

	2004 EUR'000	2003 EUR'000
Materials and supplies	249	98
Advance payments for events	7 348	2 164
Finished goods and merchandise	439	483
Work in progress	22	6
	8 058	2 751

: **Other assets:** Other assets mainly relate to tax refund claims at EUR 2.311 million (prior year: EUR 2.507 million), short-term loans and personnel debts at EUR 604 thousand (prior year: EUR 1.984 million), and other receivables at EUR 2.868 million (prior year: EUR 2.877 million). Prepaid expenses of EUR 660 thousand are recognised as at the closing date (prior year: EUR 407 thousand). These mainly include licensing fees and preproduction costs for following business years.

: **Fixed assets:** Intangible assets include purchased software and licences carried at EUR 6.033 million (prior year: EUR 7.957 million).

By taking over the assets of the 'getgo.de' Internet portal in 2002, the customer base and the trademark rights, in particular, were acquired as intangible assets. The carrying amounts total EUR 1.772 million (prior year: EUR 2.042 million). The goodwill resulting from this transaction is stated in combination with the goodwill from capital consolidation.

The disclosed goodwill totalling EUR 39.142 million (prior year: EUR 37.360 million) breaks down into EUR 12.732 million in the Ticketing segment (prior year: EUR 12.732 million) and EUR 26.410 million in the Live Entertainment segment (prior year: EUR 24.628 million).

The changes in goodwill in the Live Entertainment segment arose in 2004 through the acquisition of additional shares in MEDUSA (92.9 %) by Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg and the resultant goodwill.

Loans mainly include interest-bearing receivables from associated companies. The loans bear interest at normal market rates.

The breakdown and development of assets is shown in the following consolidated analysis of assets:

Analysis of Group assets

	Purchase cost / Production cost					
	Status 1.1.2004 EUR	Transfers EUR	Change in consolidated companies EUR	Additions EUR	Disposals EUR	Status 31.12.2004 EUR
I Intangible assets						
1: Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	19 876 129	124 702	41 328	806 224	12 315	20 836 068
2: Goodwill	42 227 607	0	0	1 782 024	0	44 009 631
3: Customer base	1 383 622	0	0	0	0	1 383 622
4: Payments on account	123 676	–123 676	0	0	0	0
	63 611 034	**1 026**	**41 328**	**2 588 248**	**12 315**	**66 229 321**
II Tangible assets						
1: Land, land rights and buildings including buildings on third-party land and similar rights without buildings	315 622	–214 582	75 405	0	40	176 405
2: Technical equipment, plant and machinery	0	0	43 788	76 050	34	119 804
3: Other facilities, operating and office equipment	9 512 591	213 556	177 766	1 761 165	844 477	10 820 601
	9 828 213	**–1 026**	**296 959**	**1 837 215**	**844 551**	**11 116 810**
III Financial assets						
1: Shares in affiliated companies	105 041	0	0	0	18 302	86 739
2: Participations	502 584	0	0	547 658	16 918	1 033 324
3: Investments stated at equity	36 790	0	0	–7 604	0	29 186
4: Loans due from affiliated companies	140 000	0	0	0	0	140 000
5: Other loans	17 939	0	3 758	11 403	0	33 100
6: Security investments	1 021 326	0	0	822 608	99 968	1 743 966
	1 823 680	**0**	**3 758**	**1 374 065**	**135 188**	**3 066 315**
Total	**75 262 927**	**0**	**342 045**	**5 799 528**	**992 054**	**80 412 446**

Accumulated depreciation							Carrying values	
Status 1.1.2004 EUR	Transfers EUR	Appreciation EUR	Change in consolidated companies EUR	Additions EUR	Disposals EUR	Status 31.12.2004 EUR	Status 31.12.2004 EUR	Status 31.12.2003 EUR
10 324 985	0	0	17 122	2 932 324	12 301	13 262 130	7 573 938	9 551 144
4 868 088	0	0	0	–1	0	4 868 087	39 141 544	37 359 519
1 058 632	0	0	0	93 955	0	1 152 587	231 035	324 990
0	0	0	0	0	0	0	0	123 676
16 251 705	**0**	**0**	**17 122**	**3 026 278**	**12 301**	**19 282 804**	**46 946 517**	**47 359 329**
272 941	–184 606	0	28 614	20 800	0	137 749	38 656	42 681
0	0	0	34 862	15 043	0	49 905	69 899	0
6 986 425	184 606	0	108 514	1 344 269	767 765	7 856 049	2 964 551	2 526 166
7 259 366	**0**	**0**	**171 990**	**1 380 112**	**767 765**	**8 043 703**	**3 073 106**	**2 568 847**
16 365	0	0	0	0	0	16 365	70 374	88 676
155 802	0	0	0	0	0	155 802	877 522	346 782
0	0	0	0	0	0	0	29 186	36 790
0	0	0	0	0	0	0	140 000	140 000
2 900	0	–159	0	0	0	2 741	30 359	15 039
1	0	0	0	0	0	1	1 743 965	1 021 325
175 068	**0**	**–159**	**0**	**0**	**0**	**174 909**	**2 891 406**	**1 648 612**
23 686 139	**0**	**–159**	**189 112**	**4 406 390**	**780 066**	**27 501 416**	**52 911 029**	**51 576 785**

Liabilities

The break-down and remaining term of the liabilities are shown below in the analysis of liabilities.

Analysis of Liabilities

	Balance sheet Liabilities	Remaining term: up to one year, general	up to one year: 1) from taxes 2) for social security	between one and five years	more than five years
Liabilities:	**Euro**	**Euro**	**Euro**	**Euro**	**Euro**
1. Liabilities to banks	6 143 780	2 575 362		3 568 418	
2. Advance payments received for events	32 154 776	32 053 043		101 733	
3. Trade payables	17 054 644	17 054 644			
4. Liabilities to affiliated companies	110 917	110 917			
5. Liabilities to companies in which participations are held	197 858	197 858			
6. Other Liabilities	37 690 434	37 690 434	1) 5 163 533 2) 1 862 606		
	93 352 409	**89 682 258**		**3 670 151**	**0**

A general assignment of the receivables of the parent company and ShowSoft was agreed with the bank in respect of liabilities to banks. As at the balance sheet date, the total amount of securitised liabilities is EUR 2.980 million (prior year: EUR 4.201 million). The balance of receivables assigned as collateral is EUR 5.767 million (prior year: EUR 6.322 million).

Other liabilities

Other liabilities mainly comprise EUR 18.881 million (prior year: EUR 20.514 million) in liabilities from ticketing income that have not yet been invoiced, tax liabilities at EUR 5.164 million (prior year: EUR 4.377 million), EUR 2.634 million (prior year: EUR 2.093 million) in liabilities to personnel, social insurance liabilities at EUR 1.863 million (prior year: EUR 1.356 million), and liabilities from third-party concerts at EUR 3.044 million (previous year EUR 3.204 million).

Deferred income totalling EUR 980 thousand (prior year: EUR 107 thousand) is recognised.

Other provisions

Other provisions amounting to EUR 949 thousand (prior year: EUR 1.335 million) include EUR 318 thousand (prior year: EUR 548 thousand) in provisions for litigation costs and risks associated with court cases. Negative market value of around EUR 30 thousand in respect of a forward exchange transaction is also disclosed under provisions.

Pension obligations

The MLK KG subsidiary has made direct and individual pension commitments to selected beneficiaries. The valuation of pension obligations is based on the projected unit credit method stipulated in IAS 19 ‘Employees Benefits’.

Calculation of pension obligations in accordance with the projected unit credit method was based on the following assumptions:

	2004	2003
Baseline interest rate	6%	6%
Rate of inflation	2%	2%
Expectancy growth	3%	3%

Changes in pension obligations and eliminated assets in the year under review were as follows:

	2004 EUR	2003 EUR
Present value at beginning of year		
Defined Benefit Obligation(DBO)	1 729 839	1 213 188
Interest and service expense	111 487	211 646
Service and actuarial costs	16 796	305 005
Present value at end of year (DBO)	1 858 122	1 729 839

As at 31 December 2004, the reinsurance claim of EUR 618 thousand (prior year: EUR 547 thousand) is disclosed under other long-term assets.

Equity

The parent company of the CTS Group is organised as a public limited company. As a basic principle, the shareholders therefore bear liability only to the amount of their capital contribution. The capital reserve was reversed to offset the remaining balance sheet loss of EUR 1.079 million.

With regard to the change in shareholders' equity, we refer to the statement of changes in shareholders' equity (page 30).

Number of shares issued

As at the closing date, the CTS parent company has issued 12,000,000 nameless bearer shares. Each share represents a EUR 1.00 share in the subscribed capital.

Contingent capital

As at the balance sheet date, authorised capital amounted to EUR 6.0 million. Authorisation is granted until 31 July 2009. By resolution of the Shareholders' Meeting on 18 August 2004, the Management Board is authorized to increase the share capital of the company on one or more occasions in the period up to 31 July 2009, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, whereby the total increase shall not exceed EUR 6.0 million. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval.

At the Shareholders' Meeting of 21 January 2000, a contingent share capital increase of EUR 180,000 was agreed upon (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.

By resolution of the Shareholders' Meeting on 27 August 2001, the share capital was contingently increased by up to EUR 3.5 million. This contingent increase in capital is for granting shares to the holders of stock options and convertible bonds that were issued by the company in accordance with the authorisation granted on 27 August 2001. The contingent increase in capital is effected only to the extent that the holders exercise their stock option and conversion rights, or fulfil their obligation to convert their bonds to stock. 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.

Authorisation to purchase treasury stock

At the Shareholders' Meeting on 18 August 2004, it was resolved to authorise the company, in accordance with Section 71 (1) No. 8 AktG [Stock Corporation Act] to purchase up to ten hundredths of the company's share capital as treasury stock in the period up to and including 17 February 2006, except for the purpose of trading in own shares, and in compliance with the restrictions of Section 71 (2) AktG.

The countervalue paid for these shares may not exceed or fall below the traded price by more than ten percent. 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 the share purchase.

The volume of the bid 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.

Notes to the consolidated income statement

: **Cost of sales and other expenses:** The costs of sales and functional expenses include the following material expenses of the Group:

Composition:

	2004 EUR	2003 EUR
Cost of materials and supplies and of purchased merchandise	2 433 649	2 302 179
Cost of purchased services	165 534 011	175 138 308
	167 967 659	**177 440 487**

The expense items in the income statement take account of the following personnel expenses of the Group companies:

Composition:

	2004 EUR	2003 EUR
Wages and salaries	15 759 863	14 731 695
Social security contributions for pensions and employee support	2 769 116	2 916 566
	18 528 979	**17 648 262**

: **Depreciation:** In the 2004 financial year, EUR 4.406 million (prior year: EUR 4.868 million) in systematic depreciation was recognised.

: **Cost of sales:** The depreciation on the trademark rights and the customer base of the 'getgo.de' Internet portal amounted in fiscal 2004 to EUR 202 thousand (prior year: EUR 197 thousand) and EUR 83 thousand (prior year: EUR 83 thousand), respectively. 51 % of this depreciation on the trademark rights (EUR 103 thousand) and the customer base (EUR 42 thousand) are included in the cost of sales. The remaining depreciation (49 %) is included in production costs.

: **Other operating income:** **Other operating income mainly comprised the following items:**

	2004 EUR '000	2003 EUR '000
Income from reversal of provisions	516	577
Income from insurance compensation	311	937
Marketing	676	893
Income from reversal of revaluations	68	204
Income from currency translation	254	342
Income relating to other periods	829	836
Other income	1 220	948
	3 874	**4 737**

Other operating expenses

The expense items in the income statements take account of the following other operating expenses of the Group companies:

	2004 EUR'000	2003 EUR'000
Legal and consultancy expenses, accounting and auditing expenses	2 422	2 529
Bad debt expense, additions to value adjustments	1 719	2 867
Rent and ancillary expenses	1 522	1 481
Advertising expenses	1 344	1 309
Postage / Telephone / Internet	1 096	992
Expenditure relating to other periods	960	216
Car expenses	633	639
Travel expenses	541	483
Expenses of currency translation	381	604
Dues and insurance contributions	333	204
Other expenses	3 371	2 499
	14 322	**13 823**

Taxes on income

In 2003, a number of tax laws in Germany were amended with effect from 1 January 2004. One of these tax law amendments leads to a situation in which dividends of domestic companies and profits from the sale of shares in other corporate enterprises are now 95 % tax-exempt, rather than 100 % as previously, while losses from the sale of shares continue to be non-tax deductible. In 2004, there were no effects on deferred tax liabilities for CTS as a result of unrealised profits on share sales.

Corporation tax at a rate of 25 % was applied when calculating deferred taxes for domestic companies as at 31 December 2004. A solidarity supplement equal to 5.5 % of the corporation tax was recognised, as was an effective municipal trade tax rate of around 12.3 %. Recognising the solidarity supplement and the municipal trade tax results in a tax rate of 38.7 % for calculating the deferred taxes.

Since the company current assumes, in the context of its planning, that all loss carryforwards can be realised in future for municipal trade tax and corporation tax purposes, no impairments were made to the deferred tax assets of EUR 4.585 million (prior year: 6.634 million) formed in this respect.

In accordance with IAS 12, deferred taxes on income are reported using the balance sheet liabilities method. Deferred tax assets and liabilities are recorded for future tax effects resulting from the difference between the asset and liability amounts stated in the annual financial statements and the respective basis for computing tax. 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 tax assets and liabilities is recognised as tax income or expense in the period in which the tax rate change becomes effective.

The deferred tax assets pertain to the following:

	2004 EUR'000	2003 EUR'000	Change EUR'000
Recognised loss carryforwards	4 585	6 634	–2 049
Assets	185	154	31
Pension provisions	149	143	6
Other items	–6	–6	0
	4 913	**6 925**	**–2 012**

The total disclosed taxes payable are comprised as follows:

	2004 EUR	2003 EUR
Actual income tax	6 840 339	4 997 366
Deferred income tax	2 012 147	2 005 836
Total income taxes	**8 852 486**	**7 003 202**

When assessing the extent to which deferred tax assets (EUR 328 thousand, prior year: EUR 291 thousand) can be recovered, the company considered whether there is a greater than 50 % likelihood that all or part of the deferred tax assets can be recovered. Recovery of the deferred tax assets depends on the generation of future taxable income in the periods in which these temporary differences are deductible. As at 31 December 2004, the view of the company is that, in the case of the net deferred tax assets including the assets recognised from use of the loss carryforwards amounting to EUR 4.585 million (prior year: EUR 6.634 million), there is a greater than 50 % likelihood that the company will generate profits of least the same amount in future periods and that no impairment is necessary.

The following table shows a transitional calculation of the actual tax expense expected in the respective financial year, as disclosed. To determine the expected tax expense, the overall tax rate of 38.7 % (prior year: 40.23 %) applicable in the 2004 financial year was multiplied by the pre-tax profit.

	2004 EUR'000	2003 EUR'000
Expected tax expense	8 267	6 278
Difference in municipal trade tax burden	–205	–169
Unrecognised loss carryforwards	256	253
Other tax-exempted income and non-deductible expenses	173	204
Other	361	437
Disclosed tax expense	**8 852**	**7 003**

Earnings per share

Earnings per share are calculated in accordance with IAS 33 'Earnings per Share' by dividing the consolidated earnings, after adjustments for extraordinary factors, by the quantity 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:

		2004 EUR	2003 EUR
Net income / Qty of shares	=	9 060 415 / 12 000 000	4 724 643 / 12 000 000
		0.76 €/share	0.39 €/share

The earnings per share are EUR 0.76 (diluted = undiluted).

Segment reporting

The company applies IAS 14 'Segment Reporting' for the 2004 financial year.

The Group divides itself into two segments that are described in the Management Report and which produce the following data after consolidation:

	Ticketing		Live Entertainment		Consolidaton		Group	
	2004 EUR'000	2003 EUR'000	2004 EUR'000	2003 EUR'000	2004 EUR'000	2003 EUR'000	2004 EUR'000	2003 EUR'000
Revenue	42 150	35 201	183 404	191 744	−2 808	−2 563	222 746	224 382
Operating result (EBIT)	9 237	3 881	12 126	11 241	0	0	21 362	15 122
EBITDA	13 263	8 330	12 506	11 660	0	0	25 769	19 990
Depreciation	−4 026	−4 449	−380	−419	0	0	−4 406	−4 868
Financial result							529	484
Profit/loss from operations (EBT)							21 891	15 606
Taxes on income/ deferred taxes							−8 852	−7 003
Other taxes							−12	−14
Net income for the year							13 026	8 589
Minority interest							−3 966	−3 864
Consolidated net income for the year							9 060	4 725
Annual average no. of employees	283	250	191	138				
Return on sales*	31.5 %	23.7 %	6.8 %	6.1 %				

*The return on sales is calculated by dividing the segment EBITDA by the segment revenue.

in EUR'000	Ticketing		Live Entertainment		Other operations		Consolidation		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Fixed assets	23 116	24 395	29 821	27 207			–26	–26	52 911	51 576
Other assets	66 477	60 967	68 650	55 625	2 312	2 507	–18 450	–21 095	118 989	98 004
Liabilities	40 695	43 953	73 049	61 240	16 742	14 724	–18 463	–21 084	112 023	98 833

Notes to the segments

As at the end of 2004, the companies operating in the segments were as follows:

Ticketing	Live Entertainment
CTS	MLK KG
TEX	PRK KG
ÖTS	Semmel
ÖT Nord	FKP Scorpio
ÖT SüdOst	ARGO
TEX Hungary	Dirk Becker
GSO KG	LS
ShowSoft	PGM
Ticknology	CRP
	Palazzo Hamburg
	Palazzo Vienna

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

Internal revenues between the Group companies in a given segment have already been consolidated at segment level. The assets were allocated to the segments in the course of consolidation.

Revenues between the segments were eliminated in the consolidation column. Services were invoiced at the normal market prices charged to third parties.

The following table provides a breakdown of Group data by geographical segment.

Revenue	2004 EUR'000	2003 EUR'000
Germany	210 807	211 958
Austria	11 390	12 279
Netherlands	128	145
Hungary	421	0
Total	**222 746**	**224 382**

Fixed assets

Assets, carried at EUR 52.911 million, are allocated almost exclusively to Germany.

Employees

On average over the year, 474 salaried staff (prior year: 388) were employed by the Group. Of that total, 353 (prior year: 323) were employed in Germany, and 121 (prior year: 65) in foreign countries.

Financial obligations

	2004			2003		
	< 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 and leasing obligations	1 087	1 154	649	1 318	1 185	947

There is an obligation, under certain conditions, to acquire additional shares in subsidiaries.

Pending proceedings

The company is involved in pending proceedings and litigation as arise in the normal course of business. The most important case was ended on 8 January 2004 with an extensive settlement. The net effects ensuing from the derecognition of receivables after recognition of impairments made in the prior year, and from the reversal of provisions and liabilities, amounted to EUR 29 thousand and are stated under other operating income to ensure transparent reporting of the overall effects.

Provisions based on estimates have been formed in respect of cases still pending. In the opinion of the company's legal representatives, there will no material impact on the net financial position and financial performance of the company when these matters are brought to an end.

Application of Section 264 (3) HGB and Section 264b HGB

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

: ShowSoft GmbH, Bremen
: GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim
: Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main
: Peter Rieger Konzertagentur GmbH & Co. KG, Cologne

Notifable securities transactions according to section 15 a WpHG

In the business year 2004, the board members report the following notifable securities transactions to the company:

Date	Volume in units	Type	Company officer
05.02.2004	25 000	Sale	Klaus-Peter Schulenberg
05.02.2004	10 000	Sale	Alexander Ruoff
26.02.2004	372 000	Sale	Klaus-Peter Schulenberg

Related party disclosures

Transactions with related parties relate to reciprocal services and were concluded only at the conditions which normally apply between third parties. These resulted in expenses of EUR 4.859 million and income of EUR 237 thousand in the business year. Financing was also provided for related parties, for which interest expense of EUR 153 thousand was recognised.

At the closing date, liabilities to related parties totalled EUR 1.570 million. Receivables amounting to EUR 77 thousand are disclosed.

In the 2004 financial year, Dr. Peter Versteegen, a member of the Supervisory Board, performed consultancy services for CTS to the amount of EUR 12 thousand.

Further disclosures pursuant to Section 292 a HGB

The company keeps its accounts in accordance with the generally accepted German accounting principles as prescribed by the Commercial Code (Handelsgesetzbuch – HGB). German accounting principles differ in some respects from IFRS. All adjustments and disclosures that were necessary for full presentation of the consolidated financial statements of CTS in accordance with IFRS were carried out.

The consolidated annual financial statements according to IFRS were supplemented by a management report on the situation of the company and the Group, as well as additional notes pursuant to Section 292 a HGB, in order to qualify for exemption from preparation of consolidated financial statements in accordance with German accounting legislation.

The following valuation, accounting and consolidation methods deviating from the German Commercial Code (HGB) were applied:

In accordance with IFRS, the emission costs are deducted from shareholders' equity. According to HGB, these costs are recognised as expenses in the period in which they are incurred. The tax burden in respect of the emission costs are likewise recognised in equity.

In accordance with IFRS, deferred taxes on temporary differences between assets and liabilities are recognised by applying the balance sheet liability method.

The goodwill arising from corporate acquisitions and from capital consolidation are not subjected to systematic amortisation. An annual impairment test is carried out on the stated goodwill.

Emoluments of the Management Board

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

: Klaus-Peter Schulenberg (Chairman), Bremen
: Dipl.-Ökonom Volker Bischoff, Stuhr
: Dr. Rainer Bartsch, Bremen
: Christian Alexander Ruoff, Bremen

The emoluments of the Management Board in the business year amounted to EUR 1.443 million, of which EUR 332 thousand were variable components.

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 positions:
: Caatoossee AG Networking Corporation, Stuttgart
: Schlott Sebaldus AG, Freudenstadt
: Lidl & Schwarz GmbH, Neckarsulm
: Scholz AG, Aalen

Dr. Peter Haßkamp, former Director of the Bremer Landesbank, Bremen
Vice-Chairman
Other supervisory board positions:
: DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen (until June 2004)

Dr. Peter Versteegen, lawyer, Hamburg
Other supervisory board positions:
: Höft & Wessel AG, Hannover

The members of the CTS EVENTIM Aktiengesellschaft Supervisory Board received emoluments totalling EUR 61 thousand for the 2004 financial year.

Participating persons

The company received no notifications pursuant to Section 21 (1) WpHG in the financial year. Mr. Klaus-Peter Schulenberg, Bremen, holds 66.67% of the voting rights in the company as at 31 December 2004.

Bremen, 08 March 2005

CTS EVENTIM Aktiengesellschaft

Klaus-Peter Schulenberg   Volker Bischoff

Christian Alexander Ruoff   Dr. Rainer Bartsch

Independent Auditors' Report

: We have audited the consolidated financial statements, comprising the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement as well as the notes to the financial statements prepared by the CTS EVENTIM AG, Bremen for the financial year 1 January to 31 December 2004. The preparation and the content of the consolidated financial statements are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion, based on our audit, as to whether the consolidated financial statements are in accordance with the International Financial Reporting Standards (IFRS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) (German Institute of Auditors). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the application of accounting principles and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the net assets, financial positions, results of operation and cash flow of the Group for the financial year in accordance with IFRS.

Our audit, which also extends to the group management report prepared by the Management Board for the financial year from 1 January to 31 December 2004, has not led to any reservations. In our opinion, the group management report together with the other disclosures in the consolidated financial statements provide a suitable understanding of the Group's positions and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the financial year from 1 January to 31 December 2004 satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and the group management report in accordance with German law.

Hamburg, 14 March 2005

Susat & Partner oHG
German Public Audit Company

Dr. Schlüter
Auditor

Driesch
Auditor

Balance sheet for the AG (HGB) as at 31 December 2004

ASSETS		2004 EUR	2003 EUR
A	**Fixed assets**		
	I Intangible assets		
	1: Concessions, industrial property rights and similar rights and assets, licences to such right and assets	7 402 513	9 170 592
	2: Goodwill	3 107 165	3 434 235
	3: Payments on account	454 307	123 676
		10 963 985	**12 728 503**
	II Tangible assets		
	1: Land, land rights and buildings, including rights to buildings on third party land and similar rights without buildings	0	0
	2: Other facilities, operating and office equipment	1 648 751	1 376 112
		1 648 751	**1 376 112**
	III Financial assets		
	1: Shares in affiliated companies	12 879 853	12 293 586
		12 879 853	**12 293 586**
B	**Current assets**		
	I Inventories		
	1: Finished products and goods	413 593	388 027
	2: Payments on account	32 117	0
		445 710	**388 027**
	II Receivables and other assets		
	1: Trade receivables	5 271 971	5 694 615
	2: Receivables from affiliated companies	20 424 763	23 515 053
	3: Receivables from companies in which participations are held	0	18 645
	4: Other assets	1 113 112	1 851 657
		26 809 846	**31 079 970**
	III Cheques, cash in hand and bank balances	30 234 480	21 723 329
C	**Prepaid expenses and accrued income**	160 635	152 414
	Total assets	83 143 260	79 741 941

EQUITY AND LIABILITIES	2004 EUR	2003 EUR
A Shareholders' equity		
I Subscribed capital	12 000 000	12 000 000
II Capital reserves	35 820 894	36 900 000
III Balance sheet loss	0	−9 342 030
	47 820 894	**39 557 970**
B Provisions		
1: Provisions for taxation	1 452 030	0
2: Other provisions	2 300 940	2 409 698
	3 752 970	**2 409 698**
C Liabilities		
1: Liabilities to banks	3 880 137	5 539 451
2: Trade payables	2 721 012	2 398 449
3: Liabilities to affiliated companies	1 031 379	923 353
4: Other liabilities	23 043 949	28 913 020
	30 676 477	**37 774 273**
D Accrued expenses and deferred income	**892 919**	**0**
Total equity and liabilities	**83 143 260**	**79 741 941**

Income statement for the period from 1 January 2004 to 31 December 2004 (HGB)

		2004 EUR	2003 EUR
1:	Revenues	31 601 263	25 921 222
2:	Cost of sales	–12 507 601	–11 631 337
3:	**Gross profit**	**19 093 662**	**14 289 885**
4:	Selling expenses	–8 503 442	–7 720 686
5:	General administrative expenses	–3 113 280	–2 942 319
6:	Other operating income	1 775 775	1 876 069
7:	Other operating expenses	–1 028 571	–1 029 497
8:	Income from participations	12 148	0
9:	Income from profit transfer agreements	785 845	646 757
10:	Other interest and similar income	1 244 044	1 484 918
11:	Interest and similar expenses	–449 179	–547 480
12:	**Profit from ordinary business operations**	**9 817 002**	**6 057 647**
13:	Extraordinary income	0	47 481
14:	Extraordinary expenses	0	–1 539 978
15:	**Extraordinary profit/loss**	**0**	**–1 492 497**
16:	Taxes on income	–1 552 358	–101 498
17:	Other taxes	–1 719	–32 006
18:	**Net income for the year**	**8 262 925**	**4 431 646**

CTS EVENTIM Aktiengesellschaft

Notes to the financial statements for the 2004 business year

Preparation of the annual financial statements

The annual financial statements for the 2004 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz) and the Articles of Incorporation. CTS EVENTIM AG is a large corporate enterprise within the meaning of Section 267 HGB.

Where options are available, disclosures were made in the Notes in order to maintain clarity and transparency.

The company's accounts were kept in Euros in the 2004 financial year.

General disclosures on accounting and valuation

: **Layout:** The figures for the preceding year were retained in unchanged form.

The layout of the balance sheet complies with that specified in Section 266 HGB in conjunction with Section 152 of the German Stock Corporation Act (AktG); the income statement conforms to the German form of income statement showing 'type of expenditure', pursuant to Section 275 (3) HGB in conjunction with Section 158 AktG.

: **Valuation:** No changes were made to the valuation and depreciation methods applied in the previous year.

Tangible and intangible assets are valued at purchase or production cost, including ancillary expenses, minus systematic depreciation.

The software and customer base acquired in the takeover of the 'getgo.de' Internet portal in 2002 will be written down over the prospective amortisation period of 5 years. The trademark rights similarly acquired will be written down over 10 years.

The recognised goodwill from bringing in the Ticketing business will be subjected to systematic depreciation on the basis of an estimated useful life of 15 years.

Low-value assets involving purchase costs of up to EUR 410 are depreciated in full in the year of purchase, pursuant to the fiscal options provided by Section 6 (2) of the Income Tax Act (EStG).

Shareholdings in affiliated companies are valued at acquisition cost, including secondary costs.

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

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

Equity was stated at nominal value.

Provisions were made in appropriate measure to cover discernible risks and contingencies, in accordance with the principles of prudent business judgement.

Liabilities are shown at redemption value.

: **Currency translation:** Receivables and other assets are carried at the buying rate applicable on the balance sheet date or at the lower transaction rate. Liabilities are carried at the selling rate on the balance sheet date or at the higher transaction price.

Notes and comments on specific items of the annual financial statements

: **Balance sheet:** The breakdown and development of assets is shown in the following analysis:

Analysis of fixed assets for the AG from 1 January to 31 December 2004

	Purchase cost/Production cost			
	Status 31.12.2003 EUR	Additions EUR	Disposals EUR	Status 31.12.2004 EUR
I Intangible assets				
1: Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	18 015 726	1 306 226	0	19 321 952
2: Goodwill	4 906 054	0	0	4 906 054
3: Payments on account	123 676	330 631	0	454 307
	23 045 456	**1 636 857**	**0**	**24 682 313**
II Tangible assets				
1: Land, land rights and buildings, including buildings on third-party land and similar rights without buildings	33 924	0	0	33 924
2: Other facilities, operating and office equipment	5 655 912	957 770	100 703	6 512 979
	5 689 836	**957 770**	**100 703**	**6 546 903**
III Financial assets				
1: Shares in affiliated companies	12 293 586	586 267	0	12 879 853
	12 293 586	**586 267**	**0**	**12 879 853**
Total	41 028 878	3 180 894	100 703	44 109 069

Accumulated depreciation				Book values	
Status 31.12.2003 EUR	Addtitions EUR	Disposals EUR	Status 31.12.2004 EUR	Status 31.12.2004 EUR	Status 31.12.2003 EUR
8 845 134	3 074 305	0	11 919 439	7 402 513	9 170 592
1 471 819	327 070	0	1 798 889	3 107 165	3 434 235
0	0	0	0	454 307	123 676
10 316 953	**3 401 375**	**0**	**13 718 328**	**10 963 985**	**12 728 503**
33 924	0	0	33 924	0	0
4 279 800	683 006	98 578	4 864 228	1 648 751	1 376 112
4 313 724	**683 006**	**98 578**	**4 898 152**	**1 648 751**	**1 376 112**
0	0	0	0	12 879 853	12 293 586
0	**0**	**0**	**0**	**12 879 853**	**12 293 586**
14 630 677	**4 084 381**	**98 578**	**18 616 480**	**25 492 589**	**26 398 201**

All receivables and other assets have a residual term of less than one year.

Receivables from affiliated companies include trade receivables amounting to EUR 909 thousand.

Prepaid expenses relating to promotion activities and other prepaid expenses relating to the following financial year are stated under prepaid expenses and accrued income.

The subscribed equity of CTS EVENTIM AG, amounting to EUR 12,000,000, is divided into 12,000,000 no-par value shares. These are bearer unit shares.

As at the balance sheet date, authorised capital amounted to EUR 6,000,000. Authorisation is granted until 31 July 2009. By resolution of the Shareholders' Meeting on 18 August 2004, the Management Board is authorized to increase the share capital of the company on one or more occasions in the period up to 31 July 2009, contingent on Supervisory Board approval, by issuing new shares against cash deposits or contributions in kind, whereby the total increase shall not exceed EUR 6.0 million. The shareholders must be granted subscription rights to such new shares, but the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval.

At the Shareholders' Meeting of 21 January 2000, a contingent share capital increase of EUR 180,000 was agreed (contingent capital 2000/I). 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.

By resolution of the Shareholders' Meeting on 27 August 2001, the share capital was contingently increased by up to EUR 3,500,000. This contingent increase in capital is for granting shares to the holders of stock options and convertible bonds that were issued by the company in accordance with the authorisation granted on 27 August 2001. The contingent increase in capital is effected only to the extent that the holders exercise their stock option and conversion rights, or fulfil their obligation to convert their bonds to stock. 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.

By resolution of the Shareholders' Meeting on 18 August 2004, the company was authorised to repurchase own shares as treasury stock. It was authorised in accordance with Section 71 (1) No. 8 AktG [Stock Corporation Act] to purchase up to ten hundredths of the company's share capital as treasury stock in the period up to and including 17 February 2006, except for the purpose of trading in own shares, and in compliance with the restrictions of Section 71 (2) AktG.

The countervalue paid for these shares may not exceed or fall below the traded price by more than ten percent. 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 the share purchase.

The volume of the bid may be limited. If the total subscription to the bid exceeds said volume, quotas shall be allocated in proportion to the number of shares offered in each case. The authorisation to repurchase own shares may be exercised under the aforementioned restrictions in partial amounts, on one or more occasions, and to pursue one or more aims.

The premium (Section 272 (2) No. 1 HGB) for the shares issued on the stock exchange are disclosed under capital reserves. In 2004, EUR 1,079,105.95 was withdrawn from capital reserves.

The balance sheet loss developed as follows:

	EUR
Loss carried forward as at 31 December 2003	– 9 342 030.46
Net income for 2004	8 262 924.51
	– 1 079 105.95
Withdrawals from capital reserves	1 079 105.95
Balance-sheet loss as at 31 December 2004	0.00

Other provisions include EUR 625 thousand in provisions for personnel expenses (prior year: EUR 745 thousand), EUR 300 thousand for legal, consultancy and litigation costs (prior year: EUR 548 thousand), EUR 833 thousand for outstanding supplier invoices (prior year: EUR 362 thousand), EUR 254 thousand for outstanding commission (prior year: EUR 301 thousand) and EUR 131 thousand for accounting and auditing expenses (prior year: EUR 178 thousand).

Liabilities to affiliated companies consist entirely of trade payables.

The residual terms of the liabilities are shown in the following statement of liabilities:

Statement of liabilities	**Balance sheet Liabilities**	**Remaining term**			
		up to one year		**between one and five years**	**more than five years**
		general	**1) from taxes 2) for social security**		
Liabilities:	**Euro**	**Euro**	**Euro**	**Euro**	**Euro**
1. Liabilities to banks	3 880 137 (Prev. year: EUR 5 539 thousand)	1 511 720 (Prev. year: EUR 1 659 thousand)		2 368 417 (Prev. year: EUR 3 880 thousand)	
2. Trade liabilities	2 721 012 (Prev. year: EUR 2 398 thousand)	2 721 012 (Prev. year: EUR 2 398 thousand)			
3. Liabilities to affiliated companies	1 031 379 (Prev. year: EUR 923 thousand)	1 031 379 (Prev. year: EUR 923 thousand)			
4. Other liabilities	23 043 949 (Prev. year: EUR 28 913 thousand)	23 043 949 (Prev. year: EUR 28 913 thousand)	1) 1 151 661 (Prev. year: EUR 806 thousand) 2) 99 151 (Prev. year: EUR 90 thousand)		
	30 676 477	**28 308 060**		**2 368 417**	**0**

The liabilities to banks (EUR 2,980 thousand) are secured by a general assignment of CTS EVENTIM AG receivables. The company also bears liability for debts owed to banks by ShowSoft GmbH, Bremen. As at the balance sheet date, ShowSoft GmbH, Bremen has no liabilities to banks.

Income statement

Revenue is broken down as follows:

	2004 EUR'000	2003 EUR'000
Ticket sales	25 156	20 050
Data line charges	2 554	2 428
System rental, maintenance, installation	1 917	1 646
Sales of merchandise	174	317
Package tours	1 024	1 109
Other	776	371
	31 601	**25 921**

The revenue was mainly generated on the domestic German market.

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

	Euro
Costs for purchased goods	629 556
Cost of purchased services	9 104 091
	9 733 647

Personnel expenses comprised the following items pursuant to Section 275 (2) 6 HGB:

	Euro
Wages and salaries	4 832 301
Social security contributions and expenses for pensions and employee support	667 010
	5 499 311

The cost of sales for the financial year include EUR 327 thousand in full depreciation of goodwill (prior year: EUR 327 thousand) as well as EUR 100 thousand depreciation (51%) on the trademark rights (prior year: EUR 100 thousand) and EUR 42 thousand depreciation on the customer base (prior year: EUR 42 thousand) of the 'getgo.de' Internet portal acquired in 2002. The remaining depreciation (49%) is included in production costs.

Interest and similar income include income from affiliated companies amounting to EUR 876 thousand (prior year: EUR 1.210 million).

The company concluded a final settlement in the financial year in respect of litigation relating to several receivables and liabilities. The settlement is disclosed in the accounts by recognising EUR 29 thousand as settlement result in other operating income.

EUR 717 thousand in municipal trade tax, EUR 786 thousand in corporation tax and EUR 43 thousand in solidarity supplement to corporation tax for the current year are stated under taxes on income. This item also includes foreign tax expenses of EUR 9 thousand as well as EUR 3 thousand in income from tax refunds relating to prior years.

Other disclosures

: Contingent liabilities and other financial obligations:
As at the balance sheet date, contingent liabilities of EUR 7.5 million were recognised as liabilities of subsidiaries, of which EUR 2.0 million relates to an assumption of liability provided in respect of a bank loan to a subsidiary. A further obligation exist due to a contingent bid which was released by MEDUSA within the purchase of additional shares in a subsidiary. The amount of the contingent purchase obligation depends on future operating results of the respective subsidiary and is estimated at EUR 5.5 million as at the balance sheet date.

Other financial obligations relating to short- and medium-term rental and lease contracts and other contractual agreements amount to EUR 466 thousand (prior year: EUR 327 thousand). Of that total, EUR 218 thousand (prior year: EUR 278 thousand) have a maturity of one year or less. Rental obligations amount to EUR 271 thousand (prior year: EUR 263 thousand), leasing obligations to EUR 107 thousand (prior year: EUR 109 thousand) and other obligations to EUR 89 thousand (prior year: EUR 0).

Participations held

Company	Nominal Capital Euro	Share %	Equity Euro	Net income Euro
GSO Holding GmbH,Hamburg	50 000	80.0	3 203 071	2 628
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim	500 000	50.0	–1 202 547	–124 014
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten bmbH, Vienna	36 336	75.0	152 106	324 588
Vierte Herrengraben 31 Verwaltungs-gesellschaft mbH, Hamburg	25 565	100.0	–2 745 756	–661 750
eventim Online Holding GmbH, Bremen	25 000	100.0	22 191	617
ShowSoft GmbH, Bremen	226 000	100.0	312 362	0

In the 2002 financial year, a direct control and profit transfer agreement was concluded with ShowSoft GmbH, Bremen. The amount of income generated from the profit transfer agreement in the reporting year was EUR 786 thousand (prior year: EUR 647 thousand).

Executive bodies of CTS EVENTIM AG

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

: Klaus-Peter Schulenberg, Bremen
  Chairman
: Dipl.-Ökonom Volker Bischoff, Stuhr
: Dr. Rainer Bartsch, Bremen
: Christian Alexander Ruoff, Bremen

The total emoluments paid to the Management Board in the financial year were EUR 1.443 million.

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

Edmund Hug, businessman, Oberstenfeld
Chairman
Other supervisory board positions:
: Caatoossee AG Networking Corporation, Stuttgart
: Schlott Sebaldus AG, Freudenstadt
: Lidl & Schwarz GmbH, Neckarsulm
: Scholz AG, Aalen

Dr. Peter Haßkamp, former Director Bremer Landesbank, Bremen
Vice-Chairman
Other supervisory board positions:
: DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen (until June 2004)

Dr. Peter Versteegen, lawyer, Hamburg
Other supervisory board positions:
: Höft & Wessel AG, Hannover

The members of the CTS EVENTIM Aktiengesellschaft Supervisory Board received emoluments totalling EUR 61 thousand for the 2004 financial year.

Employees

On average, 117 persons were employed by the company during the year. These were all salaried employees.

Declaration concerning the Corporate Governance Code

The declaration of the Management Board and the Supervisory Board of the company pursuant to Section 161 AktG [Stock Corporation Act], to the effect that the recommendations of the German Corporate Governance Code have been and are being complied with, and which recommendations have been or are not applied, was submitted in the business year and made permanently accessible to the shareholders.

Participating persons

The company received no notifications in the reporting period within the meaning of Section 21 (1) WpHG.
Mr. Klaus-Peter Schulenberg, Bremen, holds 66.67 % of the voting rights in the company as at 31.12.2004.

Bremen, 8 March 2005

CTS EVENTIM AG

Klaus-Peter Schulenberg Volker Bischoff

Christian Alexander Ruoff Dr. Rainer Bartsch

Independent Auditors' Report

: We have audited the annual financial statements, together with the bookkeeping system, and the management report of the CTS EVENTIM AG, Bremen for the business year from 1. January 2004 to 31. December 2004. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation/partnership agreement are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and the German generally accepted auditing standards of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that material 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 management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system in relation to financial accounting and the evidence supporting the disclosures in the books and records, the annual financial statements and the 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 management, as well as evaluating the overall presentation of the annual financial statements and 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, the annual financial statements 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. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Hamburg, 14th March 2005

Susat & Partner oHG
German Public Audit Company

Dr. Schlüter	Driesch
Auditor	Auditor

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Bremen, March 2005

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eventim.de : getgo.de : 30 million tickets p.a. : 70,000 events a year : 30 years' experience in the events m
Sports : Formula 1 : Bundesliga football : 3 million tickets for the 2006 FIFA World Cup : 2005 FIFA Confeder
tacts with top performers : Europe's leading portal for culturally and sports-oriented leisure activities : Co
nings growth : The share : Dividends : Market expansion into Switzerland and southern Europe : Merchandis
than 200 partners and 20,000 affiliated partners : 1.5 million online customers : Growth prospects : Event
advance Internet sales : Seat selection via Internet : Print-at-home : Mobile Ticketing : all services from a
events a year : 30 years' experience in the events market : Group : Open-air festivals : Classical music : R
kets for the 2006 FIFA Football World Cup Germany™ : 2005 FIFA Confederations Cup : Database with 1 million
leading portal for culturally and sports-oriented leisure activities : Concert tours : The share : Dividends :
marketing and distribution partners : Online ticket sales through more than 200 partners and 20,000 affil
Internet sales : Seat selection via Internet : Print-at-home : Mobile Ticketing : all services from a single sou