CTSeventim.AG

2003 Annual Report

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www.eventim.de

Key group figures

	2003 // EUR '000	2002 // EUR '000
Revenues	224 382	158 765
Gross profit from revenues	36 825	22 371
Personnel expenses	17 648	15 444
Operating income before depreciation and amortisation/EBITDA	20 251	7 178
Depreciation	4 868	3 985
Operating profit/EBIT	15 383	3 193
Profit from ordinary business operations/EBT	15 606	3 452
Consolidated net income for the year	4 725	338
Cash flow	15 385	5 589
	// EUR	// EUR
Net income per share* undiluted (= diluted)	0,39	0,03
	No.	No.
No. of employees**	392	391
of which part-time	79	86

*Shares outstanding: 12 million
**No. of employees (active workforce)

>> Number of shares held by executive body members as at 31 December 2003:

Management Board:

Klaus-Peter Schulenberg	8 397 000 shares
Volker Bischoff	102 000 shares
Christian Alexander Ruoff	17 500 shares
Dr. Rainer Bartsch	5 000 shares

Supervisory Board:

Edmund Hug	2 600 shares
Dr. Peter Haßkamp	1 465 shares
Dr. Peter Versteegen	0 shares

Contents

Chairman of the Supervisory Board of CTS EVENTIM AG: Edmund Hug

Report by the Supervisory Board

_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 26.03.2003, 04.06.2003, 20.08.2003 and on 05.12.2003. 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 21 August 2003, the Central Treuhand AG Wirtschaftsprüfungsgesellschaft, Munich, was chosen to audit the annual financial statement and the consolidated financial statements for the year 2003. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2003 annual financial statements, the 2003 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 26 March 2004, the annual financial statements and the consolidated financial statements for 2003, 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 statement 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 2003 financial year, to which no objections are raised.

_4 The Management Board has submitted its report on dependencies, 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
1. the disclosures of fact made in the report are true and correct
2. 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 2003 financial year.

_6 On 05.12.2003, 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 2003 financial year.

March 2004

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

Chief Executive Officer of
CTS EVENTIM AG:
Klaus-Peter Schulenberg

To the shareholders, employees and friends of the company

_Dear Sirs/Mesdames,

We have just experienced a concert season spiked with superlatives. Stadiums and concert halls were filled to capacity last year by megastars like the Rolling Stones, Bruce Springsteen, Bon Jovi, Robbie Williams and Herbert Grönemeyer, who drew millions of fans to their gigs. A record number of concerts, festivals and tours resulted in CTS EVENTIM AG having the most successful business year in its history. Sales were boosted by more than 40 percent, and the EBIT figure was multiplied by a factor of almost five. This strong and visible growth is also reflected in the share price, which rose from a good EUR 2.50 in January 2003 to more than EUR 14 in February 2004.

These results are nothing short of sensational at a time when other sectors of the economy are complaining about consumer restraint. People obviously feel a need to relax and be entertained when times are hard. Fans are also prepared to pay high ticket prices to see music legends, such as Bob Dylan or the Rolling Stones, in live concert. As Europe's leading ticketing company for concerts, theatre and sports events, and providers of live entertainment, we have gained substantially from this trend.

All divisions within the Group contributed towards our success. The Ticketing segment achieved a 24-percent growth in sales. The Internet was a strong source of sales growth, as was the standard box-office channel. Internet sales were almost doubled – from 0.7 million tickets in 2002 to 1,5 million in the 2003 business year. By establishing the www.eventim.de und portal and acquiring www.getgo.de, we created the ideal conditions at an early stage and now expect this high-margin sales channel to show sustained growth.

In the Live Entertainment segment, which includes the Marek Lieberberg, Peter Rieger, Semmel Concerts, ARGO Konzerte, FKP Scorpio and Dirk Becker concert promoters, we achieved a 44 percent increase in sales revenue. The CTS Group was involved in almost every major performance last year, either as organiser, ticket marketer or as principal. In the current season as well, we have many national and international stars from the rock and pop worlds under contract who will guarantee great concerts for the fans as well as continuation of our successful path. We have high expectations of the exclusive partnership concluded with Clear Channel Entertainment, the US concert promoter, which gives us easier access to world-ranking stars like Madonna and the Rolling Stones, enhancing still further our position in the international music business.

The key elements in our future corporate growth will be continued increases in profitability and step-by-step expansion into foreign markets. We believe we will reap additional rewards with this strategy – after all, there is no industry more global in scope than the entertainment business, and nothing connects countries and continents as much as music and sport.

Yours sincerely,
Klaus-Peter Schulenberg
CEO, CTS EVENTIM AG

CTS – the share

>> **Investor Relations Department** Tel. +49-18 05/3 83 68 46

_A good year for CTS shares After three bear market years, the stock markets finally bottomed out and began their ascent in 2003. However, market trends in early 2003 were anything but encouraging. Three months into the year, in March, the DAX reached a low of 2,200 points – its worst level since 1995. The war in Iraq had severe impacts on stock markets during the first quarter of the year. With hopes of economic recovery slowing gaining hold, a sense of optimism returned and German share prices began to rise. By the end of the year, the DAX index had reached 3,965 points, almost scaling the magical 4,000 barrier. The DAX gained 37% in a year-on-year comparison, and no less than around 80% compared to the March lows.

_Introduction of the Domestic and Prime Standard segments After extreme share price losses, the Neuer Markt was dissolved and two new segments, Domestic Standard and Prime Standard, were launched. On 24 March 2003, the stock market segments were finally reorganised. Companies wishing to be listed in the Domestic Standard segment need only comply with the statutory minimum reporting requirements, whereas companies wanting to be listed in the Prime Standard segment must meet additional, internationally accepted requirements in respect of transparency. CTS EVENTIM AG complied with these criteria at its IPO, so there were no obstacles to its inclusion in the Prime Standard segment, where CTS EVENTIM AG is now listed.

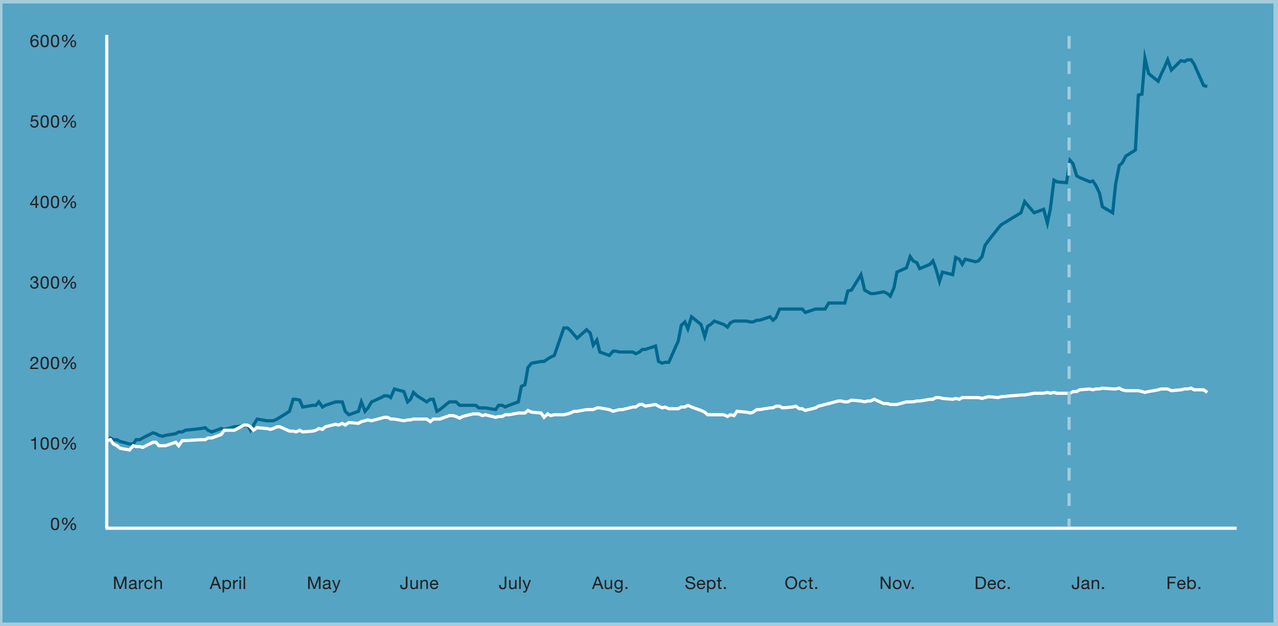
_The CTS share By the end of 2003, CTS shares had reached a high for the year of EUR 10.35. This signified a 300% increase on the 2002 year-end share price of EUR 2.53, and a superior performance compared to the Prime All-Share and Prime Media indices. Successful concerts, tours with top artists, partnerships, improved gross margins and powerful sales growth through proprietary Internet portals all led to the best business year in the company's history. This encouraging performance provided the basis for a veritable explosion in the CTS share price.

_Investor Relations In accordance with our policy of open and extensive information for our shareholders, we informed the financial markets in the 2003 business year as well about our business performance and material events with prompt quarterly reports, ad-hoc announcements and press releases.

_Corporate Governance The Management Board and Supervisory Board of CTS EVENTIM AG identify with the principles and policies of transparent and responsible management. On 5 December 2003, CTS EVENTIM AG therefore submitted another 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). This declaration on Corporate Governance is available in full on our website at www.eventim.de.

>> Financial data on the internet www.eventim.de/investorrelation **>> e-mail for shareholder questions** investor@eventim.de

The CTS share price (24.03.2003–24.02.2004)



CTS EVENTIM AG share, indexted in EUR **Prime-All-Share, indexted**

2003 // EUR			
Consolidated earnings per share	0.39	Type of shares	no-par value ordinary bearer shares
Cash flow	15 385 251	Securities code (WKN number)	5 4 7 0 3 0
High (Xetra, on 30.12.2003)	10.35	ISIN number	DE 000 547 030 6
Low (Xetra, on 19.02.2003)	1.85	Symbol	EVD
Year-end (Xetra, on 30.12.2003)	10.35	First listing	01.02.2000
Market capitalisation (based on year-end price)	124 200 000	Stock exchange segment	Prime Standard
No. of shares on 31.12.2003	12 000 000	Indizes	Prime All Share
Share capital after IPO	12 000 000	Sectoral index	Prime Media

Group management report, management report for the AG

// Preamble to the financial section of the Annual Report

In addition to the separate annual financial statements for CTS EVENTIM AG in accordance with the accounting legislation in the German Commercial Code (Handelsgesetzbuch – HGB), the Management Board has also prepared consolidated annual financial statements that comply with the requirements of US GAAP. Consolidated annual financial statements according to German accounting legislation were not prepared (Section 292 a HGB).

// Economic macroenvironment

_The national economy After two years of stagnation, the general climate in the German economy began to show signs of improvement in the second half of 2003. The monthly business climate index published by the Ifo Institute in Munich increased over eight successive months to the end of the year – a clear indication that the business community is gaining confidence and anticipating an upswing in activity. Companies are looking forward to renewed growth in the world economy, not only in Europe but also overseas, to higher levels of investment by industry and ultimately to some positive impacts of the employment, social security and fiscal policy reforms that have finally been launched.

However, the brighter mood last year was not accompanied as yet by any real upswing. Gross domestic product declined by 0.1 percent, which meant the German economy was stagnating for the second year in a row. Economic growth was slowed above all by extreme consumer restraint prompted by widespread uncertainties, and by sluggish investment activity in large sections of industry. Although exports increased, they did so at a much slower rate than in previous years. The declining value of the dollar against the euro also led to many export-oriented companies suffering substantial falls in euro-based revenues.

_Outlook for 2004 Despite the strong euro, the Ifo business climate index rose in January to its highest level in three years. For the first time in a long time, this improvement was not based on better expectations for the future, but exclusively on more positive assessments of the current situation. Economists believed that, after three years of restraint, German companies would now start to invest more heavily. The Federation of German Industry (BDI) expected a substantial upswing in the domestic economy. BDI president Michael Rogowski stated in January that he considered 2 percent economic growth in 2004 and 2.5 percent growth in 2005 to be “anything but utopian”. The prerequisite for such growth, he said, was that the government coalition of Social Democrats and Greens would push ahead the reforms they had initiated. In February 2004, the Ifo business climate index showed no further increase. Business expectations for the coming six months, in particular, were no longer as optimistic as a month before. On the other hand, there was little change in how the current business situation was assessed. Worst affected by these trends are the wholesale trade and manufacturing. The business climate in the construction industry deteriorated only slightly, while the retail trade even improved. This nurtures hopes that the climate for consumption in Germany has already seen the worst.

In the 2003 business year, the Group rigorously pursued its strategy of enhancing its leading position in the ticketing and events market.

_Macroenvironment and Industry The Group operates in the leisure events market with its Ticketing and Live Entertainment divisions. The parent company of the Group, CTS EVENTIM AG (hereinafter: CTS) 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.

Organising and executing leisure 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. Selling tickets is the basic object of the Ticketing division, from marketing events (tickets) through its leading network platform (CTS Ticketing software), to the inhouse ticketing product (ShowSoft), to comprehensive solutions for ticket sales, admission control and payment in stadiums and arenas.
Besides the German market, the Group also operates in the ticketing segment in other European countries (e.g. Austria, Hungary, the Netherlands). In the latter, the Group competes with domestic and foreign network operators and ticketing software providers. Through ‘Ticket Express’, a Group company in Austria, additional ticketing companies were established in Croatia, Slovenia and Slovakia in the second half of 2003.

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 soccer.

As a leading ticketing company, CTS is superbly positioned in its market. That position was further consolidated and extended in the ticketing field by means of 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 has also been safeguarded on these markets.

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 consists 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 2003 business year, the Group rigorously pursued its strategy of enhancing its leading position in the ticketing and events market. 2003 was a boom year for concert promoters and ticketing companies. People in Germany attended more concerts, festivals and concert tours than ever before – this was attributable not only to the summer being so unusually hot and long, but above all to the stars on offer. Stadiums and concert halls were filled to capacity last year by superstars like the Rolling Stones, Bruce Springsteen, Bob Dylan, Bon Jovi, Robbie Williams and Herbert Grönemeyer. Hundreds of thousands were attracted by the big names on stage and were also prepared to pay relatively high prices for tickets. In contrast to the consumer goods sector, there were no signs of consumer restraint towards top-ranking concerts, sports events and theatre performances. For the Group, a leading ticketing company and provider of live entertainment, the record-breaking summer had a very positive effect on earnings. 2003 was the best business year in the company's history.

New companies were established both in Germany and abroad in the context of local events and tour organisation. PGM Promoters Group Konzertagentur GmbH in Munich (hereinafter: PGM) was established in the field of local event management by means of participating interests on the part of the Group companies Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt a.M. (hereinafter: Lieberberg), Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (hereinafter: Semmel) and ARGO Konzerte GmbH, Würzburg (hereinafter: ARGO). The newly formed company was registered at the Commercial Registry at Munich District Court on 3 January 2003. In late 2002, in conjunction with Show Factory in Vienna, Lieberberg and Semmel jointly established a new company by the name of LS Konzertagentur GmbH (hereinafter: LS) with the object of marketing tours and concerts in Austria. The Live Entertainment segment now covers not only the German but also the Austrian market for entertainment events.

At the end of the business year 2003 the American Media Company Clear Channel Entertainment (hereinafter: CCE) acquired a 20% interest in Lieberberg. This is a further step towards consolidating our market position. CCE acquired the shares from Mr. Lieberberg, the founder of the business. Through the strategic alliance with CCE, the Group obtains exclusive access to CCE content in Germany and Austria, with the beginning of 2004, not only for organising events but also for marketing tickets. This opens up additional and interesting growth perspectives for the Group in other German-speaking countries in Europe in the years ahead.

One example in the ticketing field is the exclusive partnership formed with the Ostseehalle in Kiel (Ostseehalle Kiel Betriebsgesellschaft mbH & Co. KG) after many years of fruitful collaboration. Under the partnership, CTS has exclusive ticketing rights for all events held in both the Ostseehalle Kiel and the Campushalle Flensburg. In addition, CTS will sell the season tickets for two first-division handball teams, THW Kiel and SG Flensburg-Handewitt. By forging these partnerships, CTS has secured additional and significant shares of the ticketing market.

A cooperation agreement with BerlinOnline Stadtportal GmbH & Co. KG provides for exclusive online ticketing on the city's www.berlin.de portal. CTS developed a booking tool that is specially matched to the partner website's design. Since January 2004, berlin.de and berlinonline.de users can purchase tickets for events in the CTS system. CTS is responsible for handling the ticket orders. Around 2.6 million visits and more than 18 million page impressions a month make BerlinOnline Stadtportal GmbH & Co. KG the leading city-based portal in Germany.

Steady growth in high-margin Internet sales are an indication that this distribution channel is now permanently established among consumers.

// Corporate group structure/ Divisional changes:

_Live Entertainment: In the Live Entertainment segment, the MEDUSA Music Group GmbH (hereinafter: MEDUSA) acquired an additional ten percent of the shares in Peter Rieger Konzertagentur Holding GmbH, bringing its holdings to 70% of the total. The share acquisition agreement was recorded by a notary on 10 April 2003. The parent company of MEDUSA, Vierte Herrengraben 31 Verwaltungsgesellschaft mbH (hereinafter: Vierte Herrengraben), extended its interest in MEDUSA by 2.6% to 92.5% in the year under review.

As at 30 September, 2003, the CRP Konzertagentur GmbH in Hamburg (participating interest held by FKP Scorpio Konzertproduktionen GmbH, Hamburg) was added to the consolidated entities on account of its significance. The percentage stake is 50.2%. The object of the company is the local organisation of the Chiemsee Reggae Festival.

LS and PGM, two newly-established firms, were included in consolidation as of 30 June 2003.

Scorpio Konzertproduktionen GmbH changed its name to FKP Scorpio Konzertproduktionen GmbH (hereinafter: Scorpio) on 27 October 2003. The amendment to the Articles of Incorporation was entered in the Commercial Register on 11 February 2004.

In a share acquisition agreement dated 9 December 2003, CCE acquired 20% of the shares in Lieberberg. CCE took over these shares directly from Marek Lieberberg, the company's founder. Within the Group, this sale of shares did not result in any changes in the corporate structure or the entities to be consolidated.

_Ticketing: By notarial deeds dated 4 November 2002, SH Software GmbH (Bremen) and TimoSoft Software Entwicklungs GmbH (Oberhausen) were merged with ShowSoft GmbH, thus concentrating the Group's entire software engineering activities in ShowSoft GmbH. The mergers have retroactive fiscal effect from 30 June 2002. Asset transfer was effected on registration of the merger in the Commercial Register on 3 February 2003.

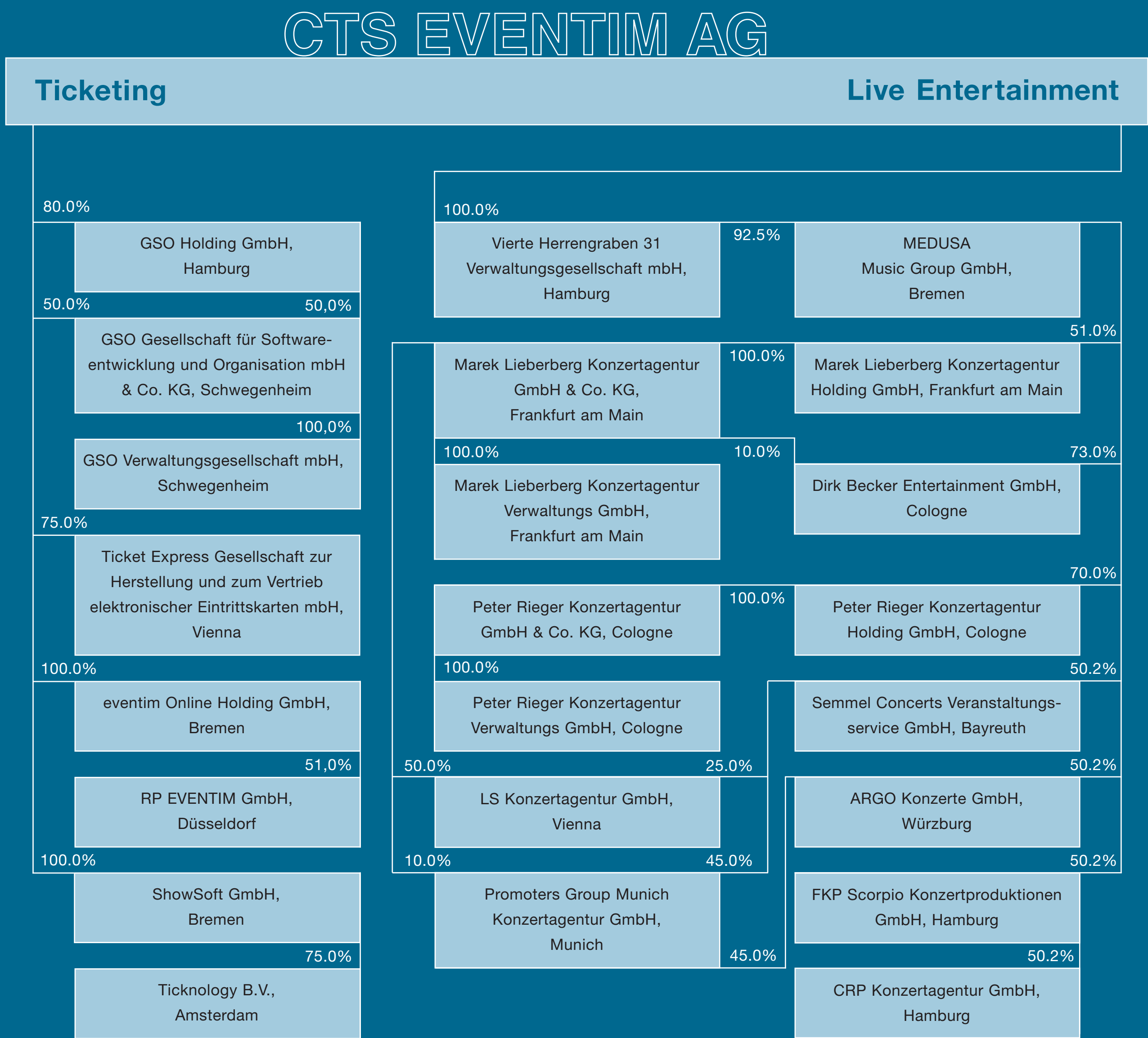
In a share acquisition and assignment agreement recorded by a notary and dated 26 March 2003, DEAG Deutsche Entertainment AG sold and assigned its shares in CTS Computer Ticket Service Betriebs GmbH Berlin (CTS Berlin) to CTS Berlin.

By notarial deeds dated 9 July 2003, Tickets/S Veranstaltungsservice GmbH, Karlsruhe (hereinafter: Tickets/S) and CTS Berlin were merged with CTS, with retroactive effect as of 1 January 2003. The merger was registered in the Commercial Register entry for CTS on 12 November 2003.

On 21 August 2003, the Annual Shareholders' Meeting of CTS approved relocation of the domicile of the company from Bremen to Munich, and conclusion of the control and profit transfer agreement with ShowSoft GmbH, the controlled company, on 8 October 2002. The relocation of domicile in the Commercial Register has yet to be registered. The Commercial Register entry pertaining to the control and profit transfer agreement was made on 9 October 2003; the agreement therefore has retroactive fiscal effect as from 1 January 2002.

Corporate structure of CTS EVENTIM AG and its subsidiaries

>> Status 31 December 2003



Stadiums and concert halls were filled to capacity by megastars like the Rolling Stones, Bruce Springsteen, Bon Jovi, Robbie Williams and Herbert Grönemeyer, who drew millions of captivated fans to their gigs.

// Assets and capital

_Group: The Group's balance sheet total decreased by EUR 22.252 million from EUR 171.834 million to EUR 149.582 million.

Additions to software, tangible assets and financial assets amounted to EUR 6.453 million. Taking into account the valuation adjustments from fiscal audit (EUR 79 thousand), changes in consolidated entities (EUR –230 thousand) and depreciation on assets (EUR 4.902 million) and disposals (EUR 744 thousand), the carrying value of assets as at 31 December 2003 increased by EUR 656 thousand. This increase in asset value related mainly to the positive goodwill resulting from the acquisition of MEDUSA shares and to investments in hardware for box offices, event organisers and Internet portals. The fixed assets (EUR 51.197 million) are covered by shareholders' equity (EUR 50.749 million), reserves for shares held by minority interests (EUR 6.794 million) and pension accruals (EUR 1.730 million).

Current assets decreased by EUR 20.915 million to EUR 91.053 million.

The main decreases were in payments on account for production costs already advanced (EUR 11.457 million), liquid assets (EUR 4.130 million) and trade receivables (EUR 2.463 million). The increase in liquid assets in the Live Entertainment segment is offset by a decrease in liquid assets in the Ticketing segment. The decrease in liquid assets in the Ticketing segment results from special effects in the fourth quarter of 2002 relating to box-office sales in December 2002 for the Rolling Stones tour in 2003. After adjusting for these special effects, the cash flow in the Ticketing segment as at the cut-off date improved. The liquid assets in the Ticketing segment consist primarily of ticket revenues for events in 2004. They are offset by other liabilities relating to ticket revenues that have not yet been invoiced.

Shareholders' equity increased to EUR 50.749 million due to EUR 4.725 in net income for the year and the elimination of EUR 63 thousand in consolidation differences.
Reserves for minority interests increased EUR by 4.471 million to EUR 6.794 million. This change results from profits distributions to minority interests (EUR –913 thousand) in the 2003 financial year, proportionate shares in the net income for 2003 (EUR 3.864 million) and acquisition of MEDUSA shares by Vierte Herrengraben, the merger of CTS Berlin in CTS and the acquisition of shares in the PRK Holding (EUR –628 thousand).

Long-term provisions for pensions increased by EUR 517 thousand to EUR 1.730 million.

Short-term loan capital, including short-term provisions, was reduced by EUR 29.849 million to EUR 90.201 million. The main portion of this reduction related to payments received on account but not yet invoiced (EUR 11.488 million) and the reduction in other liabilities (EUR 19.188 million); these are offset by a EUR 3.415 million increase in short-term provisions. The decrease in other liabilities is mainly attributable to the aforementioned special effects arising from the Rolling Stones tour in 2003.

The Group was involved in almost every major performance, either as promoter, ticket marketer or as principal.

_CTS: Investments in software, tangible assets and financial assets amounted to EUR 1.656 million. Taking valuation adjustments from fiscal audit (EUR 69 thousand), depreciation on assets (EUR 4.106 million) and asset disposals (EUR 811 thousand) into account, the carrying value of fixed assets decreased by EUR 3.192 million as at 31 December 2003. Disposals related primarily to the lost carrying value of participations in Tickets/S and CTS Berlin as a result of their merger with CTS.

Current assets decreased by EUR 11.421 million to EUR 53.191 million. The decrease was mainly in liquid assets (EUR 9.395 million) and inventories (EUR 864 thousand). Inventories amounting to EUR 388 thousand relate primarily to ticket stocks that were not yet sold. The decrease in liquid assets results from special effects in the fourth quarter of 2002 relating to box-office ticket sales for the Rolling Stones tour in 2003. After adjusting for these special effects, cash and cash equivalents in CTS improved as at the cut-off date. The liquid assets consist primarily of ticket revenues for events in 2004. They are offset by other liabilities relating to ticket revenues that have not yet been invoiced.

Shareholders' equity (pursuant to HGB regulations) increased by the net income for the year, namely by EUR 4.432 million to EUR 39.558 million.

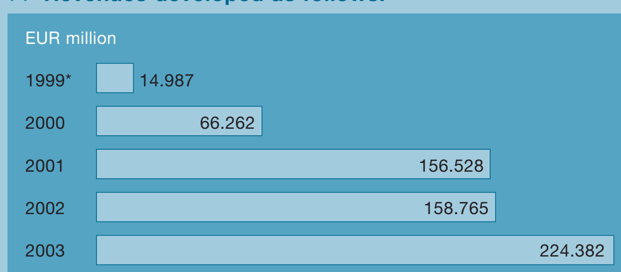
Short-term loan capital, including short-term provisions, was reduced by EUR 19.151 million to EUR 40.184 million. This change is primarily due to the reduction of other liabilities (EUR 15.039 million), lower trade payables (EUR 2.328 million) and less liabilities to banks (EUR 1.271 million). EUR 14.023 million of the total reduction in other liabilities relates to ticke revenues that have not yet been invoiced; these pertain to the aforementioned special effects arising from invoicing of the 2003 Rolling Stones tour.

// Operating results

The 2003 financial year was characterised by a large number of concerts and tours, especially in the summer and autumn months. The Group was involved in almost every major performance, either as promoter, ticket marketer or as principal. In addition to superb performance in the Live Entertainment segment, the Ticketing segment made a substantial contribution to the improved income situation as a result of strong growth in Internet ticket sales. The Group was able to exceed its revenue forecast and earnings guidance.

_Group Group revenues increased by around 41% in a year-on-year comparison, by EUR 65,617 million from EUR 158.765 million to EUR 224.382 million. Revenues (before consolidation between the segments) breaks down into EUR 191.744 million in the Live Entertainment segment and EUR 35.201 million in the Ticketing segment.
Of the EUR 224.382 million in Group revenues achieved in the reporting year, EUR 210.992 million were generated in Germany,

>> Revenues developed as follows:



*Consolidated financial statements excluding Live Entertainment segment

EUR 13.202 million in Austria and EUR 188 thousand in the Netherlands.

The gross margin in fiscal 2003 was 16.4% (2002: 14.1%). Due to sectoral factors, the gross margin in the Live Entertainment segment was significantly lower (10.7%) than in the Ticketing segment (46.3%). Further improvement in gross margin is expected from projected scale effects in the Live Entertainment division.

Earnings before interest and tax but after depreciation (EBIT) were EUR 15.383 million, compared to EUR 3.193 million in fiscal 2002. The year under review ended with earnings before interest, tax, depreciation and amortisation (EBITDA) of EUR 20.251 million (2002: EUR 7.178 million).

The Group has applied the US GAAP SFAS No. 141 standard since 1 July 2001, and the SFAS No. 142 standard since 1 January 2002. Goodwill and intangible assets acquired after 30 June 2001 and having an indeterminate useful life are no longer systematically amortised. Goodwill arising from business combinations initiated prior to 1 July 2001 and intangible assets with indeterminate lifetime acquired before 1 July 2001 was systematically depreciated until 31 December 2001. In accordance with SFAS No. 142, existing intangible assets of indeterminate lifetime and goodwill were examined in the 2003 financial year to determine whether they come under the new criteria as of the date on which they are first used. The Group reviewed the useful life and residual value after depreciation of all intangible assets and established that no adjustments to goodwill were necessary. When reviewing valuation, an analysis was conducted to determine whether there are any indications for reducing the value of goodwill. The reviews of goodwill valuation revealed no indications for such value reductions.

The Group achieved a financial result amounting to EUR 223 thousand (previous year: EUR 259 thousand).

Earnings before tax (EBT) improved by EUR 12.154 million from EUR 3.452 million to EUR 15.606 million.

In the tax expenses as disclosed, deferred taxes have been set-off 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. Owing to the change in fiscal depreciation periods for the increases resulting from such transfers, extraordinary additional taxes are incurred that will be offset by lower taxes from 2007 onwards.

After deduction of minority interests (EUR 3.864 million) from the net income for the year (EUR 8.589 million), a consolidated net income of EUR 4.725 million is obtained (previous year: EUR 338 thousand). The net income for the year in respect of CTS is shown in the consolidated net income as EUR 2.384 million. The net income of the year for CTS, calculated according to HGB accounting regulations as EUR 4.432 million, was adjusted to US GAAP (in respect of deferred tax expenses and depreciation of goodwill) by EUR 2.048 million.

// Development of the Ticketing and Live Entertainment segments

_Live Entertainment In the Live Entertainment segment, revenues of EUR 191.744 million were generated, compared to EUR 132.709 million the year before. Strong sales growth in the German market and the creation of local event organisations in Austria led to overall sales growth of around 44%.

After deducting sales expenses of EUR 171.172 million (2002: EUR 121.450 million), a gross profit of EUR 20.572 million remains (2002: EUR 11.259 million). This is equivalent to a gross margin of 10.7% (2002: 8.5%). The EBITDA figure for 2003 was EUR 12.078 million, up EUR 7.095 million on the previous year (EUR 4.983 million). EBIT improved by EUR 7.075 million from EUR 4.584 million to EUR 11.659 million.
This considerable rise in revenues and profits is explained by a number of factors. Besides regional market growth, there was also a high, above-average number of successful concerts, tours and festivals, especially in the second quarter of 2003. In addition to the high frequency of events, the outstanding quality of events was another important factor, in that high capacity rates were achieved with top performers of national and international renown.

_Ticketing Ticketing revenues were substantially increased, by EUR 6.948 million from EUR 28.253 million to EUR 35.201 million (an increase of 24.6%). Of the total sales in this segment, EUR 10.400 million were generated via the Internet (2002: EUR 5.066 million). The share of total revenues generated in this segment by Internet sales rose sharply in 2003 from 18% to 30%.

After deducting sales expenses of EUR 18.917 million, a gross profit of EUR 16.284 million remains. This is equivalent to a gross margin of 46.3% (2002: 39.6%). The EBITDA figure for the whole of 2003 was up by 272 percent, at 8.173 million EUR (2002: EUR 2.196 million). The EBIT figure increased by EUR 5.115 million from EUR –1.391 million to EUR 3.724 million. The fourth quarter of 2003 was very successful, with a EUR 2.451 million share in total EBIT that exceeded the previous year's figure (EUR 1.452 million) by EUR 999 thousand. The profit situation in the Ticketing segment is very encouraging, particularly in view of the growth of Internet ticket sales. A total of 1.5 million tickets were sold via our own Internet portals in 2003, compared to 0.7 million in 2002. The 'getgo' Internet portal acquired in the fourth quarter of 2002 played a substantial role in this achieving this increase. Expansion of the Stadium and Hall Management unit had a negative effect on the net income for the year.

CTS CTS sales revenues increased significantly by EUR 6.788 million (35.5%) from EUR 19.133 million to EUR 25.921 million. By achieving such revenue growth, CTS plays a major role in the Ticketing segment.

The operating profit improved by EUR 4.536 million, from EUR –63 thousand to EUR 4.473 million. This increase is mainly attributable to revenue growth and better profit margins. Savings were also made in respect of network operation, computing centres and line expenses. In CTS as an individual company, ticket volumes through classic box-office sales were increased. Sales through the Internet sales channel showed excellent growth.

After setting-off the financial result of EUR 937 thousand (2002: EUR 818 thousand) and the EUR 647 thousand in income from profit transfer agreements with ShowSoft (2002: EUR 806 thousand), earnings from normal business operations came in at EUR 6.057 million (2002: EUR 1.561 million). The extraordinary loss (EUR 1.492 million) relates to expenses and income from mergers.

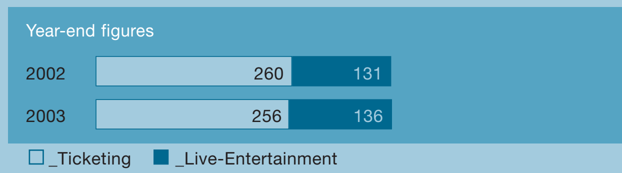
// Personnel

_Group The Group employed 392 employees at the end of the 2003 financial year (2002: 391), of whom 67 were employed in Austria and 2 in the Netherlands.
An increase of 5 in the workforce size within the Live Entertainment division was offset by a reduction of 4 employees in the Ticketing segment. On average during the year, the Group had 43.4 more employees than in 2002.

Compared to the previous year, Group personnel expenses increased by EUR 2.204 million from EUR 15.444 million to EUR 17.648 million.

This increase in personnel expenses is broken down to EUR 1.828 million for the Live Entertainment segment and EUR 376 thousand for the Ticketing segment. The increase in the Live Entertainment segments results from additions to pension accruals and from the inclusion of PGM and LS in the consolidated financial statement. The ‘getgo’ Internet portal acquired in the fourth quarter of 2002 led to increased personnel expenses in the Ticketing segment, and specifically at ShowSoft.

>> Breakdown of employees by segment



_CTS At the end of the 2003 financial year, CTS had 117 employees on its payroll (2002: 122).
Compared to the previous year, personnel expenses at CTS increased by EUR 581 thousand from EUR 4.762 million to EUR 5.343 million. The ‘getgo’ Internet portal acquired in the fourth quarter of 2002 led to increased personnel expenses.

// Investments and financing

_Group The main investments in the reporting year were the acquisition of MEDUSA shares by Vierte Herrengraben, and investments by CTS in hardware equipment for box-offices, promoters and the Internet portals. These investments were financed with free cash flow.

No major investments were made by the other companies within the Group.

_CTS CTS investments in 2003 mainly related to further development of the CTS ticketing software and the Internet applications (EUR 706 thousand). Investments in tangible assets were primarily for the computer hardware equipment provided to the box offices and organisers connected to the CTS ticketing software system (EUR 192 thousand). These hardware components are provided to users on a rental basis.

In order to tap new markets, the company plans developments in new technologies such as chip tickets or mobile ticketing.

In addition, EUR 363 thousand were invested in technical equipment for operating the CTS ticketing software system and the Internet shop. These 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 organisers, 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 Group companies operating in Germany and Europe are exposed to many risks due to the very nature of the business. 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 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 retrospective taxes amounting to EUR 135 thousand being payable. These retrospective payments result mainly 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 retrospective tax payments 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 ticket over the CTS sales network and providing a certain proportion of the available tickets. The Group believes that promoters will continue to use these services in future on account of the diversified structure of products and their distribution. This risk was 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.

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 2003 business year, at EUR 4,431,646, is set off against the loss carried forward, which amounts to EUR 13,773,676. The remaining balance-sheet loss of EUR 9,342,030 is carried forward to the new business year.

// Dependencies

Pursuant to Section 17 AktG, a dependent relationship existed 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:

"With regard to the legal transactions referred to in the report on relations with affiliated companies, our company received adequate consideration for every such transaction, in the circumstances it knew to be operating when such transactions were made. No legal transactions or measures were effected or waived at the behest or in the interest of the controlling company or of other companies affiliated with the latter."

// Subsequent events

On 8 January 2004, in judicial proceedings between CTS and its adversaries Dr. Richtmann + Eder GmbH and RECOS EVD Service GmbH at the Munich Regional Appeal Court, an extensive settlement was reached on all actively and passively pending proceedings. All claims and counter-claims have been settled with the agreed payment of EUR 243 thousand to CTS. The settlement became final and absolute when the period for objection expired on 5 February 2004.

// Outlook for 2004

The Group is optimistic for the year 2004. There are already many firm agreements with pop and rock stars, including not only classics like Santana, Phil Collins, Peter Gabriel, Cher and Sting, but also high-ranking artists such as Shania Twain,

In the field of Internet ticketing, further growth is likely to result in the future due to the increasing acceptance of this sales channel.

DIDO, Pink, and top German stars Herbert Grönemeyer, Udo Jürgens and James Last.

The management board also has high expectations for the exclusive partnership with CCE, the American company that is world market leader for concerts. Through the strategic alliance with CCE, the Group obtains exclusive access to CCE content, not only for promoting events but also for ticket marketing, including world stars such as Madonna, U2 and the Rolling Stones. This opens up additional and interesting growth perspectives for the Group in the years ahead, also in other countries besides Germany.

In the field of Internet ticketing, further growth is likely to result in the future due to the increasing acceptance of this sales channel. Visits to the online ticketing sites www.eventim.de and www.getgo.de in early 2004 showed further increases relative to the same period last year. For CTS, Internet ticketing means relatively low costs and high margins. The Group will therefore expand this profitable sales channel still further and establish it in the long term as the most important distribution channel for all types of ticket.

In the current business year, CTS is entering the new field of music downloads via the Internet. The cooperation agreement concluded with the phonographic industry, with CTS the premium partner for the major music business players, will be presented at the CeBit trade fair in March. The new platform will offer music downloads from all the key music labels and in all genres on a pay-by-download basis. The new product line is firstly aimed at reaching the 1.5 million existing customers with proven affinity to music who have already purchased tickets through the CTS portal. Given that there is no established brand for music downloads in Germany, the project will enhance awareness of the Eventim brand name still further.

In the years ahead, as in the past, the general strategic objective of the Group will be to reinforce its present market position in the ticketing and live entertainment fields. The Group will continue to grow in these segments, increase its profitability and intensify its market leadership in Europe. To this end, foreign markets will be penetrated and tapped through additional partnerships and acquisitions.

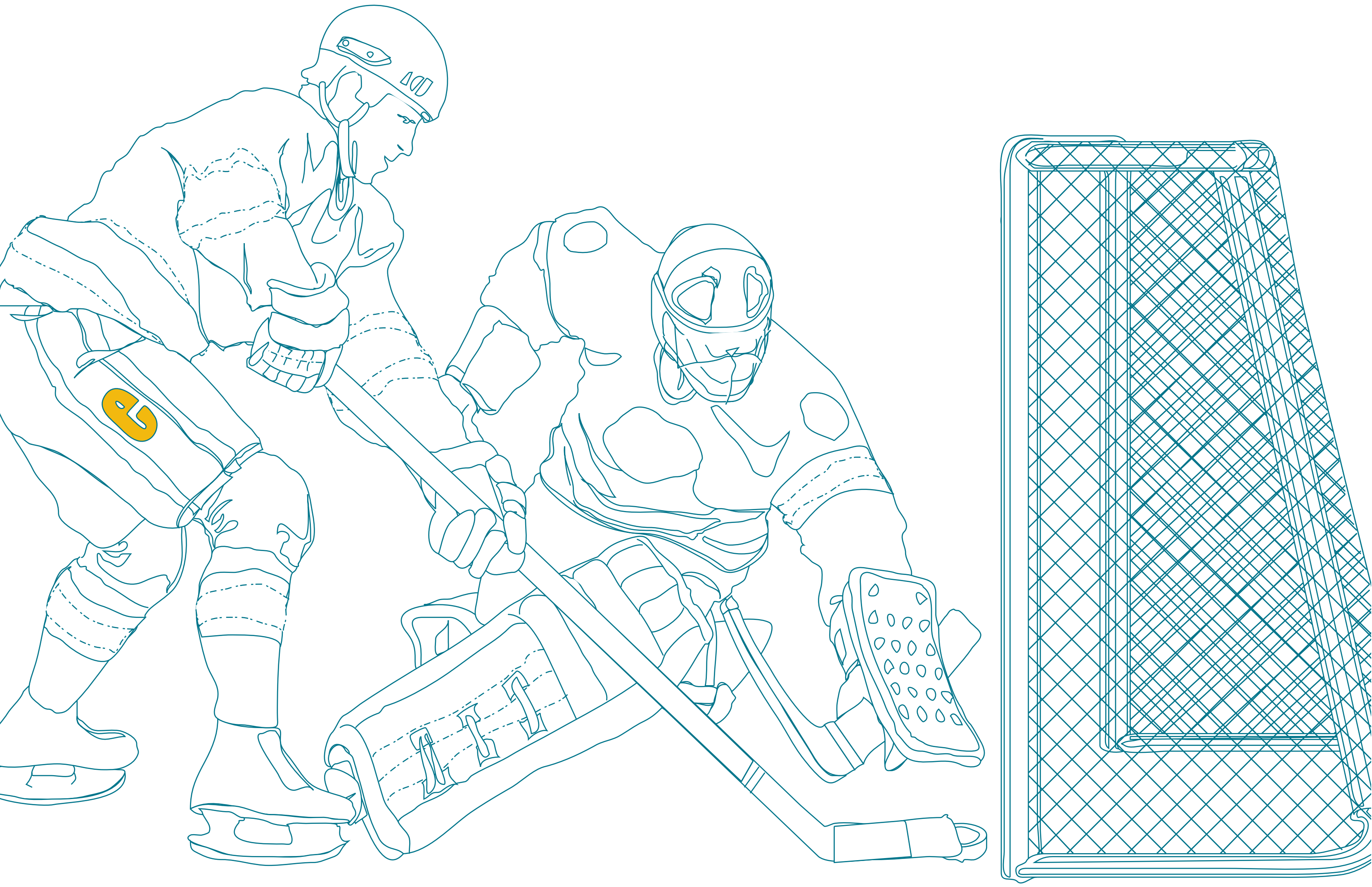
Forward-looking statements

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 2004
CTS EVENTIM AG

The Management Board

Tickets for sporting highlights, e.g. football, motorsports, tennis and ice sports, were offered on the eventim.de and getgo.de websites. 'Event trips' were also offered to many venues.



Consolidated financial statements and annual financial statement for fiscal 2003

Balance sheet (US GAAP) as at 31 December 2003

ASSETS		2003 // EUR	2002 // EUR
A// Fixed assets			
I	**Intangible assets**		
1_	Concessions, industrial property right and similar rights and assets, licences to such rights and assets	9 876 131	12 505 827
2_	Goodwill	37 359 519	32 892 901
3_	Payments on account	123 676	493 334
		47 359 326	**45 892 062**
II	**Tangible assets**		
1_	Land, land rights and buildings, including rights to buildings on third-party land	42 681	67 763
2_	Other facilities, operating and office equipment	2 526 166	2 804 852
		2 568 847	**2 872 615**
III	**Financial assets**		
1_	Shares in affiliated companies	391 133	602 364
2_	Loans to affiliated companies	0	31 657
3_	Marketable securities	15 039	10 488
4_	Participations	81 113	83 495
5_	Other loans	781 197	1 048 205
		1 268 482	**1 776 209**
B// Current assets			
I	**Inventories**		
1_	Raw materials and consumables	98 244	0
2_	Work in progress	6 064	178 434
3_	Finished products and goods	482 561	1 543 317
4_	Payments on account	2 163 671	13 621 017
		2 750 540	**15 342 768**
II	**Receivables and other assets**		
1_	Trade receivables	13 035 018	15 497 753
2_	Receivables from affiliated companies	465 583	408 832
3_	Receivables from companies in which participations are held	18 645	362 647
4_	Other assets	8 179 346	9 622 619
		21 698 592	**25 891 851**
III	**Securities**		
1_	Other securities	**2 556**	**2 556**
IV	**Cheques, cash in hand, Bundesbank balances and bank balances**	**66 601 143**	**70 731 281**
C// Prepaid Expenses and Accrued income		**406 708**	**423 935**
D// Deferred tax assets		**6 925 385**	**8 900 881**
		149 581 579	**171 834 158**

Equity and Liabilities	2003 // EUR	2002 // EUR
A// Shareholders' equity		
I Subscribed capital	12 000 000	12 000 000
II Capital reserves	35 339 700	35 339 700
III Loss carried forward	–1 315 012	–1 652 609
IV Consolidated net income	4 724 643	337 597
V Difference arising from consolidation	0	62 557
	50 749 331	**46 087 245**
B// Reserves for shares held by minority interests	**6 794 256**	**4 471 090**
C// Provisions		
1_ Pension accruals	1 729 838	1 213 188
2_ Provisions for taxation	6 200 276	3 790 132
3_ Other provisions	5 400 763	4 396 376
	13 330 877	**9 399 696**
D// Liabilities		
1_ Liabilities to banks	6 047 815	6 943 026
2_ Downpayments received on orders	23 217 989	34 705 904
3_ Trade payables	9 823 005	11 449 327
4_ Liabilities to affiliated companies	169 694	214 872
5_ Liabilities to companies in which participations are held	91 827	112 423
6_ Other liabilities	39 249 887	58 437 868
	78 600 217	**111 863 420**
E// Accrued expenses and deferred income	**106 898**	**12 707**
	149 581 579	**171 834 158**

Income statement

		2003 // EUR	2002 // EUR
1_	Revenues	224 382 198	158 765 406
2_	Cost of sales	187 556 867	136 394 874
3_	**Gross return on sales**	**36 825 331**	**22 370 532**
4_	Selling expenses	13 036 954	11 437 777
5_	General administrative expenses	8 987 385	7 639 194
6_	Other operating income	4 394 932	1 959 924
7_	Other operating expenses	3 812 810	2 060 436
8_	**Operating profit (EBIT)**	**15 383 114**	**3 193 049**
9_	Income from participations	43 602	183 394
10_	Other interest and similar income	1 147 922	888 513
11_	Depreciation on financial assets	33 500	33 181
12_	Interest and similar expenses	673 418	548 076
13_	Foreign exchanges gains and losses	−261 602	−231 855
14_	**Profit from ordinary business activities**	**15 606 118**	**3 451 844**
15_	Taxes on income	7 003 202	997 929
16_	Other taxes	13 989	8 796
17_	**Net income for the year**	**8 588 927**	**2 445 119**
18_	Net income for minority interests	3 864 284	2 107 522
19_	**Consolidated net income for the year**	**4 724 643**	**337 597**
	Earnings per share (in EUR); undiluted (= diluted)	0.39	0.03

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:

A // Cash flow from ongoing business operations	**2003 //** EUR	**2002 //** EUR
Consolidated net income for the year	4 724 643	337 597
Share in profits attributed to minority interests	3 236 434	2 105 953
Depreciation on assets	4 901 687	4 018 393
Additions to assets	0	–23
Additions to pension accruals	516 651	165 561
Deferred tax expense/ income	2 005 836	–1 038 798
Cash flow	**15 385 251**	**5 588 683**
Other cash-neutral expenses / income	–298 554	0
Book losses from disposal of assets	125 647	98 233
Decrease/increase in inventories; payments on account	14 274 135	–10 383 256
Decrease/increase in receivables and other assets	6 503 317	–5 389 093
Decrease/increase in prepaid expenses and accrued income	19 630	–259 012
Increase in provisions	2 674 610	642 559
Decrease/increase in short-term liabilities	–40 864 435	55 997 895
Decrease/increase in accrued expenses and deferred income	-218 406	12 499
Cash flow from ongoing business operations	**–2 398 805**	**46 308 508**
B// Cash flow from investment activities		
Payments for investments in intangible assets	–4 648 612	–3 890 092
Payments for investments in tangible assets	–1 341 440	–1 145 957
Payments from disposals of fixed and financial assets	70 700	73 211
Payments for investments in financial assets	–462 667	–611 774
Payments for the acquisition of consolidated companies	0	–3 057 094
Cash flow from investment activities	**–6 382 019**	**–8 631 706**
C// Cash flow from financing activities		
Proceeds from taking out financing loans	5 350 000	1 000 000
Payments for redemption of financing loans	–1 023 813	0
Distribution of profits to minority interests	–1 011 731	–4 612 744
Cash flow from financing activities	**3 314 456**	**–3 612 744**
D// Change in funds with effect on payments (total of A–C)	**–5 466 368**	**34 064 058**
Funds at beginning of period	70 733 837	36 372 077
Changes in funds due to consolidation effects	1 336 230	297 702
E// Funds at end of period	**66 603 699**	**70 733 837**
F// Composition of funds		
Liquid assets	66 601 143	70 731 281
Securities	2 556	2 556
Funds at end of financial year	**66 603 699**	**70 733 837**

Notes to the consolidated financial statements

// Structure and business operations of the company

The company is registered as CTS EVENTIM AG (hereinafter: CTS) in the Commercial Register at Bremen District 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 change in domicile has yet to be entered in the Commercial Registry.

The objects of the company 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 future net asset, financial and income situation of the company 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.

// Preparation of the consolidated financial statements

The consolidated financial statements of CTS EVENTIM AG were prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP). The company keeps its records 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 US GAAP. All adjustments and statements that were necessary for full presentation of the consolidated financial statements of CTS EVENTIM AG in accordance with US GAAP were carried out.

The consolidated annual financial statements according to US GAAP 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 a consolidated annual financial statements in accordance with German accounting legislation.

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

_Use of estimates When drawing up the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that affect the assets and liabilities shown in the balance sheet, the disclosure of contingent liabilities as at the balance sheet date and the disclosure of revenues and expenditures during the financial year. The actual amounts may deviate from the respective estimates.

_Currency translation The functional currency used for those parts of the company outside Germany is the local currency. Accordingly, assets and liabilities of operating entities outside

Germany or 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.

// Disclosures on entities consolidated and principles of consolidation

_Entities consolidated 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 consolidated in the consolidated financial statements with the following percentage interests as at 31.12.2003: See page 30. Some smaller regional subsidiaries of GSO, Ticket Express, Lieberberg, Rieger, Scorpio and Semmel which are of secondary importance for establishing a fair view in overall terms of the group's assets, financial and income situation have not been included in the consolidated financial statements.

Capital consolidation is effected using the purchase accounting method by offsetting acquisition costs against the shareholder equity accruing to the parent company at the time of acquisition. Entities are first consolidated at the respective time of acquisition. The resulting differences are allocated, where feasible, to the assets and debts of the subsidiary. Any remaining net difference between the total fair value and the identifiable net assets is capitalised as goodwill and amortised over the prospective lifetime of the acquisition, thus affecting net income. In the case of acquisition dates after 30 June 2001, capital consolidation must be effected in accordance with Statement of Financial Accounting Standards (SFAS) No. 141 'Business Combinations'. Any resultant goodwill must be capitalised and its value reviewed annually in accordance with SFAS No. 142 'Goodwill and Other Intangible Assets'. The credit differences from capital consolidation are separately disclosed as reserves for shares in the Group's shareholder equity. Capitalised goodwill deriving from the consolidation of subsidiaries included in the consolidated financial statements in course of the financial year was stated at EUR 37,359,519.

All relevant subsidiaries that CTS AG directly or indirectly controls are included in the consolidated financial statements. Substantial interests are valued by the equity method; a significant influence can be exercised if the share of voting rights is between 20% and 50% ('associated companies'). Interests valued by the equity method are carried at the proportionate revalued equity value. Changes in the proportionate equity value that affect net income are included in the income statement as income or loss from participations.

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

	Percentage stake*
GSO Holding GmbH, Hamburg	80.00%
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim	100.00%
GSO Verwaltungsgesellschaft mbH, Schwegenheim	100.00%
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	75.00%
eventim ONLINE Holding GmbH, Bremen	100.00%
RP EVENTIM GmbH, Düsseldorf	51.00%
ShowSoft GmbH, Bremen	100.00%
Ticknology B.V., Amsterdam (NL)	75.00%
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg	100.00%
MEDUSA Music Group, Bremen	92.50%
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main	51.00%
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main	100.00%
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt/Main	100.00%
Peter Rieger Konzertagentur Holding GmbH, Cologne	70.00%
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne	100.00%
Peter Rieger Konzertagentur Verwaltungs GmbH, Cologne	100.00%
FKP Scorpio Konzertproduktionen GmbH, Hamburg	50.20%
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth	50.20%
ARGO Konzerte GmbH, Würzburg	50.20%
Dirk Becker Entertainment GmbH, Cologne	73.00%
LS Konzertagentur GmbH, Vienna (initial consolidation 30.06.2003)	75.00%
Promoters Group Munich Konzertagentur GmbH, Munich (initial consolidation 30.06.2003)	100.00%
CRP Konzertagentur GmbH, Hamburg (initial consolidation 30.09.2003)	50.20%
Greensave GmbH, Würzburg (initial consolidation at equity 31.12.2003)	49.00%

*held by the respective owning company.

// Significant accounting policies

_Credit 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 value adjustments.

_Intangible and tangible assets Intangible and tangible assets of determinate useful life are valued at their purchase or manufacturing cost minus systematic straight-line or declining balance depreciation. Financing expenses did not need to be taken into consideration. There are no capital lease agreements.

The average useful life is between 3 and 15 years in the case of intangible assets and between 3 and 8 years in the case of tangible assets.

Pursuant to SFAS No. 142, 'Goodwill and Other Intangible Assets', goodwill and intangible assets with indeterminate useful life are no longer systematically amortised from the 2002 financial year onwards. The Group now reviews the valuation of its goodwill at least once a year and/or in the case of significant events or changed circumstances which indicate that the market value of a reporting entity in the Group is greater than its carrying value. The market value of each reporting entity in the Group is determined on the basis of the estimated cash values of future flows of payments. When determining expected future cash flows, the company has taken into account the current and future likelihoods, business and macroeconomic trends and other circumstances.

Goodwill arising from corporate acquisitions prior to 1 July 2001 has been capitalised and systematically amortised over a period of up to 15 years. Goodwill arising from business acquisitions after 30 June 2001 and intangible assets of indeterminate lifetime purchased after 30 June 2001 was no longer systematically amortised, in accordance with SFAS No. 142. Goodwill arising from business acquisitions concluded prior to 1 July 2001, as well as intangible assets with indeterminate lifetime acquired before 1 July 2001 was systematically amortised until 31 December 2001.

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

_Inventories Inventories are valued either at purchase cost, taking ancillary expenses into account and deducting any bonuses or discounts received, at production cost, or at the lower market value applicable on the cut-off date for the annual financial statements.

The production cost for specific software that has been programmed internally for sale to third parties (SFAS No. 86) comprise unit costs and attributable production overheads.

_Financing instruments The accounting method for and valuation of financing instruments are described under the specific items. No derivative financing instruments are used, so no effects arise from applying SFAS No. 133 'Accounting for Derivative Instruments and Hedging Activities'.

_Market value of financing instruments The stated values of the company's financing instruments, which include liquid assets, trade receivables, trade payables and long-term loans, are identical to their market value in most cases.

_Receivables Receivables and other assets are valued at their nominal value minus adjustments for discernible risks. Appropriate value adjustments are made for potential risks of default.

The receivables and other assets as at 31 December 2003 amount to EUR 21.590 million and are payable within one year. Receivables and other assets with a residual term of up to five years amount to EUR 88 thousand; those with a residual term of more than five years amount to EUR 21 thousand.

_Long-term assets The company regularly evaluates the extent to which the carrying value of long-term assets can be recovered, pursuant to SFAS No. 144, 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of'. If events or changed circumstances provide reasons for believing that the carrying value of such an asset no longer reaches the applicable value, the company makes a comparison between the estimated undiscounted cash flow to be generated from this asset and the asset's carrying amount (impairment test). If the asset no longer has a value, the company enters a value adjustment to depreciate the asset to the market value based on the estimated future discounted cash flow, minus costs of sale, that will prospectively be generated by that asset. The management takes the view that no such value adjustments need to be made for the financial year up to 31 December 03.

_Liquid assets Liquid assets comprise cash and bank balances.

_Provisions Tax accruals and other provisions are formed whenever obligations exist towards third parties, there is a probability of the provisions being used and the prospective amount could be reasonably estimated.

When calculating provisions for pensions, expected wage and salary increases are also taken into account; this departs from German accounting principles. The valuation of pension obligations is based on the projected unit credit method stipulated in SFAS No. 87 'Employers' Accounting for Pensions'.

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

_Revenue recognition Revenues are recognised when a contract has been concluded with legal effect, delivery has been made or the service has been performed, a price is fixed and determinable, and it can be assumed that the price will be paid. Revenues are shown less discounts, price reductions, customer bonuses and rebates. Price reductions reduce revenues as soon as the respective revenues are shown in the accounts.

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

_Effects of recently published accounting principles The new or revised accounting rules issued in 2003 by the Financial Accounting Standards Board (FASB) and the Emerging Issues Task Force (EITF), and the recommendations and interpretations issued by the FASB (FIN) had no significant impact on the consolidated financial statements.

_Key acquisitions In the Live Entertainment segment, MEDUSA acquired an additional ten percent of the shares in Peter Rieger Konzertagentur Holding GmbH, bringing its holdings to 70 % of the total.

Vierte Herrengraben increased its interest in MEDUSA by 2.6% to 92.5% in 2003.

The entities newly consolidated in 2003 are newly established companies; due to its significance, CRP was the only other company to be newly included in full consolidation.

// Notes to the consolidated balance sheet

_Fixed assets Intangible assets include purchased software and licences as well as payments on account for same.

Changes in goodwill in 2003 mainly arose from the acquisition of shares in MEDUSA Music Group GmbH and from the goodwill resulting from that transaction.

As at 31 December 2003, each goodwill was assigned to a single segment. Applying SFAS No. 142 had no effects.

When the assets of the ‘getgo.de’ Internet portal were taken over in 2002, the customer base and the trademark rights, in particular, were acquired as intangible assets. These assets will be depreciated over the planned useful life of 5 or 10 years.

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

Analysis of Group assets

* Including valuation adjustments from fiscal audits

	Purchase cost/Production cost					
	Status 01.01.2003 // EUR	Transfers* // EUR	Additions // EUR	Change in consolidated companies // EUR	Disposals // EUR	Status 31.12.2003 // EUR
I Intangible assets						
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	19 046 053	756 415	76 120	0	2 461	19 876 127
2_ Goodwill	37 760 989	0	4 466 618	0	0	42 227 607
3_ Customer base	1 383 622	0	0	0	0	1 383 622
4_ Payments on account	493 334	–475 531	105 873	0	0	123 676
	58 683 998	**280 884**	**4 648 611**	**0**	**2 461**	**63 611 032**
II Tangible assets						
1_ Land, land rights and buildings including buildings on third-party land and similar rights without buildings	315 622	0	0	0	0	315 622
2_ Other facilities, operating and office equipment	8 739 860	–102 498	1 341 440	22 996	489 207	9 512 591
	9 055 482	**–102 498**	**1 341 440**	**22 996**	**489 207**	**9 828 213**
III Financial assets						
1_ Shares in affiliated companies	633 531	0	55 837	–253 317	28 553	407 498
2_ Participations	185 752	20 045	79 640	0	48 522	236 915
3_ Loans to affiliated companies	31 657	0	0	0	31 657	0
4_ Marketable securities	13 388	0	4 551	0	0	17 939
5_ Other loans	1 048 206	0	322 639	0	589 647	781 198
	1 912 534	**20 045**	**462 667**	**–253 317**	**698 379**	**1 443 550**
Total	**69 652 014**	**198 431**	**6 452 718**	**–230 321**	**1 190 047**	**74 882 795**

Accumulated depreciation							Carrying values	
Status 01.01.2003 // EUR	**Transfers*** // EUR	**Appreciation** // EUR	**Additions** // EUR	**Change in consolidated companies** // EUR	**Disposals** // EUR	**Status 31.12.2003** // EUR	**Status 31.12.2003** // EUR	**Status 31.12.2002** // EUR
6 959 170	129 515	0	3 236 923	0	623	10 324 985	9 551 142	12 086 883
4 868 088	0	0	0	0	0	4 868 088	37 359 519	32 892 901
964 678	0	0	93 955	0	0	1 058 633	324 989	418 944
0	0	0	0	0	0	0	123 676	493 334
12 791 936	**129 515**	**0**	**3 330 878**	**0**	**623**	**16 251 706**	**47 359 326**	**45 892 062**
247 859	0	0	25 082	0	0	272 941	42 681	67 763
5 935 008	–30 587	0	1 512 227	855	431 078	6 986 425	2 526 166	2 804 852
6 182 867	**–30 587**	**0**	**1 537 309**	**855**	**431 078**	**7 259 366**	**2 568 847**	**2 872 615**
31 167	0	0	0	0	14 802	16 365	391 133	602 364
102 257	20 045	0	33 500	0	0	155 802	81 113	83 495
0	0	0	0	0	0	0	0	31 657
2 900	0	0	0	0	0	2 900	15 039	10 488
1	0	0	0	0	0	1	781 197	1 048 205
136 325	**20 045**	**0**	**33 500**	**0**	**14 802**	**175 068**	**1 268 482**	**1 776 209**
19 111 128	**118 973**	**0**	**4 901 687**	**855**	**446 503**	**23 686 140**	**51 196 655**	**50 540 886**

// Other fixed assets

Other assets primarily include tax refund claims at EUR 2,571 million (2002: EUR 3,864 million), short-term loans and personnel debts at EUR 1,984 million (2002: EUR 2,060 million) and other receivables at EUR 3,624 million (EUR 3,018 million).

// Earnings per share

Earnings per share are calculated in accordance with SFAS No. 128 'Earnings per Share' by dividing the consolidated earnings, after adjustments for extraordinary factors, by the quantity of shares issued (basic earnings per share). 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:

$$\frac{\text{Net Income}}{\text{Qty of shares}} = \frac{4\ 724\ 643}{12\ 000\ 000} = 0.39 \text{ EUR/share}$$

The earnings per share are EUR 0.39 (diluted = undiluted).

// Shareholders' equity

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

With regard to the changes in shareholders' equity, we refer to the Statement of Changes in Shareholders' Equity.

	Subscribed Capital	Capital reserves	Retained earnings	Balance sheet profit after minority interest	Difference arising from consolidation	Total shareholders' equity
	// EUR	// EUR	// EUR	// EUR	// EUR	// EUR
Status 01.01.2002	**12 000 000**	**35 339 700**	**0**	**–1 652 609**	**62 557**	**45 749 648**
Net income for the year after minority interest	0	0	0	337 597	0	337 597
Status 31.12.2002	**12 000 000**	**35 339 700**	**0**	**–1 315 012**	**62 557**	**46 087 245**
Net income for the year after minority interest	0	0	0	4 724 643	0	4 724 643
Reversal of differences arising from consolidation	0	0	0	0	–62 557	–62 557
Status 31.12.2003	**12 000 000**	**35 339 700**	**0**	**3 409 631**	**0**	**50 749 331**

// Number of shares issued

As at the cut-off date, CTS EVENTIM AG had issued 12,000,000 nameless bearer shares. Each shares represents a EUR 1.00 share in the subscribed capital.

// Authorised capital of the parent company

As at the balance sheet date, authorised capital amounted to EUR 4,345,000. Authorisation is granted until 30 September 2004. The Management Board is authorised, subject to Supervisory Board approval, to increase the share capital of the company on one or several occasions until 30 September 2004 by up to EUR 4,345,000 in total by issuing up to 4,345,000 no-par value ordinary shares (bearer shares) against cash contributions or contributions in kind. The shareholders must be granted subscription rights. However, the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval,

a) in order to remove peak amounts from the subscription rights,
b) for shares representing at most 10 in one hundred of the increased share capital, if these shares are to be issued to employees of the company or employees of the bodies representing its affiliated companies,
c) one or several times for a total amount of up to EUR 1,200,000, if the new shares are issued against cash contributions and the issue price of the new shares does not significantly exceed the market price of those shares already listed on the stock exchange on the date on which the issue price is finally determined, and
d) one or several times for a total amount of up to EUR 2,000,000, if the new shares are issued against contributions in kind.

// Contingent capital

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 3,500,000. 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.

The company plans to issue stock options for share purchases by employees. No such options had been issued by the reporting date.

The contingent share capital increase shall be effected only to the extent that the subscription rights which were granted following authorisation of the Management Board are exercised.

// Other provisions

Other provisions primarily comprise provisions for personnel at EUR 1.598 million (2002: EUR 864 thousand), legal, consultancy and auditing costs at EUR 509 thousand (2002: EUR 700 thousand), litigation costs at EUR 548 thousand (2002: EUR 568 thousand), commissions at EUR 288 thousand (2002: EUR 488 thousand), for outstanding invoices and for other provisions at EUR 2.458 million (2002: EUR 1.776 million).

// Pension obligations

The Marek Lieberberg Konzertagentur GmbH & Co. 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 SFAS No. 87 'Employers' Accounting for Pensions'.

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

	2003	**2002**
Settlement rate	6%	6%
Pension increase	2%	2%
Salary growth	3%	3%

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

	2003 // EUR	**2002** // EUR
Projected benefit obligation at beginning of reporting year (PBO)	1 213 188	1 047 627
Interest and service expense	211 646	153 960
Expenses for service years and actuarial costs	305 004	11 601
Projected benefit obligation at end of the reporting year (PBO)	1 729 838	1 213 188

// Liabilities

The composition and remaining term of the liabilities are shown below in the analysis of liabilities.

	Balance sheet	Residual term			
	Equity side	Up to one year		Between one and 5 years	More than 5 years
		General	*from taxation **in connection with social security		
	// EUR	// EUR	// EUR	// EUR	// EUR
1_ Liabilities to banks	6 047 815	2 167 678		3 880 137	
2_ Downpayments on orders	23 217 989	23 217 989			
3_ Trade payables	9 823 005	9 821 833		1 172	
4_ Liabilities to affiliated companies	169 694	169 694			
5_ Liabilities to companies in which participations are held	91 827	91 827			
6_ Other liabilities	39 249 887	39 249 887	4 339 876* 561 099**		
Total	**78 600 217**	**74 718 908**		**3 881 309**	**0**

The liabilities are not secured either by liens or similar rights.

// Notes to the consolidated income statement

_Cost of sales and other expenses The costs of sales and functional expenses include the following cost of materials of the Group pursuant to Section 275 (2) HGB:

	2003 // EUR	**2002** // EUR
Cost of raw materials, consumables and for purchased goods	2 302 179	2 283 821
Cost of purchased services	175 138 308	124 831 273

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

	2003 // EUR	**2002** // EUR
Wages and salaries	14 731 695	13 024 664
Social security contributions for pensions and employee support	2 916 566	2 418 886

_Selling expenses In the 2003 financial year, the selling expenses no longer included any depreciation on goodwill, pursuant to SFAS No. 142. The depreciation on trademark rights and customer base of the 'getgo.de' Internet portal in 2003 amounted to EUR 197 thousand (2002: EUR 44 thousand) and EUR 83 thousand (2002: EUR 19 thousand) respectively. Depreciation of 51% on trademark rights (EUR 100 thousand) and customer base (EUR 42 thousand) is included in selling expenses and 49% is assigned to cost of sales. Advertising expenses incurred are recorded in full as expenses for the period.

_Foreign exchange losses The foreign exchange losses shown arise from tour events in the Live Entertainment segment that were accounted in US dollars.

_Taxes on income In 2002, 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. This had no effects on the deferred tax liabilities of CTS resulting from 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 2003. In 2003, the rate of corporation tax in Germany was increased by 1.5% to 26.5% for 2003 returns in order to finance the damage caused in the 2002 flood disaster. Due to the fact that the Group's deferred taxes will not be reversed until forthcoming years, this tax increase had no effects on the calculation of deferred taxes. A solidarity supplement of 5.5% on corporation tax returns was taken into account, as was an effective municipal trade tax rate of around 12.3%. Taking the solidarity supplement and the municipal trade tax into account results in a tax rate of 38.7% for calculating the deferred taxes.

Since the company currently assumes, in the context of its planning, that all carried-forward losses can be realised in future for municipal trade tax and corporation tax purposes, no value adjustments were formed on the deferred tax assets formed in this respect.

Pursuant to SFAS No. 109, 'Accounting for Income Taxes', taxes on income are booked using the asset and liability 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, the net operating loss and tax refunds carried forward. 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 booked, with effect on income, in the period in which the tax rate change becomes effective. If necessary, value adjustments are made to reduce the deferred tax assets to the amount that is expected to be recovered.

The total disclosed taxes payable are comprised as follows:

	2003 // EUR	**2002** // EUR
Actual income tax	4 997 366	2 036 727
Deferred taxes on carried-forward losses	2 005 836	–1 038 798
Total taxes on income	**7 003 202**	**997 929**

When assessing the extent to which deferred tax assets 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 2003, the view of the company is that, in the case of the deferred gross tax assets of EUR 6.925 million, there is a greater than 50% probability that the company will generate profits of least the same amount in future periods and that no value adjustment is necessary.

The following table shows a recalculation of the expected expense within the respective financial year, towards actual tax expense as disclosed. To determine the expected tax expense, the overall tax rate of 40.23% applicable in the 2003 financial year was multiplied by the pre-tax profit, taking into consideration the once-only increase in corporation tax in 2003.

	2003 // EUR '000
Expected tax expense	6 278
Differing rate of municipal trade tax	169
Other tax-exempted income and non-deductible expenses	457
Other	99
Disclosed tax expense	**7 003**

// Segment reporting

The company applies SFAS No. 131 'Disclosures about Segments of an Enterprise and Related Information' in the 2003 financial year. The method for deciding which information is disclosed depends on how the Management Board organises the operating segments within an enterprise with regard to decision-making processes and the determination of financial performance.

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	
		2003 // in EUR '000	2002 // in EUR '000	2003 // in EUR '000	2002 // in EUR '000
Revenues		35 201	28 253	191 744	132 709
Operating profit (EBIT)		3 724	–1 391	11 659	4 584
EBITDA		8 173	2 196	12 078	4 983
Depreciation	> on goodwill	0	0	0	0
	> on other assets	4 449	3 587	419	398
Fixed assets		24 471	27 522	26 725	23 019
Other assets		40 273	57 877	58 112	63 416
Average no. of employees		250	229	138	116
Return on sales*		23.2%	7.8%	6.3%	3.8%

* The return on sales is calculated by dividing the segment earnings (EBITDA) by the segment revenues.

// Notes to the segments

As at the end of 2003, the companies operating in the segments were as follows:

Ticketing:

> CTS, TEX, GSO, ShowSoft, Ticknology

Live Entertainment:

> Lieberberg, Rieger, Semmel, Scorpio, ARGO, Becker, LS, PGM, CRP

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.

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

Transition from segment to Group data

	Segment totals		Consolidation		Group	
	2003 // in EUR '000	2002 // in EUR '000	2003 // in EUR '000	2002 // in EUR '000	2003 // in EUR '000	2002 // in EUR'000
Revenues	226 945	160 961	−2 562	−2 196	224 382	158 765
Segment earnings (EBITDA)	20 251	7 178	0	0	20 251	7 178
Depreciation	4 868	3 985	0	0	4 868	3 985
Operating profit (EBIT)	**15 383**	**3 193**	**0**	**0**	**15 383**	**3 193**
Financial result					223	259
Profit from ordinary business operations (EBT)					**15 606**	**3 452**
Taxes on income / deferred taxes					7 003	998
Other taxes					14	9
Net income for the year					**8 589**	**2 445**
Minority interests					3 864	2 107
Consolidated net income					**4 725**	**338**

When breaking down the segment data according to regional factors, we confined ourselves to disclosure of the revenue figures.

	2003 // EUR '000	**2002** // EUR '000
Germany	210 992	154 783
Austria	13 202	3 773
Netherlands	188	209
Total	**224 382**	**158 765**

// Employees

On average over the year, 388 (2002: 345) white-collar workers were employed by the Group. Of that total, 323 (2002: 292) were employed in Germany, and 65 (2002: 53) in foreign countries.

// Financial obligations

As at the balance sheet cut-off date, there were contingent liabilities from guarantees amounting to EUR 2.727 million.

Other financial obligations relating to short- and medium-term rental and lease contracts amount to EUR 2.503 million (2002: EUR 2.012 million). Of that total, EUR 1.318 million (2002: EUR 575 thousand) have a maturity of one year or less. Rental and leasing obligations amount to EUR 1.185 million, with maturities of between one and five years. Long-term rental and leasing obligations amount to EUR 947 thousand, EUR 2.745 million are for rental obligations (2002: EUR 1.523 million) and EUR 705 thousand (2002: EUR 489 thousand) for leasing obligations.

// Pending legal proceedings

The company is involved in pending proceedings and litigation such as those arising in the normal course of business. The most important case was ended on 8 January 2004 with an extensive settlement in favour of the company. Provisions based on estimates have been formed in respect of the other cases pending. In the opinion of the company's legal representatives, there will be no material impact on the net assets, liabilities, financial position and income of the company when these matters are brought to an end.

// Application of Section 264b HGB

Some business partnerships within the meaning of Section 264 a 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 b 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

// Related party transactions

There were no transactions in shares of CTS AG in 2003 by members of the Management Board or the Supervisory Board, or by their spouses and/or immediate relatives requiring publication in accordance with Section 15 WpHG; such publication has been required since the second half of 2003.

Transactions with related parties were concluded only at the conditions which normally apply between third parties.

At the cut-off date, liabilities to related parties totalled EUR 5.328 million.

In the 2003 financial year, Dr. Peter Versteegen, a member of the Supervisory Board, performed consultancy services for CTS to the amount of EUR 6 thousand.

// 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 1.442 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, (Chairman) businessman, Oberstenfeld

Other supervisory board positions

> Karlsruher Lebensversicherung AG (until June 2003)
> Caatoossee AG Networking Corporation, Stuttgart
> Schlott Sebaldus AG, Freudenstadt
> Lidl & Schwarz GmbH, Neckarsulm
> Scholz AG, Aalen

Dr. Peter Haßkamp, (Vice-Chairman) former Director of Bremer Landesbank, Bremen

Other supervisory board positions

> Deutsche Factoring Bank, Bremen
> DGZ DekaBank Deutsche Girozentrale, Berlin/Frankfurt a.M. (until 31.12.2003)
> Norddeutsche Landesbank S.A., Luxembourg (until 31.12.2003)

Dr. Peter Versteegen, lawyer, Hamburg

Other supervisory board positions

> Höft & Wessel AG, Hanover

The members of the CTS EVENTIM AG Supervisory Board received emoluments totalling EUR 61 thousand for the 2003 financial year.

// 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

Julius Baer Multistock, Luxembourg, has informed us in accordance with Section 21 (1) WpHG [Securities Trading Act] that said company is entitled to more than 5% of the voting rights as at the balance sheet date. On 3 March 2004, Julius Baer Multistock, Luxembourg informed us that their holdings had fallen below the 5% threshold and that they now held only 4.59% of the voting rights. Furthermore, Mr. Klaus-Peter Schulenberg, Bremen, informed the company that he holds 69.975% of the voting rights in the company as at the balance sheet date. These notifications were published in the Federal Gazette and submitted to the Federal Supervisory Office for Securities Trading.

Bremen, 8 March 2004

CTS EVENTIM AG

Klaus-Peter Schulenberg

Volker Bischoff

Christian Alexander Ruoff

Dr. Rainer Bartsch

Reproduction of the independent auditors' report

// Independent Auditors' Report

We have audited the consolidated annual financial statements of CTS EVENTIM AG, Bremen, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes, for the financial year from 1 January to 31 December 2003. The Management Board of CTS EVENTIM AG is responsible for the preparation and content of the consolidated financial statements. Our task is to assess, on the basis of our audit, whether the consolidated financial statements accords with the United States Generally Accepted Accounting Principles (US GAAP).

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations, adhering to the 'General Auditing Principles' as defined by the Institute of Certified Public Accountants in Germany (Institut der Wirtschaftsprüfer – IDW). According to said principles, the audit must be planned and carried out in such a manner that an adequately secure assessment can be made of whether the consolidated annual financial statement is free of significant errors. When specifying the scope of the audit, knowledge of the business operations and of the financial and legal environment of the Group as well as anticipated sources of potential error were taken into consideration. The audit evaluates on the basis of random samples the documentary evidence for the valuations and information provided in the consolidated annual financial statement. The audit includes an assessment of the accounting principles applied and the principal assessments by the Board of Management of the Company, as well as an assessment of the overall presentation of the annual financial statements and the Group management report on the situation of the Company and the Group as a whole. We believe that our audit provides a reasonable basis for our opinion.

We are convinced that the consolidated annual financial statements comply with US GAAP, and that they give a true and fair view of the net assets, liabilities, financial position and income of the Group, as well as the financial flows during the business year.

Our audit, which also covered the Group management report prepared by the Management Board for the business year from January 1 to December 31, 2003, found no cause for objection. We are convinced that the Group management report on the situation of the company and the Group as a whole, combined with the other disclosures in the consolidated financial statements, provide a correct view of the company's position and of the risks facing the future development of the Group.

We also confirm that the consolidated annual financial statements and the Group management report on the situation of the company and the Group as a whole for the business year from 1 January to 31 December 2003 fulfil the requirements for exemption of the company from preparation of a consolidated annual financial statements and Group management report according to the laws of Germany. Our checks on conformity with the 7th EU Directive, which is required for exemption from the obligation to prepare consolidated financial statements, were performed on the basis of the interpretation of the Directive by the European Commission Contact Committee on the Accounting Directives.

Munich, 16 March 2004
Central Treuhand AG
Firm of chartered accountants

Mörtl	Schillinger
Chartered Accountant	Chartered Accountant

Publishing or disclosing the annual financial statement and/or the management report in a version that deviates from the one bearing the note of confirmation requires that we issue a new auditors' opinion, if our note of confirmation is cited in the process, or some other reference is made to our audit; in particular, we draw attention to Section 328 HGB.

Balance sheet as at 31 December 2003

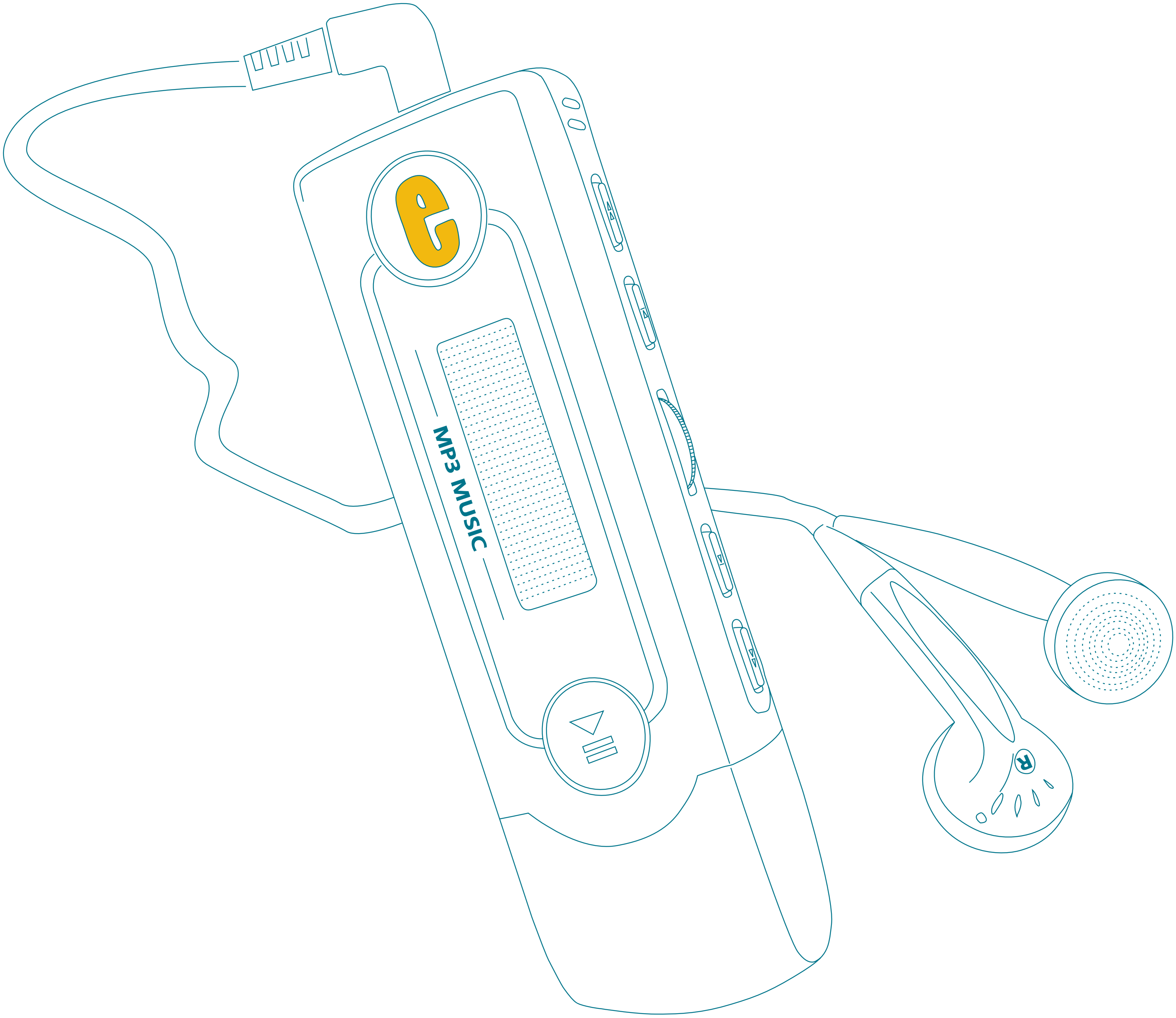
ASSETS		2003 // EUR	2002 // EUR
A// Fixed assets			
I	**Intangible assets**		
1_	Concessions, industrial property rights and similar rights and assets, licences to such right and assets	9 170 592	10 689 420
2_	Goodwill	3 434 235	3 761 307
3_	Payments on account	123 676	493 334
		12 728 503	**14 944 061**
II	**Tangible assets**		
1_	Land, land rights and buildings, including rights to buildings on third-party land	0	3 393
2_	Other facilities, operating and office equipment	1 376 112	1 557 975
		1 376 112	**1 561 368**
III	**Financial assets**		
1_	Shares in affiliated companies	**12 293 586**	**13 084 680**
B// Current assets			
I	Inventories		
1_	Finished products and goods	**388 027**	**1 252 481**
II	**Receivables and other assets**		
1_	Trade receivables	5 694 615	8 979 824
2_	Receivables from affiliated companies	23 515 053	21 188 889
3_	Receivables from companies in which participations are held	18 645	35 996
4_	Other assets	1 851 657	2 036 973
		31 079 970	**32 241 682**
III	**Cheques, cash in hand and bank balances**	**21 723 329**	**31 118 086**
C// Prepaid expenses and accrued income		**152 414**	**259 115**
Total Assets		**79 741 941**	**94 461 473**

EQUITY AND LIABILITIES	2003 // EUR	2002 // EUR
A// Shareholders' equity		
I Subscribed capital	12 000 000	12 000 000
II Capital reserves	36 900 000	36 900 000
III Balance sheet loss	-9 342 030	–13 773 676
	39 557 970	**35 126 324**
B// Provisions		
1_ Other provisions	**2 409 698**	**2 645 450**
C// Liabilities		
1_ Liabilities to banks	5 539 451	6 810 508
2_ Trade payables	2 398 449	4 726 174
3_ Liabilities to affiliated companies	923 353	1 201 185
4_ Liabilities to affiliated companies	28 913 020	43 951 832
	37 774 273	**56 689 699**
Total Equity and Liabilities	**79 741 941**	**94 461 473**

Income statement from 1 January 2003 to 31 December 2003

	2003 // EUR	2002 // EUR
1_ Revenues	25 921 222	19 133 460
2_ Cost of sales	11 631 337	9 938 317
3_ Gross return on sales	**14 289 885**	**9 195 143**
4_ Selling expenses	7 720 686	6 947 702
5_ General administrative expenses	2 942 319	2 565 968
6_ Other operating income	1 876 069	705 368
7_ Other operating expenses	1 029 497	449 622
8_ Income from participations	0	58 287
9_ Income from profit transfer agreements	646 757	806 478
10_ Other interest and similar income	1 484 918	1 178 193
11_ Interest and similar expenses	547 480	419 042
12_ Profit from ordinary business operations	**6 057 647**	**1 561 135**
13_ Extraordinary income	47 481	0
14_ Extraordinary expenses	1 539 978	0
15_ Extraordinary profit/loss	**–1 492 497**	**0**
16_ Taxes on income	101 498	0
17_ Other taxes	32 006	1 118
18_ Net income for the year	**4 431 646**	**1 560 017**
19_ Loss carried forward	–13 773 676	–15 333 693
20_ Balance sheet loss	**–9 342 030**	**–13 773 676**

A new business field in 2004: CTS offers music downloads over the Internet. There is no established brand for music downloads as yet, so this new project will enhance awareness of the Eventim brand name still further.



Notes to the annual financial statements for the AG

// Preparation of the annual financial statements

The annual financial statements for the 2003 financial year were prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the Stock Corporation Act (Aktiengesetz) and the Articles of Incorporation. As at the cut-off date, CTS EVENTIM AG was classified as a medium-sized joint-stock corporation within the meaning of Section 267 (2) HGB.

Tickets/S Veranstaltungsservice GmbH (Karlsruhe) and CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin (Berlin) were merged with CTS EVENTIM AG on registration in the Commercial Register in 2003. Due to the acquisition of assets and debts, the figures for the reporting year are comparable to only a qualified extent with those for the previous year.

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 2003 financial year.

// General disclosures on accounting and valuation principles

_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 principles 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 goodwill resulting from the merger is amortised over the prospective lifetime of 15 years due to long-term cooperation agreements and minimal customer fluctuation.

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

When calculating the depreciation on fungible assets, the simplification rule for taxation purposes (Reg. 44 (2) EStR) is applied, according to which the full annual depreciation is applied to additions made in the first half of the year, and semi-annual depreciation in the case of acquisitions in the second half of the year.

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.

The **shareholders' 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.

_Foreign currency translation Receivables and assets are valued at the buying rate applicable on the balance sheet date or at the lower transaction rate. Liabilities are valued 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 2003

*inclusive valuation adjustments from fiscal audits	Purchase cost/Production cost					
	Status 31.12.2002 // EUR	Additions // EUR	Adjust-ments* // EUR	Disposals // EUR	Transfers // EUR	Status 31.12.2003 // EUR
I Intangible assets						
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	16 639 407	747 620	153 168	0	475 531	18 015 726
2_ Goodwill	4 906 054	0	0	0	0	4 906 054
3_ Payments on account	493 334	105 873	0	0	−475 531	123 676
	22 038 795	**853 493**	**153 168**	**0**	**0**	**23 045 456**
II Tangible assets						
1_ Land, land rights and buildings, including buildings on third-party land and similar rights without buildings	33 924	0	0	0	0	33 924
2_ Other facilities, operating and office equipment	5 001 874	793 081	12 437	151 480	0	5 655 912
	5 035 798	**793 081**	**12 437**	**151 480**	**0**	**5 689 836**
III Financial assets						
1_ Shares in affiliated companies	13 084 680	9 350	0	800 444	0	12 293 586
2_ Participations	0	0	0	0	0	0
	13 084 680	**9 350**	**0**	**800 444**	**0**	**12 293 586**
Total	**40 159 273**	**1 655 924**	**165 604**	**951 924**	**0**	**41 028 877**

Accumulated depreciation					Carrying values	
Status 31.12.2002 // EUR	Additions // EUR	Adjust-ments* // EUR	Disposals // EUR	Status 31.12.2003 // EUR	Status 31.12.2003 // EUR	Status 31.12.2002 // EUR
5 949 987	2 807 659	87 488	0	8 845 134	9 170 592	10 689 420
1 144 747	327 072	0	0	1 471 819	3 434 235	3 761 307
0	0	0	0	0	123 676	493 334
7 094 734	**3 134 731**	**87 488**	**0**	**10 316 953**	**12 728 502**	**14 944 061**
30 531	3 393	0	0	33 924	0	3 393
3 443 899	967 742	8 883	140 724	4 279 800	1 376 112	1 557 975
3 474 430	**971 135**	**8 883**	**140 724**	**4 313 724**	**1 376 112**	**1 561 368**
0	0	0	0	0	12 293 586	13 084 680
0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**12 293 586**	**13 084 680**
10 569 164	**4 105 866**	**96 371**	**140 724**	**14 630 677**	**26 398 200**	**29 590 109**

// Receivables and liabilities

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

Receivables from affiliated companies include trade receivables amounting to EUR 842 thousand.

The **subscribed shareholders' 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 4,345,000. Authorisation is granted until 30 September 2004. The Management Board is authorised, subject to Supervisory Board approval, to increase the share capital of the company on one or several occasions until 30 September 2004 by up to EUR 4,345,000 in total by issuing up to 4,345,000 no-par value ordinary shares (bearer shares) against cash contributions or contributions in kind. The shareholders must be granted subscription rights. However, the Management Board is authorised to exclude such subscription rights, subject to Supervisory Board approval,

a) in order to remove peak amounts from the subscription rights,

b) for shares representing at most 10 in one hundred of the increased share capital, if these shares are to be issued to employees of the company or employees of the bodies representing its affiliated companies,

c) one or several times for a total amount of up to EUR 1,200,000, if the new shares are issued against cash contributions and the issue price of the new shares does not significantly exceed the market price of those shares already listed on the stock exchange on the date on which the issue price is finally determined, and

d) one or several times for a total amount of up to EUR 2,000,000, if the new shares are issued against contributions in kind.

At the Shareholders' Meeting of 21 January 2000, a **contingent share capital increase** of EUR 180,000 was agreed (contingent capital 2000/1). This increase shall be effected only to the extent that holders of options issued under the Stock Option Plan on the basis of the authorisation granted on 21 January 2000 exercise their stock options. The new shares participate in the profits of the company from the beginning of the financial year in which the stock options are exercised. The Management Board is authorised, subject to approval by the Supervisory Board, to specify the further details of the contingent capital increase and its implementation.

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.

The premium (Section 272 (2) No. 1 HGB) for the shares issued on the stock exchange are disclosed under **Capital reserves**.

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

	// EUR
Loss carried forward as at 31 December 2002	–13 773 676.27
Net income for 2003	4 431 645.81
Balance sheet loss as at 31 December 2003	**–9 342 030.46**

Other provisions include provisions for personnel expenses (EUR 745 thousand), for legal, consultancy and litigation costs (EUR 548 thousand), for outstanding supplier invoices (EUR 362 thousand), for outstanding commission (EUR 301 thousand) and for accounting and auditing expenses (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.

	Balance sheet	**Residual term**			
	Equities side	**Up to one year**		**between one and five years**	**more than five years**
		General	*from taxation **in connection with social security		
	// EUR	// EUR	// EUR	// EUR	// EUR
1_ Liabilities to banks	5 539 451	1 659 314		3 880 137	0
2_ Trade payables	2 398 449	2 398 449			
3_ Liabilities to affiliated companies	923 353	923 353			
4_ Other liabilities	28 913 020	28 913 020	806 308 * 89 502 **		
Total	**37 774 273**	**33 894 136**		**3 880 137**	**0**

The liabilities are not secured either by liens or similar rights of CTS AG.

// Income statement

Revenues are comprised of the following	2003 // EUR '000	2002 // EUR '000
Ticket sales	20 050	13 729
Data line charges	2 428	2 332
System rental, maintenance, installation	1 646	1 449
Sales of merchandise	317	198
Package tours	1 109	788
Other	371	637
Total	**25 921**	**19 133**

Sales revenues were predominantly generated on the domestic German market.

Cost of materials comprised the following items pursuant to Section 275 (2) 5 HGB:

	2003 // EUR
Cost of raw materials, consumables	529 499
Cost of purchased services	8 370 408
Total	**8 899 907**

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

	2003 // EUR
Wages and salaries	4 724 850
Social security contributions and expenses for pensions and employee support	617 961
Total	**5 342 811**

The **selling expenses** for the financial year include full depreciation of goodwill (EUR 327 thousand) as well as depreciation (51%) on the trademark rights (EUR 100 thousand) and the customer base (EUR 42 thousand) of the 'getgo.de' Internet portal acquired during the year. The remaining depreciation (49%) is included in manufacturing costs.

Interest and **similar income** includes income from affiliated companies amounting to EUR 1.210 million.

Other **operating income** includes income of EUR 573 thousand relating to other periods.

Other **operating expenses** include expenditures of EUR 48 thousand relating to other periods.

The **extraordinary income** results form the merger of CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin (Berlin).

The **extraordinary expenses** result from the merger of Tickets/S Veranstaltungsservice GmbH (Karlsruhe).

The **taxes on income** are incurred in full for the external fiscal audit conducted in the past financial year for the years 1996 to 1999.

// Other disclosures

_Contingent liabilities and other financial obligations As at the balance sheet cut-off date, there were contingent liabilities from guarantees amounting to EUR 2.727 million.

Other financial obligations relating to short- and medium-term rental and lease contracts amount to EUR 372 thousand. Of that total, EUR 278 thousand are due for payment within one year. Rental obligations amount to EUR 263 thousand, and leasing obligations to EUR 109 thousand.

_Participations held

	Nominal capital // EUR	Share // %	Shareholder equity // EUR	Net income // EUR
GSO Holding GmbH, Hamburg	50 000	80.0	3 094 827	12 447
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim	500 000	50.0	–1 107 830	–877 592
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wien	36 336	75.0	–172 481	363 386
Vierte Herrengraben 31 Verwaltungs-gesellschaft mbH, Hamburg	25 565	100.0	–2 084 007	–867 959
eventim Online Holding GmbH, Bremen	25 000	100.0	21 575	–772
ShowSoft GmbH, Bremen	226 250	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 from the profit transfer agreement in the reporting year was EUR 647 thousand.

Executive bodies of CTS EVENTIM AG

// 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 total emoluments paid to the Management Board in the financial year were 1,442 million EUR.

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

Edmund Hug, (Chairman) businessman, Oberstenfeld

Other supervisory board positions

> Karlsruher Lebensversicherung AG (until June 2003)
> Caatoossee AG Networking Corporation, Stuttgart
> Schlott Sebaldus AG, Freudenstadt
> Lidl & Schwarz GmbH, Neckarsulm
> Scholz AG, Aalen

Dr. Peter Haßkamp, (Vice-Chairman) former Director of Bremer Landesbank, Bremen

Other supervisory board positions

> Deutsche Factoring Bank, Bremen
> DGZ DekaBank Deutsche Girozentrale, Berlin/Frankfurt a.M. (until 31.12.2003)
> Norddeutsche Landesbank S.A., Luxembourg (until 31.12.2003)

Dr. Peter Versteegen, lawyer, Hamburg

Other supervisory board positions

> Höft & Wessel AG, Hanover

The members of the CTS EVENTIM AG Supervisory Board received emoluments totalling 61 thousand EUR for the 2003 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

Julius Baer Multistock, Luxembourg, has informed us in accordance with Section 21 (1) WpHG [Securities Trading Act] that said company is entitled to more than 5% of the voting rights as at the balance sheet date. On 3 March 2004, Julius Baer Multistock, Luxembourg informed us that their holdings had fallen below the 5% threshold and that they now held only 4.59% of the voting rights. Furthermore, Mr. Klaus-Peter Schulenberg, Bremen, informed the company that he holds shares that grant him 69.975% of the voting rights in the company. These notifications were published in the Federal Gazette and submitted to the Federal Supervisory Office for Securities Trading.

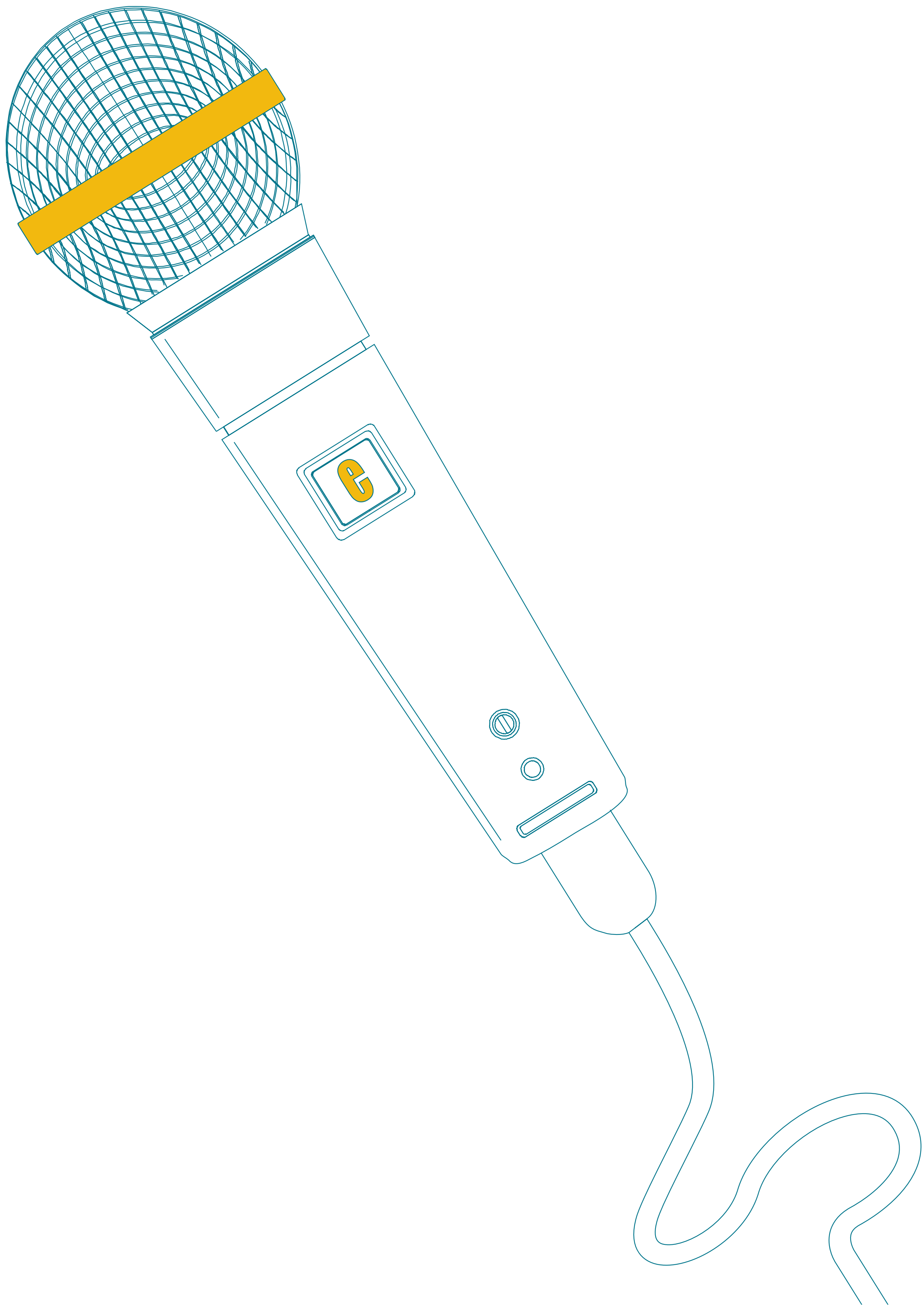
Bremen, 8 March 2004

CTS EVENTIM AG

Klaus-Peter Schulenberg   Volker Bischoff

Christian Alexander Ruoff   Dr. Rainer Bartsch

With its sheer range of concerts, festivals and tours, 2003 proved to be the most successful business year in the history of CTS EVENTIM AG.



Reproduction of the independent auditors' report

// Reproduction of the independent auditors' report

"We have audited the annual financial statement, including the accounting, the summarised management report and the Group management report of

>> CTS EVENTIM AG, Bremen

for the business year from 1 January to 31 December 2003. The accounting and the preparation of the annual financial statements, the summarised management report and the Group management report in accordance with German accounting legislation and the additional provisions in the Articles of Association are the responsibility of the Management Board of the company. Our task was to provide an assessment, based on the audit we conducted, of the annual financial statement, the bookkeeping and the management report.

We conducted our audit in accordance with Section 317 HGB [German Commercial Code], adhering to the 'General Auditing Principles' as defined by the Institute of Certified Public Accountants in Germany e.V. (IDW). According to said principles, the audit must be planned and conducted in such away that incorrect accounting and infringements that have a significant effect on the presentation of a true and fair view of the assets, liabilities, financial position and profit or loss of the Company by the consolidated financial statement according to general accounting principles and by the group management report are identified with sufficient certainty. When specifying the scope of the audit, knowledge of the business operations and of the financial and legal environment of the company, as well as anticipated sources of potential error are taken into consideration. The audit evaluates the effectiveness of the internal accounting-related auditing system, as well as documentary evidence for the information provided in the bookkeeping, the annual financial statement and the management report, primarily on the basis of random samples. The audit includes an assessment of the accounting principles applied and the principal assessments by the Board of Management of the Company, as well as an assessment of the overall presentation of the annual financial statement and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit gave no cause for objections.

We are convinced that the annual financial statement complies with generally accepted accounting principles, and that it gives a true and fair view of the net assets, liabilities, financial position and profit or loss of the Company. The summarised management report and Group management report provide a correct view of the company's position and of the risks facing the future development of the Group."

Munich, 16 March 2004

Central Treuhand AG

Firm of chartered accountants

Mörtl	Schillinger
Chartered Accountant	Chartered Accountant

Publishing or disclosing the annual financial statement and/or the management report in a version that deviates from the one bearing the note of confirmation requires that we issue a new auditors' opinion, if our note of confirmation is cited in the process, or some other reference is made to our audit; in particular, we draw attention to Section 328 HGB.

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_Publisher's notes

Published by	CTS EVENTIM AG, Bremen
	Contrescarpe 46
	28195 Bremen
	Tel. +49 (0)4 21/36 66-0
	Fax +49 (0)4 21/36 66-2 90
Editorial Team	Engel & Zimmermann AG,
	CTS EVENTIM AG
Design	Brasilhaus Unternehmens-
	kommunikation, Bremen
Printed by	Berlin Druck, Achim

Bremen, April 2004

www.eventim.de