CTS eventim.AG

2001 Annual Report

// A brief review of the year 2001

01 02 03 04 05 06

_January

> The cooperation agreement between CTS and the Rheinische Post publishing house in Düsseldorf lays the foundation, in the form of the Eventim Online holding company, for the nationwide network of online companies for marketing regional leisure events.

> CTS concludes a cooperation agreement with the online division of the MTV music TV channel in Munich, and now sells tickets for all events in the CTS range under the web address www.mtvhome.de.

_March

> The CTS subsidiary GSO renews its partnership with the German Football Association (DFB). Until 2003 inclusive, the DFB will sell tickets for all international matches through the GSO/CTS channel.

> The figures for the 2000 financial year are published – CTS exceeds its targets, increasing revenues more than four-fold to EUR 66.3 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) come in at EUR 1.4 million.

> In a comparison of six online ticketing companies, the Stiftung Warentest consumer organisation confirms “Fair consumer prices at EVENTIM”.

_April

> The Marek Lieberberg concert agency, a CTS subsidiary, is chosen to handle the German tour of superstar Madonna. The queen of pop’s first world tour in eight years comprises only a few concerts. Spurred by the incredible success of these events, CTS succeeds in selling 40% of the tickets via the Internet.

_May

> Brigitte-Online, the website of the ‘Brigitte’ magazine for women, becomes CTS’s latest cooperation partner.

_June

> CTS acquires a majority holding in Dirk Becker Entertainment GmbH, Cologne. The latter has made a name for itself as a local concert organiser, bringing artists like the Eagles and Bon Jovi to the concert halls of North-Rhine Westphalia. Dirk Becker Entertainment secures CTS additional market shares in the live entertainment market.

07 08 09 10 11 12

> Universal Music Germany, Hamburg, becomes a new ticketing partner of CTS. At www.universal-music.de, the music group provides links to the CTS ticketing service, thus achieving another milestone in consolidating our leadership of the ticketing market.
> Just in time for the festival season, CTS launches an exclusive cooperation with Mitfahrzentrale.de, a site specialising in ride sharing. Visitors to the Mitfahrzentrale.de website can now order tickets from the CTS range and look for a ride-share to the venue in question.

_July

> CTS takes over ShowSoft GmbH, Bremen. By acquiring one of Europe's leading providers of ticketing management software, CTS is now safeguarding its technological leadership in the field of ticketing software.
> CTS appoints a new Research and Development director to the Management Board – in future, Dr. Rainer Bartsch will be responsible for this strategically important field.

_August

> CTS acquires Tickets/S Veranstaltungsservice GmbH, Karlsruhe, thus bolstering its market position in southwestern Germany. As a regional provider of ticketing services, Tickets/S has business relations with more than 550 organisers of music, sports and cultural events. More than 120 box offices in Baden-Württemberg and Rhineland-Palatinate are currently connected to the Tickets/S sales network.
> CTS signs a cooperation agreement with the German Post-Shopping-Portal, eVITA, for the sale of CTS tickets.

_September

> The CTS TV commercial 'Concerts' wins the 'Animago Award 2001', a leading prize for digital animation.
> Lycos Europe becomes the latest cooperation partner of CTS.

_October

> The www.rp-eventim.de Internet portal is launched, with which CTS markets tickets for events in the western region of Germany in collaboration with the Rheinische Post publishing house.

_December

> In accordance with a resolution adopted at the Shareholders' Meeting, CTS relocates its registered offices to Bremen, effective from 1 January 2002.

// Key group figures

	2001 // EUR '000	2000 // EUR '000
Revenues	**156 528**	66 262
Gross profit/loss from revenues	**21 921**	11 638
Personnel expenses	**13 321**	7 291
Operating income before depreciation and amortisation // EBITDA	**7 378**	1 402
Depreciation	**6 764**	3 976
Operating profit // EBIT	**614**	– 2 574
Profit / loss from ordinary business operations // EBT	**3 032**	2 895
Consolidated net income / loss for the year	**– 1 477**	1 953
Cash flow	**4 648**	1 110
	// EUR	// EUR
Net income per share*	**– 0.12**	0.16
	No.	No.
No. of employees**	**372**	203
of which part-time	**48**	29

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

Contents

Report of 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.

_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 08 Februar 2001, 24 April 2001, 03 July 2001, 26 August 2001 and on 21 Novembre 2001. 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.

Chairman of the Supervisory Board:
Edmund Hug

_3 At the Shareholders' Meeting of the company held on 27 August 2001, the Central Treuhand AG Wirtschaftsprüfungsgesellschaft, Munich, was chosen to audit the annual financial statement and the consolidated financial statements for the year 2001. The audit commission was duly granted by the Supervisory Board Chairman on behalf of all Supervisory Board members.

The 2001 annual financial statement, the 2001 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 16 April 2002, the annual financial statement and the consolidated financial statements for 2001, as well as the Management Report and the proposal for appropriation of profits were discussed with the Supervisory Board by the Management Board. The Supervisory Board was given an opportunity to confer with the auditor.

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].

_4 The Management Board of the company proposed that the balance-sheet loss, comprising the net loss of 4 543 232 EUR for the 2001 financial year and the carried forward loss of 10 790 461 EUR, be carried forward to the new account.

This proposal for appropriation of profits was accepted by the Supervisory Board.

_5 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

> the disclosures of fact made in the report are true and correct

> the performance rendered by the company in connection with the legal transactions detailed in the report are not unreasonably great, and that any disadvantages were balanced out."

_6 Changes were made to the composition of the Management Board during the 2001 financial year. As from 1 August 2001, Dr. rer. nat. Rainer Bartsch, Bremen, was appointed by the Supervisory Board to the Management Board, where he functions as Chief Operations Officer. With effect from 31 January 2002, Mr. Thomas Vogt retired from the Management Board of the company.

The Supervisory Board wishes to thank the Management Board and all employees for the work they performed during the first financial year since the company went public.

April 2002

Edmund Hug
Vorsitzender

Dr. Peter Haßkamp
stellv. Vorsitzender

Dr. Peter Versteegen

To the shareholders, employees and friends of the company

Chairman of the Management Board:
Klaus-Peter Schulenberg

_Dear Sirs/Mesdames,

Enjoying one's leisure time is very important to many people. The entertainment market in Germany and Europe is growing at a fast pace in all segments, be it concerts, theatre, sports or cinema. As a leading ticket supplier and a major organiser of live events, the CTS Group is superbly positioned in this market. During the 2001 financial year, we consistently and persistently pursued our aim of becoming the European market leader in the field of leisure events and entertainment, and enhanced our market position by making strategic acquisitions. However, our fortunes in the past year were adversely affected by the broad weakness in the German economy, by the concomitant restraint shown by consumers, and by the terrorist attacks in the USA. Many events were cancelled as a result of the 11 September attacks – the leisure industry as a whole, and hence CTS EVENTIM AG as well, was severely and directly impacted by the subsequent downswing in the economy. The Management Board responded immediately to these changes in the market environment by implementing a cost reduction programme whose effects are now being manifested in the 2002 financial year.

Despite the difficult environment in which we operate, the CTS Group is in good shape and well positioned in the market. In spite of the bleaker business outlook, we managed in 2001 to generate Group revenues totalling 156.5 EUR million and an EBIT of 614 EUR thousand. This result was ultimately due to the efforts of our employees, whose dedication and commitment enabled CTS to follow a successful path.

In the Live Entertainment segment, revenues from concerts and top-notch tours rose to EUR 137.2 million. Delighted fans were able to see and hear Depeche Mode, the Eagles, Sting and Bon Jovi. The 'Rock am Ring' and 'Rock im Park' open-air festivals, as well as shows by magician David Copperfield attracted huge audiences, too. Madonna's 'Drowned World Tour' broke all records – within a few hours only, around 40 percent of the entire ticket contingent marketed by CTS was sold via the Internet. In the 2001 financial year, we expanded our business field and boosted our regional presence with the ARGO Group (Würzburg) and Dirk Becker Entertainment GmbH (Cologne). These two acquisitions round off in strategic fashion our network of concert agency expertise centred on the Marek Lieberberg, Peter Rieger, Scorpio Konzert and Semmel Concerts agencies.

Our performance in the Ticketing segment was also noteworthy. This corroborates that, by extending our value-added chain, we are on the right tracks. As a multichannel player in marketing and sales, we grew the highly profitable online ticketing business still further. In 2001, we joined forces with some key partners to enlarge our online presence, namely with Universal Music, Brigitte-Online, eVITA the Post-Shopping-Portal, ProSiebenSat.1 and Lycos Europe, to mention only a few.

CTS now boasts a sales network covering the whole of Germany. By acquiring Tickets/S in Karlsruhe, we have further expanded our market position in the southwest and northwest regions of Germany. The company is now a 'big player' among the regional ticketing enterprises. Our aim in future is to exploit the online ticketing channel more intensively for events at regional level. For this reason, we are planning a nationwide network of online companies in collaboration with regional partners. We have already scored some initial successes in this direction by establishing the RP-Eventim GmbH joint venture with the Rheinische Post publishing house. More joint ventures for online ticketing of regional and national events will follow. Since January, we have also been involved in cooperation with the WAZ publishing house. By taking these steps, we have broadened our event organiser base, expanded our online presence and gained valuable know-how within the regions. The range of services provided by these regional online companies is fully targeted at the needs of Internet customers.

All in all, the signs are that online ticketing will be a future growth market, although growth will also be slower than originally planned. In Germany alone, the potential number of online buyers is around 7 million. This segment has the highest profit margins of all sales channels, so the rapid increase in visits to the CTS portal at www.eventim.de is all the more encouraging. This development is attributable to our marketing campaign, which boosted consumer awareness of the EVENTIM online brand as a leading platform for cultural and sports events. In the past 12 months, more than 6.7 million people have visited the CTS portal.

Internet and new technologies are key elements in the further optimisation of our value-added chain. In the leisure industry, information technologies are becoming a crucial factor for competitiveness. Given the strategic importance of this sector, our objective is to enhance our own know-how and hence ensure our independence from external service providers. In 2001, we acquired ShowSoft GmbH, one of Europe's leading providers of software for ticketing and management systems, as well as cutting-edge technologies for in-house and online ticketing. By making this acquisition, we are safeguarding our technological leadership in the ticketing field over the long term – with the expert skills of the ShowSoft workforce, it will be possible in future to develop our own IT solutions. The importance we attribute to information technology is also evidenced by the appointment of Dr. Rainer Bartsch as IT expert to the CTS Management Board in August last year. Dr. Bartsch was previously the IT director in the messerknecht Group, with responsibility for the Group's entire software engineering activities.

By making this appointment, CTS has girded itself for technological challenges such as mobile ticketing, i.e. booking tickets from mobile phones using WAP and UMTS technology. The GSO subsidiary is also developing leading-edge technologies – in the new multi-purpose arena in Gelsenkirchen, ‘Auf Schalke’, our subsidiary has revolutionised both access control and payment systems. The new CTS technology provides visitors with faster and more convenient access to major events. This system, which has already mastered its first mega-events, opens up a colossal market for CTS, especially with regard to the football World Championships in 2006.

In the course of 2001, we achieved some key strategic goals, such that CTS is now well on the way to becoming Europe’s biggest leisure portal. In a recessionary climate, we asserted ourselves well on the market. We will push for further internationalisation of our brands, further optimisation of our value-added chain, expand our range of sports and theatre events, and prepare our software for new technological challenges such as mobile ticketing. With CTS, people can actively organise their leisure time in 2002 and enjoy entertainment of the highest quality.

The Management Board thanks all employees for their dedication, the shareholders for the trust they have shown, and the friends of the company for their support. We would be glad to see your continued participation in the CTS success story.

Yours sincerely,
Klaus-Peter Schulenberg,
Chairman of the CTS EVENTIM AG Management Board

The highlights in 2001: Madonna, Depeche Mode, Elton John and Bon Jovi, the ‘Rock am Ring’ and ‘Rock im Park’ open-air events, and the ‘Bizarre’ and ‘Hurricane’ festivals, organised and executed by the group companies in the Live Entertainment segment.

The CTS share

Despite the generally optimistic forecast for 2001, the year was characterised by continuation of the strong bearish trend that took hold in 2000. The main causal factor of this negative trend was the marked slowdown in the world economy, which spread from the US economy and subsequently impacted significantly on economic growth in Europe. This effect was amplified by a growing number of enterprises issuing further downward corrections of their revenue and earnings forecasts, and of course by the psychological and political consequences of the terrorist attacks on 11 September. Many investors were prompted by these developments to reduce their portfolio of shares.

This decline in shareholder confidence led to the stock markets suffering their second year of decline in succession. The German DAX index finished the year 19.8 % lower than it started. The Nemax 50 index fell more than 59 % in the course of the year, with the lowest mark being set at 641 points in the aftermath of the terrorist attacks.

// The CTS share

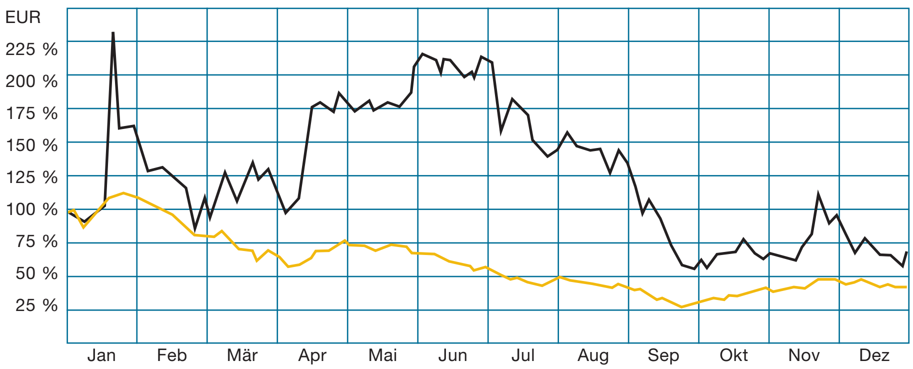
>> Number of shares held by executive body members as at 31 December 2001:

Management Board:	
Klaus-Peter Schulenberg	8 372 000 shares
Volker Bischoff	102 000 shares
Thomas Vogt	350 shares
Dr. Rainer Bartsch	0 shares
Supervisory Board:	
Edmund Hug	2 600 shares
Dr. Peter Haßkamp	465 shares
Dr. Peter Versteegen	0 shares

Althought the CTS share price came under pressure in this unfavourable market, it nevertheless performed quite well by comparison with the broader market. Compared to the year-end share price in 2000, CTS shares lost around 28 % to finish the year at EUR 5.10 on 28 December 2001. Based on that year-end share price, the company's market capitalisation amounts to EUR 61.2 million.

>> The CTS share price in 2001

02.01.2001 – 28.12.2001



■_ CTS EVENTIM AG shares, indexed in EUR

■_ NEMAX All-Share, indexed

In contrast to the steady stream of bad news from the markets, CTS EVENTIM AG succeeded in increasing both its revenues and its earnings in a year-on-year comparison, thanks to our business growth and the accomplished integration of our various subsidiaries.

// Investor Relations

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

>> e-mail for shareholder questions
investor@eventim.de

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

During the year 2001, our investor relations activities were once against centred on communicating openly and objectively with our shareholders. We informed the capital markets promptly about the course of business and current events by means of quarterly reports, ad-hoc announcements and press releases.

_Share-related data:

	2001 // EUR
Consolidated earnings per share	–0.12
Cash flow	4 648
12-month high (on 19.01.2001, Xetra exchange)	17.40
12-month low (on 26.09.2001, Xetra exchange)	3.47
Year-end share price (on 28.12.2001, Xetra exchange)	5.10
Market capitalisation (based on year-end share price)	61 200 000
Shares outstanding on 31.12.2001	12 000 000
Share capital following IPO	12 000 000
Type of shares	no-par value ordinary bearer shares
Securities code (WKN number)	5 4 7 0 3 0
ISIN number	DE 000 547 030 6
Symbol	EVD
First listed	01.02.2000
Stock exchange segment	Neuer Markt, Frankfurt
NEMAX sectoral index	NEMAX Media & Entertainment

Economic macroenvironment

// The national economy

_Turbulent year: 2001 was an eventful year for the economy and society as a whole. Economic forecasts have rarely required such radical adjustment in the course of a single year. As late as autumn 2000, leading economics institutes were predicting no worse than a slight slowdown in the pace of growth. Only months later, in December 2000, the global economy entered a recessionary phase of unexpected intensity that persisted in 2001 with usual tenacity, only to be further exacerbated in the wake of the terrorist attacks in New York.

_Global downturn: last year saw a worldwide decline in productive output. The USA and Japan, which together account for about half of world production, fell into recession, while total economic activity in the Euro zone stagnated or retreated. The economies of southeast Asia and Latin America were unable to escape these trends, because the increasing extent to which the financial markets are interlinked means that the interdependencies between national economies are all the greater.

Germany was by no means immune, either. Stagnating exports, weak domestic demand, increasing investment restraint and negative outlooks for sales and earnings had adverse impacts on all sectors of the economy, most notably on the IT and construction industries.

_Outlook for 2002: In early 2002, the first signs of tentative economic recovery are emerging.

// Leisure – the market of the future

CTS operates on the leisure market with two divisions, Ticketing and Live Entertainment. Although demand for leisure activities is constantly growing, the market for entertainment events was unable to escape the poor economic climate that prevailed during 2001. Consumer restraint became apparent in the leisure market as early as the third quarter of 2001 and peaked after the wave of terrorist attacks. Many events were cancelled, resulting in weak sales in the entire sector.

Nevertheless, leisure events are even higher on people's list of priorities than ever before. Leisure is important for people even when the economy is ailing. The leisure market is recovering, returning to its former growth rates. More and more people are prepared to spend money on high-quality events. Higher levels of expectation on the part of those attending such events as well as increasing fees to artists and performers were two factors fostering the trend towards concentration in the events market, also in 2001. Experts on the sector assume that, in future, only those providers who command the entire value-added chain – from ticket sales to event organising to exploitation of rights – will be able to survive in the market.

In the live entertainment market, demand is primarily for large-scale, high-quality events featuring famous artists, as well as for sports events of the highest calibre. Access to the big international stars in the worlds of pop, rock and classical music is enjoyed first and foremost by major concert agencies that have concentrated forces in order to exploit synergies. In future, the planning, organisation and execution of events by a single operator will be the key factor for success in the events market.

// Macroenvironment and sectoral situation

The CTS EVENTIM Group (referred to hereinafter as 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 corporate business 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.

Organisers of leisure events view selling their tickets as the critical factor for success. Selling 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 events for which tickets are sold using our proprietary CTS ticketing software range from concerts of classical music, through rock and pop, plays, festivals, fairs and exhibitions to sports events, especially football. As a leading ticket supplier, CTS is superbly positioned in its market. That position was further consolidated and extended in the ticketing field by means a broad-based distribution network with a full-coverage network of box offices, sales via call centres and an Internet ticket shop (www.eventim.de).

By acquiring holdings in leading German tour and concert organisers, the Group's position has been safeguarded on these markets and can now be further expanded. CTS competes here with supraregional as well as smaller regional network operators who concentrate on urban agglomerations or cities. The company enjoys competitive advantages over competitors, in that CTS operates supraregionally in a variety of market segments using a networked ticketing system, not only throughout Germany, but also in other European countries, and because it links all sales channels in a common database. Another advantage consists in cooperation with major organisers, enabling a large number of different and attractive events to be marketed though all the Group's sales channels.

// Corporate situation

_Corporate growth: The Group has a distribution network covering the whole of Germany. By acquiring Tickets/S Veranstaltungsservice GmbH, a regional ticketing company based in Karlsruhe, our market position was strengthened in the southwest of Germany, in particular.

Our network of expertise in the Live Entertainment segment was strategically enlarged by acquiring participations in ARGO Konzerte Nuremberg GmbH, Nuremberg, ARGO Concerts GmbH, Würzburg, ARGO Klassik GmbH, Würzburg and the Dirk Becker Entertainment GmbH in Cologne.

In the ticketing field, the promotion campaign launched in spring 2001 was superseded by entering collaboration agreements with regional publishers for a nationwide network of online companies. These cooperation arrangements will enable branding campaigns and eventrelated advertising to be pooled for maximum efficiency and effect. The first such cooperation agreements were signed with the Rheinische Post publishing house in Düsseldorf (hereinafter: Rheinische Post), in 2001, and with the Westdeutsche Allgemeine Zeitungsverlagsgesellschaft, Essen, in the first quarter of 2002 (hereinafter: WAZ). The range of services provided by these regional online companies is targeted at the needs of Internet customers. In future, personalised information about events will be sent to custo-mers by SMS, WAP, PDA or e-mail for interactive use. New ways forward and technological advances have also been developed by our Schwegenheim-based subsidiary, GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG (hereinafter: GSO). In the new football stadium in Schalke, new technologies such as access control and payment systems were installed by GSO in the 2001 business year, and networked to a ticketing system. This technology enables fast access to major events, and money transactions are simplified using a reloadable cash card. New perspectives are thus being opened up for the Group as a whole, particularly in connection with the 2006 World Football Championships to be held in Germany.

The second half of 2001 saw the Group operating in a difficult market environment. Recessionary trends in the German economy caused a slowdown in German consumer spending. The terrorist attacks in the USA also led to many events being cancelled. To make matters worse, fear of touring and large-scale events on the part of many international artists resulted in lost revenues from events for which tickets did not go on sale.

The Management Board responded to the new market situation with a cost reduction programme, including job cuts in the Ticketing division, saving external IT development expenses by establishing an inhouse development department, and by reducing material and similar expenses. Promotion strategies are being optimised by collaborating with major newspaper publishers.

// Structure of entities within the Group/Divisional changes:

_Live-Entertainment: All shares in 89,9 % Medusa Beteiligungsverwaltungs-Gesellschaft Nr. 52 mbH (hereinafter: Medusa) are held through an intermediate holding, namely Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg. The latter company, in turn, has majority shareholdings in the following tour and concert agencies: Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt a. M. (hereinafter: Lieberberg), Peter Rieger Konzertagentur GmbH & Co. KG, Cologne (hereinafter: Rieger), Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (hereinafter: Semmel), Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: Scorpio). In the case of Lieberberg and Rieger, the shares are held through intermediate holding companies. During the year under review, the Group expanded the Live Entertainment division by acquiring the following holdings:

_Live-Entertainment	Percentage stake
ARGO Konzerte Nürnberg GmbH, Nuremberg (hereinafter: ARGO Group)	50.2 %
ARGO Concerts GmbH, Würzburg (hereinafter: ARGO Group)	50.2 %
ARGO Klassik GmbH, Würzburg (hereinafter: ARGO Group)	50.2 %
Dirk Becker Entertainment GmbH, Cologne (hereinafter: Becker)	73.0 %

_ARGO-Group: By acquiring 50.2 % of the shares in the separate companies in the ARGO Group, the Live Entertainment division was expanded in the first quarter of 2001. ARGO organises around 300 events a year, making it one of the most successful local and supraregional concert agencies in Germany. The ARGO Group portfolio covers the entire spectrum of entertainment music, extending from Rock & Pop (Sting, Bryan Adams, Bruce Springsteen, Bon Jovi, etc.) through popular folk and beat music to dance shows (Lord of the Dance) and classical concerts (Placido Domingo, Anne-Sophie Mutter). By a notarially recorded Merger Agreement dated 18 July 2001, the separate companies within the ARGO Group – namely ARGO Konzerte Nürnberg GmbH, Nuremberg, ARGO Concerts GmbH, Würzburg and ARGO Klassik GmbH, Würzburg were merged with retroactive effect from 01 January 2001 to form ARGO Konzerte GmbH, Würzburg (hereinafter: ARGO).

_Becker was newly established in 2001 and operates primarily as a regional organiser in the state of North-Rhine Westphalia. In its year of establishment, Becker succeeded in signing international rock and pop stars such as Chris Rea, Eagles, Mark Knopfler, Bon Jovi and the new shooting stars in Germany, No Angels.

By making these acquisitions, the Group is further expanding the Live Entertainment division, thus adding to the extensive value-added chain already operated by the Group. In addition to strong earnings from the Live Entertainment division, Ticketing operations are also being intensified. Creation or acquisition of shareholdings in:

_Ticketing	Percentage stake
eventim Online Holding GmbH, Bremen (hereinafter: Online-Holding)	100.0 %
RP-EVENTIM GmbH, Düsseldorf (hereinafter: RP-EVENTIM)	51.0 %
ShowSoft GmbH, Bremen (hereinafter: ShowSoft)	100.0 %
Timo-Soft Software Entwicklungs GmbH, Oberhausen (hereinafter: Timo)	100.0 %
Tickets/S Veranstaltungsservice GmbH, Karlsruhe (hereinafter: Tickets/S)	100.0 %

_Online Holding and RP-EVENTIM EVENTIM Online Holding GmbH, Bremen was established in February 2001 in connection with the planned establishment of online companies in collaboration with publishing houses. Under the corporate umbrella of this holding company, it is intended to form a substantial number of regional enterprises under which CTS EVENTIM's wide-ranging programme of events and the regional programme of events organised by publishing houses can be combined. The first such partner in the 2001 financial year was the Rheinische Post publishing house in Düsseldorf. This publisher has a daily circulation of more than 400 000, making it one of the largest and most successful in Germany. Operations were commenced in 2001 under the name RP-EVENTIM GmbH, Düsseldorf.

_ShowSoft As at 30 September 2001, all shares in ShowSoft GmbH, Bremen were included in the scope of consolidation. ShowSoft GmbH is one of the leading providers of software for ticket management systems in the cultural and sports fields. The company develops and sells cutting-edge technological solutions for inhouse and Internet ticketing, with which approx. 12 million tickets are currently sold annually. The development of a common interface between the CTS ticketing software and the ShowSoft inhouse software enables ShowSoft customers to market their events through all CTS distribution channels.

_Timo By taking over a 100 % stake in Timo-Soft Software Entwicklungs GmbH, Oberhausen, the Group has acquired a pioneering software solution for selling cinema tickets over the Internet. This gives the Group an outstanding position on the nascent cinema ticketing market.

_Tickets/S Tickets/S Veranstaltungsservice GmbH, Karlsruhe is a regional ticketing service provider that has business relations with many organisers in a diversity of fields (music, sports and cultural events). More than 120 box offices in Baden-Württemberg and Rhineland-Palatinate are currently connected to its sales network.

These acquisitions denote a reinforcement of the Ticketing division at all levels – from Internet, in-house and IT know-how to cinema and reinforcement of regional presence.

// Bringing in of shares in the ARGO Group against corporate rights in Medusa

By notarial deed dated 5 January 2000, the former shareholders of the ARGO Group each brought into Medusa 50.2 % of their shares in the companies comprising ARGO. The assets were brought in in return for new shares in Medusa.

According to US GAAP rules, consolidation in this case must be carried out according to the purchase method. This means that the bringing in of ARGO Group shareholdings into Medusa, on the one hand, and the transfer of shares in Medusa to the shareholders bringing in said shares, on the other, is treated as a sale. The contrary deliveries must accordingly be valued (Staff Accounting Bulletin SAB 72-74, Accounting for Sales of Stock by Subsidiaries), thus leading in this case to the realisation of profits. The respective shareholdings are valued on the fair value basis pursuant to the 'business combination/principles of historical-cost accounting (APB 16 TZ 67)' – unlike in German accounting legislation.

The differential (EUR 1.579 million) between the fair value of the contributed shares in the ARGO Group, on the one hand, and the transferred shares in Medusa, on the other, must therefore be disclosed as income.

From Melbourne to Japan – tickets for all Formula 1 races can be bought from CTS. Tickets for many other sporting highlights are also on offer, e.g. international horseriding tournaments, boxing matches, tennis competitions, ice hockey, and much more besides.

// Corporate structure of CTS EVENTIM AG and its subsidiaries

Stand 31.12.2001

CTS EVENTIM AG

Ticketing

- 80.0 % GSO Holding GmbH, Schwegenheim
  - 100.0 % GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim
    - 100.0 % GSO Verwaltungsgesellschaft mbH, Schwegenheim
- 75.0 % Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna
- 66.6 % CTS Computer Ticket Service Betriebsgesellschaft mbH, Berlin
- 100.0 % eventim Online Holding GmbH, Bremen
  - 51.0 % RP EVENTIM GmbH, Düsseldorf
- 100.0 % ShowSoft GmbH, Bremen
- 100.0 % Tickets/S Veranstaltungsservice GmbH, Karlsruhe
- 100.0 % TimoSoft GmbH, Oberhausen

Live Entertainment

// Assets and capital

>> Grouth in balance-sheet total
in EUR '000

The Group's balance sheet total increased by EUR 21.282 million from EUR 94.903 million to EUR 116.185 million.

Loan capital liabilities increased by EUR 17.926 million to EUR 54.866 million, and provisions by EUR 2.287 million to EUR 8.592 million. The reserves for minority interests increased by EUR 2.551 million to EUR 6.978 million due to the net income generated by the subsidiaries, and to the participations acquired during the year under review.

Shareholder equity fell by the net loss for the current year, namely by EUR 1.477 million to EUR 45.750 million.

>> Grouth in asset value
in EUR '000

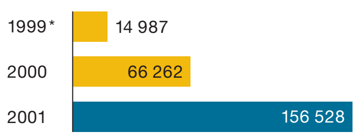
Assets tied up for the short term increased by EUR 11.999 million to EUR 61.809 million. The most significant increase relates to liquid assets, which grew by EUR 7.010 million to EUR 36.370 million. Investments during the reporting year in software, participations and tangible assets amounted to EUR 7.952 million. As a result of depreciations on assets (EUR 6.764 million), fixed assets increased to EUR 46.323 million. The fixed assets are covered by the shareholder equity and by pension accruals.

// Income situation

The financial year ending on 31 December 2001 was adversely affected by the broad weakness in the national economy and by the concomitant restraint shown by consumers. The terrorist attacks in the USA during the third quarter of 2001 also led to many events being cancelled by performers. This explains why revenues generated in the second half of the year, normally the stronger half due to seasonal fluctuations, were lower than expected.

Relative to the previous year, Group sales more than doubled by EUR 90.266 million from EUR 66.262 million to EUR 156.528 million. Total revenues (before consolidation between the segments) are broken down into EUR 137.172 million in the Live Entertainment segment and EUR 20.666 million in the Ticketing segment.

>> Grouth in revenues,
1999–2001, in EUR '000



*Consolidated financial statement, excluding Live Entertainment

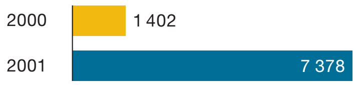
Of the EUR 156.528 million in Group sales achieved in the reporting year, EUR 154.500 million were generated in Germany and EUR 2.028 million in Austria.

Because of sectoral factors, the gross margin in the Live Entertainment segment was significantly lower, at 11.1 %, than in the Ticketing segment (33.1 %). In the 2001 financial year, the Live Entertainment segment once again influenced the gross margin for the Group as a whole, which came in at 14 %, compared to

17.6 % the previous year. In the medium term, gross margin is expected to improve due to the planned synergies in the Live Entertainment division.

>> Development of EBIT
in EUR ‘000

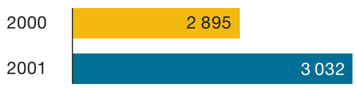
>> Development of EBITDA
in EUR ‘000



Earnings before interest and tax but after depreciation and amortisation (EBIT) were EUR 614 million, compared to minus EUR 2.574 million in fiscal 2000. This earnings figure includes EUR 2.903 million depreciation on goodwill (previous year: EUR 1.462 million).
In the 2001 financial year, the Group achieved a positive EBITDA (earnings before interest, taxes, depreciation and amortisation) of EUR 7.378 million (preceding year: EUR 1.402 million).

Bringing in the shareholdings in the ARGO Group resulted in a EUR 1.579 million difference between the fair value of said holdings and the fair value of the transferred shareholdings in Medusa. The EUR 4.949 disclosed in the previous year’s statements as proceeds from bringing in subsidiaries relate to the shareholdings in Semmel and Scorpio that were brought into the company. In accordance with US GAAP, the difference in fair value is shown as income from bringing in participations. This income has a positive impact on earnings before tax (EBT) and the consolidated net income.

>> Development of EBT
in TEUR



The Group produced a financial result amounting to EUR 839 thousand (previous year: EUR 520 thousand).

Earnings before tax (EBT) improved by EUR 137 thousand from EUR 2.895 million to EUR 3.032 million.

In the tax expenses as disclosed, deferred taxes have been set-off against the tax expenses of the separate consolidated companies. Due to losses carried forward, it is mainly deferred tax assets that are shown.

After deducting minority interests (EUR 3.306 million) from the net income for the year (EUR 1.829 million), a net loss of EUR 1.477 million results for the Group as whole (compared to EUR 1.953 million the previous year).

// Development of the Ticketing and Live Entertainment segments

_Live Entertainment Revenues generated in the live entertainment segment in the 2001 financial year amounted to EUR 137.172 million and were greatly influenced by the highly successful indoor and outdoor concerts, e.g. the Madonna tour, the Depeche Mode tour, the growth achieved in the folk music field, and Germany's biggest open-air festivals – 'Rock am Ring' and 'Rock im Park'. After deducting sales expenses of EUR 121.952 million, a gross profit of EUR 15.220 million remains. This is equivalent to a gross percentage margin of around 11.1 %. After deducting other operating expenses and income, an operating profit (EBIT) of EUR 6.502 million remains.

_Ticketing Ticketing revenues grew by EUR 3.097 million from EUR 17.569 million to EUR 20.666 million. This increase is clear evidence of the constant growth in this segment. Despite the advertising campaign launched in the first quarter, the revenue targets anticipated for the new Internet and call centre channels were not met. The fourth quarter of 2001 witnessed further cancellations of events, as well as events for which no box office sales were initiated. Planned revenues from Internet advertising, sale of merchandise articles and from establishing a new sales distribution channel in the form of kiosk terminals did not materialise to the anticipated extent. Internet accounted for around 6 % of the segment's sales, compared to 11 % from call centres.

Acceptance and use of the Internet is steadily growing, but it will take longer than expected for sales volumes to reach the levels originally planned.

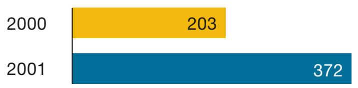
The EBIT, at EUR –5.877 million, was depressed during the year under review by higher marketing expenses for establishing new sales channels, by greater personnel expenses in the e-commerce field and by higher amounts of depreciation from the development of CTS ticketing software. There was a delay in the planned implementation of CTS ticketing software in the Austrian subsidiary, TEX, before the software was finally launched in the second half of 2001. CTS revenues for the year under review were EUR 12.333 million (previous year: EUR 12.747 million) and failed to meet expectations. The factors accounting for these disappointing sales figures were recessionary market trends, on the one hand, and manual order processing due to the fact that the Customer Relationship Management systems (CRM) were still not ready for full deployment in 2001. As in the previous year, Internet sales account for 10 % of the total.

Due to the higher expenses from depreciating the CTS ticketing software system, the expenses for expanding the sales operation, the cost-intensive advertising to launch the EVENTIM brand, as well as expenses for the call centre/Internet channels that still operate at a loss, an operating loss of EUR 5.636 million is disclosed for the 2001 financial year.

After setting-off the financial result of EUR 1.092 million, earnings from normal business operations were EUR –4.544 million.

// Personnel

>> Workforce growth
No. of employees in active workforce

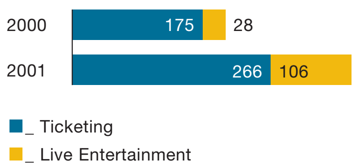


_Group The Group employed 372 employees at the end of the 2001 financial year, of whom 52 were employed in Austria.

Of the additional 169 employees recruited in 2001, bringing the workforce size from 203 at the end of 2000 to 372 in 2001, 91 were employed in the Ticketing and 78 in the Live Entertainment division. The growth in workforce size as a result of acquisitions involved 50 employees in Ticketing and 80 employees in Live Entertainment.

Compared to the previous year, personnel expenses increased by EUR 6.030 million from EUR 7.291 million to EUR 13.321 million.

>> Employees by segment
Status: 31.12.2001



_CTS At the end of the 2001 financial year, CTS had 134 white-collar employees on its payroll (previous year: 101).

In the Ticketing segment, measures to reduce the workforce size were implemented during the fourth quarter of the financial year. These measures were in response to the change in market conditions since the third quarter of 2001.

// Investments and financing

The takeover of major holdings in ticketing companies and tour/concert organisers were among the most eye-catching investments to be made during the year under review. The acquisition of majority holdings in Timo, ShowSoft and Tickets/S were financed predominantly from the emission proceeds. The acquisitions of majority shareholdings in the ARGO Group were financed in the form of share agreements with the Medusa holding.

A total of EUR 2.323 million was invested in further development of the CTS ticketing software. A further EUR 338 thousand was invested in the Internet site and its integrated Customer Relationship Management feature. Investments in tangible assets were primarily for the computer hardware equipment provided on a rental basis to the box offices and organisers connected to the CTS ticketing system (EUR 419 thousand). EUR 316 thousand were invested in technical equipment for the CTS ticketing software system and for the Internet shop. These investments were predominantly financed from the emission proceeds.

// 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 and box offices, the ticket sales system is being constantly improved and enlarged. During the year under review, the main focus of research and development activities was therefore on further refinement of the CTS ticketing software for network operations and on improving the performance of the system.

The company plans to enter new markets for ticketing services for museums, trade fairs and exhibitions, cinemas and leisure parks. In addition, new sales channels are being opened up and existing channels are being expanded. Plans for the medium term also include replacing normal tickets with chip tickets in potential areas such as season tickets or subscriptions.

Werder Bremen, Borussia Dortmund or Schalke 04 – tickets for matches played by these first-division teams are on sale at the eventim.de Internet portal. A partnership between our GSO subsidiary and the German Football Association also covers the sale of tickets to international football matches through the CTS and GSO ticketing sales channels.

// 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 website.

The company currently enjoys a leading market position in the preselling of tickets for events. It is not certain that this market position can be maintained. The company is engaged in tough competition with regional and supraregional providers as well as with direct ticket sales by event organisers 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.

No external fiscal audits have been conducted as yet at CTS and its legal predecessors, namely CTS Computer Ticket Service GmbH and SoftNet Beteiligungs-GmbH. In the event of an external fiscal audit being conducted, CTS does not anticipate any significant alterations in its tax assessment, because its tax returns have been fully and correctly prepared with and by its tax consultants. Nevertheless, subsequent tax demands may result from different interpretation of facts by the tax authorities, resulting in adverse impacts on the company's financial situation.

The Group's business operations in the ticketing sector are significantly dependent on various organisers selling their entry tickets over the CTS sales network and providing a certain proportion of the available tickets. The Group believes that event organisers 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 organisers 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

Our proposal to this year's Annual Shareholders' Meeting is that the net loss incurred for the year by CTS be carried forward with the accumulated deficit to the new financial year.

// Dependencies

Pursuant to Section 17 AktG, a dependent relationship existed with the majority shareholder, Mr. Klaus-Peter Schulenberg (the controlling company), and with a company 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.'

// Significant events since the end of the financial year

In January 2002, a long-term cooperation agreement was concluded with WAZ Westdeutsche Allgemeine Zeitungsverlagsgesellschaft, Essen. By establishing and expanding a nationwide network of online collaborations with publishing houses, it is intended to continue increasing the volume of tickets sold through the Internet. As recently as the fourth quarter of 2001, a similar agreement was signed with the Rheinische Post publishing house in Düsseldorf.

WAZ is the service provider for the various newspaper belonging to the WAZ Group, namely Westdeutsche Allgemeine Zeitung, Westfälische Rundschau, Westfalenpost and the Neue Rhein/Ruhr Zeitung in North-Rhine Westphalia, with a daily circulation of around 1.2 million. By means of the cooperation, the infrastructure created by CTS – from ticketing software to Internet presence – and the range of events offered by the Group nationwide is being combined with the regional contacts and promotion vehicles of the WAZ Group. On 8 March 2002, a Letter of Intent was signed with Clear Channel Entertainment (formally known as SFX), USA, according to which the US company will take over 49.9 % of CTS's shares in Medusa. Medusa shall also receive exclusive rights for all Clear Channel Entertainment events in Germany, Austria and Switzerland. At the same time, CTS secures the exclusive ticketing rights of Medusa and Clear Channel Entertainment for said markets. The participation is contingent on conclusion of a final agreement, performance of due diligence, and approval of the executive bodies.

// Outlook for 2002

_The vision: Europe's largest leisure portal. In 2002, CTS EVENTIM AG will continue to work intensively on achieving its vision – to become Europe's most important portal for sport- and leisure-centred activities. More key strategic goals along this path were accomplished in the 2001 financial year, thus establishing the basis for the Group's continued expansion. With forward-looking acquisitions and collaborations in the Live Entertainment and Ticketing segments, the Group has increased its market share still further. As a multi-channel seller, the Group is successfully focusing on new, high-margin distribution channels; online ticketing, especially, is tapping new growth potential. In 2002, the company will continue along the path it has successfully taken to date.

_Ticketing: market expansion, value-added. In the Ticketing segment, the new distribution channels, above all the Internet, will gain in importance alongside conventional box offices and in-house sales. In the online ticketing field, the Group is exploiting more intensively the potential presented by local events, by expanding its network to embrace regional partners. The longterm cooperation agreement concluded in January 2002 with the WAZ publishing group has direction-setting character for a successful financial year in 2002. The joint online portal at www.waz-eventim.de is aimed at more than 17 million residents in the core circulation area served by the WAZ Group. With targeted cooperations and acquisitions in other European countries, the CTS Group aims to boost its share of the ticketing market at international level as well. In addition to music events as a priority field of operation, the Group will also tap further market segments in the sports field. At the end of January 2002, an exclusive agreement was signed with the National Committee for the Women's Volleyball World Championships for the sale of tickets to the volleyball world championship games in 2002. By acquiring the Timo software solution for cinema ticketing, the Group has engineered an excellent starting position for this new growth market.

_Live Entertainment: synergies strengthen market position. By acquiring the ARGO Group, comprising the Rieger, Semmel, Scorpio, Lieberberg and Becker agencies, the CTS Group has successfully integrated six concert agencies with national and international operations, thus strengthening its market position at regional, national and international level.

After merging these agencies under the Medusa umbrella, synergy effects are now starting to materialise – our negotiating position vis-à-vis performers is greatly improved by having a larger share of the market, joint purchasing and marketing activities enable cost reduction potential to be fully exploited, and additional opportunities arise with regard to merchandising and broadcasting rights in television and the Internet. This means that the Group can extend its value-added chain in the live entertainment segment as well.

2002 is yet another year in which the Group will organise, plan and market international stars from the pop/rock world, world-class musicals and classical concerts, as well superlative sports events. International tours, especially, will be a driving force behind our Europe-wide expansion course. Highlights in 2002 will include tours by Westlife, Elton John, Santana and Bob Dylan.

_IT competency is a key factor for success. High-performance IT systems are becoming more and more important for companies operating in the leisure and entertainment industries. User acceptance of CTS's services is crucially dependent on the reliability and performance of those services. This is particularly the case not only for online ticketing, but also for the other sales channels. The strategic importance of IT is underlined by the new directorship for IT on the Management Board.

2002 is yet another year in which people can actively organise their leisure time and enjoy top-notch entertainment with the help of CTS services – the company stands for the very best in entertainment – for concerts, theatre and sports events that thrill and fascinate.

// 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 2002
CTS EVENTIM Aktiengesellschaft

The Management Board

In addition to a plethora of classical music concerts, high-profile guest appearances by the likes of Placido Domingo or Monserrat Caballe are promoted in historical settings such as the Semperoper in Dresden, the Residenz in Würzburg, or the Schlosspark in Coburg. Many artists are also attracted to the open-air 'Serenadenhof' amphitheatre in Nuremberg, which was created by our ARGO subsidiary.

Consolidated financial statement and annual financial statement for fiscal 2001

// Preamble to the financial section of the annual report

In addition to the separate annual financial statement 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.

A consolidated annual financial statement according to German accounting legislation was not prepared (Section 292 a HGB).

The comparative presentation of the consolidated financial statements for the 2000 financial year includes the following companies. Semmel Concerts Veranstaltungsservice GmbH, Bayreuth and Scorpio Konzertproduktionen GmbH, Hamburg are not included in the consolidation of expenses and income. Due to contractual arrangements, only the assets of said companies are consolidated in the 2000 financial year.

As at 31 December 2000, the corporate structure of CTS comprised CTS as parent company, the following affiliated companies and their respective subsidiaries.

// Ticketing

- GSO Holding GmbH, Schwegenheim
- GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim
- GSO Verwaltungsgesellschaft mbH, Schwegenheim
- Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna
- CTS Computer Ticket Service Betriebsgesellschaft mbH, Berlin

// Live-Entertainment

- Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg
- Medusa Beteiligungsverwaltungs Gesellschaft Nr. 52 mbH, Frankfurt am Main
- Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt am Main
- Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt am Main
- Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt am Main
- Peter Rieger Konzertagentur Holding GmbH, Cologne
- Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
- Peter Rieger Konzertagentur Verwaltungs GmbH, Cologne
- Semmel Concerts Veranstaltungsservice GmbH, Bayreuth
- Scorpio Konzertproduktionen GmbH, Hamburg

Consolidated financial statements as at 31 December 2001

ASSETS			2001 // EUR	2000 // EUR
A//	**Fixed assets**			
	I	**Intangible assets**		
	1_	Concessions, industrial property rights and similar rights and assets,		
		licences in such rights and assets	11 180 381	8 227 943
	2_	Goodwill	27 468 867	27 980 088
	3_	Payments on account	619 507	237 424
			39 268 755	**36 445 455**
	II	**Tangible assets**		
	1_	Land, land rights and bueldings, included rights to		
		buildings on third-party land	106 620	88 816
	2_	Other facilities, operating and office equipment	3 003 690	2 712 676
			3 110 310	**2 801 492**
	III	**Financial assets**		
	1_	Shares in affiliated companies	552 166	308 073
	2_	Loans to affiliated companies	20 909	19 693
	3_	Participations	2 751 407	191 416
	4_	Marketable securities	12 502	0
	5_	Other loans	607 435	11 715
			3 944 419	**530 897**
B//	**Current assents**			
	I	**Inventories**		
	1_	Work in progress	365 580	0
	2_	Finished products and goods	315 672	742 550
	3_	Payment on account	4 278 260	2 294 072
			4 959 512	**3 036 622**
	II	**Receivables and other assets**		
	1_	Trade receivables	9 191 870	10 562 611
	2_	Receivables from affiliated companies	254 142	170 030
	3_	Receivables from companies in which participations are held	494 539	250 907
	4_	Other assets	10 536 737	6 428 140
			20 477 288	**17 411 688**
	III	**Securities**		
	1_	Other securities	**2 556**	**2 556**
	IV	**Cheques, cash in hand, Bundesbank balances and bank balances**	**36 369 521**	**29 359 257**
C//	**Prepaid expenses and accrued income**		**164 923**	**96 326**
D//	**Deferred tax assets**		**7 887 554**	**5 218 420**
Total assets			**116 184 838**	**94 902 713**

EQUITY AND LIABILITIES	2001 // EUR	2000 // EUR
A// Shareholder Equity		
I Subscribed capital	12 000 000	12 000 000
II Capital reserves	35 339 700	35 339 700
III Profit/loss carried forward	–176 091	–2 129 012
IV Consolidated net income/loss for the year	–1 476 518	1 952 921
V Difference arising from consolidation	62 557	62 567
	45 749 648	**47 226 176**
B// Reserves for shares held by minority interests	**6 977 881**	**4 427 219**
C// Provisions		
1_ Pension accruals	1 047 627	961 243
2_ Provisions for taxation	3 420 332	2 478 023
3_ Other provisions	4 123 617	2 865 102
	8 591 576	**6 304 368**
D// Liabilities		
1_ Liabilities to banks	1 526 285	3 543 638
2_ Downpayments receives on orders	14 169 487	9 936 580
3_ Trade payables	12 941 492	7 920 853
4_ Liabilities to affiliated companies	288 855	32 923
5_ Liabilities to companies in which participations are held	212 697	12 782
6_ Other liabilities	25 726 709	15 493 185
	54 865 525	**36 939 961**
E// Accrued expenses and deferred income	**208**	**4 989**
Total Equity and Liabilities	**116 184 838**	**94 902 713**

Consolidated income statement from 1 January 2001 to 31 December 2001

		2001 // EUR	2000 // EUR
1_	Revenues	156 527 933	66 261 711
2_	Production expenses for services performed in generating the sales revenue	–134 606 676	–54 623 833
3_	**Gross return on sales**	**21 921 257**	**11 637 878**
4_	Research an development expenses	–221 441	–217 779
5_	Cost of sales	–12 785 133	–8 857 205
6_	General administrative expenses	–7 004 440	–3 424 029
7_	Other operating income/expenses	1 607 538	–251 400
8_	Amortisation of goodwill	–2 903 299	–1 461 603
9_	**Operating profit (EBIT)**	**614 482**	**–2 574 138**
10_	Income from bringing in participations	1 578 742	4 949 327
11_	Income from participating interests	129 017	16 053
12_	Interest income	1 121 073	590 277
13_	Foreign exchange profits/losses	–395 201	699
14_	Other income/expenses	–16 224	–86 920
15_	**Profit/loss from ordinary business operation (EBT)**	**3 031 889**	**2 895 298**
16_	Taxes on income	–1 149 399	743 890
17_	Other taxes	–53 363	–5 394
18_	**Result before minority interest**	**1 829 127**	**3 633 794**
19_	Minority interest	–3 305 645	–1 680 873
20_	**Net income/loss for the year**	**–1 476 518**	**1 952 921**

Consolidated cash flow statement from 1 January 2001 to 31 December 2001

A// Financing from ongoing business operations	2001 // EUR	2000 // EUR
Consolidated net income/loss for the year	–1 476 518	1 952 921
Share in profits attributed to minority interests	3 305 645	1 680 873
Depreciation on assets	6 779 800	4 063 442
Additions to assets	–76 694	0
Additions to pension accruals	86 384	49 123
Income from bringing in participations	–1 578 742	–4 949 327
Deferred taxes	–2 392 263	–1 686 845
Cash flow	**4 647 612**	**1 110 187**
Book profits from disposal of assets	–37 073	–1 687
Book losses from disposal of assets	192 690	16 448
Increase/decrease in inventories; downpayments	–630 748	7 616 862
Increase/decrease in receivables and other assets	–363 039	–71 641
Increase/decrease in prepaid expenses and accrued income	427 777	–11 726
Increase/decrease in provisions	1 517 306	505 944
Increase/decrease in short-term liabilities	10 639 027	–17 053 414
Increase/decrease in accrued expenses and deferred income	–70 912	–41 758
Cash flow from ongoing business operations	**16 322 640**	**–7 930 785**
B// Investment activities		
Payments for investments in intangible assets	–3 532 334	–5 915 971
Payments for investments in tangible assets	–1 605 177	–1 699 373
Proceeds from disposal of fixed assets	68 508	2 180
Payments for investments in financial assets	–2 814 856	–44 324
Payments for the acquisition of consolidated companies	0	–175 356
Cash flow from investment activities	**–7 883 859**	**–7 832 844**
C// Financing activities		
Proceeds from share capital increase	0	37 816 703
Payments for redemption of financing loans	–861 530	–2 954 538
Inflow from uptake of financing loans	0	0
Distribution of profits	–1 258 621	0
Cash flow from financing activities	**–2 120 151**	**34 862 165**
D// Increase in funds	**6 318 630**	**19 098 536**
E// Funds as at 01 January	**29 359 257**	**4 028 032**
F// Increase/decrease in funds due to consolidation	**691 634**	**6 232 688**
G// Funds as at 31 December	**36 369 521**	**29 359 257**

Notes on 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. 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 organisers.The company is exposed to a number of risks, the most significant being the fact of its operating in a new, fast-growing market, competition with other companies, the operational reliability of its IT systems, and the dependence on employees in key positions.

// Basis and assumptions in preparing the accounts:

The consolidated financial statements of CTS were prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP). The annual financial statements of all the companies included in consolidation were prepared as at the cut-off date of the consolidated financial statements. The company has decided to prepare the consolidated financial statements as at 31.12.2001 in EUR. For that reason, the previous financial statements denominated in DM are now shown in EUR using the official exchange rate of DM 1.95583 for one EUR. The consolidated financial statements of the company now changed to EUR show the same developments and tendencies as if the figures were presented in DM.

The company is exposed to a number of unknown risks, uncertainties and other factors, in particular: 1. tougher competition from former and new competitors; 2. rapid changes in respect of markets and product acceptance; 3. concentration of income on one or few services; 4. absence or delayed launch of new and improved services; 5. dependence on a limited number of third parties who market, sell and deploy the services provided by CTS; 6. handling growth; 7. handling international growth; 8. the ability to find and keep skilled personnel; 9. dependence on key employees; 10. fluctuations in quarterly results; 11. cash flow.

_Use of estimates When drawing up the consolidated accounts, 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 are translated to EUR 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 methods consolidation

_Entities consolidated Some smaller regional subsidiaries of 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 was effected using the purchase accounting method by offsetting purchase 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. The credit differences from capital consolidation are separately disclosed as reserves for shares in the Group's shareholder equity. From consolidation of the subsidiaries included in the consolidated financial statements for the year, goodwill amounting to EUR 27 468 867 was capitalised and EUR 62 557 was stated under shareholder equity as a credit difference from capital consolidation.

Receivables, liabilities, expenses, income and interim results between consolidated companies are eliminated. The following subsidiaries under the legal or factual control of CTS are consolidated in the consolidated financial statements:

	Initial consolidation	Percentage stake*
CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin, Berlin		66.6 %
GSO Holding GmbH, Schwegenheim		80.0 %
GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim		100.0 %
GSO Verwaltungsgesellschaft mbH, Schwegenheim		100.0 %
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna		75.0 %
eventim Online Holding GmbH, Bremen	31.03.2001	100.0 %
RP EVENTIM GmbH, Düsseldorf	30.09.2001	51.0 %
ShowSoft GmbH, Bremen	30.09.2001	100.0 %
Tickets/S Veranstaltungsservice GmbH, Karlsruhe	30.09.2001	100.0 %
Timo-Soft Software Entwicklungs GmbH, Oberhausen	31.12.2001	100.0 %
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg		100.0 %
Medusa Beteiligungsverwaltungs-Gesellschaft Nr. 52 mbH, Frankfurt am Main		89.9 %
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt am Main		51.0 %
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt am Main		100.0 %
Marek Lieberberg Konzertagentur Verwaltungs GmbH, Frankfurt am Main		100.0 %
Peter Rieger Konzertagentur Holding GmbH, Cologne		60.0 %
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne		100.0 %
Peter Rieger Konzertagentur Verwaltungs GmbH, Cologne		100.0 %
Scorpio Konzertproduktionen GmbH, Hamburg		50.2 %
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth		50.2 %
ARGO Konzerte GmbH, Würzburg	01.01.2001	50.2 %
Dirk Becker Entertainment GmbH, Cologne	01.04.2001	73.0 %

*held by the respective owing company.

// Summary of significant accounting policies

_Credit risks The company is fundamentally exposed to 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 are valued at their purchase cost or manufacturing cost minus systematic straight-line or reducing 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. The goodwill ensuing from capital consolidation is capitalised and amortised over a period of 10 or 15 years.

The production cost for specific software that has been programmed internally for sale to third parties (SFAS 86) comprise unit costs and attributable production overheads.

_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.

_Financing instruments The 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 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 2001 were payable within one year.

_Long-term assets The company regularly evaluates the extent to which the book value of long-term assets can be recovered, pursuant to SFAS 121, 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of'. If events or changed circumstances provide grounds for believing that the book value of such an asset may no longer be recoverable, the company makes a comparison between the estimated undiscounted cash flow to be generated from this asset and the asset's carrying amount. If the undiscounted cash flow is less than the asset's carrying amount, the company makes a value adjustment to depreciate the asset to the market value based on the estimated future discounted cash flow that will prospectively be generated by that asset. The management takes the view that no such value adjustments need be made for the financial years ending on 31 December 2000 and 2001.

_Liquid assets Liquid assets comprise cash and bank balances.

_Prepaid expenses relate to expenses incurred prior to the balance sheet date for the following financial year.

_Provisions Tax accruals and other provisions are formed whenever an obligation exists towards third parties, there is a likelihood of the provisions being used and the prospective amount can be reliably estimated. The valuation of pension obligations is based on the projected unit credit method stipulated in SFAS 87 'Employers' Accounting for Pensions'.

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

_Realisation of revenues Revenues are recorded when a contract has been concluded with legal effect, delivery has been made or the service has been performed, a price has been agreed and can be determined, 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 booked in full as expenses when they are incurred.

_Effects of recently published accounting principles In June 1998, the Financial Accounting Standards Board ('FASB') published SFAS 133, 'Accounting for Derivative Instruments and Hedging Activities', effective as from 1 January 2001. SFAS 133 requires that derivative instruments be recognised in the balance sheet at their fair value. The Statement also requires that the hedging effect be specifically designated and documented. The company does not possess any instruments within the meaning of SFAS 133 and does not expect that the adoption of this accounting standard will have any significant influence on the consolidated financial statements.

In July 2001, the FASB published the accounting standards SFAS 141 'Business Combinations' and SFAS 142. SFAS 141 requires use of the purchase method for all business combinations initiated after 30.06.2001. SFAS 141 also distinguishes between acquired intangible assets that must be recognised and capitalised as assets separate from goodwill, and other intangible assets that are included in the goodwill. SFAS 142 requires that goodwill be no longer systematically amortised, but that the value of goodwill be reviewed at least once a year. SFAS 142 also requires that capitalised intangible assets with a determinable useful life be depreciated over their estimated lifetime, and that they be assessed for possible value adjustments pursuant to SFAS 121, and pursuant to SFAS 144 after the latter becomes effective (see below). Capitalised intangible assets with an indeterminate lifetime are not depreciated systematically, but are assessed for their value pursuant to SFAS 142 until it is established that their lifetime is no longer indeterminate.

CTS applies the SFAS 141 standard from 1 July 2001 onwards, and the SFAS 142 standard is effective as from 1 January 2002. Goodwill arising from business combinations initiated after 30 June 2001 and intangible assets of indeterminate lifetime purchased after 30 June 2001 were no longer systematically depreciated. Goodwill arising from business combinations initiated prior to 1 July 2001 and intangible assets with indeterminate lifetime acquired before 30 June 2001 were systematically depreciated until 31 December 2001.

SFAS 142 obliges the Group to assess its existing intangible assets and goodwill to determine whether they come under the new criteria as of the date on which they are first applied. On SFAS 142 taking effect, the Group is also obliged to examine the lifetimes and residual values of all intangible assets and to adjust their depreciation terms by 31 March 2002, if necessary.

SFAS 142 stipulates that CTS must determine, when performing the first assessment of values, whether there are indications for reducing the value of goodwill as at 1 January 2002.

Goodwill in respect of companies acquired after 30 June 2001 – ShowSoft GmbH, Bremen (hereinafter: ShowSoft), Tickets/S Veranstaltungsservice GmbH, Karlsruhe (hereinafter: Tickets/S) and Timo-Soft Software Entwicklungs GmbH, Oberhausen (hereinafter: Timo) – was stated for Tickets/S only. No systematic depreciation was booked.

ShowSoft is one of the leading European providers of software for ticketing systems in the cultural and sports fields, and sells cutting-edge technological solutions for inhouse and Internet ticketing with which approx. 12 million tickets are currently sold annually. The purchase price was determined in an indicative valuation performed by a firm of chartered accountants on the basis of a revenue multiplier. The revenue multiplier applied was based on the ratio of market capitalisation to revenues for a peer group in a similar sector. The indicative valuation significantly exceeds the purchase price realised. Integrating ShowSoft into the Group gives rise to additional synergies of determinable value. By means of a ‘Connect’ interface, the ShowSoft in-house ticketing system is implemented with CTS network operations. The former sales platform, ‘Theaterkasse’, is extended through the CTS box offices, ticket hotline and Internet ticket store of the Group. Additional benefits are generated for the organisers of events on account of the higher capacity utilisation, faster sales and greater planning security provided. By participating in ShowSoft, the Group receives a new IT Competence Center with more cost-effective software development, operations and support. The Group also saves a substantial amount of investment capital by using the ShowSoft in-house and network software platforms. In the 2001 reporting year, 100 % of the shares of ShowSoft were acquired at par values. For this reason, no goodwill was recognised in 2001. The rights to the ShowSoft software are held by SH-Software GmbH, the former parent company of ShowSoft. The shareholdings in SH-Software GmbH amounted to 19 % in the reporting year and will be increased to 100 % according to plan at the beginning of the 2002 financial year.

As a regional ticketing operator with a network of box offices in Baden-Württemberg and Rhineland-Palatinate, Tickets/S has business relations with many event organisers in a diversity of segments (music, sport, culture). The Tickets/S network, based on the ‘TicketSoft’ START software, was switched to the more advanced CTS software. This means that the organisers connected to the system have a nationwide sales platform at their disposal, including all the CTS channels, and the Tickets/S box offices can supply tickets for all events listed by CTS. On the basis of a multiplier analysis of similar ticketing companies’ offers, which were identified by means of an arm’s length test, revenue and ticket multipliers were used for determining the purchase price. The realised purchased price was lower than the determined values. Taking into account the synergies within the Group and the reorganisation measures now initiated, the years ahead are expected to generate net income in each case.

The 100 % participating interest in Timo includes the acquisition of capitalised assets for cinema ticketing software, other software, customer base and tangible assets. Goodwill was not recorded as at the balance sheet date.

The Group will apply SFAS 142 for the first time with effect from 1.1.2002, as a result of which no systematic amortisation of existing goodwill was recorded. However, goodwill is being examined to determine whether extraordinary amortisation based on fair value needs to be recognised. The effects of the new accounting standards are currently being examined, but based on the preliminary assessment by management it must currently be assumed that there will be no requirement to record any extraordinary amortisation.

_Disclosures regarding the consolidated cash flow statement Funds comprise cash in hand and bank balances.

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

Analysis of Group assets from 1 January 2001 to 31 December 2001

	Purchase cost/Manufacturing cost					
	Status 01.01.2001 // EUR	Transfers // EUR	Change Consolidated Companies // EUR	Additions // EUR	Disposals // EUR	Status 31.12.2001 // EUR
I Intangible assets						
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	10 222 104	–217 067	2 356 708	3 118 371	5 119	15 474 997
2_ Goodwill	29 943 994	0	882	2 390 079	0	32 336 955
3_ Customer base	935 102	0	0	31 880	0	966 982
4_ Payments on account	237 424	0	0	382 083	0	619 507
	41 338 624	**–217 067**	**2 357 590**	**5 924 413**	**5 119**	**49 398 441**
II Tangible assets						
1_ Land, land rights and buildings on, included buildings on third-party land and similar rights without buildings	299 735	0	0	60 298	44 411	315 622
2_ Other facilities, operating and office equipment	6 114 127	0	606 808	1 544 879	342 142	7 923 672
3_ Payments on account, assets under construction	0	0	0	0		0
	6 413 862	**0**	**606 808**	**1 605 177**	**386 553**	**8 239 294**
III Financial assets						
1_ Shares in affiliated companies	490 860	231 729	0	13 643	184 066	552 166
2_ Loans to affiliated companies	19 693	0	0	1 216	0	20 909
3_ Participations	419 453	–14 662	0	2 676 433	227 560	2 853 664
4_ Marketable securities classed as fixed assets	11 715	0	0	1 673	0	13 388
5_ Other loans	0	0	537 224	121 891	51 679	607 436
	941 721	**217 067**	**537 224**	**2 814 856**	**463 305**	**4 047 563**
Total	**48 694 207**	**0**	**3 501 622**	**10 344 446**	**854 977**	**61 685 298**

Accumulated depreciation							Book values	
Status 01.01.2001 // EUR	Transfers // EUR	Additions // EUR	Change Consolidated Companies // EUR	Additions // EUR	Disposals // EUR	Status 31.12.2001 // EUR	Status 31.12.2001 // EUR	Status 31.12.2000 // EUR
1 994 161	–76 694	0	37 831	2 376 315	5 117	4 326 496	11 148 501	8 227 943
1 963 906	0	0	823	2 903 359	0	4 868 088	27 468 867	27 980 088
935 102	0	0	0	0	0	935 102	31 880	0
0	0	0	0	0	0	0	619 507	237 424
4 893 169	**–76 694**	**0**	**38 654**	**5 279 674**	**5 117**	**10 129 686**	**39 268 755**	**36 445 455**
210 919	0	0	0	41 383	43 300	209 002	106 620	88 816
3 401 451	0	0	328 814	1 442 519	252 802	4 919 982	3 003 690	2 712 676
3 612 370	**0**	**0**	**328 814**	**1 483 902**	**296 102**	**5 128 984**	**3 110 310**	**2 801 492**
182 787	76 694	-76 694	0	0	182 787	0	552 166	308 073
0	0	0	0	0	0	0	20 909	19 693
228 036	0	0	0	15 338	141 117	102 258	2 751 406	191 417
0	0	0	0	886	0	886	12 502	11 715
0	0	0	5 995	0	5 994	1	607 435	0
410 823	**76 694**	**-76 694**	**5 995**	**16 224**	**329 898**	**103 145**	**3 944 418**	**530 898**
8 916 362	**0**	**-76 694**	**373 463**	**6 779 800**	**631 117**	**15 361 815**	**46 323 483**	**39 777 845**

// Earnings per share

The earnings per share were calculated pursuant to SFAS 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:

$$\frac{\text{net income}}{\text{Qty. of shares}} = \frac{-1\ 476\ 518}{12\ 000\ 000} = -0.12 \text{ EUR/Share}$$

The earnings per share are EUR –0.12.

_Development of consolidated shareholders' equity

	Qty. of share	Subscribed capital // EUR	Additional paid-in capital // EUR	Retained losses // EUR	Difference arising from consolidation // EUR	Total // EUR
Status as at 01.01.2001	12 000 000	12 000 000	35 339 700	–176 091	62 567	47 226 176
Consolidated net income				–1 476 518		–1 476 518
Change in entities consolidated					–10	–10
Status as at 31.12.2001	12 000 000	12 000 000	35 339 700	–1 652 609	62 557	45 749 648

// Authorised capital of the parent company

As at the balance sheet date, authorised capital amounted to EUR 4 345 000. Authorisation is granted until 30.09.2004. 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.

_Long-term liabilities

	Equity side // EUR	up to one year general // EUR	up to one year // EUR
1_ Liabilities to banks	1 526 285	1 526 285	
2_ Payments received on account for orders	14 169 487	14 169 487	
3_ Trade liabilities	12 941 492	12 941 492	
4_ Liabilities to affiliated companies	288 855	288 855	
5_ Liabilities to companies in which participations are held	212 697	212 697	
6_ Other liabilities	25 726 709	19 178 249	6 134 244* 414 216**
Total	**54 865 525**	**48 317 065**	**6 548 460**

*from taxes
**social insurance

// Notes on the consolidated income statement

_Cost of sales The cost of sales include amortisation on goodwill amounting to EUR 2 903 299. Advertising expenses incurred are recorded in full as expenses for the period.

_Income from bringing in participations Income amounting to EUR 1 578 742 results from bringing in shares in the ARGO Konzerte subsidiary into Medusa. The assets were brought in as an increase in capital stock in return for new shares in Medusa.

The difference between the fair value of the shares held in ARGO and the book value of the issued Medusa shares is treated in the consolidated financial statements as affecting income.

_Foreign exchange losses The foreign exchange losses shown arise from tour events in the Live Entertainment segment that were accounted in US dollars. Unlike in the previous year, the foreign exchange gains/losses are stated in the neutral result after adjustment of the previous year's disclosure.

_Taxes on income Pursuant to SFAS 109, 'Accounting for Income Taxes', taxes on income are booked using the asset and liability method. Latent 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 taxes payable (refundable) are comprised as follows:

	2001 // EUR
Actual	3 541 662
Deferred taxes on losses carried forward	-2 392 263
Total taxes on income	**1 149 399**

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. Final 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 2001, the view of the company is that, in the case of the deferred gross tax assets of EUR 7.887 million, there is a greater than 50 % likelihood that the company will generate profits of least the same amount in future periods and that no value adjustment is necessary.

In Germany, losses can be carried forward indefinitely.

// Reporting by market segment

The company applies SFAS 131 ‘Disclosures about Segments of an Enterprise and Related Information’ in the 2001 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 Management Board of the company is the body that makes the operations-related decisions on the basis of available financial data.

The Group distinguishes between 2 segments that are described in the Management Report.

_Segment figures

		Ticketing		Live-Entertainment	
		2001 // EUR ‘000	2000 // EUR ‘000	2001 // EUR ‘000	2000 // EUR ‘000
Revenues		20 666	17 569	137 172	48 827
Segment earnings (EBIT)		–5 877	-6 254	6 502	3 680
EBITDA		–1 883	–3 244	9 273	4 646
Depreciation	> of goodwill	576	579	2 327	883
	> of other assets	3 418	2 432	443	82
Fixed assets		23 931	17 833	22 393	21 945
Other assets		36 914	43 204	54 888	28 796
Average no of employees		225	164	110	27
Return on sales*		–9.1 %	–18.5 %	6.8 %	9.5 %

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

// Notes on the segments

As at the end of 2001, the companies operating in the segments were as follows:

Ticketing
> CTS, CTS Berlin, TEX, GSO, ShowSoft, Tickets/S und Timo

Live-Entertainment
> Lieberberg, Rieger, Semmel, Scorpio, ARGO und Becker

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 normal market prices charged to third parties.

_Transition from segment to Group data

	Segments total		Consolidation		Group	
	2001 // EUR '000	2000 // EUR '000	2001 // EUR '000	2000 // EUR '000	2001 // EUR '000	2000 // EUR '000
Revenues	157 838	66 396	–1 310	–135	156 528	66 262
EBITDA	7 390	1 402	–12	0	7 378	1 402
Depreciation	6 764	3 976	0	0	6 764	3 976
Operating profit (EBIT)	**626**	**–2 574**	**–12**	**0**	**614**	**–2 574**
Income from bringing in participations					1 579	4 949
Financial result					839	520
Protit/loss from of ordinary business operations (EBT)					**3 032**	**2 895**
Taxes on income/deferred taxes					1 149	–744
Other taxes					54	5
Net income/loss for the year					**1 829**	**3 634**
Minority interests					3 306	1 681
Consolidated net loss/income					**–1 477**	**1 953**

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

	2001 // EUR '000	2000 // EUR '000
Germany	154 500	64 210
Austria	2 028	2 052
Total	**156 528**	**66 262**

// Further disclosures pursuant to Section 292 a HGB

The consolidated financial statements of the company were prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP) in order to comply with the stipulations in Section 292a HGB. The company keeps its records in accordance with German law, which restates the accounting principles generally accepted in Germany (HGB). HGB differs from US GAAP in some significant respects. The company therefore made certain adjustments so that these consolidated annual statements are in conformity with US GAAP.

// Consolidation of shareholder equity

The book values of the common shares of the company's subsidiaries are eliminated in accordance with the method described in Section 301 (1) 2 HGB against the amounts that these common shares represent in the shareholder equity of the subsidiaries at the date these subsidiaries were acquired. The amount of goodwill resulting from the acquisition of the subsidiaries was also determined at the date the acquisition became effective.

// Cost of sales and other expenses

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

_Composition:

	2001 // EUR	2000 // EUR
Cost of raw materials, consumables and for puchased goods	2 686 769	1 830 105
Cost of puchased services	124 924 956	48 416 510

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

_Composition:

	2001 // EUR	2000 // EUR
Wages and salaries,	11 234 935	6 189 007
Social security contributions and expenses for pensions and employee support	2 086 432	1 101 528

// Employees

On average over the year, 335 white-collar staff were employed by the Group. Of that total, 290 were employed in Germany, and 45 in foreign countries.

// Financial obligations

As at the balance sheet cut-off date, there were contingent liabilities from guarantees amounting to EUR 757 thousand.

Other financial obligations relating to short- and medium-term rental and lease contracts amount to EUR 3.933 million. Of that total, EUR 1.400 million have a maturity of one year or less. Rental obligations amount to EUR 2.879 million, and leasing obligations to EUR 1.054 million.

// Application of Section 264b HGB

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

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

// 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, Ritterhude (since 01.08.2001)
- > Dipl.-Kfm. Thomas Vogt, Vechta (until 31.01.2002)

The total emoluments paid to the Management Board in the financial year were EUR 1 055 283.

// 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
- > Caatoosee AG Networking Corporation, Stuttgart
- > Schlott Sebaldus AG, Freudenstadt
- > Lidl & Schwarz GmbH, Neckarsulm
- > IBM Deutschland GmbH, Stuttgart (Chairman)

Dr. Peter Haßkamp (Vice-Chairman), Director, Bremen
other supervisory board positions:
- > Deutsche Factoring Bank, Bremen
- > DGZ DekaBank Deutsche Kommunalbank, Berlin/Frankfurt a.M.
- > Norddeutsche Landesbank Luxembourg S.A.

Dr. Peter Versteegen, lawyer, Hamburg
other supervisory board positions:
- > Höft & Wessels AG

The members of the CTS EVENTIM Aktiengesellschaft Supervisory Board received emoluments totalling EUR 64 002 for the 2001 financial year.

Bremen, 8 March 2002
CTS EVENTIM AG

Klaus-Peter Schulenberg   Volker Bischoff   Dr. Rainer Bartsch

In addition to services for individual artists, our group companies in the Live Entertainment segment also endeavour to foster young, innovative newcomers in both the classical and rock/pop fields. In 2001, for example, the No Angels shooting stars were promoted by MLK and Becker.

Note of confirm for the group

// Reproduction of the Note of Confirmation

We have audited the consolidated annual financial statements prepared by CTS Aktiengesellschaft, Bremen, comprising the balance sheet, income statement, computation of shareholder equity changes, cash flow statement and Annex, for the financial year from 1 January to 31 December 2001. The Management Board of CTS is responsible for the preparation and content of the consolidated financial statements. Our responsibility is to assess, on the basis of our audit, whether the consolidated financial statements comply with US GAAP and satisfy the conditions for exemption pursuant to Section 292a HGB (German Commercial Code).

We conducted our audit of the consolidated financial statements in accordance with German auditing legislation, adhering to the ‘General Auditing Principles’ as defined by the Institute of Certified Public Accountants in Germany (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 statements are 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 statements. The audit includes an assessment of the accounting principles applied and the principal assessments by the Management Board, as well as an assessment of the overall presentation of the consolidated annual financial statements. We believe that our audit forms a sufficiently secure basis for our assessment.

We are convinced that the consolidated annual financial statements comply with the United States Generally Accepted Accounting Principles (US GAAP), and that it gives 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 financial year.

Our audit, which also covered the Group management report prepared by the Management Board for the financial year from 1 January to 31 December 2001, found no cause for objection. We are convinced that the summarised management report and Group management report, 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, the summarised management report and the Group management report for the financial year from 1 January to 31 December 2001, fulfil the requirements for exemption of the company from preparation of a consolidated annual financial statement and Group management report according to the laws of Germany.

Munich, 14 March 2002
Central Treuhand AG
Firm of chartered accountants

Mörtl // Chartered Accountant   Hollmann // Chartered Accountant

Publishing or disclosing the consolidated annual financial statements and/or the Group management report in a version that deviates from the one bearing the note of confirmation (including translations of same into other languages) requires that we issue a new auditor's 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 (HGB) as at 31 December 2001

ASSETS		2001 // EUR	2000 // EUR
A// Fixed assets			
I	**Intangible assets**		
1_	Concessions, industrial property rights and similar rights and assets, and		
	licences to such rights and assets	8 728 643	7 968 578
2_	Goodwill	4 088 378	0
3_	Payments on account	157 192	4 415 449
		12 974 213	**12 384 027**
II	**Tangible assets**		
1_	Land, land rights and buildings, included		
	buildings on third-party land	10 177	16 962
2_	Other facilities, operating and office equipment	1 619 258	1 754 938
		1 629 435	**1 771 900**
III	**Financial assets**		
1_	Shares in affiliated companies	5 477 677	4 257 807
2_	Participations	2 613 098	0
		8 090 775	**4 257 807**
B// Current assets			
I	**Inventories**		
	Finished products and goods	106 912	332 860
II	**Receivables and other assets**		
1_	Trade receivables	4 321 681	5 410 281
2_	Receivables from affiliated companies	19 501 454	18 076 320
3_	Loans to companies in which participations are held	43 225	35 917
4_	Other assets	2 591 079	1 710 129
		26 457 439	**25 232 647**
III	**Cheques, cash in hand, Bundesbank balances and bank balances**	**3 610 778**	**10 027 985**
C// Prepaid expenses and accrued income		**91 774**	**5 323**
Total assets		**52 961 326**	**54 012 549**

EQUITY AND LIABILITIES	2001 // EUR	2000 // EUR
A// Shareholder equity		
I Subscribed capital	12 000 000	12 000 000
II Additional paid-in capital	36 900 000	36 900 000
III Accumulated deficit	–15 333 693	–10 790 461
	33 566 307	**38 109 539**
B// Provisions		
1_ Provisions for taxation	0	174 472
2_ Other provisions	2 157 134	1 908 491
	2 157 134	**2 082 963**
C// Liabilities		
1. Liabilities to banks	1 041 782	1 951 991
2. Trade payables	1 738 012	3 364 468
3. Liabilities to affiliated companies	477 136	530 533
4. Other liabilities	13 980 747	7 968 066
	17 237 677	**13 815 058**
D// Deferred income and accrued expenses	**208**	**4 989**
Total equity and liabilities	**52 961 326**	**54 012 549**

Income statement
from 1 January 2001 to 31 December 2001

		2001 // EUR	2000 // EUR
1_	**Revenues**	12 332 503	12 746 923
2_	Production expenses in generating revenues	7 664 486	7 772 844
3_	**Gross return on sales**	**4 668 017**	**4 974 079**
4_	Research and development expenses	221 441	217 779
5_	Cost of sales	8 831 055	7 745 857
6_	General administrative expenses	2 641 738	2 007 661
7_	Other operating income	2 171 954	935 539
8_	Other operating expenses	781 768	1 742 462
9_	Other interest and similiar income	1 299 161	1 374 753
10_	Interest and similar expenses	207 100	402 256
11_	**Operating profit (EBIT)**	**–4 543 970**	**–4 831 644**
12_	Extraordinary expenses	0	2 393 296
13_	**Net extraordinary income**	**0**	**–2 393 296**
14_	Taxes on income	–1 816	19 965
15_	Other taxes	1 078	312
16_	**Net income/loss for the year**	**–4 543 232**	**–7 245 217**
17_	Loss carried forward	–10 790 461	–3 545 244
18_	**Balance sheet profit/loss**	**–15 333 693**	**–10 790 461**

Inspired and inspiring bodies in a wide diversity of performances. Whether for classical ballet, ice dance, acrobatics or empassioning Flamenco – CTS has the tickets for spell-binding events.

Notes on the accounts

// Preparation of the annual financial statement

The annual financial statement for the 2001 financial year was prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) and the Articles of Incorporation.Where options are available, disclosures were made in the Notes in order to maintain clarity and transparency. The company's accounts were kept in DM in the 2001 financial year, and in Euro from 17 November 2001 onwards.

// General disclosures on accounting, valuation and currency translation

_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 manufacturing 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.

Low-value assets involving purchase costs of up to DM 800 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 purchase cost.

Receivables and other assets are valued at their nominal value minus adjustments for all discernible risks.

The **shareholder equity** was stated at nominal value.

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

Liabilities are shown at redemption value.

_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 statement

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

Analysis of fixed assets
from 01 January 2001 to 31 December 2001

	Purchase/Production costs			
	Status 01.01.2001 // EUR	**Additions** // EUR	**Disposals** // EUR	**Status 31.12.2001** // EUR
I Intangible assets				
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	9 773 011	2 710 696	0	12 483 707
2_ Goodwill	4 906 055	0	0	4 906 055
3_ Payments on account	0	157 192	0	157 192
	14 679 066	**2 867 888**	**0**	**17 546 954**
II Tangible assets				
1_ Land, land rights and buildings, including buildings on third-party land and similar land rights without buildings	33 924	0	0	33 924
2_ Other facilities, operating and office equipment	3 534 653	842 268	78 535	4 298 386
	3 568 577	**842 268**	**78 535**	**4 332 310**
III Financial assets				
1_ Shares in affiliated companies	4 257 807	1 219 870	0	5 477 677
2_ Participant interests	0	2 613 098	0	2 613 098
	4 257 807	**3 832 968**	**0**	**8 090 775**
Total	**22 505 450**	**7 543 124**	**78 535**	**29 970 039**

Accumulated depreciation				Book values	
Status 01.01.2001 // EUR	Additions // EUR	Disposals // EUR	Status 31.12.2001 // EUR	Status 31.12.2001 // EUR	Status 31.12.2000 // EUR
1 804 433	1 950 631	0	3 755 064	8 728 643	7 968 578
490 606	327 071	0	817 677	4 088 378	4 415 449
0	0	0	0	157 192	0
2 295 039	**2 277 702**	**0**	**4 572 741**	**12 974 213**	**12 384 027**
16 962	6 785	0	23 747	10 177	16 962
1 779 715	948 466	49 053	2 679 128	1 619 258	1 754 938
1 796 677	**955 251**	**49 053**	**2 702 875**	**1 629 435**	**1 771 900**
0	0	0	0	5 477 677	4 257 807
0	0	0	0	2 613 098	0
0	**0**	**0**	**0**	**8 090 775**	**4 257 807**
4 091 716	**3 232 953**	**49 053**	**7 275 616**	**22 694 423**	**18 413 734**

// 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 498 thousand. **Other provisions** include expenses for outstanding supplier invoices (EUR 929 thousand), legal, consultancy and litigation costs (EUR 220 thousand), accounting and auditing expenses (EUR 161 thousand), vacation and overtime (EUR 190 thousand) and for salaries and special payments (EUR 183 thousand). **Liabilities to affiliated companies** consist entirely of trade payables. The residual terms of the **liabilities** are shown in the following analysis of liabilities.

	Equity side // EUR	**up to one year** general // EUR	**up to one year** // EUR
1_ Liabilities to banks	1 041 782	1 041 782	
2_ Trade liabilities	1 738 012	1 738 012	
4_ Liabilities to affiliated companies	477 136	477 136	
5_ Other liabilities	13 980 747	13 529 734	353 181* 97 832**
Total	**17 237 677**	**16 786 664**	**451 013**

*from taxes
**social security

// Income statement

Revenues are broken down as follows:

	// EUR
Ticket sales	8 688 486
Data line charges	2 086 772
System rental, maintenance, installation	1 190 189
Sales of merchandise	179 937
Other	187 118
Total	**12 332 502**

Sales revenues were predominantly generated on the domestic German market.

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

	// EUR
Cost of raw materials, consumable	614 372
Cost of purchase services	4 687 891
Total	**5 302 263**

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

	// EUR
Wages and salaries	4 642 181
Social security contributions and expenses for pensions and employee support	659 065
Total	**5 301 246**

Cost of sales includes amortisation of goodwill for the 2001 financial year amounting to EUR 327 thousand.
Interest and similar income includes income from affiliated companies amounting to EUR 1 066 639.
Interest expenses include expenses to affiliated companies amounting to EUR 1 823.

// 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 476 thousand.

Other financial obligations relating to short- and medium-term rental and lease contracts amount to EUR 741 thousand. Of that total, EUR 654 thousand are due for payment within one year. Rental obligations amount to EUR 290 thousand, and leasing obligations to EUR 451 thousand.

_Subscribed capital of CTS EVENTIM AG The subscribed shareholder equity of CTS EVENTIM AG, amounting to EUR 12 000 000 (DM 23 469 960), is divided into 12,000,000 no-par value bearer shares. These are bearer unit shares.

_Authorised capital 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,

a) 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,

b) 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

c) 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.

// Participations held

Company	Nominal capital	Share // %	Shareholder equity // EUR	Annual profit // EUR
GSO Holding GmbH, Schwegenheim	DM 50 000	80.0	3 082 597	15 087
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	ATS 500 000	75.0	–726 543	–329 634
CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin, Berlin	DM 50 000	66.6	234 944	43 283
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg	DM 50 000	100.0	–580 651	–606 441
eventim Online Holding GmbH, Bremen	EUR 25 000	100.0	22 887	–2 113
ShowSoft GmbH, Bremen	EUR 100 000	100.0	83 306	–16 694
Tickets/S Veranstaltungsservice GmbH, Karlsruhe	DM 505 000	100.0	313 219	–20 067
Timo-Soft Software Entwicklungs GmbH, Oberhausen	EUR 26 250	100.0	–132 885	–159 148

Executive bodies of CTS EVENTIM AG

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, Ritterhude (since 01.08.2001)
- Dipl.-Kfm. Thomas Vogt, Vechta (until 31.01.2002)

The total emoluments paid to the Management Board in the financial year were EUR 1 055 283.

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
- Caatoosee AG Networking Corporation, Stuttgart
- Schlott Sebaldus AG, Freudenstadt
- Lidl & Schwarz GmbH, Neckarsulm
- IBM Deutschland GmbH, Stuttgart (Chairman)

Dr. Peter Haßkamp (Vice-Chairman), Director, Bremen

Other supervisory board positions:
- Deutsche Factoring Bank, Bremen
- DGZ DekaBank Deutsche Kommunalbank, Berlin/Frankfurt a.M.
- Norddeutsche Landesbank Luxembourg S.A.

Dr. Peter Versteegen, lawyer, Hamburg

Other supervisory board positions:
- Höft & Wessels AG

The members of the CTS EVENTIM Aktiengesellschaft Supervisory Board received emoluments totalling EUR 64 002 for the 2001 financial year.

_Employees On average, 89 persons were employed by the company during the year. These were all salaried employees.

Bremen, 8 March 2002
CTS EVENTIM AG

Klaus-Peter Schulenberg | Volker Bischoff | Dr. Rainer Bartsch

The CTS Group promotes concerts on German stages not only by rock/pop musicians, but also by rhythm & blues and jazz greats, such as B.B. King, Eartha Kitt, Pat Metheney and Al Jarreau.

Note of confirmation for CTS AG

// Reproduction of the Note of Confirmation

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

>> CTS EVENTIM AG

for the financial year from 1 January to 31 December 2001. 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 annual 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 (IDW). According to said principles, the audit must be planned and conducted in such a way 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 annual 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 annual report. We believe that our audit forms a sufficiently secure basis for our assessment.

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, 14 March 2002
Central Treuhand AG
Firm of chartered accountants

Mörtl // Chartered Accountant Hollmann // Chartered Accountant

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