

CTSeventim.AG

2000 Annual Report



Key figures

	1998* // TDM	1999**// TDM	2000 // TDM
Sales	28,171	29,313	129,597
Gross return on sales	11,216	9,445	22,762
Personnel expenses	7,074	6,207	14,259
Operating profit before depreciations // EBITDA	1,586	- 3,285	2,744
Depreciation	1,992	3,015	7,777
Operating profit // EBIT	- 406	- 6,300	- 5,033
Profit/loss from ordinary business operations	- 417	- 6,900	5,663
Consolidated net income/loss for the year	- 1,266	- 4,066	3,820
Cash flow	726	- 1,051	2,171
Number of employees (no. of employees at year-end, active workforce)	126	133	203

*'As if' figures

**Excluding Live Entertainment segment

A brief review of the year 2000

01	02	03	04	05	06
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_ January

Preparations for CTS EVENTIM AG going public are in full swing. Listing on the Neuer Markt is planned for 1 February 2000.

An IPO road show is held on 25 January 2000 in Frankfurt.

_ February

1 February 2000 Initial Public Offering and listing of CTS EVENTIM AG on the Neuer Markt. The registered share capital is Euro 12,000,000 for 12,000,000 bearer shares. A total of 2,700,000 bearer shares are issued, and a Green-shoe of 300,000 shares is exercised in its entirety. The emission price is set at Euro 21.50. The shares are first quoted at Euro 25.50.

The CTS subsidiary GSO concludes a partnership with the German Football Association (Deutscher-Fußball-Bund – DFB). Tickets for international football matches are sold over the Internet for the first time.

_ March

The figures for the past business year 1999 ('as if') are published. Sales and EBIT surpass the planned figures (sales total DM 31.2 million, or DM 1.5 million ahead of target; EBIT is minus DM – 6.6 million, compared to DM – 7.9 million in plan).

CTS collaborates with MATERNA, a leading supplier of software solutions for mobile telephony, to establish ticket sales using WAP and SMS. The third first division football club decides to sell tickets through www.eventim.de. Borussia Dortmund joins the ranks of VfB Stuttgart and HSV, and signs an agreement with the CTS subsidiary, GSO. Yet another success in Internet business.

_ April

CTS EVENTIM AG expands its business operations still further. Exclusive agreements are concluded with three major concert organisers. CTS concludes three-year contracts with the Walter Gommers Konzert und Werbe GmbH and the Ticket- und Travelshop GmbH concert agencies for exclusive ticketing by more than 1000 box offices, CTS call centres and the Internet. Another three-year exclusive deal is signed with Konzertbüro Schoeneberg GmbH for Internet ticket sales.

_ May

New contracts with leading organisers and partnerships for modern sales channels: agreements with renowned organisers, e.g. for the Bon Jovi and Peter Maffay tours. Conclusion of a cooperation agreement with FOCUS Online GmbH for distributing tickets from the CTS programme via www.focus.de.

07

08

09

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_ June/July

CTS acquires two of the largest and most high-profile tour organisers in Germany, making it a European 'multi-channel player'. CTS takes a 51 % stake in Marek Lieberberg Konzert-agentur GmbH as from 1 June 2000, and 60 % of Peter Rieger Konzert-agentur GmbH as from 1 July 2000. Superb prospects as a result of direct access to top international artists and the first step in translating the European strategy into reality. First WEB-TV activities with the transmission of the 'Hurricane Rock Festival'. Partners include Spiegel-online, Rockland.de and Freenet.

_ July

CTS announces collaboration with Sabre subsidiary DCS (Dillon communication Systems). CTS and RTL Newmedia collaborate on a joint website.

_ July/August

CTS expands with further acquisitions: Semmel Concerts Veranstaltungsservice GmbH and Scorpio Konzertproduktionen GmbH join the CTS Group. CTS takes a 50.2 % holding in each company.

CTS improves its market position by expanding at regional level and concludes an exclusive agreement with BONNTICKET.

The first CTS EVENTIM AG Shareholders' Meeting on 24 August in Hamburg.

CTS widens its network of partnerships: cooperation with ProSieben Club und Shop (PSCS).

_ September/October/November

The Q3 report (30.09.2000) is published. The Group achieves a substantial increase in both sales and EBITDA. Solid growth in the core business, increases in Internet business and excellent growth in the Live Entertainment segment show that the company's strategic thrust is working. With more acquisitions in the pipeline as well as national and international partnerships, market share is expected to improve further during the fourth quarter.

_ December

CTS takes over the ARGO Konzerte GmbH group of companies and extends its market leadership. The takeover helps CTS to intensify its presence in southern and eastern Germany.

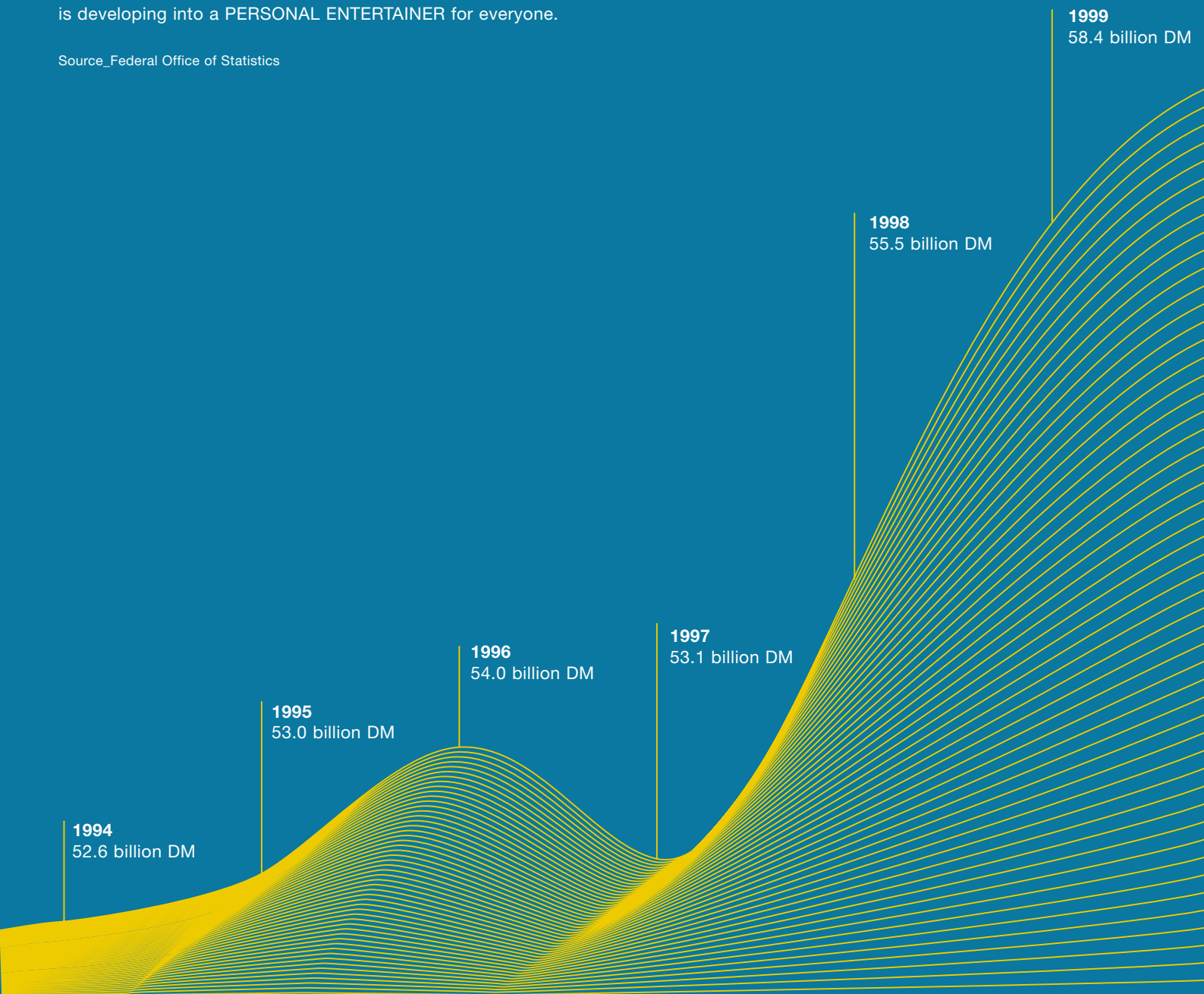
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People want to be entertained in their leisure time. Our potential for success is therefore to be found in the leisure market.

Increased leisure time is leading to strong growth in leisure expenditure. CTS EVENTIM AG operates in precisely this market with its ticketing and events business units. We offer people the opportunity to organise their leisure time using various different channels. In this way, CTS EVENTIM AG is developing into a PERSONAL ENTERTAINER for everyone.

Source_Federal Office of Statistics



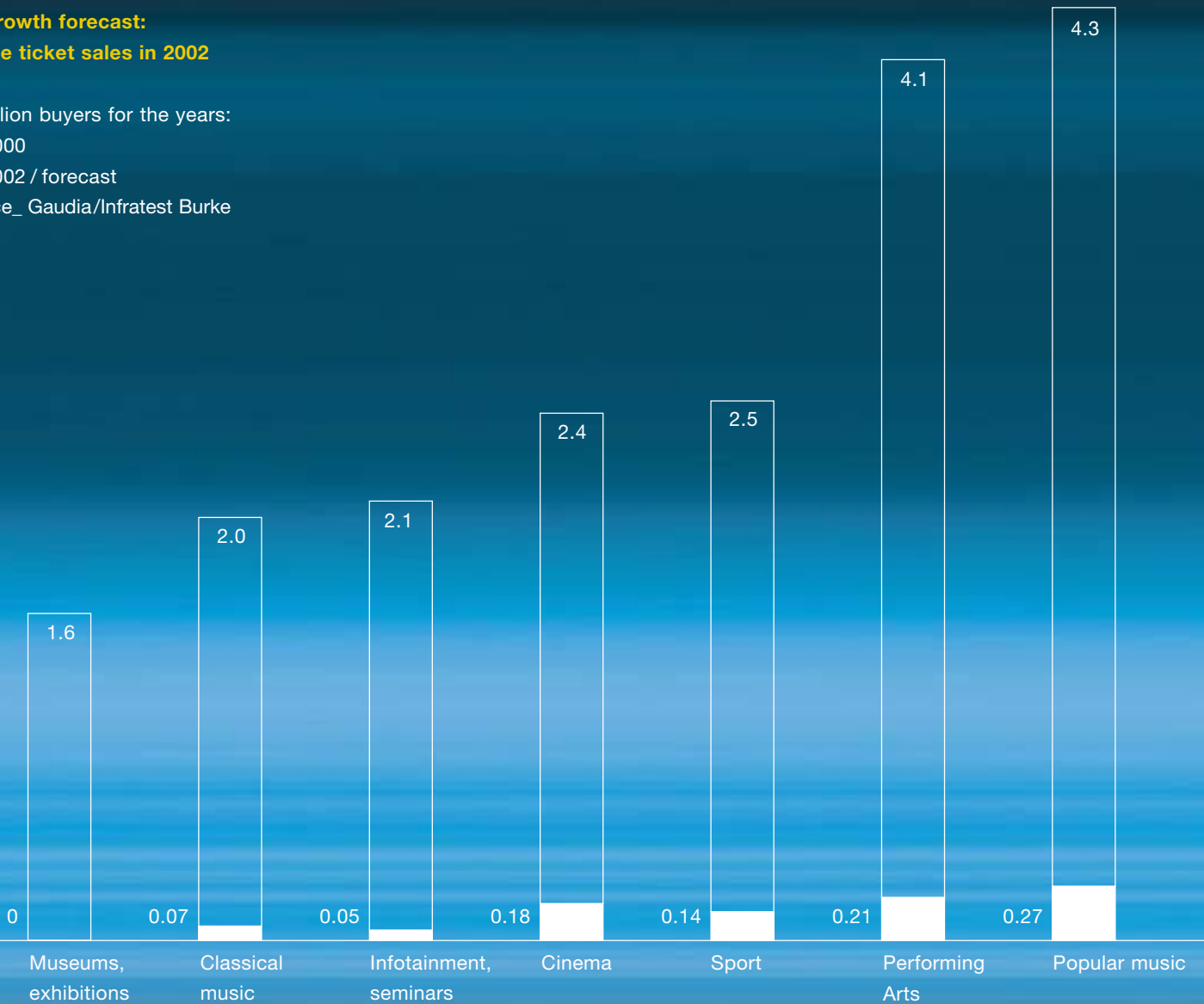
>> Growth forecast:
Online ticket sales in 2002

In million buyers for the years:

■ 2000

□ 2002 / forecast

Source_ Gaudia/Infratest Burke



Leisure – the industry of the future

_ Leisure: The most important part of the day

Nothing in recent years has gained in importance to quite the same extent as leisure. Around 34.4 percent of the German population aged 14 and more agree with the statement 'The most important thing for me is my leisure time.' This is the part of the day in which every minute is precious and which people want to make the best of. Listening to music and playing sports top the list as far as popularity is concerned. People's needs are met by a leisure market in which CTS EVENTIM AG is operating successfully. A projected total of around 30 million people in Germany are willing to spend money on an interesting, unusual sports or music event. (Media Facts; 09/2000; p.12)

_ The favourites: entertaining music, performing arts and cinema

Almost half of all ticket buyers interviewed in the Infratest Burke study in January/February 2000 said they had bought tickets for the theatre, musicals, opera, performing

arts, etc. during the previous twelve months. A good third bought tickets for rock, pop and jazz concerts, and for other musical events (excluding classical and 'serious' music). A fifth bought tickets not only for sports events, as was the case with museums and exhibitions, and for classical music events.

Dominant events in the online ticketing field are currently rock, pop and jazz concerts and the performing arts. It is in these particular categories and in the cinema ticket business that the greatest potential for online ticket sales lies – according to the Infratest Burke survey, the number of ticket buyers will increase 10 to 12-fold from January 2000 to December 2001 in the cinema, performing arts and popular music categories. What is also interesting is that the potential ticket buyers are more interested in local and regional events than present ticket buyers are. The implication is that there are major opportunities, precisely in the

>> e-commerce: most used services

People aged 14–69

Admission tickets	19 %
Hotel reservations	16 %
Booking travel	15 %
Brokerage services	15 %
Online auctions	14 %

Source_ GfK Medienforschung, survey period 24.05.–05.07.2000

The number of Internet users in Germany more than quadrupled between 1997 and 2000.

market for local and regional events, that CTS is already exploiting through its partnerships with regional ticket suppliers and organisers and will make tap to an even greater extent in future.

_ 2000: The Year of the Internet The European Commission dubbed 2000 'the Year of the Internet in Europe'. The number of Internet users grew at a very rapid pace in virtually all European countries, Germany included. The growth rate from 1999 to 2000 was around 63 percent (ARD/ZDF Online Study 2000), while in July 2000 there were 18 million online users, equivalent to 34 percent of the total population (GfK Nuremberg). This growth is almost entirely attributable to users who have installed an online connection at home and thus have Internet access both at work and at home. However, the market has not reached its limits by far – whereas the average online user until now was employed, male, with a high level of

formal education and aged between 20 and 39, the proportion of female, younger and older user as well as people with average educational attainment will rise continuously. (ARD/ZDF Online Study 2000)

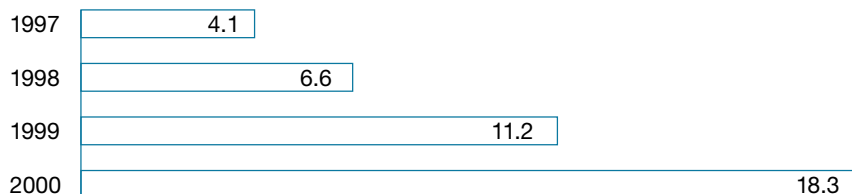
_ Popular: ticket service and tips for events

Typical Internet users in the year 2000 have very definite ideas about the potential uses of the medium. Interest centres on Internet sites that have communicative, informative and utility value.

Specifically, this means: tips for events, ticket services and travel information, as well as current information from one's own region are among the most important consumer-relevant services on the Web. The ticketing service operated by CTS EVENTIM AG plays a major role for Internet users both today and in the future.

>> Growth of online use in Germany

German population aged 14 or more



Source_ ARD/ZDF Online Study 2000

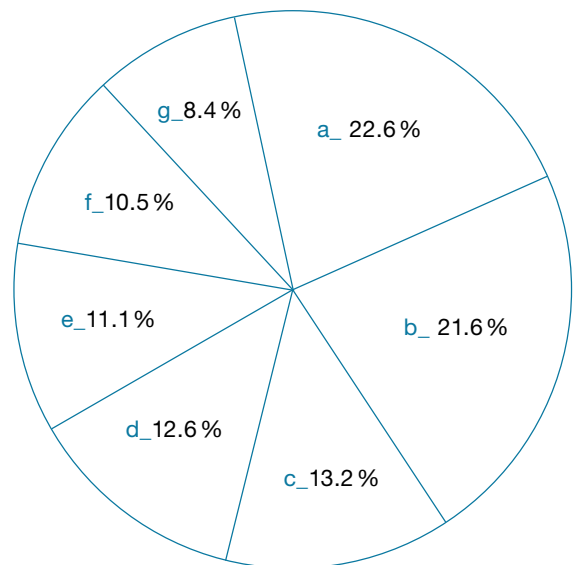
Tickets en vogue

_ Ticket market booming Germany's ticket market is on the up and up. Clear evidence for the trend is provided by survey data collected by Infratest Burke communications research: each year, around 470 million tickets are sold in the Federal Republic, and approx. DM 12.1 billion are spent in the process. These figures stand for around a quarter of a million ticket orders and purchases. CTS EVENTIM AG is therefore operating in a growth market that boasts enormous potential. Prospects are excellent for online ticketing, especially.

_ Online ticketing: market with a promising future At the beginning of 2000, Infratest Burke counted 38.8 million people in Germany who had bought tickets for leisure events during the previous twelve months. A mere 0.8 million had ordered online. This figure betrays great potential, because of all the ticket buyers in the survey who use conventional distribution channels such as box offices or the telephone, a projected 1.2 million stated that they were intending to buy their tickets over the Internet during the next one or two years. Another five million said they would 'probably' do so. The core potential for online leisure ticket buying thus amounts to 7 million by the end of 2001. If one also includes all those ticket buyers who already use the Internet but have never ordered tickets online, the total potential adds up to 19 million people in all. Another interesting aspect is that online ticket buyers order tickets more frequently than the average buyer does. The online buyer order an admission ticket at least once a month. CTS is certain that with an attractive Internet ticketing service the company will benefit from the market potential that exists.

>> Growth forecasts: Online ticket sales in 2002

The forecast figure of 19 million online ticket buyers in 2002 is distributed over the following segments:



- a_ Popular music
- b_ Performing Arts
- c_ Sport
- d_ Cinema
- e_ Infotainment, seminars
- f_ Classical music
- g_ Museums, exhibitions

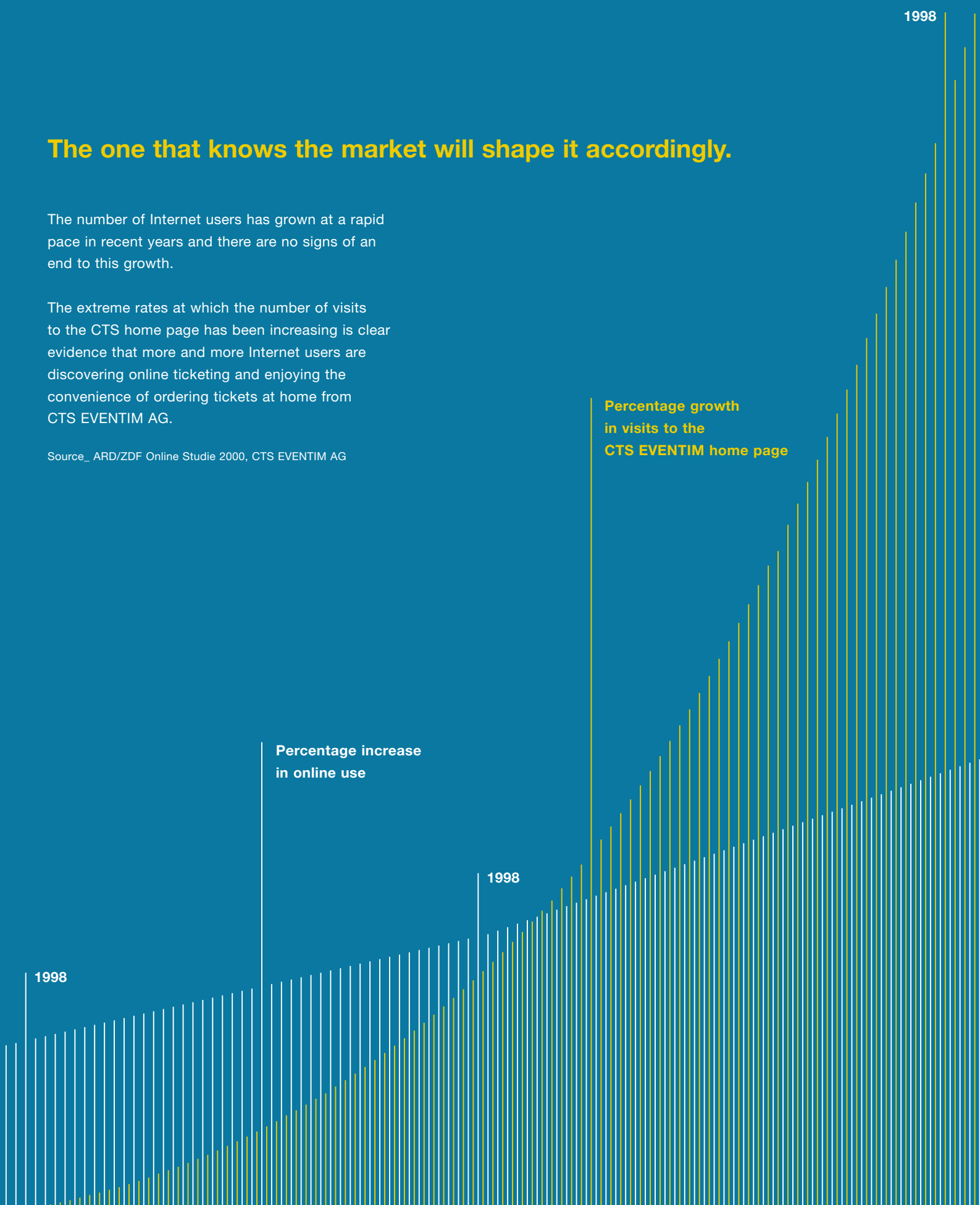
Source_ Gaudia / Infratest Burke

The one that knows the market will shape it accordingly.

The number of Internet users has grown at a rapid pace in recent years and there are no signs of an end to this growth.

The extreme rates at which the number of visits to the CTS home page has been increasing is clear evidence that more and more Internet users are discovering online ticketing and enjoying the convenience of ordering tickets at home from CTS EVENTIM AG.

Source_ ARD/ZDF Online Studie 2000, CTS EVENTIM AG





To the shareholders, employees and friends of the company

Dear shareholders, employees and friends,

I am gratified by your interest in CTS EVENTIM AG. In this Annual Report, we are pleased to present a very encouraging annual financial statement. In the 2000 business year, we not only achieved our targets, but surpassed in many respects.

Group sales in 2000 were just under DM 130 million compared with DM 29.3 million in the 1999 business year. Sales also exceeded the most recently published forecasts. The planned sales volume had been DM 115 million. This success is attributable, firstly, to a rigorous expansion strategy also aimed at entering new fields of operation, and secondly to our many years of experience in the concert and events business. We also succeeded in forging a kind of 'Star Alliance' within the entertainment industry by bringing together the best and most creative heads – personalities who have been working successfully for decades in this business and who prove they can master the tough day-to-day challenges that arise.

Our focused positioning of CTS EVENTIM AG in the market for leisure organisation will also ensure our success in years ahead. This market has an enormous potential, in that increasing life expectancy and a shorter working life means a growing need to use one's leisure time in meaningful ways. You can organise your leisure time with CTS EVENTIM AG, because we are the experts

for entertainment – for entertainment of the highest quality, for concerts, theatre and sports events that thrill and move their audiences. For anyone wanting to experience stars like Bon Jovi, Tina Turner and Britney Spears live, CTS EVENTIM AG is the right place to go. Peter Maffay toured Germany with the CTS Group, and the 'Rock am Ring'/'Rock im Park' open-air festivals attracted huge audiences again in summer 2000.

In early 2000, we set the stage for becoming 'YOUR PERSONAL ENTERTAINER' by launching our proprietary ticketing software. Our Initial Public Offering on the Neuer Markt stock exchange in Frankfurt on 1 February 2000 made the year 2000 one of the most eventful in our company's history. Taking this step and generating the relevant cash flow meant that the company's financial assets were brought into line with the demands of the market and that strategic options were opened up; our professed aim is to make CTS EVENTIM AG the biggest player in Europe's events and entertainment market.

To the skills we possess in ticketing through box offices, call centres and the Internet platform at www.eventim.de, we added invaluable expertise in the concert and events industries by merging with the Marek Lieberberg, Peter Rieger, Scorpio Concert, Semmel Concerts and Argo-Konzerte agencies.

This alliance puts us in a position where we can offer the entire range of services relating to concert events – from planning, organisation and handling to sales and marketing – from a single, professional source. Besides the outstanding prospects that are opened up by the direct access we now have to top international artists, creating value-added is a paramount objective of the company.

Extending the value creation chain within the company was basically the basic idea behind many cooperations and exclusive partnerships in the ticketing field, our core competence. The primary focus was on strengthening our Internet ticketing operations, something we also succeeded in doing with various partners, including FOCUS online, Pro Sieben and RTL Newmedia. With up to 35,000 events and a sales volume in excess of 22 million tickets a year sold through CTS systems, the Group is now the market leader.

As you see, we achieved a great deal in 2000. This is due in large measure to the dedication and commitment of our workforce, who played a crucial role in the company's success by producing such outstanding work. On behalf of my fellow Management Board members, I would like to express our enormous gratitude for your efforts.

Ladies and Gentlemen, CTS EVENTIM AG has a very promising future ahead of it. The market and our particular industry indicate that there is substantial growth potential, and we shall do everything in our power to ensure that CTS EVENTIM AG has a share of that potential. The fruit of our efforts in the 2000 business year were solid foundations on which we shall continue to exploit our opportunities.

We thank you for the trust and confidence you have shown in us and look forward to your sharing in our successful development in the years ahead. After all,

WE LIKE TO ENTERTAIN YOU.

Yours sincerely,



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



The CTS EVENTIM AG share

_ A good start Launching the CTS EVENTIM AG share proved a genuine success – on 1 February 2000 and with an emission price of Euro 21.50, the share was first quoted at Euro 25.50 on the Neuer Markt segment at the Frankfurt Stock Exchange.

The emission volume was 3,000,000 bearer shares – incl. Greenshoe – at an arithmetic par value of Euro 1.00 per share.

The IPO reinforced our competitive position. The funds generated by the IPO act to strengthen our equity basis and enable our continued growth to be financed.

_ 2000 – a year of turbulence The year 2000 was a turbulent one for the stock markets. The explosive start to the 2000 investment year was followed the rest of the year by a deep correction, in the course of which huge reductions in share price occurred.

In the end, shares of CTS EVENTIM AG were unable to escape unscathed from the extreme volatility of share prices – following the initial appreciation in share price after the IPO, this was then followed by a period of sideways drifting that continued until May. At the beginning of June, however, the price of the share began to appreciate considerably, peaking in mid-June at Euro 30.75.

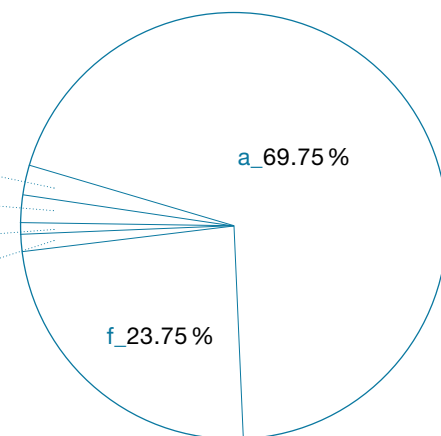
>> **The CTS EVENTIM share – change in quoted price**
01.02.2000 – 30.12.2000



- _ CTS EVENTIM AG share is denominated in Euros
01.02.2000 Euro 25.50, 29.12.2000 Euro 7.10
- _ NEMAX 50 index

>> **Capital structure after IPO**

- a_ Schulenberg
- b_ Thümmel 2.4 %
- c_ Einsiedel-Michaely 2 %
- d_ Bischoff 0.85 %
- e_ Friends & Family 1.25 %
- f_ Free float



CTS EVENTIM AG shares remained firm and stable until the beginning of November, running contrary to the broader retreat on the markets. The collapse of share prices on the Neuer Markt from mid-November 2000 onwards – across all market sectors – was something from which the CTS EVENTIM AG share was unable to escape. The final quote on 29.12.2000 was Euro 7.10.

_ Investor Relations The year 2000 shows us, first and foremost, how important it is to pursue an open and extensive policy of informing our shareholders. We are aware of our responsibilities in this regard and shall therefore use all the instruments of investor relation to continue satisfying the growing need for information.

>> Financial data on the Internet

www.eventim.de/investorrelation

>> e-mail for shareholder questions

investor@eventim.de

>> Investor Relations Department

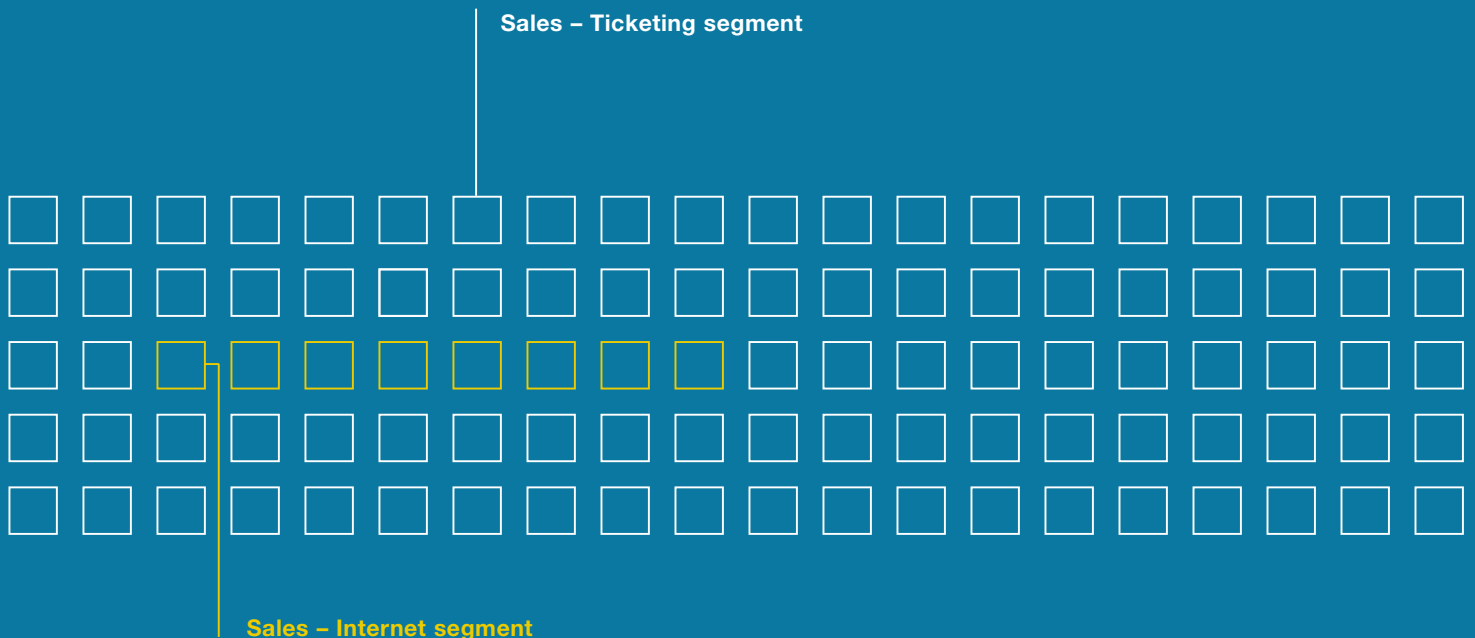
Tel. +49-18 05-3 83 68 46

_ Share information // 2000

Group earnings per share	DM 0.32
Cash flow	DM 2.171 million
High	€ 30.75
Low	€ 6.29
Final quote on 29.12.2000	€ 7.10
Registered share capital before IPO (Euro)	10,200,000
Registered share capital before IPO (Euro)*	12,000,000
Free float incl. Greenshoe and Friends & Family (Euro)	3,000,000
Share capital after IPO (Euro)	12,000,000
No. of shares as at 31.12.2000	12,000,000
Type of shares	Bearer shares
Securities code no.	547030
Initial quote	01.02.2000
Exchange	Neuer Markt, Frankfurt

* The share capital was increased to 1,800,000 DM before the IPO.

Accepting the challenge: The Internet will determine the ticket market.



CTS EVENTIM AG sells tickets over many distribution channels, yet we are certain of one thing – the Internet will play a major role in future. With its home page at www.eventim.de, CTS EVENTIM AG has laid the foundation for successful online ticketing to ensure that the potential of this market will be well tapped in the future.

New partnerships

>> Internet Ticketing – success with strong brands.

_ Focus Online GmbH A co-branding agreement has been signed by CTS and Focus Online GmbH. At the Focus Online website at www.focus.de, CTS EVENTIM AG has been selling tickets for all events in the CTS program since May 30, 2000 and is the exclusive partner for the fields of entertainment and sport. Via the Focus website, CTS is also planning to sell merchandising and fan articles, as well as provide a customer service.

This partnership is increasing market awareness for the CTS EVENTIM and Focus brand names and is generating service-related benefits for both parties.

_ ProSieben In the Ticket hotline field, CTS has been working successfully with the ProSieben Club und Shop Gesellschaft für Marketing- und Handels-service mbH (PSCS) since 1996. This partnership was extended in August 2000 to cover Internet operations.

A joint website was set up as a separate sub-domain in addition to the CTS Ticket Hotline. ProSieben Club and Shop runs the 'ProSieben Club', which is aimed at tying TV viewers to the ProSieben broadcasting company. CTS EVENTIM AG markets its entire range of services online at this website: events and

soon merchandising articles as well, Fulfillment, collection of money from ticket and article sales, and customer service.

_ RTL NEWMEDIA RTL NEWMEDIA, Cologne is a wholly-owned subsidiary of RTL Television, Germany's market leader for TV, and concentrates the activities of the broadcasting company in the field of new media. With 136.9 million page impressions and 47.3 million visits (December 2000/Source: IVW), RTL Online is the top-ranking general interest channel on the German Internet.

In collaboration with RTL NEWMEDIA, CTS operates a joint Internet site at www.rtl-eventim.de that can also be reached via www.rtl.de and which includes a ticketing service that is identical in content to the service provided at www.eventim.de.

_ Victorvox AG Victorvox AG is a company in the telecommunications industry and defines itself as a next-generation Internet Service Provider. Besides the core mobile telephony business, the company's product portfolio encompasses fixed network services, Application Service Providing and telematics. The CTS Ticket Shop has been accessible via the Victorvox Internet site at www.victorvox.de since November 11, 2000.

_ Dillon Communication System GmbH The partnership with Dillon Communication System GmbH, Hamburg (DCS) now enables CTS tickets to be sold through travel agencies as well. DCS GmbH operates the Merlin travel booking system that is currently installed in more than 5000 travel agencies in Germany, Austria, Switzerland, Poland and the Benelux countries. A recent addition to our partnerships is Dillon Communication Systems (DCS), a subsidiary of Sabre Inc., Dallas (USA), the global leaders in computer reservation systems, operating more than 250,000 terminals in more than 48,000 travel agencies. In the near future and through all CTS distribution channels, CTS customers will be able to book not only their tickets but also their travel to the venue and a hotel in the vicinity. CTS and DCS are also planning to jointly market special Event Tours.

_ Konzertagentur Walter Gommers Konzert- und Werbe GmbH and Ticket- und Travelshop GmbH

CTS EVENTIM has signed two three-year contracts with Konzertagentur Walter Gommers Konzert- und Werbe GmbH (Mülheim on the Ruhr) and with Ticket- und Travelshop GmbH (Dortmund). The deals involve exclusive ticketing services through box offices, exclusive CTS call-center ticketing and exclusive Internet ticketing.

_ Konzertbüro Schoneberg GmbH CTS EVENTIM AG has also concluded an exclusive three-year agreement with Konzertbüro Schoneberg GmbH (Münster) for Internet ticket sales.

_ Tourismus und Kongress GmbH As from September 1, 2000, CTS has been collaborating with Tourismus und Kongress GmbH, Bonn, better known as BONNTICKET, the leading ticketing enterprise in the region. Thus, CTS EVENTIM AG is now enhancing its market position at regional level, too. BONNTICKET has been selling tickets with considerable success for around ten years already. Today, BONNTICKET is the market leader in the Rhein-Sieg-Ahr area and handles an annual ticket volume of around 1 million. Of that total, CTS EVENTIM AG will exclusively market about 500,000 tickets in the entertainment field.



A strong group with the right partners

>> Old economy and new economy are joining forces to generate synergies for sustainable expansion.

_ Marek Lieberberg Konzertagentur GmbH* A ‘must do’ for every rock music fan – the ‘Rock am Ring’ and ‘Rock im Park’ festivals attract a total audience of around 140,000, making them the most successful open-air events of this kind in Europe. The organizer behind these unique festivals for almost 15 years now is the Marek Lieberberg Konzertagentur GmbH (MLK). This concert agency includes top artists such as Sting, Simply Red, Bryan Adams, the Lord of the Dance and the Titanic exhibition in its prestigious programme.

MLK is one of the leading tour organisers in Germany and Europe. The extensive range of activities handled by a 17-strong team includes organising concerts by international stars from the rock, pop and entertainment worlds, artist management and the production of shows. Open-air events are a key element in the multifarious programme of this Frankfurt agency.

As far back as 1970, Marek Lieberberg was one of the founders of Mama Concerts GmbH, a company he headed for 17 years. Since 1987, Lieberberg has been the sole proprietor of MLK and is considered to be one of the top promoters in the German music industry. What makes MLK unique are the customised concepts and personal support provided by the agency with the aim of meeting the special needs and standards of performing artists.

_ Peter Rieger Konzertagentur GmbH* The Serious Art of Promotion – so runs the slogan of the Peter Rieger Konzertagentur GmbH (PRK), a Cologne-based concert agency established by Jutta Schremmer-Rieger and Peter Rieger in 1983. The Peter Rieger Konzertagentur GmbH has grown

to become one of the three largest concert agencies in the German-speaking countries – the result of enormous creativity and professionalism in the fields of organisation, management and marketing.

For more than a decade now, Phil Collins and Genesis have entrusted the organisation and execution of their concerts to PRK. In 2000, Elton John, Tina Turner, Mariah Carey and many other popular artists from the rock and pop scene were promoted by PRK.

The agency’s successful programme also includes theatre productions such as the lyric variety theatre ‘Flic Flac’ by André Heller, or the ‘Variété Roncalli’ produced in co-operation with Circus Roncalli. Yet it is not only the established artists who are skilfully supported by the staff of 11 – the ‘Bizarre Festival’ has been organised every year since 1987 for innovative newcomers, an event at which both popular and less well-known rock bands perform.

_ Semmel Concerts Veranstaltungsservice GmbH organises around 500 events each year, making it one of Germany’s largest concert and tour organisers. With headquarters in Bayreuth and branch offices in Dresden, Chemnitz and Thüringen, the company is particularly active in Bavaria and the east German states. Semmel Concerts is the agent for James Last, one of the most successful German artists there is.

Besides managing well-known stars, the company is also dedicated to developing and supporting young, top-class artists – the pianist Joja Wendt being a prime example. Led by

*Legal form prior to change

Bringing together individual partners to form a superb mixture in order to meet every imaginable need of a multifaceted market.

Managing Director Dieter Semmelmann, whose highly motivated, 26-strong team has powered the constant and successful growth of the company in recent years with their innovations and creativity, the company can be expected to continue its pioneering work in 'managing the cultural landscape'.

_ Scorpio Konzertproduktionen GmbH, founded on 1 August 1990 with its domicile in Hamburg and headed by Managing Director Folkert Koopmann, has carved out a name for itself on the basis of major successes in the rock and pop field. The events industry in Germany would be unthinkable without this key player.

Scorpio is responsible for around 300 events a year, which are managed by a team of 15. The events include festivals, tours, shows and local concert productions in Hamburg, in venues ranging from small 'in-crowd' localities to large halls such as the CCH or the Alsterdorfer Sporthalle.

In the festivals area, especially, Scorpio has grown into one of the biggest organisers in Germany. The first HURRICANE festival in 1996 involved no less than 20,000 fans. Ever since this successful launch, new major festivals have been established at regular intervals, attracting audiences of between 10,000 and 45,000 people.

The agency represents many famous rock/pop acts and regularly organises concerts in Germany and neighbouring European countries. In doing so, Scorpio focuses not only on bands with

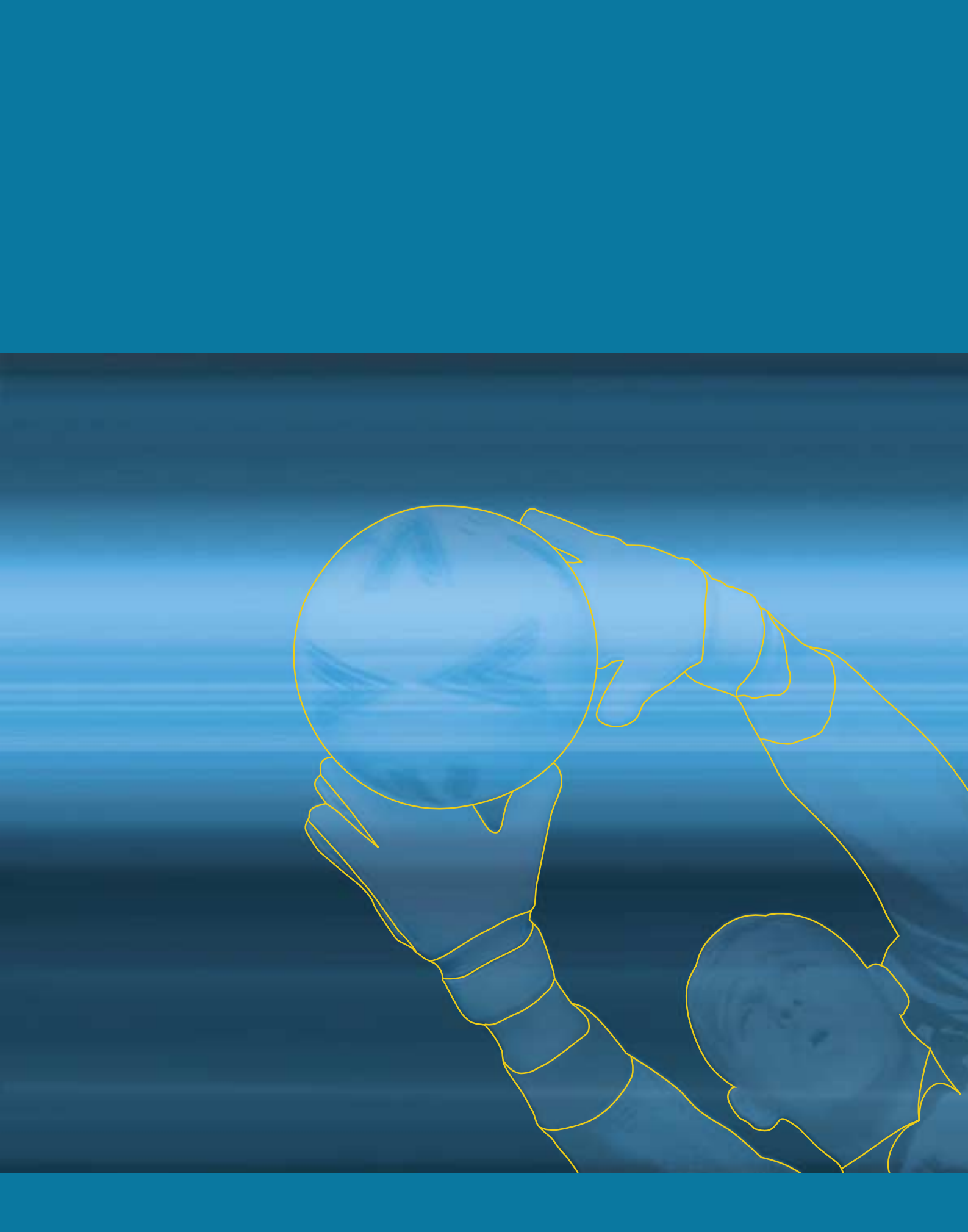
an international following, such as The Sisters of Mercy and Eminem, but also on up-and-coming bands like Kashmir and The Weakerthans, who are promoted by Scorpio.

_ The ARGO-Konzerte group of companies has been operating in the industry since 1974 and has been a private limited company (GmbH) since 1979.

With its head office in Würzburg, branch offices in Nuremberg with their own outdoor theatre, and an independent company for managing prestigious productions of classical music, the company is particularly active in southern Germany and the states of east Germany.

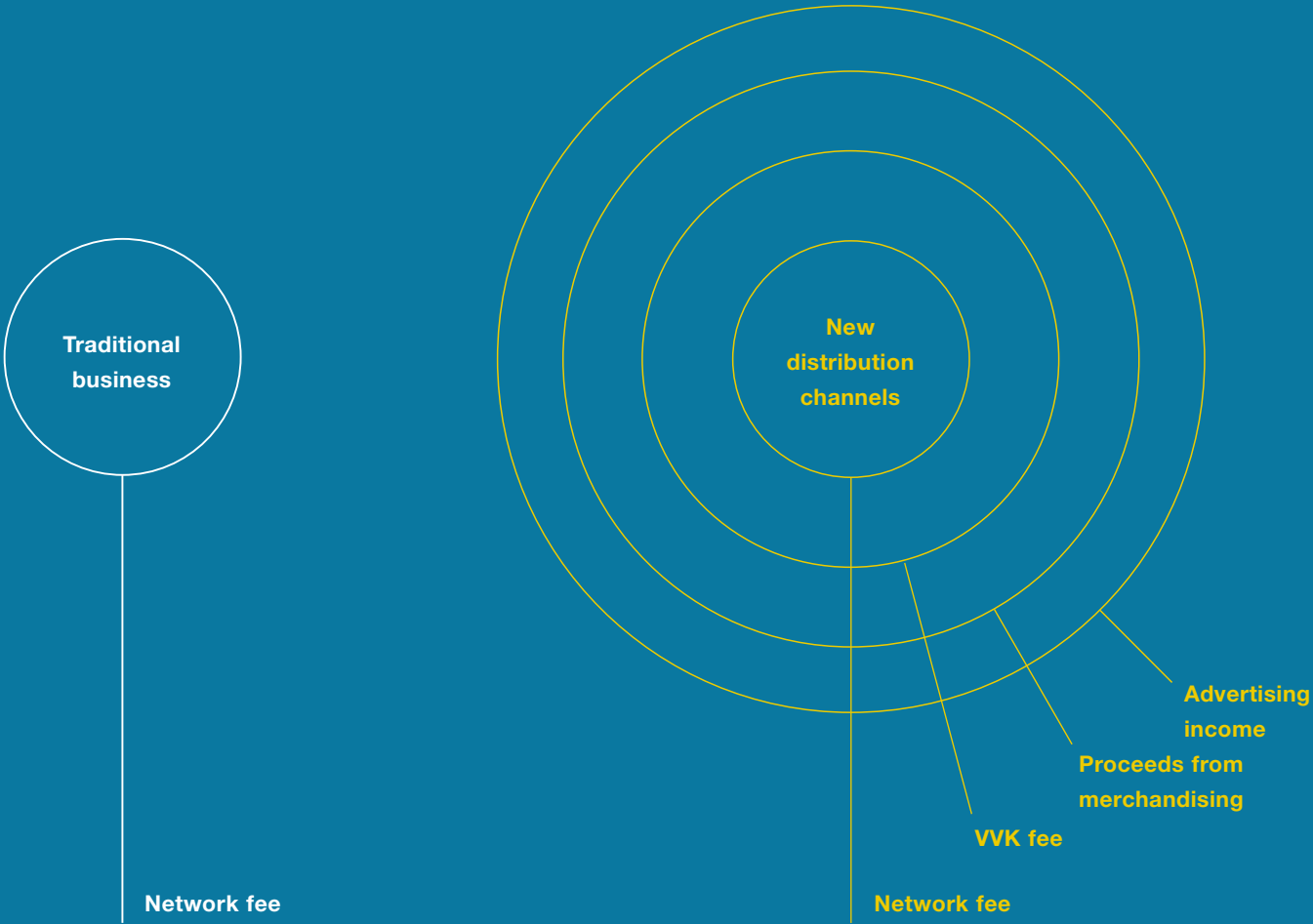
The company's programme extends from rock and pop through popular folk and beat music to musicals, dance shows and classical music. Above all, however, ARGO-Konzerte GmbH is specialised in organising large-scale events at national level, such as open-air events (Superrock, Rock im Park) and specific series of events (Lieder im Schloß, Festungsfestspiele). Other activities include numerous open-air concerts of classical music in historical settings, e.g. before the Semperoper in Dresden or the Residenz in Würzburg.

In its own graphics, advertising, press, marketing, planning and box-office sales departments, ARGO handles all the tasks that a successful event involves. A team of 20 prepare the event and ensure that everything runs smoothly.



Integrated services is the name of the game.

Our strategy, geared as it is to tapping both traditional as well as new and innovative distribution channels, will generate additional synergies for our operations. Besides the revenues paid by direct sellers for using our network, new distribution systems such as the Internet, call centres, etc. are opening up additional opportunities with substantial sales and earnings potential.



Group management report and consolidated financial statements for fiscal 2000 (US-GAAP)

>> as at 31 December, 2000

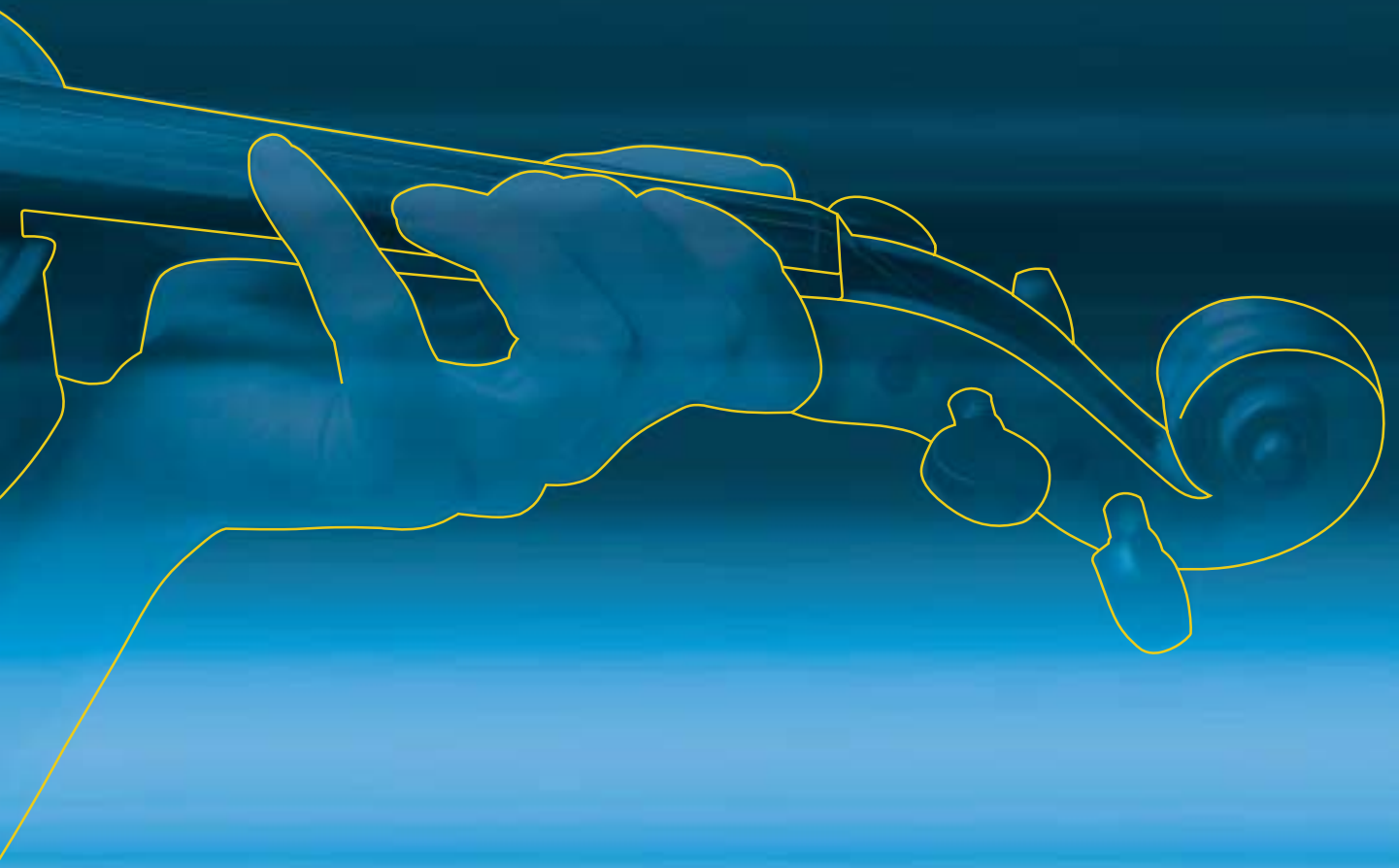
CTS EVENTIM Aktiengesellschaft, Munich

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 statement for the 1999 business year includes the following companies: CTS EVENTIM AG, Munich; CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin, Berlin; Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, and GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim.

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Group Management Report

>> CTS EVENTIM Aktiengesellschaft, Munich

// 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.

In our estimation, the market for leisure events will continue to expand due to continued reductions in the working week and increasing life expectancy.

Organisers are therefore looking for efficient ways of marketing leisure events. The Group's networked ticket sales system (CTS Ticket software) is the leader for marketing events (tickets) and a particularly attractive option for organisers. The Group competes here with supraregional as well as smaller regional network operators who concentrate on urban agglomerations or cities.

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.

By acquiring shareholdings in leading German tour and concert organisers, the Group succeeded during the year in consolidating and extending its position in the ticketing market.

In the live entertainment sector, the situation is characterised by intensifying globalisation and monopolisation. Synergies and hence competitive potential is being created within the Group by combining the functions of tour organiser and locally based organiser familiar with local execution.

// Corporate situation

_ Group development IPO and new 'live entertainment' segment

On 1 February 2000 the company went public by placing shares in CTS EVENTIM AG (hereinafter: CTS) on the Neuer Markt in Frankfurt. Of a total 3,000,000 shares, the company issued 1,800,000 shares on the Neuer Markt from an increase in shareholder equity. The emission generated liquid assets for the company amounting to Euro 38.7 million (based on the issue price of Euro 21.50 per share). The proceeds from the share issue were booked as capital reserves after deduction of emission costs.

By acquiring the following holdings:

	Percentage stake
Marek Lieberberg Konzertagentur GmbH, Frankfurt am Main (hereinafter: Lieberberg)	51.0%
Peter Rieger Konzertagentur GmbH, Cologne (hereinafter: Rieger)	60.0%
Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: Scorpio)	50.2%
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (hereinafter: Semmel)	50.2%

the range of services provided by the Group was widened in the 2000 business year. The Group progressed from a ticketing network operator to a full-service entertainment provider.

Lieberberg is one of the largest and most successful concert organisers in Germany and is the principal organiser of Germany's biggest open-air festivals, 'Rock am Ring' and 'Rock im Park'.

Rieger In 2000, in its capacity as tour organiser, Rieger provided support to major international artists such as Elton John, Tina Turner, Mariah Carey and many others in connection with their concerts in Germany.

Semmel organises around 500 events each year, making it one of Germany's largest concert organisers. Semmel Concerts is the agent for James Last, one of the most successful German artists.

Scorpio is one of the fast-growing agencies for events in Germany. The company's core business includes planning, producing, preparing and executing music events and concerts.

By making these acquisitions, the Group has created an all-embracing value chain. In addition to strong earnings from the Live Entertainment division, Ticketing operations are also being intensified.

// Structure of entities within the Group

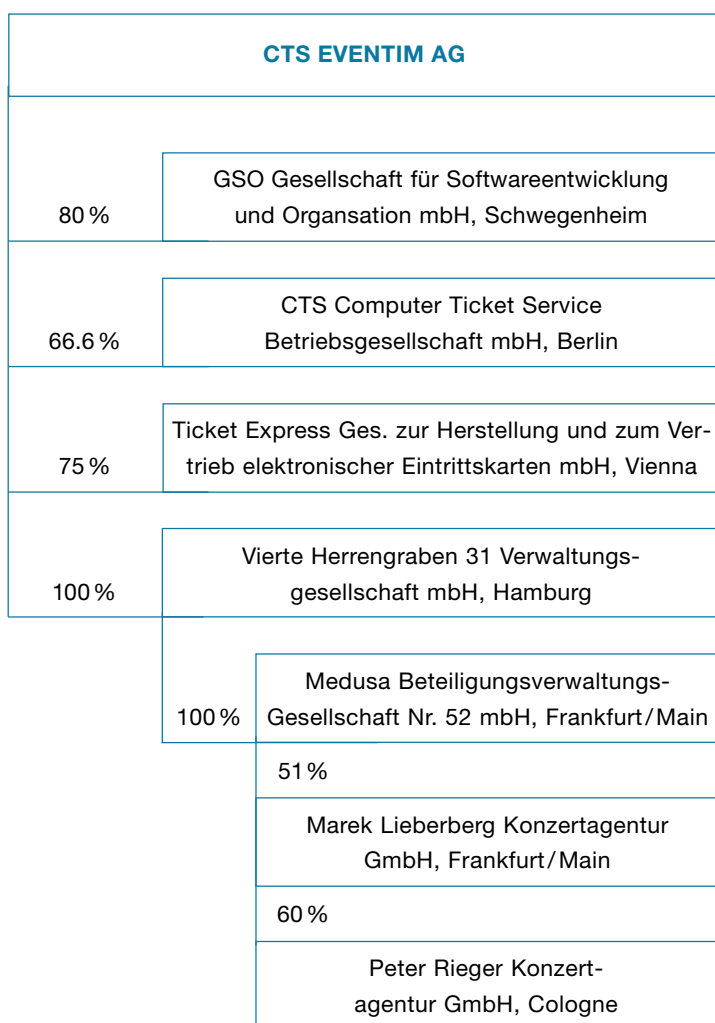
_ Ticketing In addition to the parent company CTS EVENTIM AG, the Ticketing segment comprised the following subsidiaries during the reporting period, whereby there were no changes relative to the previous year: CTS Computer Ticket Service

Betriebsgesellschaft mbH Berlin, Berlin, percentage stake 66.6 % (hereinafter: CTS Berlin); Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna, percentage stake 75 % (hereinafter: TEX) and GSO Gesellschaft für Softwareentwicklung und Organisation mbH, Schwegenheim, percentage stake 80 % (hereinafter: GSO).

CTS EVENTIM AG	
80 %	GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG, Schwegenheim
66.6 %	CTS Computer Ticket Service Betriebsgesellschaft mbH, Berlin
75 %	Ticket Express Ges. zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna

Corporate structure of CTS EVENTIM AG and its subsidiaries
Status: January 1, 2000

_ Live-Entertainment All shares in Medusa Beteiligungsverwaltungs-Gesellschaft Nr. 52 mbH (hereinafter: Medusa) are held through an intermediate holding. The latter, for its part, has majority holdings in the tour and concert organisation companies Lieberberg, Rieger, Semmel and Scorpio.



Corporate structure of CTS EVENTIM AG and its subsidiaries
Status: July 1, 2000

// Changes under company law

_ Change of legal form on the part of GSO, Lieberberg and Rieger In 1999, CTS acquired 80 % of the shares in GSO by notarial deed. Medusa acquired 51 % of the shares in Lieberberg and 60 % of the shares in Rieger hat in the course of the reporting year. In 2000, resolutions were adopted to change the legal form of the latter companies to limited partnerships (Kommanditgesellschaften) and to file these changes at the Commercial Registry. The date of conversion for fiscal purposes is 31 December 2000.

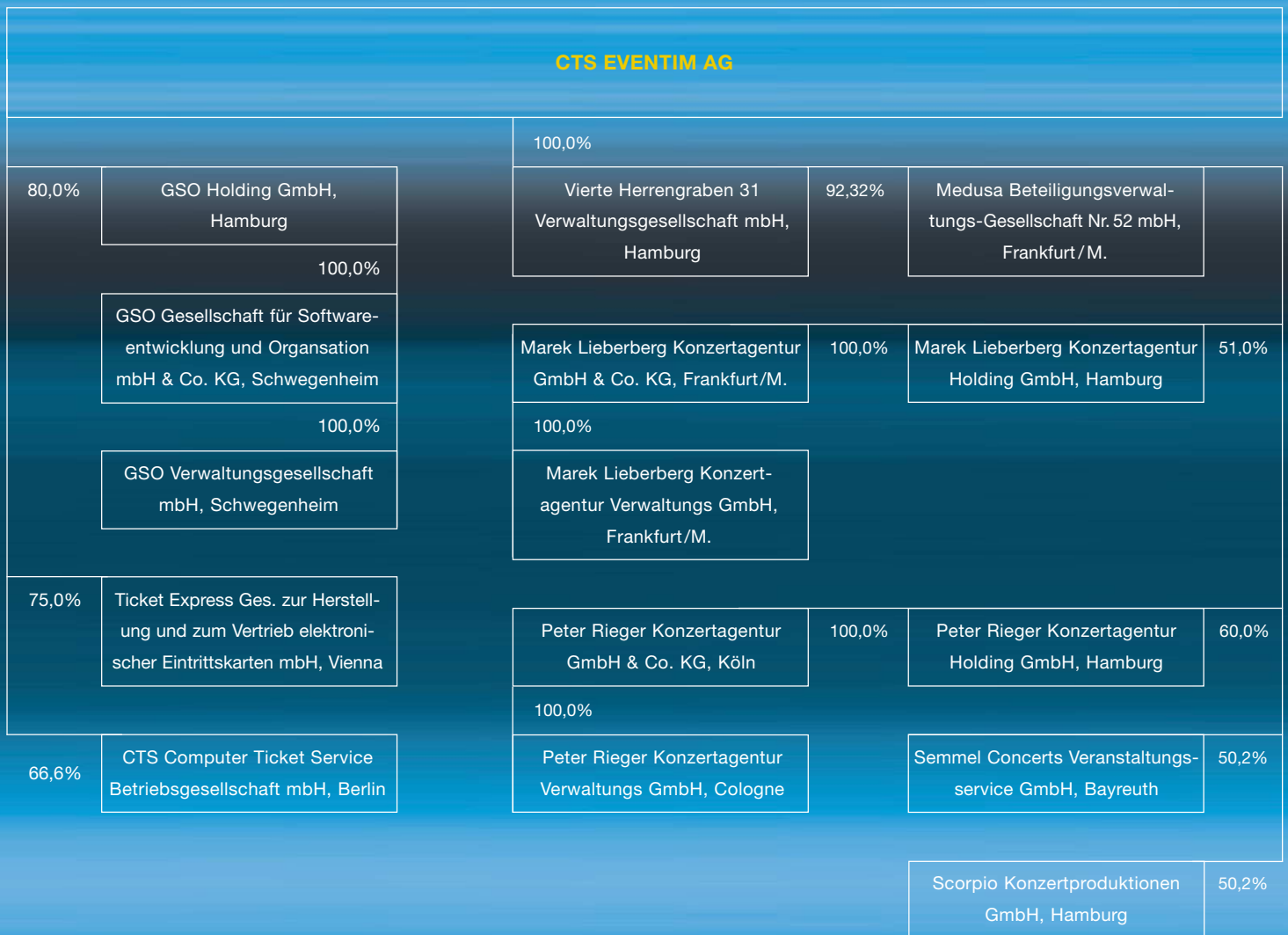
> **Organisation chart: Corporate structure of CTS EVENTIM AG and its subsidiaries Status: December 31, 2000, page 32.**

These changes in legal form result in additional depreciation on goodwill in subsequent years, which, when set-off against sales revenues, will lead to less taxes on earnings. This depreciation is calculated on the basis of the purchase price advanced for the shares by CTS or Medusa, set-off against the capital stake acquired. The taxation benefits accruing from the depreciation of goodwill have immediate impact by increasing the profit according to HGB as well as the Group's cash flow.

By changing the private limited companies to limited partnerships, the balance of corporation tax payable by the tax office is paid out to the shareholders of the converted companies. These refund claims improved the annual result by 2.48 million DM.

Corporate structure of CTS EVENTIM AG and its subsidiaries

>> Status: 31 December 2000



// Bringing in of shares in Semmel and Scorpio against corporate rights in Medusa

By notarial deed dated 28 December 2000, the former shareholders of Semmel and Scorpio each brought 50.2 % of their shares in the latter companies into Medusa. The assets were brought 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 Semmel and Scorpio 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 (DM 9.68 million) between the fair value of the contributed shares in Semmel and Scorpio, on the one hand, and the transferred shares in Medusa, on the other, must therefore be disclosed as income.

// Assets and capital

The Group's balance sheet total increased by DM 132.699 million from DM 52.915 million to DM 185.614 million.

On the equities and liabilities side, shareholder equity increased by DM 79.412 million to DM 92.366 million, mainly due to the capital reserves created from emission proceeds.

With regard to loan capital, liabilities increased by DM 38.704 million, provisions by DM 6.273 million and reserves for shares held by other shareholders by DM 8.3 million.

As a result of investments in software, participations and tangible assets, fixed assets rose by DM 51.919 million to DM 77.799 million.

Assets tied up for the short term increased DM 81.041 million to DM 107.626 million. The increase in receivables and other assets by DM 26.223 million to DM 44.261 million was mainly generated in the Live Entertainment division. Due to the increase in shareholder equity, mainly from emission proceeds, liquid assets improved by DM 37.353 million (adjusted for the effects of initial consolidation of acquisitions) to DM 57.422 million.

The DM 5.129 million in IPO expenses (of which DM 4.681 million in 2000) were set-off against capital reserves in accordance with US GAAP accounting principles.

// Income situation

Relative to the previous year, Group sales more than quadrupled by DM 100.284 million from DM 29.313 million to DM 129.597 million. The forecast sales of DM 114.911 million for the business year, including Lieberberg and Rieger, were exceeded by DM 14.686 million, or 12.8%. Of the DM 129.597 million in Group sales achieved in the reporting year, DM 125.584 million were generated in Germany and the remaining DM 4.013 million in Austria.

A 36.2% improvement in gross margin in the ticketing segment (previous year: 32.2%) relative to the previous year resulted from the new ticketing software and improvements in cost structure achieved by more efficient computing centres, the elimination of licensing fees and cheaper purchasing of network lines. Because of sectoral factors, the gross margin in the live entertainment segment was significantly lower, at 10.9%, than in the ticketing segment (36.2%). By consolidating the Lieberberg and Rieger tour organisers, the gross profit fell from 32.2% in 1999 to 17.6% in the year under review. In the medium term, gross margin is expected to improve due to the planned synergies in the Live Entertainment division.

Earnings before interest and taxes but after depreciations (EBIT) were DM – 5 million compared to DM – 6 million in 1999. The EBIT target of DM – 5 million was thus achieved. This loss includes DM 3 million depreciation on goodwill (previous year; DM 1 million).

>> Sales development

Period from 1998 to 2000 in DM million

1998 *	28.171
1999 **	29.313
2000	129.597

>> Development of EBITDA

Period from 1998 to 2000 in DM million

1998 *	1.586
1999 **	- 3.285
2000	2.744

>> Development of EBIT

Period from 1998 to 2000 in DM million

1998 *	- 0.406
1999 **	- 6.300
2000	- 5.033

* 'As if' figures

** Excluding Live Entertainment segment

In the 2000 business year, the Group achieved a positive EBITDA (earnings before interest, taxes, depreciation and amortisation) of DM 2.744 million (preceding year: DM 3.285 million). The planned figure was DM 2.163 million.

Bringing in the shareholdings of Semmel and Scorpio resulted in a DM 9.680 million difference between the fair value of said holdings and the fair value of the transferred shareholdings in Medusa. In accordance with US GAAP, this difference is shown as income from bringing in participations. Interest income generated by investing the emission proceeds produced a financial result for the Group of DM 1.016 million following DM – 601,000 the previous year.

Earnings before tax (EBT) improved by DM 12.563 million from DM – 6.9 million to DM 5.663 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 latent tax income that is shown.

After deducting the minority interests in profits (DM 3.287 million) from the result for the year (DM 7.107 million), net Group income amounting to DM 3.820 million remains (preceding year: DM 4.066 million). This net Group income was affected by the realisation of profits from bringing in the shareholdings in Semmel

and Scorpio (DM 9.680 million) and by the net income generated by the Group companies from live entertainment segment.

// Development of the ticketing and live entertainment segments

_ Ticketing Ticketing sales grew by DM 5.049 million from DM 29.313 million to DM 34.362 million. This improvement underlines the steady growth in this segment, although the anticipated expansion of sales through the new Internet and call centre channels did not materialise to the extent expected. Internet accounted for around 8% of the segment's sales, compared to 12% from call centres.

The EBIT was depressed during the reporting period 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. The software will be implemented in the course of 2001.

After setting-off the financial result, earnings from normal business operations (EBT) were DM – 10.432 million.

The development of sales and hence earnings in the ticketing segment was characterised during the business year by a

somewhat restrained marketing strategy. Due to the fact that the CRM (Customer Relationship Management) systems for auto-mised order processing in the Internet and call centre channels were not yet fully operational in the reporting year, the Management Board was compelled to postpone until 2001 the TV and print media campaign originally planned for 2000.

_ Live entertainment Sales generated in the Live Entertainment segment in the 2000 business year amounted to DM 95.498 million and was greatly influenced by the highly successful stadium concerts featuring Tina Turner, Elton John and The Corrs, and by the Germany's biggest open-air festivals – 'Rock am Ring' and 'Rock im Park'.

After deducting sales expenses of DM 85.116 million, a gross profit of DM 10.382 million remains. This is equivalent to a gross percentage margin of around 10.9%. After deducting other operating expenses and income, an operating profit (EBIT) of DM 7.245 million remains. After setting off the financial result of DM – 831,000, earnings from normal business operations (EBT) of DM 6.414 million were achieved.

// Personnel

The Group employed an average 191 employees during the 2000 business year, of whom 52 were employed in Austria. Of the additional 72 employees in 2000, bringing the workforce size

from 119 to 191, 45 were employed in the Ticketing and 27 in the Live Entertainment division.

In the Ticketing division, highly-qualified staff were recruited to support the e-commerce operations, in particular, so that a high standard of service could be provided to customers in this area as well.

Compared to the previous year, personnel expenses increased by DM 8.052 million from DM 6.207 million to DM 14.259 million.

The number of employees will continue to increase, in line with the Group's future growth. Targeted schemes are in place for initial and further training of employees, so that the specific requirements of the entertainment industry are met.

Breakdown by segment (average headcount):

	2000	1999
Ticketing	164	119
Live Entertainment	27	0

// Investments and financing

The acquisition of majority holdings in Lieberberg and Rieger were financed entirely from the emission proceeds. The acquisi-

tions of majority shareholdings in Semmel and Scorpio were in the form of share agreements with the Medusa holding.

A total of DM 8.605 million was invested in further development of the CTS ticketing software. A further DM 2.156 million was invested in the new Internet site featuring integrated Customer Relationship Management. The Liga-Star-Plus software (GSO ticketing software), which is not yet ready for release, was booked under fixed assets as payments on account (DM 464,000).

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 (DM 1.686 million). DM 849,000 were invested in technical equipment for the CTS ticketing software system and for the Internet shop. These investments were financed from the emission proceeds.

// Research and development

In order to broaden the range of ticketing-related services, tap additional sources of revenue and also to meet the future requirements of organisers and box offices, the ticket sales systems being constantly improved and enlarged. During the year under review, the main thrust of research and development activities were therefore on further refinement of the CTS ticketing software for network operations and on developing the new Internet

presence with integrated Customer Relationship Management.

Marketing the Group's website and the data base obtained from Internet and call centre sales is planned for the years ahead.

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 expanded. Additional products and services besides pure ticket sales are to be created; in particular, event-related merchandising articles and travel are to be added to the portfolio.

The Group is developing electronic access and control systems for large-scale events requiring special security precautions; these systems will be marketed alongside ticket sales. Plans for the medium term include replacing normal tickets with chip tickets in potential areas such as season tickets or subscriptions.

// 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 pre-selling 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 business operations and the company's financial situation.

The Group's business operations in the ticketing sector are significantly dependent on various organisers selling their admission

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.

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.

// 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. Reference is made to the separate financial statements of CTS with regard to dependencies.

// Significant events since the end of the business year

By bringing material capital assets into the Medusa subsidiary, the Group was enlarged in early January 2001 by the individual

companies Argo concerts GmbH, Würzburg, Argo concerts GmbH, Nuremberg and Argo classical music GmbH, Würzburg.

In addition, a cooperation agreement was signed in January 2001 with the Rheinische Post publishing house, the aim being to establish a regional online company for integrating the national products of the Group and the regional events organised by the publishing house.

// Outlook and objectives for 2001

The strategic objective of the Group is to reinforce its present market position and to expand its operations in the separate divisions. By covering the entire event business, nurturing our excellent contacts with artists and their managers, applying our skills in tour organisation – up to and including local execution – the Group is in a position to exploit the synergies that exist.

In the ticketing field, a broad-based promotion campaign beginning in March 2001 will focus on increasing awareness for the 'EVENTIM' brand among ticket sellers. The campaign is so designed that all sales channels – such as box offices, call centres and the Internet – can profit from it.

In TV spots and the print media, especially, EVENTIM will be established as a synonym for leisure. EVENTIM will become the first point of contact for consumers when it comes to organising

their leisure time and obtaining the relevant information about events and tickets.

During the first half of 2001, our sales organisation and sales processes will be adapted to the further growth in customer numbers and to the ever-increasing demand at 'business to business' and 'business to consumer' levels.

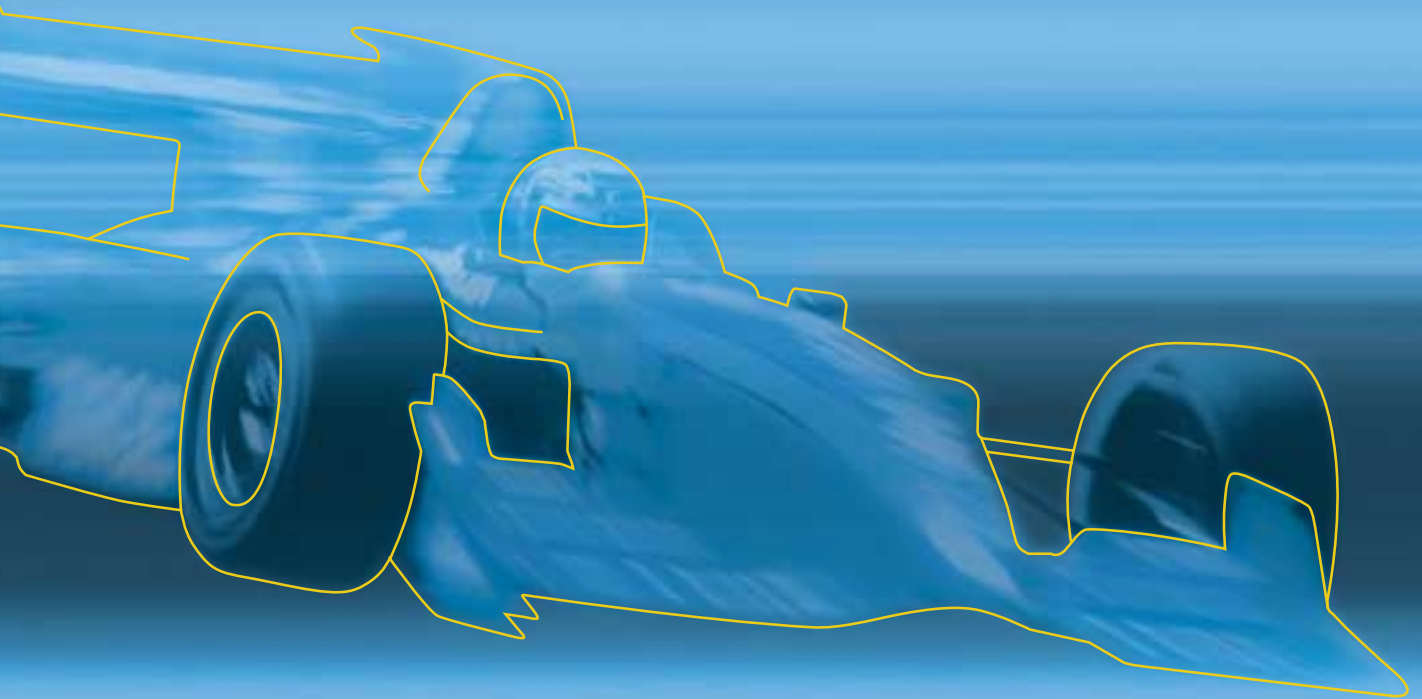
The Group intends to acquire additional participations in the current 2001 business year as well. Activities are now focused to a greater extent than previously on international events, parallel to the national market. New strategic alliances and acquisitions in Europe are aimed at tapping new national and international market segments and strengthening our market presence.

// Forward-looking statements

In addition to historical financial data, this Annual 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.

Munich, March 15, 2001
CTS EVENTIM Aktiengesellschaft

The Management Board



Consolidated balance sheet (US GAAP)

>> as at 31 December 2000

CTS EVENTIM Aktiengesellschaft, Munich

ASSETS	2000 // DM	1999 // DM
A// Fixed assets		
I Intangible assets		
1_ Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	16,092,458	7,292,700
2_ Goodwill	54,724,296	15,883,769
3_ Payments on account	464,361	0
	71,281,115	23,176,469
II Tangible assets		
1_ Land, land rights and buildings, including buildings on third-party land	173,709	74,326
2_ Other facilities operating and office equipment	5,305,534	2,501,328
	5,479,243	2,575,654
III Financial assets		
1_ Shares in affiliated companies	602,538	127,890
2_ Participations	374,377	0
3_ Loans to affiliated companies	38,517	0
4_ Marketable securities classed as fixed assets	22,913	0
	1,038,345	127,890
B// Current assets		
I Stocks		
1_ Finished products and goods	1,452,301	664,469
2_ Payments on account	4,486,815	0
	5,939,116	664,469
II Receivables and other assets		
1_ Trade receivables	20,658,671	11,196,248
2_ Receivables from affiliated companies	332,549	121,129
3_ Loans to companies in which participations are held	490,731	0
4_ Other assets	22,778,692	6,720,128
	44,260,643	18,037,505
III Securities		
1_ Other securities	5,000	5,000
IV Cash in hand, Bundesbank balances bank balances and cheques	57,421,716	7,878,145
C// Prepaid expenses and accrued income	188,398	449,935
Total assets	185,613,576	52,915,067

EQUITY AND LIABILITIES		2000 // DM	1999 // DM
A// Shareholder equity			
I	Subscribed capital (Euro 12,000,000)	23,469,960	16,996,163
II	Capital reserves	69,118,445	0
III	Profit/loss carried forward	- 4,163,987	- 97,676
IV	Consolidated net income / loss for the year	3,819,582	- 4,066,311
V	Difference arising from consolidation	122,370	122,227
		92,366,370	12,954,403
B// Reserves for share held by minority interests		8,658,888	358,782
C// Provisions			
1_	Provisions for pensions	1,880,028	0
2_	Provisions for taxation	4,846,592	2,863,267
3_	Other provisions	5,603,654	3,193,958
		12,330,274	6,057,225
D// Liabilities			
1_	Liabilities to banks	6,930,754	11,006,076
2_	Downpayments received on orders	19,434,262	16,176
3_	Trade payables	15,491,842	9,116,238
4_	Liabilities to affiliated companies	64,391	168,713
5_	Liabilities to companies in which participations are held	25,000	0
6_	Other liabilities	30,302,038	13,237,454
		72,248,287	33,544,657
E// Deferred income and accrued expenses		9,758	0
Total Equity a Liabilities		185,613,576	52,915,067

Consolidated income statement (US GAAP)

>> 01.01.– 31.12.2000

CTS EVENTIM Aktiengesellschaft, Munich

	2000 // DM	1999 // DM
1_ Sales	129,596,643	29,312,606
2_ Production expenses for services performed in generating the sales revenue	106,834,931	19,867,928
3_ Gross return on sales	22,761,712	9,444,678
4_ Research and development expenses	425,939	0
5_ Distribution costs	20,181,833	7,855,657
6_ General administrative expenses	6,696,819	3,084,598
7_ Other operating income	4,176,548	882,799
8_ Other operating expenses	4,666,877	5,687,013
9_ Operating profit (EBIT)	- 5,033,208	- 6,299,791
10_ Income from bringing in participations	9,680,042	0
11_ Income from participating interests	31,396	0
12_ Other interest and similar income	1,985,288	254,465
13_ Depreciation on financial assets	170,000	0
14_ Interest and similar expenditure	830,807	855,124
15_ Profit/loss from ordinary business operations (EBT)	5,662,711	- 6,900,450
16_ Extraordinary income	0	1,818,895
17_ Extraordinary expenses	0	1,513,077
18_ Net extraordinary income	0	305,818
19_ Taxes on income	- 1,454,922	- 2,535,405
20_ Other taxes	10,550	722
21_ Net income / loss for the year	7,107,083	- 4,059,949
22_ Net income / loss attributable to minority interests	3,287,501	6,362
23_ Consolidated net income / loss for the year	3,819,582	- 4,066,311

Consolidated cash flow statement (US GAAP)

>> 01.01.–31.12.2000

CTS EVENTIM Aktiengesellschaft, Munich

	2000 // DM
A// Funds from ongoing business operations	
Consolidated net income / loss for the year	3,819,582
Share in profits attributed to minority interests	3,287,501
Depreciation on assets	7,947,402
Addition to provisions for pensions	96,076
Income from bringing in participations	– 9,680,042
Deferred taxes	– 3,299,183
Cash flow	2,171,336
Book profits from disposal of assets	– 3,299
Book losses from disposal of assets	32,170
Increase/decrease in inventories	14,897,288
Increase in receivables and other assets	– 140,118
Increase in prepaid expenses and accrued income	– 22,935
Increase in short-term provisions	989,541
Increase/decrease in short-term liabilities	– 33,353,579
Decrease in accrued expenses and deferred income	– 81,671
Cash flow from ongoing business operations	– 15,511,267
B// Investment activities	
Payments for investments in intangible assets	– 11,570,633
Payments for investments in fixed assets	– 3,323,684
Proceeds from disposal of fixed assets	4,264
Payments for investments in financial assets	– 86,691
Proceeds from the acquisition of consolidated companies	– 342,966
Cash flow from investment activities	– 15,319,710
C// Financing activities	
Proceeds relating to capital increases	73,963,043
Payments for redemption of financing loans	– 5,778,574
Inflow from uptake of financing loans	0
Cash flow from financing activities	68,184,469
D// Increase in funds	37,353,492
E// Funds as at 1 January	7,878,145
F// Increase/decrease in funds due to consolidation	12,190,079
G// Funds as at 31 December	57,421,716

Notes on the consolidated financial statements (US GAAP)

>> for the 2000 business year

CTS EVENTIM Aktiengesellschaft, Munich

// Structure and business operations of the company

The company is registered as CTS EVENTIM AG (hereinafter: CTS) under no. HRB 129151 in the Commercial Registry at Munich District Court.

The objects of the company include the production, sale, brokerage, distribution and marketing of admission tickets for concerts, plays, art exhibitions, sports and other events in Germany and abroad, in particular in the Federal Republic of Germany and the rest of Europe, in particular using electronic data processing and modern technologies for communication and data transmission. The objects of the company further include the production, sales, brokerage, distribution and marketing of merchandising articles, travel and direct marketing activities of all kinds. The company competes with its services not only with supranational providers of similar services, but also with regionally operating companies and direct ticket sales by event organisers themselves. The company is exposed to a number of risks, the most important of which concern business operations in a new growth market, competition with rival companies, operational reliability of computer systems and dependence on key personnel.

// Accounting principles

_ General principles The consolidated financial statements of CTS were prepared in accordance with the United States Generally Accepted Accounting Principles (or 'US GAAP' for short). They comprise the separate financial statements of the company itself and its subsidiaries.

_ Consolidation The following subsidiaries under the legal or de facto control of CTS are fully consolidated in the financial statements:

> [Table on page 47.](#)

Some smaller regional subsidiaries of TEX, Lieberberg, Rieger, Scorpio and Semmel have not been included in the consolidated financial statements on account of their secondary importance in establishing a fair view of the assets, financial and income situation of the Group as a whole.

Capital consolidation was carried out using the book value method by setting off the purchase cost against the shareholder equity accruing to the parent company on the date of acquisition ('purchase accounting' method). Initial consolidation was performed as at the date of acquisition

in each case. The resulting differences are assigned to the assets and liabilities of the subsidiary to the extent possible. A remaining asset difference is capitalised as goodwill and written off over the expected service life, thus affecting net income. Debit differences are shown separately as balancing items arising from capital consolidation under the Group's shareholder equity. Goodwill totalling DM 54,724,296 arising from the consolidation of subsidiaries included in the consolidated financial statements has been capitalised, and the sum of DM 122,370 shown under shareholder equity as a difference arising from capital consolidation.

Receivables, payables, expenses and income and interim results resulting from trade with affiliated companies have been eliminated.

_ Changes of legal form In notarial deeds dating from 1999, CTS acquired an 80% shareholding in GSO. Medusa acquired 51% of the shares in Lieberberg and 60% of the shares in Rieger by virtue of notarial deeds dated 14 March 2000 and 2 June 2000, respectively. In December 2000, resolutions were adopted to change the legal form of the latter companies to limited partnerships (Kommanditgesellschaften) and to file these changes at the Commercial Registry. The date of conversion for fiscal purposes is 31 December 2000 in each case.

The additional amounts of depreciation ('step-up') engendered by the change of legal form are written off in the supplementary balance sheets of the shareholders from the year 2001 onwards.

_ Bringing in of participations By notarial deed dated 28 December 2000, the shareholders of Semmel and Scorpio each brought 50.2% of their shares in the latter companies into Medusa. The assets were brought in as an increase in capital stock in return for new shares in Medusa. Consolidation must be carried out in this case according to the purchase method, i.e. the bringing in of shareholdings in return for new shares is valued from the perspective of the parent company as partial sale of the shares to Medusa.

The difference between the fair value of the received shares in Semmel and Scorpio, on the one hand, and the book value of the surrendered shares in Medusa is shown accordingly in the consolidated financial statements as having an impact on profits.

	Initial consolidation as at	Percentage stake (relative to the respective company)
CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin, Berlin (hereinafter: CTS Berlin)		66.6 %
GSO Gesellschaft für Softwareentwicklung und Organisation mbH, Schwegenheim (hereinafter: GSO)		80.0 %
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX)		75.0 %
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg	01.01.2000	100.0 %
MEDUSA Beteiligungsverwaltungs-Gesellschaft Nr. 52 mbH, Frankfurt/Main (hereinafter: Medusa)	01.01.2000	92.32 %
Marek Lieberberg Konzertagentur GmbH, Frankfurt/Main (hereinafter: Lieberberg)	01.06.2000	51.0 %
Peter Rieger Konzertagentur GmbH, Cologne (hereinafter: Rieger)	01.07.2000	60.0 %
Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: Scorpio)	31.12.2000	50.2 %
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (hereinafter: Semmel)	31.12.2000	50.2 %
GSO Holding GmbH, Hamburg	31.12.2000	80.0 %
GSO Verwaltungsgesellschaft mbH, Schwegenheim	31.12.2000	100.0 %
Marek Lieberberg Konzertagentur Holding GmbH, Hamburg	31.12.2000	51.0 %
Marek Lieberberg Verwaltungs GmbH	31.12.2000	100.0 %
Peter Rieger Konzertagentur Holding GmbH, Hamburg	31.12.2000	60.0 %
Peter Rieger Verwaltungs GmbH, Cologne	31.12.2000	100.0 %

_ Use of estimates When drawing up the consolidated accounts, it is necessary to make a certain amount of 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 business year. The actual amounts may deviate from the respective estimates.

_ Cash flow statement The total funds comprise cash in hand and bank balances.

_ Credit risks The company is fundamentally exposed to default risks in respect of its trade receivables. Provision has been made for these risks by making appropriate value adjustments.

_ Intangible and tangible assets Intangible and tangible assets are valued at purchase cost or manufacturing cost less systematic straight-line or reducing-balance depreciation. Financing costs were not taken into account. 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 arising from capital consolidation is capitalised and written off 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) comprises unit costs and attributable production overheads.

_ Inventories Inventories are valued at purchase cost or the lower market value.

_ Financing instruments The method for and valuation of financing instruments are described under the specific items. No derivative

financial instruments are deployed, so there are no effects from applying SFAS 133, 'Accounting for Derivative Instruments and Hedging Activities'.

_ Receivables All receivables have a residual term of less than one year. Adequate consideration was given to risks of default.

_ Liquid assets The liquid assets consist of cash in hand and bank balances.

_ Provisions Tax accruals and other provisions were formed wherever an obligation exists towards third parties, there is a likelihood of the claim being asserted and the prospective amount could 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 The liabilities are shown at the repayment value. The composition and remaining term is shown in the analysis of liabilities.

_ Realisation of sales Sales are recorded when a contract has been concluded with legal effect, delivery has been made and/or the service performed, a price has been agreed and can be determined, and it can be assumed that the price will be paid. Sales are shown less discounts, price reductions, customer bonuses and rebates. Price reductions reduce sales as soon as the relevant sales is shown in the accounts.

_ Recording of expenses Expenses are recorded as effective at the time they are incurred. Development expenses are booked in full as expenses when they are incurred.

// Notes on the consolidated balance sheet

_ Earnings per share The earnings per share are calculated by dividing the consolidated net income, after adjustments for extraordinary factors, by the quantity of shares issues (basic earnings per share). There is no dilution as a result of convertible bonds, stock options or similar instruments (potential common stock).

The earnings calculated per share is as follows:

$$\frac{\text{net income}}{\text{Qty. of shares}} = \frac{3.819.582}{12.000.000} = 0.32 \text{ DM/share}$$

The earnings per share are 0.32 DM.

_ Authorised capital of the parent company In accordance with Section 3 (5) of the Articles of Incorporation, the authorised capital is Euro 4,345,000.

The Management Board is authorised, subject to approval by the

Supervisory Board, to increase the share capital in the period until September 30, 2004 one or more times by a maximum nominal amount of 4,345,000 Euro. The Management Board is authorised under certain conditions, and subject to approval by the Supervisory Board, to exclude existing shareholders from subscribing.

_ Contingent capital and stock option plan of the parent company

The Shareholders' Meeting of 21 January 2000 approved a conditional share capital increase of 180,000 Euro, pursuant to Section 3 (6) of the Articles of Incorporation, to be effected by issuing up to 180,000 bearer-shares with no par value (unit shares) for the purpose of granting stock option rights.

The company plans to issue options to employees for the acquisition of shares. No such options have been issued as at the time of reporting.

The conditional share capital increase shall be implemented only to the extent that the stock options granted with the approval of the Supervisory Board are exercised.

_ Development of consolidated shareholder equity

	Qty. of shares Qty.	Subscribed capital // DM	Capital reserves // DM	Balance-sheet loss / profit // DM	Adjustment for consolidation // DM	Total // DM
Status as at 01.01.2000	8,690,000	16,996,163		- 4,163,987	122,227	12,954,403
Consolidated net income				3,819,582		3,819,582
Shares issued	3,310,000	6,473,797	72,170,127			78,643,924
Costs of initial public offering			- 5,128,878			- 5,128,878
Tax effect			2,077,196			2,077,196
Difference arising from consolidation					143	143
Status as at 31.12.2000	12,000,000	23,469,960	69,118,445	- 344,405	122,370	92,366,370

Analysis of Group assets

>> for the 2000 business year

CTS EVENTIM Aktiengesellschaft, Munich

The composition and development of assets are shown in the following analysis.

	Purchase cost / Manufacturing cost				Status 31.12.2000 // DM
	Status 01.01.2000 // DM	Additions // DM	Change in consolidated companies // DM	Disposals // DM	
I Intangible assets					
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	8,172,006	11,106,272	721,955	7,535	19,992,698
2_ Goodwill	16,866,190	41,699,173	0	0	58,565,363
3_ Customer base	1,828,900	0	0	0	1,828,900
4_ Payments on account	0	464,361	0	0	464,361
	26,867,096	53,269,806	721,955	7,535	80,851,322
II Tangible assets					
1_ Land, land rights and buildings, including buildings on third-party land and similar land rights without buildings	134,926	23,943	447,362	20,000	586,231
2_ Other facilities, operating and office equipment	5,061,563	3,299,741	3,981,994	385,104	11,958,194
	5,196,489	3,323,684	4,429,356	405,104	12,544,425
III Financial assets					
1_ Shares in affiliated companies	127,890	25,261	806,886	0	960,037
2_ Participations	0	0	840,376	20,000	820,376
3_ Loans to affiliated companies	0	38,517	0	0	38,517
4_ Marketable securities classed as fixed assets	0	22,913	0	0	22,913
	127,890	86,691	1,647,262	20,000	1,841,843
Total	32,191,475	56,680,181	6,798,573	432,639	95,237,590

Accumulated depreciation					Book values	
Status 01.01.2000	Additions	Change in consolidated companies	Disposals	Status 31.12.2000	Status 31.12.2000	Status 31.12.1999
// DM	// DM	// DM	// DM	// DM	// DM	// DM
879,306	2,785,046	243,420	7,532	3,900,240	16,092,458	7,292,700
982,421	2,858,646	0	0	3,841,067	54,724,296	15,883,769
1,828,900	0	0	0	1,828,900	0	0
0	0	0	0	0	464,361	0
3,690,627	5,643,692	243,420	7,532	9,570,207	71,281,115	23,176,469
60,600	45,405	326,516	19,999	412,522	173,709	74,326
2,560,235	2,088,305	2,376,093	371,973	6,652,660	5,305,534	2,501,328
2,620,835	2,133,710	2,702,609	391,972	7,065,182	5,479,243	2,575,654
0	0	357,499	0	357,499	602,538	127,890
0	170,000	275,999	0	445,999	374,377	0
0	0	0	0	0	38,517	0
0	0	0	0	0	22,913	0
0	170,000	633,498	0	803,498	1,038,345	127,890
6,311,462	7,947,402	3,579,527	399,504	17,438,887	77,798,703	25,880,013

Analysis of liabilities

>> for the 2000 business year

CTS EVENTIM Aktiengesellschaft, Munich

	Balance sheet	Remaining term				
	Equity side	up to 1 year general	up to 1 year * from taxes ** social insurance	between 1 and 5 years	more than 5 years	secured with liens and similar rights
	// DM	// DM	// DM	// DM	// DM	// DM
_ Long-term loans						
The composition and remaining term of loans are shown in the following table.						
1_ Liabilities to banks	6,930,754	5,245,746				
Type of collateral						
> Assignment of receivables		685,016				685,016
> Pledging of fixed-deposit balances						
> Transfer of ownership of software under development		999,992				999,992
2_ Payments received on account of orders	19,434,262	19,434,262				
3_ Trade liabilities	15,491,842	15,491,842				
4_ Liabilities to affiliated companies	64,391	64,391				
5_ Liabilities to companies in which participations are held	25,000	25,000				
6_ Other liabilities	30,302,038	23,759,968	5,594,063*			
			948,007**			
	72,248,287	65,706,217	6,542,070	0	0	1,685,008

_ Financial commitments Contingent liabilities are fully disclosed on the equities and liabilities side of the balance sheet. Other financial obligations from short- and medium-term rental and leasing agreements are as follows:

	DM million
Rental obligations	1.873
Leasing obligations	1.700
	3.573

Of the rental and leasing obligations, DM 927,000 and DM 1.035 million, respectively, are due for payment within one year.

// Notes on the consolidated income statement

_ Removal and other expenses The removal and function expenses include the following material expenses of the Group companies pursuant to Section 275 (2) HGB:

	2000 // DM	1999 // DM
Costs for raw materials, supplies and purchased goods	3,579,375	1,852,432
Costs for purchased services	94,694,462	14,040,679

The expense items in the income statement consolidate the following personnel-related expenses of the Group companies:

	2000 // DM	1999 // DM
Wages and salaries	12,104,645	5,142,371
Social security contributions and expenses for pensions and support to employees	2,154,402	1,064,385

An average of 191 staff were employed by the Group during the business year. Of that total, 139 were employed in Germany and 52 in foreign countries.

_ Distribution costs The distribution costs include depreciations on goodwill amounting to DM 2,858,646. Expenses for promotion activities are recorded in full as expenses in the period they are incurred.

_ Income from bringing in participations Income amounting to DM 9,680 million resulted from bringing into Medusa the participations held in the two subsidiaries, Semmel and Scorpio. 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 received shares in Semmel and Scorpio, on the one hand, and the book value of the surrendered shares in Medusa is treated accordingly in the consolidated financial statements as having an impact on profits.

_ Taxes on income These are capitalised deferred taxes on losses carried forward and the ongoing tax expenses of subsidiaries for fiscal 2000. Additions to deferred tax claims in the reporting year were DM 3,299,183. The effects of the corporate taxation reforms from fiscal 2001 onwards were taken into account both for future and for previously capitalised deferred tax claims.

_ Reporting by market segment In accordance with US GAAP, specific data in the annual financial statements must be split according to the relevant criteria. The choice of presentation is based on the internal reporting of the Group. Figures in the annual financial statements are segmented according to field of operation.

The Group distinguishes between two segments as described in the management report.

Segment figures in DM thousand	Ticketing		Live Entertainment *
	2000 //	1999 //	2000 //
Sales	34,362	29,313	95,498
Segment earnings (EBIT)	- 12,278	- 6,300	7,245
EBITDA	- 6,390	- 3,285	9,134
Depreciation > of goodwill	1,132	982	1,727
> of other assets	4,756	2,033	162
Fixed assets	34,878	25,880	42,921
Other assets	84,499	52,915	56,320
Investments	14,852	9,650	129
Average number of employees	164	119	27

* There was no Live Entertainment segment in 1999!

_ Notes on the segments As at the end of 2000, the companies operating in the two segments were as follows:

Ticketing	CTS, CTS Berlin, TEX und GSO
Live Entertainment	Lieberberg, Rieger, Semmel und Scorpio

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

Internal sales between the Group companies in a segment have already been consolidated at segment level. Sales between the segments were eliminated in the consolidation column. Services were invoiced at the normal market prices charged to third parties.

Investments were mainly in tangible and intangible assets.

	Total for segments		Consolidation		Group	
	2000 //	1999 //	2000 //	1999 //	2000 //	1999 //
in DM thousand						
Sales	129,860	29,313	- 264	0	129,596	29,313
EBITDA					2,744	- 3,285
Depreciation					7,777	3,015
Operating profit (EBIT before extraordinary income)					- 5,033	- 6,300
Income from bringing in participations					9,680	0
Financial result					1,016	- 600
Profit / loss from ordinary business operations (EBT)					5,663	- 6,900
Extraordinary income					0	306
Taxes on income / deferred taxes					- 1,455	- 2,535
Other taxes					11	1
Net income / loss for the year					7,107	- 4,060
Third-party share of earnings					3,287	6
Consolidated net loss/income					3,820	- 4,066

When splitting the segment-related figures according to regional aspects, we confined ourselves to showing the sales figures.

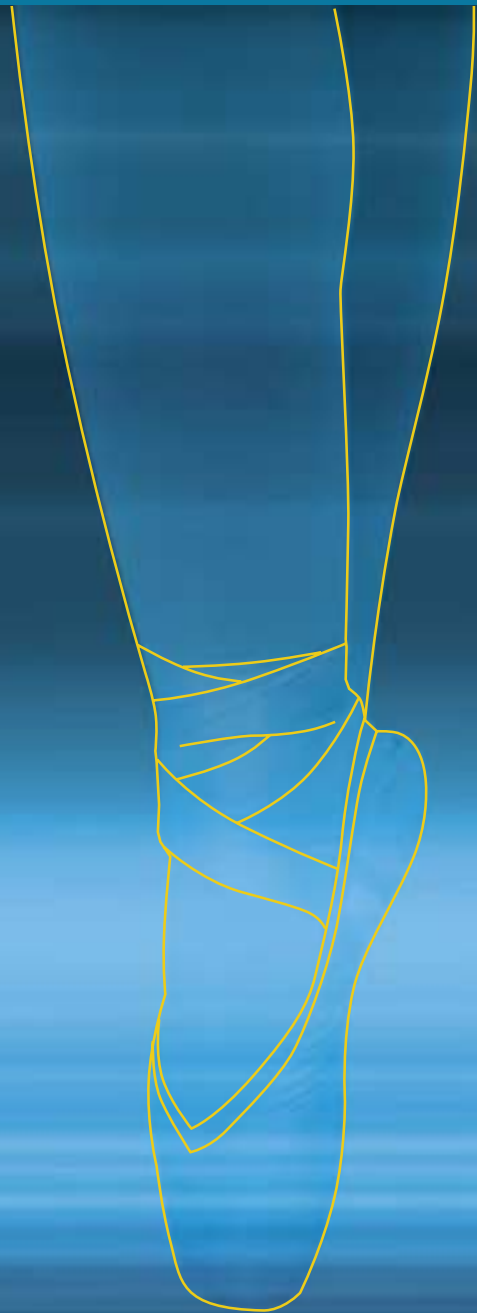
	2000 // TDM	1999 // TDM
Germany	125,584	25,615
Austria	4,013	3,698
	129,597	29,313

Management report and annual financial statement for fiscal 2000 (HGB)

>> as at 31 December 2000

CTS EVENTIM Aktiengesellschaft, Munich

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Management Report for the AG

>> CTS EVENTIM Aktiengesellschaft

// Macroenvironment and sectoral situation

Increasing life expectancy and reductions in working hours are leading to a significant rise in the proportion of leisure time and hence to a growing market for leisure events. As demand increases for sports events, rock/pop concerts, musicals, etc., the organisers of these events are looking for efficient ways of selling tickets. Interest is centred on sales via data networks, in addition to more conventional sales channels.

Networked sales of admission tickets using the CTS ticketing software distributed by CTS EVENTIM Aktiengesellschaft (hereinafter: CTS) is enjoying continued growth in demand in this context, and provides the company with additional and consistent growth potential.

A broadly diversified distribution network comprising a nationwide network of box offices in Germany, sales through call centres and an Internet ticket shop – at www.eventim.de – ensured that CTS was able to further expand and consolidate its market position. This outstanding market position is reinforced by long-term ties between the organisers and box offices, on the one hand, and CTS, on the other.

By acquiring shareholdings in tour and concert organisers during the year under review, these ties were further intensified. In addition to many years of experience in the ticketing field, CTS also

enables organisers to minimise their ticket placement risks using the nationwide online distribution network, and provides additional services for statistics and planning. Owing to its broad range of services, which extends far beyond the distribution of event tickets, CTS already participates in the value creation process in ticket and event marketing, and will do so to an even greater degree in the future.

In addition to the distribution system in Germany, CTS is also a leading provider of network ticketing services in Austria through its subsidiary, Ticket Express Gesellschaft zur Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Vienna (hereinafter: TEX). TEX is represented in Hungary through a holding company and operates a sales office in Slovenia.

The competitive environment in Germany is characterised by a small number of national ticketing agencies and a large number of regional companies.

CTS enjoys a major competitive advantage over competitors by virtue of the fact that CTS operates in a wide variety of market segments using a networked ticketing system, not only throughout Germany but also in other European countries, and links all sales channels in a single database. Another advantage enjoyed by the company is its cooperation with major event organisers, which means that tickets for many different and attractive events can be sold through all distribution channels.

// Corporate situation

On 1 February 2000 the company went public by placing CTS shares on the Neuer Markt in Frankfurt. Of a total 3,000,000 shares, the company issued 1,800,000 shares on the Neuer Markt from an increase in shareholder equity. The emission generated liquid assets for the company amounting to Euro 38.7 million (based on the issue price of Euro 21.50 per share). The proceeds from the share issue were booked as capital reserves after deduction of emission costs.

The company is primarily involved in the production, sale, brokerage and distribution of admission tickets for events of all kinds, using electronic data processing and modern technologies for communication and data transmission.

To this end, the company operates a computer-assisted system for selling admission tickets for events of all kinds to final consumers through many distribution channels (box offices, call centres and the Internet). This enables organisers to sell their tickets through a widespread network of box offices and other sales outlets.

CTS is managed from its head office in Munich. The company also has sales offices in Berlin, Bremen, Düsseldorf and Hamburg.

// Personnel

An average of 83 staff were employed by CTS during the 2000 business year.

The increase in workforce size, by 31 from 52 employees in 1999 to 83 staff in 2000, was mainly the result of establishing e-commerce operations.

// Development of sales, turnover and income

As a basis for comparison, the previous year's figures are only of limited use because they pertain to a rump six-month year due to the merger between KPS Computerticket Beteiligungsgesellschaft with CTS GmbH (01.07. to 31.12.1999).

Sales revenue in the period under review amounted to DM 24.931 million. Compared to the same period in the previous year of 1999, sales improved by DM 2.433 million. Due to the fact that the Customer Relationship Management (CRM) systems were not fully deployable in 2000, sales through the new Internet and call center sales channels did not evolve to the expected extent. Nevertheless, the proportion of total sales effected through the Internet was 10.4%, which is many times the previous years' figure (0.83%).

An operating loss of DM 11.352 million for fiscal 2000 resulted from increased expense for software depreciation, investments in expanding the sales organisation, and expenses relating to the loss-making fields of call centre and Internet sales.

After offsetting the financial profit of DM 1.902 million, the result is a loss from normal business operations (EBT) of DM 9.45 million.

// Investments and financing

One of the most striking investments in the reporting year involved the acquisition, through a subsidiary, of major shareholdings in tour and concert organisers.

In the software engineering field, further development the CTS ticketing software involved investments totalling DM 8.605 million. A further DM 2.156 million was invested in the new Internet site featuring integrated Customer Relationship Management.

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 (DM 1.686 million). DM 849,000 were invested in technical equipment for the CTS ticketing software system and for the Internet shop.

These investments were financed from the emission proceeds.

// Events of particular significance

A new live entertainment segment was established, in addition to the ticketing segment, through the intermediate holding company Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg, which for its part holds 92.32 % of the shares in another holding company, Medusa Beteiligungsverwaltungs GmbH Gesellschaft Nr. 52 mbH, Frankfurt/Main (hereinafter: Medusa). Through Medusa holding company, majority shareholdings are held in the following organisers of concert and tour events:

	Percentage stake
Marek Lieberberg Konzertagentur GmbH, Frankfurt am Main (hereinafter: Lieberberg)	51.0 %
Peter Rieger Konzertagentur GmbH, Cologne (hereinafter: Rieger)	60.0 %
Scorpio Konzertproduktionen GmbH, Hamburg (hereinafter: Scorpio)	50.2 %
Semmel Concerts Veranstaltungsservice GmbH, Bayreuth (hereinafter: Semmel)	50.2 %

By acquiring shareholdings in leading German tour and concert organisers, CTS succeeded in consolidating and extending its range of services and its position in the ticketing market.

In fiscal 2000, resolutions were adopted to change the legal form of the subsidiaries GSO Gesellschaft für Softwareentwicklung und Organisation mbH (hereinafter: GSO) in the ticketing segment and Lieberberg and Rieger in the new live entertainment segment to limited partnerships (Kommanditgesellschaften) and to file these changes at the Commercial Registry. Following this change of legal form in respect of GSO, Lieberberg and Rieger, the holdings of the CTS parent company are structured as follows:

> [Organisation chart: Corporate structure of CTS EVENTIM AG and its subsidiaries as at 31.12.2000, pages 32/33.](#)

// Appropriation of profits

Our recommendation to this year's Shareholders' Meeting is to carry forward the net loss for the year to the new fiscal 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. We therefore submit a report pursuant to Section 312 AktG [Stock Corporation Act], containing the following declaration by the management board:

'In the legal transactions referred to in the report concerning relations with affiliated undertakings, our company received an

appropriate counter-performance for each transaction in the circumstances known to us at the time the transactions were effected. No legal transactions or measures were carried out or omitted at the suggestion or in the interest of the controlling company or companies affiliates with same.'

// Research and development

In order to broaden the range of ticketing-related services, tap additional sources of revenue and also to cater in an optimal manner to 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 thrust of research and development activities were therefore on further refinement of the CTS ticketing software for network operations and on developing the new Internet presence featuring integrated Customer Relationship Management.

Marketing the Group's own website and the data base obtained from Internet and call centre sales is planned for the years ahead.

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 expanded. Additional products and services besides pure ticket sales are to be created; in particular, event-related merchandising articles and organised travel are to be added to the portfolio.

A subsidiary of CTS is developing electronic access and control systems for large-scale events requiring special security precautions; these systems will be marketed alongside ticket sales. Plans for the medium term also include replacing normal tickets with chip tickets in potential areas such as season tickets or subscriptions.

// Significant events since the end of the business year

By bringing material capital assets into the Medusa subsidiary, the Group was enlarged in early January 2001 by the individual companies Argo concerts GmbH, Würzburg, Argo concerts GmbH, Nuremberg and Argo classical music GmbH, Würzburg.

A cooperation agreement was signed in January 2001 with the Rheinische Post publishing house, the aim being to establish a regional online company for integrating the national products of the Group and the regional events organised by the publishing house.

// Risks

Specific risk factors were explained and described in the Group management report.

// Outlook and objectives for 2001

The strategic objective of CTS is to reinforce its present market position and to expand its ticketing operations. A broad-based

promotion campaign beginning in March 2001 will reinforce awareness for the 'EVENTIM' brand among ticket sellers. The campaign is so designed that all sales channels – such as box offices, call centres and the Internet – can profit from it, whereby priority is attached to distribution through call centres and the Internet. In TV spots and the print media, especially, EVENTIM will be established as a synonym for leisure.

EVENTIM will become the first point of contact for consumers when it comes to organising their leisure time and obtaining the relevant information about events and tickets.

During the first half of 2001, our sales organisation and sales processes will be adapted to the further growth in customer numbers and to the ever-increasing demand at 'business to business' and 'business to consumer' levels.

The company intends to acquire additional participations in the current 2001 business year. Activities are now focused to a greater extent than previously on international events, parallel to the national market. New strategic alliances and acquisitions in Europe are aimed at tapping new national and international market segments and strengthening our market presence.

Munich, March 15, 2001
CTS EVENTIM Aktiengesellschaft

The Management Board

Balance sheet for the AG (HGB)

>> as at 31 December, 2000

CTS EVENTIM Aktiengesellschaft, München

ASSETS	2000 // DM	1999 // DM
A// Fixed Assets		
I Intangible assets		
1_ Concessions, industrial property and similar rights and assets, and licences to such rights and assets	15,585,184	7,166,643
2_ Goodwill	8,635,867	9,275,561
	24,221,051	16,442,204
II Tangible assets		
1_ Land, and buildings, including buildings on third-party land	33,175	46,447
2_ Other facilities, operating and office equipment	3,432,360	2,166,461
	3,465,535	2,212,908
III Financial assets		
1_ Shares in affiliated companies	8,327,547	8,234,952
B// Current assets		
I Inventories		
1_ Finished products and goods	651,017	174,780
II Receivables and other assets		
1_ Trade receivables	10,581,590	9,557,616
2_ Receivables from affiliated companies	35,354,209	0
3_ Receivables from companies in which participations are held	70,247	0
4_ Other assets	3,344,722	2,646,378
	49,350,768	12,203,994
III Cheques, cash in hand, Bundesbank and other bank balances	19,613,033	5,889,025
C// Prepaid expenses and accrued income	10,411	1,938
Total assets	105,639,362	45,159,801

EQUITY AND LIABILITIES	2000 // DM	1999 // DM
A// Shareholder equity		
I Subscribed Capital (Euro 12,000,000)	23,469,960	16,996,163
II Capital reserves	72,170,127	0
III Balance sheet profit / loss	- 21,104,308	- 6,933,894
	74,535,779	10,062,269
B// Provisions		
1_ Provisions for taxation	341,237	2,453,305
2_ Other provisions	3,732,684	3,008,465
	4,073,921	5,461,770
C// Liabilities		
1_ Liabilities to banks	3,817,762	10,593,507
2_ Trade liabilities	6,580,327	8,173,507
3_ Liabilities to affiliated companies	1,037,632	404,853
4_ Other liabilities	15,584,183	10,464,207
	27,019,904	29,635,762
D// Deferred income and accrued expenses	9,758	0
Total equity and liabilities	105,639,362	45,159,801

Income statement for the AG (HGB)

>> 01.01.–31.12.2000

CTS EVENTIM Aktiengesellschaft, Munich

	2000 // DM	1999 // DM
1_ Sales	24,930,814	12,888,415
2_ Production expenses for services performed in generating the sales revenue	15,202,361	9,327,034
3_ Gross return on sales	9,728,453	3,561,381
4_ Development expenses	425,939	0
5_ Distribution costs	15,149,579	4,421,066
6_ General administration expenses	3,926,643	1,500,117
7_ Other opening income	1,829,755	350,552
8_ Other operating expenses	3,407,960	3,977,729
9_ Income from participations	0	199,800
10_ Other interest and similar income of which from affiliated companies DM 1,323,503	2,688,783	49,378
11_ Interest and similar expenses	786,745	752,806
12_ Profit/loss from ordinary business operations	- 9,449,875	- 6,490,607
13_ Extraordinary expenses	4,680,881	447,997
14_ Extraordinary income	- 4,680,881	- 447,997
15_ Taxes on income	39,048	0
16_ Other taxes	610	212
17_ Net income/loss for the year	- 14,170,414	- 6,938,816
18_ Profit carried forward	- 6,933,894	4,922
19_ Balance sheet profit/loss	- 21,104,308	- 6,933,894

Notes on the annual financial statement

// Preparation of the annual financial statement

The annual financial statement for the 2000 business year was drafted in accordance with the German Commercial Code (Handelsgesetzbuch) and the Articles of Incorporation. Where options were available, disclosures were made in the Notes in order to maintain clarity and transparency. The company's accounts were kept in DM during the 2000 business year.

// General disclosures on accounting, valuation methods and currency translation

_ Layout The figures and valuations 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 AktG [Stock Corporation Act]; the income statement was drawn up according to the German form of income statement showing 'type of expenditure', pursuant to Section 275 (3) HGB in conjunction with Section 158 AktG .

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

Intangible and tangible assets are valued at purchase cost or manufacturing cost, including ancillary expenses, minus systematic depreciation.

The **goodwill** resulting from the merger is written off over the prospective lifetime of 15 years.

Low-value assets involving purchase costs of up to 800 DM are written off in full in the year of purchase, pursuant to the fiscal options provided by Section 6 (2) EStG [Income Tax Act].

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 during the first six months of the year, and the semi-annual depreciation in the case of acquisitions in the second six months of the year.

Shareholdings in affiliated companies are valued at purchase cost.

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

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

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

An appropriate amount of **provisions** has been made to cover discernible risks, in accordance with prudent business judgement.

_ Liabilities are shown at redemption value.

_ Currency translation Receivables and other assets are valued at the buying rate applicable on the balance sheet date or at the actual transaction rate if lower. Liabilities are valued at the selling rate applicable on the balance sheet date or at the actual transaction rate if higher.

// Notes and comments on specific items of the annual financial statement

_ Fixed assets The development of assets is shown in the following analysis:

Analysis of fixed assets, AG

>> Separate financial statement for the 2000 business year
CTS EVENTIM Aktiengesellschaft, Munich

	Purchase cost/Manufacturing cost			
	Status 31.12.1999 // DM	Additions // DM	Disposals // DM	Transfers // DM
I // Intangible assets				
1_ Concessions, industrial property rights and similar rights and assets, and licences to such rights and assets	7,982,097	11,132,252	0	0
2_ Goodwill	9,595,408	0		
	17,577,505	11,132,252	0	0
II // Tangible assets				
1_ Land, land rights and buildings, including buildings on third-party land and similar land rights without buildings	66,350	0	0	0
2_ Other facilities, operating and office equipment	4,032,755	3,016,780	136,355	0
	4,099,105	3,016,780	136,355	0
III // Financial assets				
1_ Shares in affiliated companies	8,234,952	92,595	0	0
Total	29,911,562	14,241,627	136,355	0

	Accumulated depreciation				Book values	
Status 31.12.2000 // DM	Status 31.12.1999 // DM	Additions // DM	Disposals // DM	Status 31.12.2000 // DM	Status 31.12.2000 // DM	Status 31.12.1999 // DM
19,114,349	815,454	2,713,711	0	3,529,165	15,585,184	7,166,643
9,595,408	319,847	639,694	0	959,541	8,635,867	9,275,561
28,709,757	1,135,301	3,353,405	0	4,488,706	24,221,051	16,442,204
66,350	19,903	13,272	0	33,175	33,175	46,447
6,913,180	1,866,294	1,750,881	136,355	3,480,820	3,432,360	2,166,461
6,979,530	1,886,197	1,764,153	136,355	3,513,995	3,465,535	2,212,908
8,327,547	0	0	0	0	8,327,547	8,234,952
44,016,834	3,021,498	5,117,558	136,355	8,002,701	36,014,133	26,890,064

Analysis of liabilities, AG

>> for the 2000 business year

CTS EVENTIM Aktiengesellschaft, Munich

// Receivables and liabilities

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

Other provisions relate to expenses for outstanding supplier invoices (DM 991,000), legal, consultancy and litigation costs (DM 623,000)

vacation and overtime (DM 282,000) and for bonuses/special payments (DM 381,000).

Liabilities to affiliated companies consist entirely of trade payables.

The residual terms of the **liabilities** are shown in the following analysis of liabilities.

Liabilities	Balance sheet	Remaining term				
	Equities side	up to one year general	up to one year * from taxes ** social security contributions	between one and five years	more than five years	secured with liens and similar rights
	// DM	// DM	// DM	// DM	// DM	// DM
1_ Liabilities to banks	3,817,762	2,132,754				
Type of collateral						
> Assignment of receivables		685,016				685,016
> Pledging of fixed-deposit balances						
> Transfer of ownership of software under development		999,992				999,992
2_ Trade liabilities	6,580,327	6,580,327				
3_ Liabilities to affiliated companies	1,037,632	1,037,632				
4_ Other liabilities	15,584,183	15,127,138	286,477*			
			170,568**			
	27,019,904	26,562,859	457,045	0	0	1,685,008

// Income statement

Sales are structured as follows:

	// DM
Ticket sales	16,564,244
Data line charges	3,751,881
Proceeds from IT services	1,970,000
System rental, maintenance, installation	1,875,453
Sales of merchandise	317,032
Other	452,204
	24,930,814

Sales were predominantly generated on the domestic German market.

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

	// DM
Cost of raw materials, consumables	1,165,101
Cost of purchased services	9,981,188
	11,146,289

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

	// DM
Wages and salaries	6,845,239
Social insurance contributions and expenses for company pensions and support	960,966
	7,806,205

The **distribution costs** include depreciation on goodwill for fiscal 2000 amounting to DM 640,000.

Other operating income includes DM 301,000 in income generated outside the reporting period.

Interest and similar income includes income from affiliated companies amounting to DM 1,323,503.

The **extraordinary expenses** show only the costs for preparing and executing the company's initial public offering.

// Other disclosures

_ Contingent liabilities and other financial obligations Contingent liabilities are fully disclosed on the equities and liabilities side of the balance sheet. Other financial obligations from short- and medium-term rental and leasing agreements total DM 1.868 million. Of that total, DM 952,000 are due for payment within one year. Rental obligations amount to DM 679,000 and leasing obligations to DM 1.189 million.

_ Contingent capital and stock option plan At the Shareholders' Meeting on 21 January 2000, a conditional share capital increase of 180,000 Euro was agreed upon. This shall be implemented 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 each participate in the profits of the company from the beginning of the year in which the options are exercised. The Management Board is authorised to specify the further details of the conditional capital increase and its implementation, subject to approval by the Supervisory Board.

_ Participations held

Company	Nominal capital //DM	Share // %	Equity capital //DM	Annual earnings//DM
GSO Gesellschaft für Softwareentwicklung Schwegenheim (from 22.12.2000: GSO Gesellschaft für Softwareentwicklung und Organisation mbH & Co. KG)	500,000	80.0	530,340	- 77,429
Ticket Express Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna	500,000*	75.0	- 5,461,601*	- 8,682,044*
CTS Computer Ticket Service Betriebsgesellschaft mbH Berlin, Berlin	50,000	66.6	405,861	90,584
Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg	50,000	100.0	50,439	274

*ATS.

// Executive bodies of CTS EVENTIM AG

The **members** of the Management Board during the business year were:

- > Klaus-Peter Schulenberg, Bremen – Chairman –
- > Volker Bischoff, Dipl.-Ökonom, Stuhr
- > Cornelia Einsiedel-Michaely, Dipl.-Volkswirtin, Hamburg (until 31.12.2000)
- > Thomas Vogt, Dipl.-Kfm., Vechta (from 01.11.2000)

The total emoluments paid to the Management Board in the business year were DM 1,359,083.

The **members of the Supervisory Board** in the business year were:

Number of other supervisory board positions

Thilo Nesnidal, Tax Consultant, Bremen – Chairman –	0
Christa Nesnidal, Manager, Bremen	0
Ulrike Thümmel, Manager, Bremen	0

The first Supervisory Board was succeeded by resolution of the Shareholders' Meeting of 21 January 2000. The new members elected to the Supervisory Board were as follows:

Edmund Hug, businessman, Oberstenfeld – Chairman –	6
Dr. Peter Haßkamp, company director, Bremen – Vice Chairman –	5
Marek Lieberberg, manager, Frankfurt am Main (until 23.08.2000)	0
Dr. Peter Versteegen, attorney, Hamburg (from 24.08.2000)	2

The members of the Supervisory Board of CTS EVENTIM Aktiengesellschaft received emoluments totalling 120,000 DM for the 2000 business year.

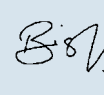
// Employees

On average, 83 persons were employed by the company during the year. These were all salaried employees.

Munich, 20 March 2001
CTS EVENTIM AG



Klaus-Peter Schulenberg



Volker Bischoff



Thomas Vogt

Executive bodies

Management Board

Klaus-Peter Schulenberg	Bremen	Chairman	
Volker Bischoff, Economist	Stuhr		
Cornelia Einsiedel Michaely, Economist	Hamburg		until 31.12.2000
Thomas Vogt, Businessman	Vechta		since 01.11.2000

Supervisory Board

Edmund Hug, Businessman	Oberstenfeld	Chairman	
Dr. Peter Haßkamp, Director	Bremen	Vice Chairman	
Dr. Peter Versteegen, Lawyer	Hamburg		since 24.08.2000
Thilo Nesnidal, Tax Consultant	Bremen		until 01.02.2000
Christa Nesnidal, Manager	Bremen		until 01.02.2000
Ulrike Thümmel, Manager	Bremen		until 01.02.2000
Marek Lieberberg, Manager	Frankfurt		from 01.02.2000 to 23.08.2000

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Note of confirmation for the Group

We have audited the consolidated financial statements for the year ending 31 December 2000 of

>> **CTS EVENTIM Aktiengesellschaft, Munich,**

the consolidated income statements, the consolidated cash flow statements and the analysis of consolidated shareholder equity for the 2000 business year (hereinafter: the consolidated financial statements).

Preparing the consolidated financial statements in accordance with the United States Generally Accepted Accounting Principles (US GAAP) is the responsibility of the CTS EVENTIM AG management board. 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 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 statement is free of significant errors. 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 provides a sufficiently secure basis for our assessment.

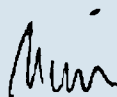
In our opinion as based on our audit, the consolidated financial statements referred to in the foregoing communicate in every significant respect a true and fair view of the Group's net worth and financial position as at 31 December 2000, and of the income and financial flows during the 2000 business year, in compliance with the United States Generally Accepted Accounting Principles (US GAAP).

Our audit, which also covered the Group management report prepared by the Management Board for the business year from 1 January to 31 December 2000, found no cause for objection. We are convinced that the Group management report, combined with the other disclosures in the consolidated financial statements, provides a correct view of the company's position and of the risks facing the future development of the Group.

We also confirm that the consolidated annual financial statements and the Group management report for the business year from 1 January to 31 December 2000 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, 26 April 2001

Central Treuhand AG
[firm of chartered accountants]



Mörtl // Chartered Accountant



Bayer // Chartered Accountant

Note of confirmation for CTS AG

We have audited the annual financial statements, including the accounting and the management report of

>> **CTS EVENTIM AG**

for the business year ending on 31 December 2000. The accounting and the preparation of the annual financial statement and the annual report in accordance with German accounting legislation and the supplementary provisions in the memorandum and articles of incorporation are the responsibility of the company managers. Our task was to provide an opinion, based on our audit, on the annual financial statement and the management report.


We conducted our audit in accordance with Section 317 HGB [the 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 carried out in such a manner that an adequately secure assessment can be made of whether the bookkeeping and the annual financial statement are free of significant errors. The audit evaluates on the basis of random samples the documentary evidence for the information provided in the bookkeeping and the management report. The audit includes an assessment of the accounting principles applied and the principal assessments by the company management, as well as an assessment of the overall presentation of the annual financial statement and the management report. We believe that our audit forms a sufficiently secure basis for our audit 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 management report provides a correct view of the company's position and of the risks facing the future development of the company.

Munich, 26 April 2001

Central Treuhand AG
[firm of chartered accountants]



Mörtl // Chartered Accountant



Bayer // Chartered Accountant

Report of the Supervisory Board of CTS EVENTIM AG

>> on the annual financial statements of the company
for the business year from 1 January to 31 December 2000

1 The first Supervisory Board of the company remained in office until 31 January 2000, inclusive. The Board members were Thilo Nesnidal (Chairman), Christa Nesnidal and Ulrike Thümmel (all in Bremen).

The first Supervisory Board was succeeded by resolution of the Shareholders' Meeting (plenary meeting) of 21 January 2000 as at 1 February 2000; the new members elected to the Supervisory Board were Messrs. Edmund Hug (Oberstenfeld), Dr. Peter Haßkamp (Bremen) and Marek Lieberberg (Frankfurt).

At the Supervisory Board meeting of 4 May 2000, Mr. Edmund Hug was elected Chairman of the Supervisory Board, with Dr. Haßkamp as Vice-Chairman.

At the Shareholders' Meeting on 24 August 2000, Dr. Peter Versteegen (Hamburg) was elected to succeed Mr. Marek Lieberberg, who retired at his own behest from the Board.

2 On the basis of the documents prepared for the company's IPO and the reports submitted to date, the Supervisory Board informed itself extensively about the business development and the general business situation of the company. Following the Initial Public Offering on 1 February 2000, the Supervisory Board held meetings on 4 May, 4 July and 23 November 2000 that were also attended by the full Management Board of the company, and was able to consider those matters of significance for the company.

3 At the Shareholders' Meeting on 24 August 2000, Central Treuhand AG Wirtschaftsprüfungsgesellschaft, Munich was appointed to audit the fiscal 2000 annual financial statement and the consolidated financial statements of the Group. The audit assignment was duly granted by the Chairman on behalf of all members of the Supervisory Board, following a unanimous resolution to that effect at the Supervisory Board meeting held on 8 February 2001.

The fiscal 2000 annual financial statement, the fiscal 2000 consolidated financial statements, the Management Report and the subordinate status report were submitted in a timely manner to the Supervisory Board by the Management Board of the company together with the respective audit reports.

At the Supervisory Board meeting on 24 April 2001, the annual financial statement and the consolidated financial statements for the 2000 business year, as well as the Management Report and the Management Board proposal for appropriation of profits were discussed with the Supervisory Board. The Supervisory Board had an opportunity to put questions to the auditor, who was also present at the meeting.

The annual financial statements were prepared by the Management Board in accordance with statutory requirements and were given unqualified notes of confirmation by the auditor.

Following the final audit, the Supervisory Board raises no objections to the annual financial statements drawn up by the Management Board, which are therefore formally adopted in accordance with the laws governing joint stock corporations.

_4 The Management Board has proposed that the net loss for the 2000 business year, at DM 14,170,414, be carried forward with the balance sheet loss of DM 6,933,894 to the new business year.

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

_5 The Management Board submitted the subordinate status report that it prepared in accordance with Section 312 AktG [Stock Corporation Act] and which was audited by the auditor. The Supervisory Board accepts the result of the audit, which finishes with the following unqualified note of confirmation:

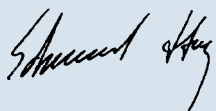
'Having duly conducted our audit and assessment, we hereby confirm that

1. the statements of fact made in the report are correct
2. that the services rendered by the company in the legal transactions mentioned in the report were appropriate, or that disadvantages were offset.'

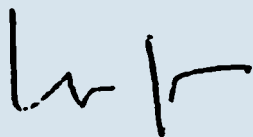
_6 Personnel changes occurred in the Management Board to the extent that, as of 1 November 2000, Mr. Thomas Vogt, Vechta, was appointed to said Board, where he assumed responsibility for Marketing and Sales, and that Ms. Cornelia Einsiedel-Michaely withdrew from the Management Board as at 31 December 2000.

The Supervisory Board thanks the Management Board and all employees for their remarkable performance in this, the company's first year as a listed stock company.

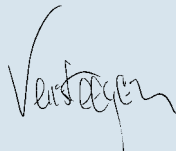
Hamburg, April 24, 2001



Edmund Hug
Chairman



Dr. Peter Haßkamp
Vice Chairman



Dr. Peter Versteegen

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