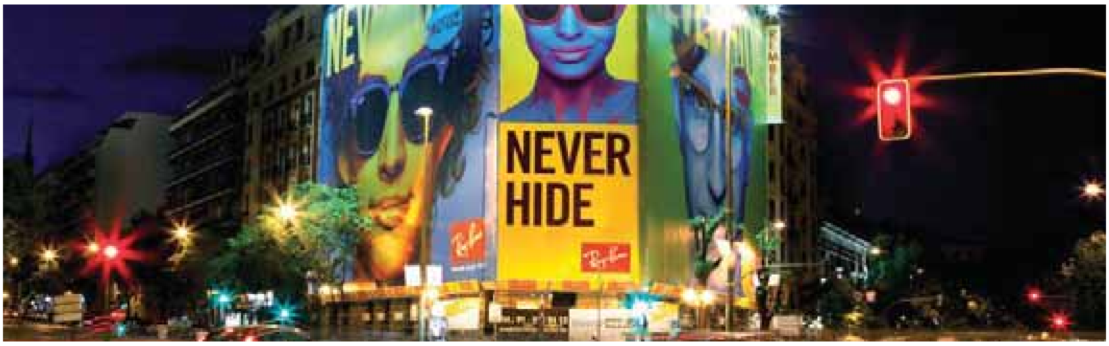
Ströer Out-of-Home Media AG
Annual report 2010

We create visibility.

STRÖER
out of home media

Contents



Key performance indicators

The Group's financial figures at a glance

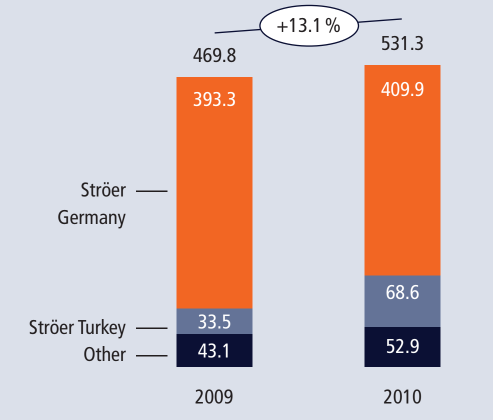
In EUR m	2010	2009	Change
Revenue	**531.3**	**469.8**	**13.1%**
Ströer Germany	409.9	393.3	4.2%
Ströer Turkey	68.6	33.5	>100.0%
Other	52.9	43.1	22.6%
Billboard	274.7	238.5	15.2%
Street furniture	134.6	118.1	14.0%
Transport	73.8	69.4	6.4%
Other	48.1	43.8	10.1%
Organic growth[1)]	7.5%	-2.5%	n.d.
Gross profit[2)]	198.8	169.1	17.6%
Operational EBITDA[3)]	**127.3**	**100.0**	**27.2%**
Operational EBITDA[3)] margin	**24.0%**	**21.3%**	
Adjusted EBIT[4)]	97.4	71.1	36.9%
Adjusted EBIT[4)] margin	18.3%	15.1 %	
Adjusted profit for the period[5)]	33.2	16.8	97.0%
Profit for the period	55.8	1.1	>100.0%
Earnings per share[6)] (EUR)	1.32	0.03	
Investments[7)]	28.5	22.4	27.0%
Free cash flow[8)]	-68.2	16.6	>100.0%

	31 Dec 2010	31 Dec 2009	Change
Total equity and liabilities	985.4	748.6	31.6%
Equity	296.6	-48.1	n.d.
Equity ratio	30.1%	-6.4%	
Net debt[9)]	320.1	495.4	-35.4%
Employees[10)]	1,731	1,587	9.1%

1 Organic growth: excluding exchange rate effects and effects from the (de-) consolidation and discontinuation of operations
2 Revenue less cost of sales
3 Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items and effects from the phantom stock program which was terminated as of the IPO
4 Earnings before interest and taxes adjusted for exceptional items, effects from the phantom stock program which was terminated as of the IPO, amortization of acquired advertising rights and impairment losses on intangible assets
5 Adjusted EBIT net of the financial result adjusted for exceptional items and the normalized tax expense
6 Calculated as actual profit for the period divided by the number of shares outstanding after the IPO
7 Including cash paid for investments in property, plant and equipment and in intangible assets but excluding cash paid for investments in non-current financial assets and cash paid for the acquisition of consolidated entities
8 Cash flows from operating activities less cash flows from investing activities
9 Financial liabilities less derivative financial instruments and cash
10 Headcount

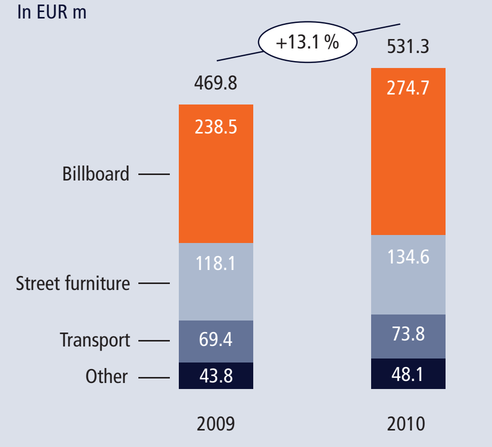
Revenue by segment

In EUR m



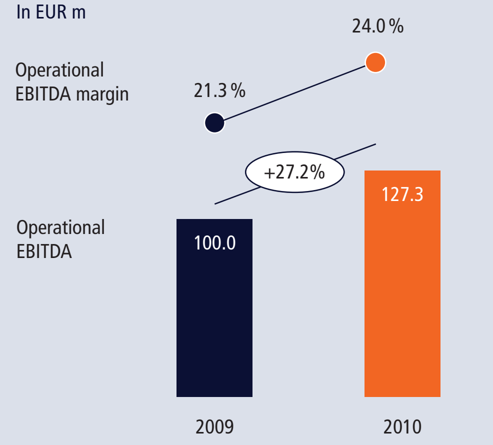
Revenue by product group

In EUR m



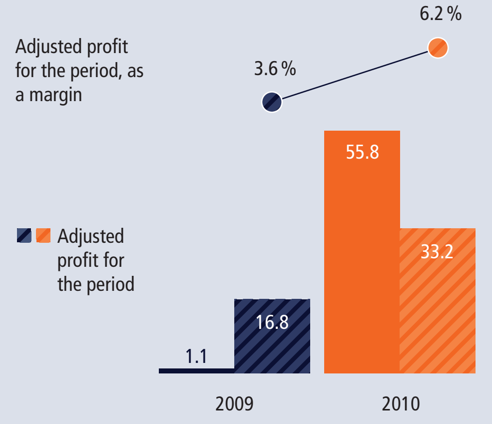
Operational EBITDA

In EUR m



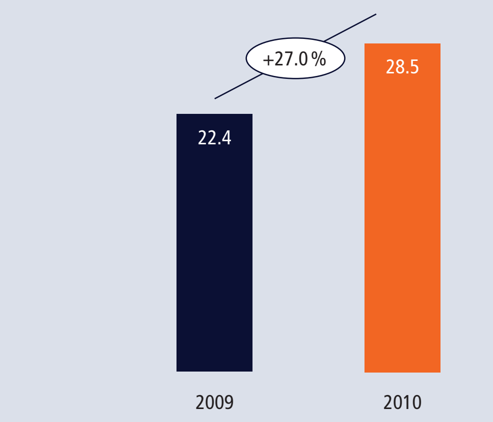
Profit for the period

In EUR m



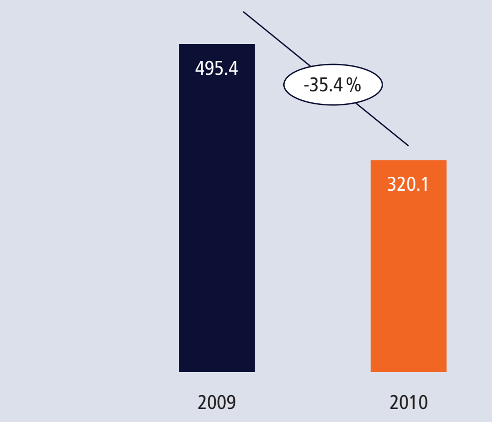
Investments

In EUR m



Net debt

In EUR m



We create visibility

Ströer Out-of-Home Media AG is one of the leading providers of out-of-home advertising in Germany, Turkey and Poland. We shape the cityscapes of major cities and municipalities with modern street furniture and high-quality advertising media. We offer our advertising clients customized, intelligently networked communications solutions for public spaces. Our advertising media allow them to communicate using large-format emotional images that give their messages high visibility and wide reach. We have created a basis for stable growth and operate in markets in which we take a lead, or can achieve a lead, in the out-of-home segment.

We create visibility

We deliver images – and with them ideas and visions, emotions and information. Strategies and messages – we make them visible. On large spaces using innovative technologies, we present them wherever they can be seen by millions of people every day.

Out-of-home advertising benefits from megatrends
Ströer Out-of-Home Media AG is one of the leading providers of out-of-home advertising in Germany, Turkey and Poland. Furthermore, we are one of the most significant and innovative companies in our industry worldwide. In Germany alone, we have some 230,000 advertising faces, with which we offer our clients an ideal environment to communicate their advertising messages in public places. The three global trends digitalization, growing mobility and urbanization make out-of-home advertising a central player in competition between brand messages. Out-of-home advertising is able to catch the attention of people using large-format images in a way that is quick, on topic and consistent. Parallel to this development, advancing digitalization in everyday life is bringing about substantial changes in advertising media and increasing fragmentation in the TV, print and radio segments. Out-of-home media are benefiting from this and becoming increasingly powerful. They underline the visibility of a major brand campaign. And major brands need successful profiling and broad reach. This is the future of out-of-home advertising.

Ströer Out-of-Home Media AG's leading position is primarily based on the experience and management competence of its employees. We have built up an extensive portfolio of advertising media over decades of working together with our municipal and private licensors. Our advertising clients book them for their regional or national campaigns. In Ströer Out-of-Home Media AG's core markets – Germany, Turkey and Poland – we offer them an extensive, high-performance and versatile network for successful marketing campaigns in the out-of-home media segment. This ranges from regional solutions, such as advertising on vehicles like buses and trains, through various backlit display cases with high-quality metal and glass structures in sophisticated designs, to a growing number of digital advertising screens, for example in trains and at train stations. Our broad range of advertising media allows us to meet almost all client demands in terms of frequency, size and type of presentation. They underscore our innovative strength and make us a strong and forward-looking provider for the advertising industry. With our innovative and powerful products, we ensure widespread perception of their advertising messages. We create visibility!

Partner of cities and municipalities
These investments in our product portfolio are shaped and secured through long-standing agreements and licenses with private owners and public-sector business partners. We develop intelligent infrastructure solutions for them, tailored to their needs and expectations. This meets the agenda of our municipal partners who, through street furniture that is partly developed specifically for them, enhance the cityscape, make infrastructure contemporary and functional and can also contract out responsibility for the ongoing maintenance of these elements to us. As a system provider, we can quickly identify additional requirements in our collaborations with cities and municipalities and create optimal solutions together. Besides providing the necessary traditional street furniture, like bus and tram stop shelters and public toilets, we also offer intelligent communication in the form of digital city guides and develop complementary services in the area of digitalization.

In this way, we have contractually secured an extensive portfolio of first-class advertising faces. We currently have some 20,000 licensing agreements in place with private owners of land and buildings in the public and private sectors. In Germany, we market all advertising faces at and in intercity and suburban train stations as well as at a large number of subway stations. With some 20,000 pieces of installed street furniture and corresponding contracts, we believe we are also Germany's largest provider of street furniture. All installed advertising media are developed and designed in our Company by our own research and development (R&D) department.

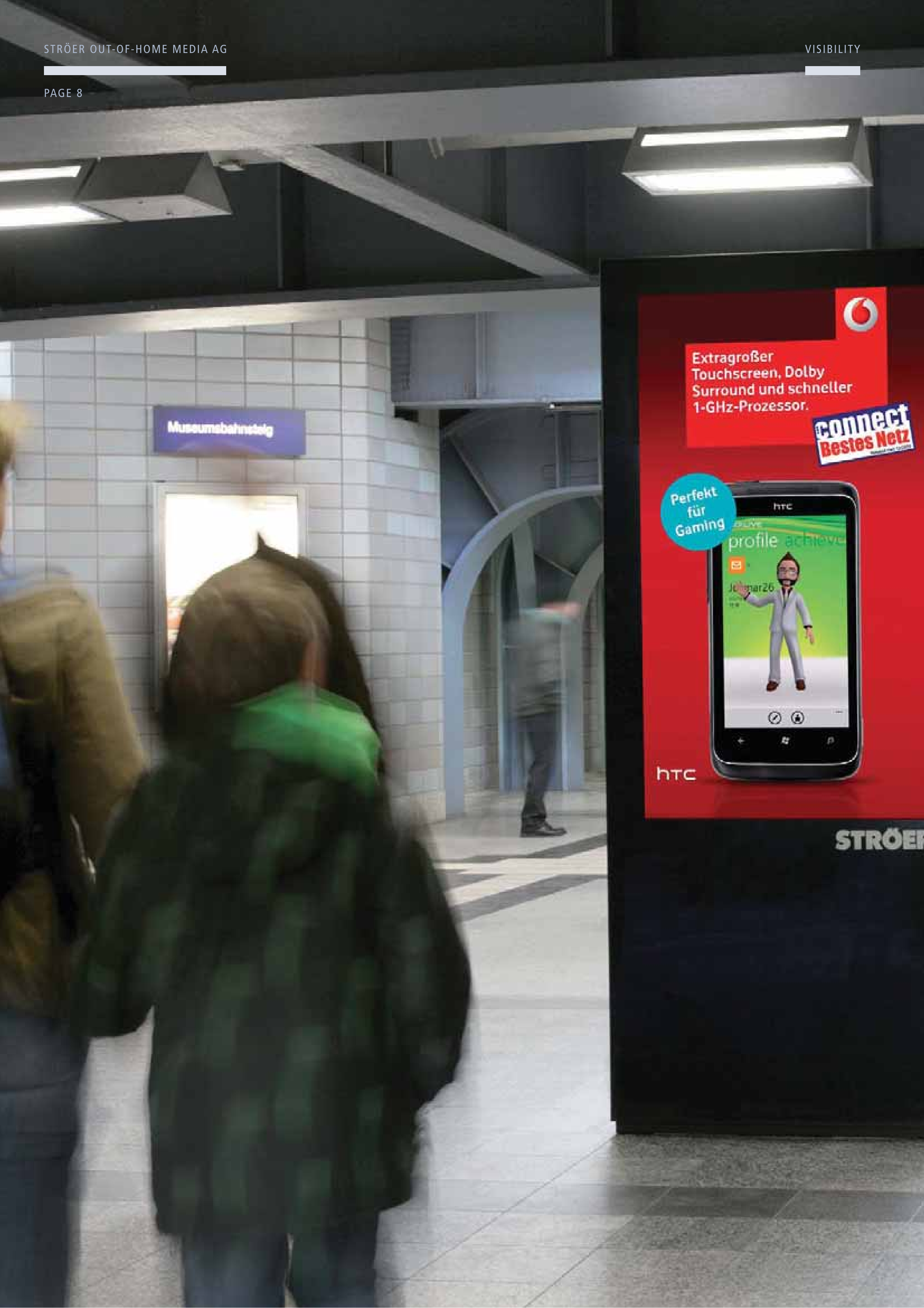
Out-of-home media work
The effectiveness of our product and service developments is also monitored by scientific studies. In studies with leading European research institutes, we look into the audience frequency at traffic junctions and in train stations. With measurement systems that are well established in many countries, like POSTAR for the GPS-based recording of audience reaches, we have tools at our disposal which we also plan to use as an industry solution in growth markets, such as in Turkey and Poland. This will enable us to offer our clients precise performance records for their booked spaces, in keeping with our claim of efficiency and transparency.

The growing importance of out-of-home media is constantly opening up new potential. In December 2010, we entered into a whole new dimension of digitalization with our high-tech advertising platform. By the end of 2011, Ströer will establish in the 200 largest train stations in Germany what we believe is the world's first country-wide network with significant reach for moving image campaigns in public spaces, with some 1,000 digital screens. Our out-of-home channel will enable our clients to reach people with their moving image campaigns from the TV even when they are on the move. This significant investment will give digitalization in out-of-home media the decisive innovative boost. New advertising strategies can be developed and the advantages of the out-of-home channel can be intelligently linked with traditional out-of-home media. By digitally connecting all screens to the planning center, we can change the advertising messages depending on the time of day, location, weather, etc., and thus address all kinds of target groups throughout the day.

Premium billboards set the benchmark
With the start of 2011, we are also enhancing our extensive billboard portfolio in Germany, where we are installing new backlit scrolling display cases in glass and aluminum designs at the most highly frequented locations on streets and in train stations. We create visibility. With this quality and capacity campaign, we are laying a further foundation stone for profitable growth over the next few years.

Corporate social responsibility made visible
The Ströer Group is expressly committed to meeting its social responsibilities. For us, public spirit is not just a buzzword, it is a core part of our business values and strategy. We support dedicated initiatives and charitable campaigns in a number of areas and use our advertising media to create visibility for their messages. We generate widespread attention for the issues of the "Initiative Vermisste Kinder" (Missing Children Campaign) and support university projects with hands-on experience of the out-of-home business. In the future, we will also support Deutsche Sporthilfe (German Sports Aid) and sponsor the "Dein Herz für Deutschland" (Your Heart for Germany) campaign. We will sponsor extremely promising young athletes on their path to international championships. As a company with extensive public reach, we see it as our duty to help improve quality of life in cities and municipalities. We therefore work with the German Foundation for Monument Protection, supporting it in its efforts to maintain architectural monuments and thus ensuring an attractive image for municipalities.

We create visibility. We have prescribed ourselves this mission statement for the successful future development of our company and to offer our clients optimum communications solutions. We support our partners in the municipalities with high-quality and attractive infrastructure services and give a face to charitable projects.


Museumsbahnsteig
Extragroßer Touchscreen, Dolby Surround und schneller 1-GHz-Prozessor.
connect
Bestes Netz
Perfekt für Gaming
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profile
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STRÖER

Digitalization revolutionizes out-of-home advertising

In the future, people will be able to see commercials not just on television, but on the move as well. They will be shown on large displays in full HD resolution in the most important train stations in Germany: the out-of-home channel is one of our most innovative growth projects. Visibility is the prerequisite for creating brand loyalty, emotionality and increasing selling rates. The new digital network for moving images allows brands and their campaign images to achieve an entirely new reach. In the first step, we will put 1,000 large-format screens into operation at the 200 largest train stations in Germany by the end of 2011, with which we will reach more than 20% of the overall population straight off. With the out-of-home channel, we are making our vision of the digitalization of out-of-home media a reality and thereby revolutionizing the industry. The new project is bolstered by the three megatrends of this century – digitalization, increasing mobility of people and urbanization. They act as jump start for our new channel. In the out-of-home channel, clients find the advantages of out-of-home media united with those of digital media: large like posters, moving images like television, and fast like the internet. It reduces lead times for a campaign to a minimum. The sequence of images on the screen synchronized in the direction of travel increases visibility and draws attention. Thanks to digital networking, clients can manage both the location and the timing of broadcasts, which is linked to a new booking system based on reach and day-part slots. Small infotainment sections promote the acceptance of passers-by and are controlled via a centrally compiled content system.

VISIBILITY


EINFACH DOPPELT.
DER NEUE McDOUBLE™ MIT DOPPELT BEEF.
1,49 €
sms
ich liebe es
STRÖER

Quality in large format: premium billboards

Ströer is launching a large-format quality campaign at locations with the widest reach. Although it is not easily possible to increase the number of prime locations – it is possible to increase their visibility and space capacities. By the end of 2015, we will convert some 5,000 billboards on streets and in train stations into backlit glass scrolling display cases. The scrolling technology allows a number of poster motifs to be used in each location and displayed alternately. This means a substantial increase in capacity for the most attractive locations in all cities with more than 100,000 inhabitants. The backlighting draws attention and enables products and brands to be presented with high impact. These new premium products offer entirely new possibilities for advertising messages at these locations – after all, our widest-reaching advertising media create greater flexibility for our clients in achieving individual media targets, reaching specific target groups and drawing regional attention. In the day, and especially at night – the whole year through.


NEVER HIDE
Ray-Ban
GENUINE SINCE 1937

Giant posters for attracting mega attention

Hardly any other form of out-of-home media is as effective and impressive in reaching the mobile target group as giant posters, also known as blowUP media. With their size and quality, they dominate their environment to an extent that makes them highly visible eye catchers at prime spots in major European cities. Anyone advertising on individual spaces of 80 to 4,000m² communicates emotion and size. This medium gains additional value through its strategic locations in urban areas, for instance in trendy districts, shopping streets, financial centers and conurbations as well as major traffic arteries. Since becoming part of Ströer in 1997, blowUP has not only been a key part of the national product range, it has also enabled us to have a presence outside of our core markets in Europe. For example, blowUP is the market leader for giant posters in Germany, the UK and the Netherlands and operates branches in Spain and Belgium. Overall, we have some 200 sites in the best locations, half of them in Germany. We are making giant posters a permanent fixture in cityscapes all across Europe and in the media plans of major advertising companies.


TURKCELL
TURKCELL

Growth markets in Turkey and Poland

With Turkey and Poland, Ströer holds a leading market position in countries that have impressive growth potential for out-of-home advertising in the coming years. In Turkey, for instance, the population, which already stands at some 73 million, is growing as fast as average personal incomes. Interesting from a demographic perspective is the young average age of 28 and the growing urbanization: 53% of the population now already lives in the 15 largest cities in the country and 9 cities have more than one million inhabitants. The global megatrends of urbanization and growing mobility are making themselves felt in both countries and enable out-of-home media to participate in the rapid economic growth. In Turkey in particular, we expect the advertising market and thus also the out-of-home market to continue to benefit greatly from the development of the economy as a whole. With more than 43,000 advertising faces marketed in more than 30 cities and more than 70 outdoor TV screens, Ströer is also the biggest out-of-home company in the Turkish market. Poland offers similar prospects and opportunities. Ströer is now in a strong position to play a major role in professionalizing out-of-home advertising in Poland, further consolidate the market and acquire new concessions for street furniture and City-Lights. Overall, we currently offer our Polish clients some 20,000 outdoor advertising faces in more than 200 cities across the country. In terms of revenue, we are already one of the leading providers of out-of-home advertising in Poland.

Dear shareholders,
dear business partners,

An impressive record year lies behind us: exciting, successful and full of new experiences. With revenue growing to EUR 531m and operational EBITDA increasing to EUR 127m, we achieved the best result in the history of the Company in 2010. Consolidated organic growth reached 7.5%. Had our Turkish operations been fully consolidated since 2009, revenue would have increased even more to EUR 562m, operational EBITDA to EUR 134m and organic growth to 9.4%. All operating segments made a decisive contribution to this result and more than met expectations. The positive trend has continued into the first few months of the new fiscal year and makes us optimistic about business development for the year as a whole.

Successful IPO

A particular highlight of the last year was the IPO, a milestone in the life of any company. We succeeded in placing some 19 million shares with national and international shareholders. The attractive issue price of EUR 20, together with the positive growth opportunities of Ströer Out-of-Home Media AG resulted in very high demand and in the oversubscription of shares. This is testimony to the attractiveness of our Company.

With our first steps onto the trading floor, we raised the visibility and public profile of Ströer Out-of-Home Media AG. For this reason, we prepared our first annual report as a listed company under the motto "We create visibility." This motto is two-toned: it describes our offering as a leading company in out-of-home media and applies equally to our position on the capital market. That is why we consciously chose a listing in the Prime Standard of the Frankfurt Stock Exchange, the segment with the most stringent transparency requirements for capital market communication.

Of the total issue proceeds generated by the IPO of almost EUR 371m, the Company received some EUR 290m, which put us in a position to systematically implement the planned measures.

Investments in European growth markets

An increase in equity and a substantial reduction in debt significantly improved the Company's financial position. In addition, we managed to sustainably strengthen our market position in the fastest growing economies in Europe: in Turkey we increased our investment in our joint venture to 90%, while in Poland we further expanded our market position with the purchase of News Outdoor Poland. In this context, we have laid important foundations for continuing our growth strategy.

With our key operations in Germany, Turkey and Poland, we benefit enormously from the above-average positive macroeconomic outlook in these countries in a European comparison. Additional growth impulses also result from the global megatrends of digitalization, urbanization and mobility, which are steadily shifting media usage trends towards out-of-home media.

Especially in Germany, this structural change will help to decisively bring the proportion of advertising expenditure spent on out-of-home media closer to the European average. It is currently still just 4%.

Furthermore, we expect the per-capita advertising revenue in Turkey and Poland, where it is still relatively low in European terms, to increase over the course of the continued highly dynamic economic development in these countries. There is market potential for us here, which we intend to exploit and which makes us optimistic about the future.

Out-of-home channel: moving images in HD quality
In addition, we are generating further growth through the establishment of our out-of-home channel in German train stations. With this solution, which is unique in Europe, Ströer's clients can for the first time use large-format moving images and videos in HD quality "out of home" for their advertising and achieve a reach comparable with medium-sized TV channels. Thus the out-of-home channel combines the advantages of out-of-home media with those of digital media – large like posters, animated like television and fast like the internet. At the same time, we are converting a certain number of billboards in Germany in the most highly frequented street locations and in train stations to premium versions – advertising media that until now have been static using conventional adhesive technology will be replaced by high-quality backlit display cases with scrolling poster space. These two measures in our innovation and capacity campaign create the basis for profitable growth over the next few years.

Our message: "We create visibility"
Our understanding of "We create visibility" goes far beyond the product range and capital market communication. For us, this motto is both a standard and challenge in terms of collaboration with all stakeholders. Fair and responsible conduct within and outside of our organization is an important component of our corporate philosophy and is put into practice by our employees every day. This standard is also reflected in our visible cultural and social commitment.

In this spirit, we thank our clients, shareholders and employees for the good working relationship and the trust placed in us over the last fiscal year. Much was new, exciting and successful, and that is how we would like it to continue.

Yours sincerely,

Udo Müller　　Alfried Bührdel　　Dirk Wiedenmann

Cologne, April 2011

Udo Müller
Chief Executive Officer

Udo Müller was born in 1962 in Rüdesheim. At the young age of 19, he managed his first publishing house. Following his medical degree, he founded the advertising agency Lunenburg & Partner in 1985, at the time one of Berlin's leading agencies. With the foundation of Lunenburg & Partner Mediaservice GmbH in 1987, he entered the field of out-of-home advertising. In 1990, he teamed up with Heinz W. Ströer to open up new outdoor advertising markets with Ströer City Marketing GmbH (later renamed Ströer Out-of-Home Media AG). The first success was the acquisition of extensive advertising concessions in East Germany after the fall of the Berlin Wall. After the company became Ströer Out-of-Home Media AG in 2002, Udo Müller advanced the growth of the company with the takeover of Deutsche Städte Medien (2004) and Deutsche Eisenbahn Reklame (2005). Over the following years, Udo Müller transformed the Ströer Group into the largest company in Germany for outdoor advertising and one of the leading international providers of out-of-home media.

Alfried Bührdel
Chief Financial Officer

Alfried Bührdel was born in 1962 in Bielefeld. From 1981 to 1983 he trained in banking. He went on to study business administration at the Westphalian Wilhelms University in Münster, where he obtained the degree of "Diplom-Kaufmann" in 1988. After university he took on the position of junior auditor of group auditing at the Bertelsmann Group in 1988. Over a period of more than nine years, he held various managerial positions at the Bertelsmann Group in Gütersloh, New York, Vienna and Munich, among others serving as Deputy Managing Director and Finance Director in different entities of the group. He joined Ströer City Marketing GmbH, Cologne, in 1998 as its Chief Financial Officer and has acted as CFO for the whole group of companies since then. In 2010 Alfried Bührdel was named "CFO of the Year" by Finance magazine.

Dirk Wiedenmann
Member of the board of management, CEO German operations

Dirk Wiedenmann, born in 1964, was appointed as a member of the board of management at Ströer Out-of-Home Media AG in May 2010. In addition to this, he has been chairman of the board of Ströer Media Deutschland since January 2009. Following his degree in agronomy, he began his career in 1990 in the Sales & Trade Marketing Department at Mars/Effern. From 1997 to 2000, he served there as Media Manager in domestic and international projects. Between 2000 and 2008, he held several top management positions with Initiative Media, a leading international media network. He was the Head of Management Germany, Regional Director for Austria, the Netherlands and Switzerland, as well as Executive Vice President for Europe, Middle East and Africa (EMEA). Most recently, he served as Chief Operating Officer/President EMEA.

© Photo: Anna Weise

Ladies and gentlemen,

For Ströer Out-of-Home Media AG and thus also for the activities of the supervisory board, fiscal year 2010 was dominated by the IPO and the related refinancing. The out-of-home industry has increased its competitiveness over the last few years and, together with TV and online media, is one of the fastest growing media in Germany. The Ströer Group benefited greatly from this development.

The supervisory board carefully monitored the work of the board of management on a regular basis over the reporting period. We mainly reviewed the legality, expediency and propriety of the board of management. We also supervised the preparation and execution of the IPO, the strategic development of the Group and significant individual measures.

The board of management informed the supervisory board at supervisory board meetings as well as through written and oral reports on the operating policies and all relevant aspects of business planning. In addition to the financial, investment and personnel planning, the development of business, the economic situation of the Company and the Group (including the risk situation and risk management), the financial position and the Group's profitability were discussed. For all decisions important for the Group, the board of management consulted the supervisory board in good time. For transactions requiring approval, we granted our approval after careful consideration and review of the documents presented to us by the board of management.

During fiscal year 2010, the supervisory board convened ten times and held one meeting by telephone. More than half of the supervisory board meetings were attended by all members of the supervisory board. Furthermore, we passed resolutions in writing three times, with all supervisory board members participating each time. In additional meetings, the chairman of the supervisory board, the deputy chairman of the supervisory board and the chairman of the audit committee discussed the details of the IPO and key business events with the board of management – in particular with the chairman of the board of management and the CFO. The supervisory board received regular reports on this. The audit committee convened two times in the fiscal year. The external auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, attended the closing meeting of the supervisory board and all meetings of the audit committee.

Focus of deliberations and review by the supervisory board plenum

At the meeting on 29 January 2010, the supervisory board discussed for the first time future capital market measures, including a potential IPO, in detail.

The meeting on 25 March 2010 covered the potential capital market measures once again, as well as risk management and the requirement to introduce an internal control system. The supervisory board also discussed the initial details of the purchase of another 40% of the shares in the Turkish entity Ströer Kentvizyon.

At the closing meeting on 20 April 2010, the supervisory board approved the Company's separate and consolidated financial statements. The supervisory board also resolved at this meeting to recommend the appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor. On 26 May 2010, the shareholder meeting adopted this recommendation and the chairman of the supervisory board subsequently issued a corresponding audit engagement to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. After in depth discussion, the board of management's plans to commence preparations for the IPO were approved and the resulting change in the facility agreement with a newly assembled banking syndicate was discussed intensively. Furthermore, the supervisory board granted its approval for the acquisition of shares in Ströer Kentvizyon. It also examined in detail the recommendations of the German Corporate Governance Code and resolved, among other things, to establish an audit committee.

At this meeting, we also appointed Dirk Wiedenmann to the board of management, extended the terms of office of the board of management members Udo Müller and Alfried Bührdel, and concluded employment contracts for members of the board of management.

The meeting on 17 May 2010 was the constituent meeting of the newly formed supervisory board following the departure of Dr. Ihno Schneevoigt and the appointment of Martin Diederichs. Progress on the preparations for the IPO as well as the negotiations for adjusting the facility agreement was discussed. With regard to the necessary amendments to the articles of incorporation and bylaws, we advised on corresponding recommendations to the shareholder meeting, especially with regard to the increase in capital stock and the creation of approved and conditional capital. The supervisory board also dealt in depth with the structure of remuneration for the board of management and approved the bonus arrangements with the board of management members Alfried Bührdel and Dirk Wiedenmann. The elections for the audit committee were also held during the meeting.

The preparations for the IPO were the focus of the meeting on 7 June 2010. The key points of the target acquisition of News Outdoor Poland were also discussed in detail.

As of 17 June 2010, the supervisory board granted its approval in writing for the acquisition of News Outdoor Poland, the amendment to the facility agreement and the amendment agreements for the subordinated loan agreements with NRW.Bank AöR and SKB Sparkassenbeteiligungsgesellschaft KölnBonn mbH.

At the meeting on 22 June 2010, the supervisory board looked again at the status of preparations for the IPO. We approved the recommendations of the necessary capital measures to the shareholder meeting and discussed the price range for the shares.

In a telephone conference on 1 July 2010, a resolution between meetings on 5 July 2010, a meeting on 13 July 2010, and another resolution between meetings on 16 August 2010, the supervisory board discussed and adopted the proposals for the price range for the IPO. Furthermore, the body approved recommendations to the shareholder meeting in relation to additional capital measures and amendments to the articles of incorporation and bylaws for the IPO.

At the meeting on 30 August 2010, the audit committee reported on its work for the first time. In addition, the findings of the efficiency audit of the supervisory board's work were discussed.

The meeting on 26 November 2010 was dominated by the interim report for the third quarter and the corresponding audit committee report. We also adopted the bonus arrangement for the chairman of the board of management Udo Müller. The appropriateness of supervisory board remuneration was also discussed, with the resolution for a recommendation to the next shareholder meeting. In the new remuneration arrangement, we do not intend to follow the recommendations of the German Corporate Governance Code to set up a performance-based component and a deductible for D&O insurance. In addition, the supervisory board discussed the new recommendations of the Code concerning diversity in the appointment of members of the supervisory board, board of management and other executive positions in the Company.

The budget of the Ströer Group was discussed in detail and approved at the budget meeting on 17 December 2010.

Deliberations of the supervisory board's audit committee

The audit committee established by resolution of the supervisory board meeting on 20 April 2010 convened for its constituent meeting on 17 June 2010, where it primarily discussed the timing of the upcoming interim report and the work of the auditor in this connection. Additional audit committee meetings were held on 6 August 2010 and 9 November 2010 and focused on the interim reports as of 30 June 2010 and 30 September 2010. Both meetings were led by the chairman of the audit committee and attended by the CFO and the Company's auditor. No other committee meetings were held.

Separate and consolidated financial statements
The separate and consolidated financial statements prepared by the board of management for fiscal year 2010 and the report by the board of management on relationships with affiliates (dependent company report) for the period from 1 January to 31 December 2010 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the underlying books and records and the combined management report for the Company and the Group. An unqualified audit opinion was issued in each case.

The documentation on the financial statements and the audit reports were promptly presented to all members of the supervisory board. The documents were the subject of intensive discussions in the audit committee and in the closing meeting of the super-visory board on 8 April 2011. The responsible auditor participated in the plenum discussions. He reported on the key findings of the audit and was available to answer questions.

We reviewed all documents presented by the board of management and the auditor in detail. Based on the final results of our review, we have no reservations and agree with the findings of the audit of the financial statements by Ernst & Young. We approve the separate financial statements, the consolidated financial statements and the dependent company report prepared by the board of management. The financial statements have thus been approved. We approve the proposal of the board of management for the appropriation of profit.

Changes to the composition of the supervisory board
The term of office of the supervisory board member Dr. Ihno Schneevoigt ran out at the end of the shareholder meeting on 14 May 2010. The shareholder meeting appointed Martin Diederichs to the supervisory board. At the constituent meeting of the newly elected supervisory board on 17 May 2010, Dr. Wolfgang Bornheim was confirmed as chairman of the supervisory board and Prof. Dr. h.c. Dieter Stolte as deputy chairman of the supervisory board.

Thanks
Our personal thanks go to the departing supervisory board member Dr. Ihno Schneevoigt, especially for his advice on personnel, organization and financing matters following the takeover of DSM Deutsche Städte Medien GmbH and DERG Deutsche Eisenbahn Reklame GmbH. Furthermore, the supervisory board would like to thank the board of management, the management of the group entities, the works council and all employees for their outstanding personal dedication, hard work and unwavering commitment.

On behalf of the supervisory board

Prof. Dr. h.c. Dieter Stolte
Deputy chairman of the supervisory board

Cologne, 8 April 2011


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699,90
OTTO
Information

GROWTH

Furniture for the city

It is impossible to imagine a modern cityscape without advertising on the street. Its many manifestations, from clock or company signs, through to City-Light posters and premium billboards, offer many opportunities, and not just for advertisers. We have also become irreplaceable partners for municipalities with regard to street furniture and city marketing, since financing the enhancement of cityscapes in any other way would often be impossible. Attractive street furniture virtually acts as a calling card for each city. That is why Ströer works with internationally renowned designers to develop a whole host of modern advertising media and street furniture, which is winning the most important design awards over and over again. For Hamburg city center, for example, there was the City-Light column, which raised the bar for out-of-home media. Despite complex requirements, our R&D department provided the finished product in just six months. Not only was this four weeks before the agreed deadline, but the backlit glazing and scrolling technology created a whole new visual impact and achieved much greater visibility. What's more, the new column also had a significant cost benefit. With our innovations, we continue to create quality of life as well as a high quality environment for both the population at large and for advertisers.


www.mainfm.de
DIE 10.000 € JAGD!
Jetzt MAIN FM hören und mit Ihren Megastars aus den 60ern, 70ern und 80ern täglich bis zu 10.000 € gewinnen.
Radio an:
95,1
MAIN FM

Advertising on the move

Whether on buses or trams, cars and trucks or Deutsche Bahn trains, hardly any other advertising media is more visible and present in our everyday lives than transport advertising. Transport advertising is the constant companion of the mobile person. No other segment offers advertisers so many possibilities, thanks to the multitude of different advertising media – both indoors and outdoors. Our clients, for example, can use small swing cards or swing ads on buses and trains or they can opt for total branding, whereby an entire vehicle communicates a brand inside and out. Out-of-home media is the only form of advertising that people can't switch off. It is visible every time people open their eyes and as such is an active and passive component of everyday perception. Modern market research has for some years been examining to what extent perception influences memory and purchasing behavior. Ströer employees are also helping to drive forward this new discipline, called neuromarketing, and further improve the understanding of the scientific basis of out-of-home media.


STRÖER
Rock
9,95
H&M

Small made big

Local and regional cultural organizers are fundamental players in our Company. But they often have to contend with small budgets to grab the public's attention. To meet their needs, we also offer this target group various communications solutions which have long gone well beyond traditional advertising columns. They include notices on feeder pillars, masts or bridges as well as the well-known triangular stands. They already enjoy wide acceptance on the cultural scene, after all, event posters are much more effective in attractive glass and aluminum displays than when illegally stuck on a hoarding. At the same time, by reducing unauthorized postering, we help to sustainably enhance the cityscape. The same applies for local companies, which can substantially improve their visibility and the attention of potential clients with our directional media. Company signs and clocks, bicycle stands and pole signs can also be used individually or in structured directional media concepts, which ensure consistent signage and can guide potential customers to their business. With all our products, we increasingly ensure individuality and user friendliness. For example, we offer municipalities advertising columns with domed roofs that meet regional, city-specific requirements, or columns with cultural topics for children with proportions specially designed for the size and needs of children.


ICH KÖNNTE ÜBERALL SCHLAFEN.
ABER MUSS ICH JA NICHT.
ICH RESERVIEHRS.
Heiner Lauterbach, Schauspieler
Morgen-
zeitung
7–9 Uhr
Früh-
shopping
Mittags-
pause
THE BODY SHOP
STEFFI-MODEN
H. A. GULCHER

Major stations for successful advertising

More than seven million people use the trains and busses of Deutsche Bahn in Germany every day – that's more than 2.6 billion a year. For Hamburg's main train station alone, this means more than 450,000 boarding and disembarking passengers and visitors a day. In train stations, therefore, out-of-home media reach almost 20% of the population, much more than you could achieve with individual television channels and many major popular magazines. Deutsche Bahn AG and our many regional public transport partners are well aware of these figures and how attractive they are. How important and effective train stations are as advertising locations has now been shown for the first time in the "Insight Station" study, which Ströer carried out together with the University of Luxembourg. The 360-degree survey of more than 2,000 train station visitors analyzed the effect of advertising at train stations based on quantitative and qualitative criteria. As such, it allows us to make valid claims about the typical train station visitor's attitude towards advertising. The study confirms a number of assumptions and gives a scientific explanation to a surprising finding, which is that commuters in train stations are much more disposed towards and open to advertising in stations than they are at home, within their own four walls. According to the findings of the study, people on the move see advertising not as an interruption or annoyance, but rather as information and a welcome way to kill time while they wait. They are therefore also prepared to pay closer attention to the content of advertising messages and to spend longer absorbing the information. The study also provided findings on passenger frequency for the first time and forms the basis for a new, target group-specific reach system in pricing. We are confident that this new outlook will win over clients and find its way into new media plans and the media mix of our clients accordingly.

Combined management report

The references made in this combined management report to page numbers refer to the numbering in the annual report.

Operating environment

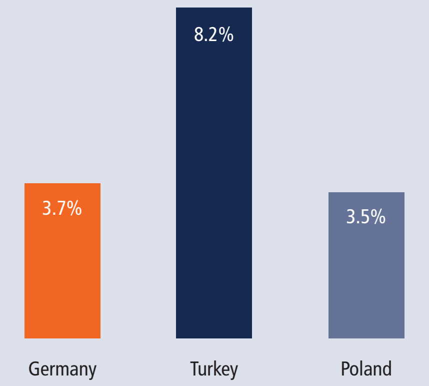
General economic conditions

In 2010, the global economy recovered considerably better than expected despite the European debt crisis. Global production returned to its pre-crisis level in the reporting period. Global trade also picked up considerably and was almost able to offset the prior year's dramatic decline. This improvement in the economy was aided greatly by expansive monetary and fiscal policies in many countries as well as stable demand from emerging economies.

Against this backdrop, Europe was also able to generate renewed growth. According to the ifo Institute, the eurozone also saw a positive trend with an increase of 1.7% in gross domestic product (GDP). Development in the individual countries varied: while Germany's GDP rose by 3.7%, the return to growth was considerably weaker in France (1.6%), the UK (1.8%) and Italy (1.1%). In Spain, GDP even fell by a slight 0.2%. Of the most densely populated EU countries, only Poland's economic development (3.5%) was similar to that of Germany. As one of our core markets, Turkey is also of special importance to us. GDP growth there came to some 8% in the fiscal year.

Anticipated real change in GDP in the key regional markets of the Ströer Group (2010)

Sources: ifo, OECD



Germany

The ongoing recovery of the world economy strengthened the German export industry considerably and helped it to overcome the crisis in the real economy. In the course of the reporting period, the economic improvement was also increasingly fuelled by domestic demand. Overall economic production rose by 3.7% in real terms in 2010 according to an estimate by the ifo Institute. This positive development is the mirror image of the slump seen in 2009.

The German labor market proved to be extremely robust throughout the crisis. Through special employment models and incentives, the number of employed was kept almost constant. New jobs were even created once more in the fiscal year. According to market research company GfK, income expectations picked up significantly during the fiscal year and were almost as high as in 2000 and 2001. German consumers are hoping for positive effects on wages and the collective bargaining agreements confirm this expectation. The favorable market environment and the growing planning certainty on the part of consumers increased the propensity to spend, which rose continuously from its already high level. The GfK consumer confidence index accordingly showed a continuous upward trend and reached a three-year high at the turn of 2010/2011.

Equally, unlike in many other industrial nations, the rise in national debt was lower in Germany and there were no significant credit squeezes in the private economy. Thus Germany was less affected by the fallout from the crisis and posted the strongest economic growth in the eurozone since the end of the crisis.

Turkey

The Turkish economy with its constant growth has experienced a remarkable development over the past six years. Thanks to a strong financial structure, the Turkish economy also proved to be robust in the face of the global economic crisis. Between 2002 and 2009, GDP almost trebled from USD 231b to USD 618b and the impressive upwards trajectory continued in the fiscal year. For 2010, the Organisation for Economic Cooperation and Development (OECD) is predicting real GDP growth of 8.2%. Having grown 8.9% in the first three quarters of 2010, Turkey ranked second in the global growth league for the first time, right behind China and ahead of India. This success stems not least from the fact that the country has a rapidly expanding population of 73 million very young, highly motivated inhabitants with an average age of 28.3 and a government that makes huge efforts to secure foreign investment. In this connection, the Turkish legislator's new medium-term economic program announced in October 2010 is aimed at boosting productivity further and creating promising new jobs.

As a result of Turkey's application to initiate the EU accession process, structural reforms are being accelerated which have leveled the way for deep-rooted changes. Through these measures Turkey hopes to strengthen the role of the private economy and enhance the efficiency and robustness of its financial sector. The reforms have already had a positive effect on the country's core macroeconomic data: inflation plummeted from 30% to 7.3% between 2002 and November 2010. Government debt has been consistently below 60% of GDP since 2004, meaning Turkey meets the Maastricht criterion for budget stability.

Poland

The impressive economic development seen by Poland over the past few years continued in the reporting period. Bolstered by strong export business, GDP grew significantly and was up 3.8% year on year at the end of 2010 according to the Statistical Office of Poland. This makes Poland one of the fastest growing economies in the EU. The rise in domestic demand from both the private and the public sector was also supported by subsidies from the EU. In addition, the forthcoming 2012 European football championship has already provided positive economic impetus. According to estimates by the Ministry of Economics, foreign direct investment came to about EUR 10b.

This ongoing positive performance is also reflected in the "2010 Foreign Direct Investment Confidence Index" by the consultancy A.T. Kearney, which cites Poland as one of the most attractive business locations worldwide. Besides its large domestic market, its well trained labor force in particular is one of the main arguments Poland has in its favor. The positive improvement in the operating environment which has been going on for many years has also increased disposable income. With the exception of the crisis year of 2009, GDP per capita has been rising continuously for a long time. The number of employed has also been constant since 2007, which can be considered a success given the years of crisis.

Development of the out-of-home advertising industry in 2010

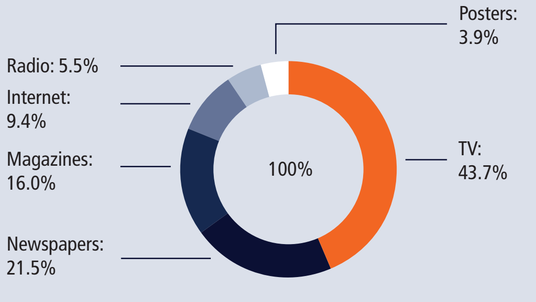
Germany

The media landscape in Germany was shaped by growing optimism in 2010. In the *Frühjahrsmonitor 2010* survey by the media agencies organization OMG, 65% of those surveyed were sure that gross advertising spending on traditional media would rise year on year. This prediction was not far off: Nielsen Media Research reported a significant increase in the gross advertising spend in 2010. For us, the market data used by Nielsen make predictions about trends but can only be used to a limited extent to draw conclusions about net figures for the media market due to differing definitions and market territories. The Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft": ZAW] will not publish the official net revenue figures for 2010 until May 2011. According to ZAW, the out-of-home industry reported advertising revenue of EUR 738m in 2009. Ströer expects stable growth for the industry in 2010 and assumes that net market growth will be around the mid-single-digit mark.

Based on the gross figures available to date from Nielsen, the drivers of the dynamic development in 2010 were mainly advertising investment in online and TV advertising. The share of online advertising in total advertising spending exceeded that of newspapers for the first time according to statistics gathered by the online marketer's association, BVDW. Out-of-home media saw gross advertising revenue rise by 6.4% in the fiscal year, which was the third strongest growth experienced. A comparison of the last two years confirms the attractiveness of our medium: the cumulative gross spend on out-of-home media rose from 2008 to 2010 by 21.9%, while that of TV and print fell by 19.6% and 2.7%, respectively.

Market share of advertising media in Germany (2010)

Source: Nielsen Media Research



Turkey

The Turkish out-of-home market made a significant recovery in 2010 and should already have a higher overall volume of net advertising spending than before the economic crisis. The results of the Zenith study put the increase – adjusted for currency effects – at a strong 18.4% compared to 2009, which should be slightly higher than the growth for the advertising market as a whole of 17.8%. This trend is confirmed by MagnaGlobal's assessment of the market, which, however, cites overall growth of 38.0%.

Poland

The out-of-home advertising market in Poland dipped slightly in 2010 and was thus unable to make up for the losses sustained in the crisis year of 2009. According to information from the Polish Chamber of Commerce for Out-of-Home Advertising ["Izba Gospodarcza Reklamy Zewnetrznej": IGRZ], revenue was 0.7% down on the prior-year figure. Development prospects are good in Poland thanks to a change in market structure. The consolidation that has begun of the previously heavily fragmented market makes dynamic growth rates likely.

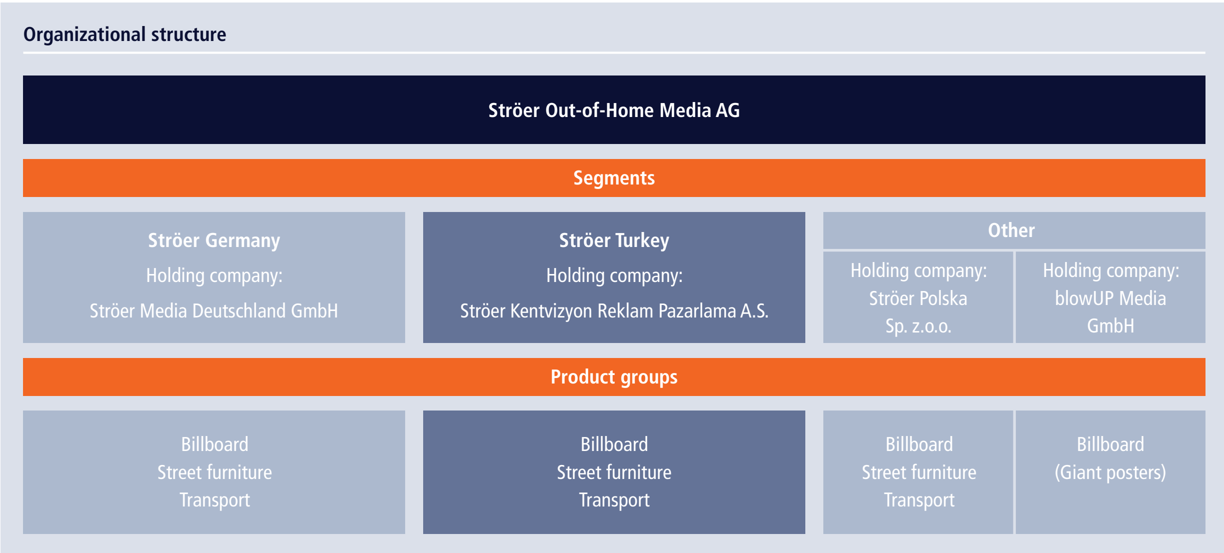
Net assets, financial position, results of operations and business performance

Acquisitions, investments and divestitures

The strategic focus of the Group in the reporting period lay on making business activities even more international, building on our competitive advantage and sustainably growing profitability. This also formed the strict focus of our acquisition and investing activities in the fiscal year. In this vein we expanded our stance in the rapidly growing advertising market in Turkey by topping up our previous 50% shareholding in Ströer Kentvizyon to 90%. We paid a purchase price of EUR 55m to the previous Turkish co-owner and have strengthened our important market position in Turkey in the long term by making the acquisition.

We also took over all the shares in News Outdoor Poland in October 2010 for a provisional purchase price of EUR 22.6m. The acquisition solidifies our position in the Polish out-of-home advertising market in the particularly important 18m² format segment, and sets us up for the further consolidation and professionalization to come in this major emerging advertising market.

In our core market of Germany, we invested primarily in our advertising media network portfolio, expanding our investment portfolio, and in our key out-of-home channel and premium billboards projects for the future, as well as to a smaller extent in rounding off our investment portfolio.



Revenue

The Group managed to grow revenue to a record high of EUR 531.3m in 2010, which was 13.1% more than in the prior year. Revenue growth, adjusted for consolidation and currency effects, of 7.5% is primarily due to the considerable economic recovery in our core markets of Germany and Turkey and in the giant poster business.

Assuming that the Turkish subgroup had already been fully consolidated as of 1 January 2009, revenue would have come to EUR 561.8m and the comparable organic growth to 9.4%.

Revenue breaks down between the individual business segments as follows:

In EUR m	2010	2009
Ströer Germany	409.9	393.3
Ströer Turkey	68.6	33.5
Other	52.8	43.0
Total	**531.3**	**469.8**

Domestic revenue rose by 4.1% in the fiscal year to EUR 417.9m (prior year: EUR 401.5m), while foreign revenue increased to EUR 113.4m (prior year: EUR 68.3m).

More information on segment development is provided from page 41.

Results of operations

Consolidated income statement **In EUR m**	**31 Dec 2010**		**31 Dec 2009**		**Change**	
Continuing operations						
Revenue	531.3	100.0%	469.8	100.0%	61.5	13.1%
Cost of sales	-332.5	-62.6%	-300.7	-64.0%	-31.8	10.6%
Gross profit	**198.8**	**37.4%**	**169.1**	**36.0%**	**29.7**	**17.6%**
Selling expenses	-70.7	-13.3%	-67.3	-14.3%	-3.4	5.0%
Administrative expenses	-88.0	-16.6%	-64.6	-13.8%	-23.4	36.2%
Other operating income	76.8	14.5%	13.7	2.9%	63.1	>100.0%
Other operating expenses	-8.3	-1.8%	-11.9	-2.5%	3.6	-30.0%
Share in profit or loss of associates	0.0	0.0%	0.0	0.0%	0.0	-100.0%
EBIT	**108.6**	**20.4%**	**38.9**	**8.3%**	**69.6**	**>100.0%**
EBITDA	**162.5**	**30.6%**	**93.3**	**19.9%**	**69.2**	**74.2%**
Operational EBITDA	**127.3**	**24.0%**	**100.0**	**21.3%**	**27.2**	**27.2%**
Financial result	-52.8	-9.9%	-47.3	-10.1%	-5.6	11.8%
EBT	**55.7**	**10.5%**	**-8.3**	**-1.8%**	**64.1**	**n,d,**
Income taxes	0.0	0.0%	9.6	2.0%	-9.5	-99.6%
Post-tax profit from continuing operations	**55.8**	**10.5%**	**1.2**	**0.3%**	**54.5**	**>100.0%**
Post-tax profit from discontinued operations	**0.0**	**0.0%**	**-0.1**	**0.0%**	**0.1**	**-100.0%**
Profit for the period	**55.8**	**10.5%**	**1.1**	**0.2%**	**54.6**	**>100.0%**

At EUR 55.8m, the Group generated the highest profit in its history in the reporting period, which was many times higher than in the prior year (EUR 1.1m). Operational EBITDA also reached a new all-time high (up 27.2%).

Gross profit rose to EUR 198.8m, which was strikingly higher than the prior year's EUR 29.7m. The gross profit margin also rose by 1.4 percentage points to 37.4%.

The increase in the gross profit margin is due to several factors. On the one hand, there are a considerable number of fixed rental agreements in all segments which do not trigger an increase in rent if more revenue is generated. On the other hand, the development and composition of revenue in the individual product groups led to an improvement in the margins as a major share of the bookings were made for advertising media with running costs that are not linked to utilization.

The purchase price allocation for Ströer Kentvizyon had the opposite effect, leading to an additional write-down of EUR 7.1m on recognized hidden reserves, of which the lion's share related to one-time effects from 2010. Effects from the purchase price allocation for News Outdoor Poland are not yet included in these financial statements as the difference stemming from the acquisition was provisionally posted as goodwill in line with IFRS 3.

Selling expenses as a percentage of revenue fell by 1 percentage point to 13.3% in fiscal year 2010 due to a significant improvement in revenue. At the same time we reduced administrative expenses as a percentage of revenue, adjusted for the cost of the IPO, by 0.5 percentage points to 13.3%. This led in particular to a very favorable cost development in the German business. Only if special expenses from the IPO are taken into account do administrative expenses as a percentage of revenue increase to 16.6%.

The results of operations were also positively influenced by the remeasurement of the previously held equity interest in Ströer Kentvizyon as well as the effects of the IFRS 3-prescribed deconsolidation of the joint venture. This led to an effect of a total EUR 61.4m, which explains the rise in other operating income.

Other operating expenses fell by EUR 3.6m, which was mainly due to the fact that goodwill impairment of EUR 4.0m had been recognized on the Polish business in 2009. Furthermore, higher expenses for bad debt allowances were recorded in the prior year due to the repercussions of the financial crisis.

The financial result fell by EUR 5.6m to EUR 52.8m due to various special non-cash effects. Significant factors are the reclassification of hedge results previously recognized directly in equity and one-time discounting expenses in connection with the repayment of loans. These burdens were cushioned by income from changes in the present value of non-hedge interest rate swaps stemming from corresponding changes in the yield curve. Further comments on the development of the derivatives portfolio are provided on page 133 of the notes to the consolidated financial statements.

In fiscal year 2010, tax burdens and benefits almost offset each other such that the Group's tax rate amounted to 0%. For a detailed reconciliation of the expected and actual tax expense, see page 113 of the notes to the consolidated financial statements.

Net assets

Consolidated statement of financial position In EUR m	31 Dec 2010	31 Dec 2009	Change	
Assets				
Non-current assets				
Intangible assets	529.7	393.3	136.5	34.7%
Property, plant and equipment	213.0	180.9	32.1	17.8%
Tax assets	9.4	31.5	-22.2	-70.3%
Receivables and other assets	10.7	9.1	1.7	18.3%
	762.8	614.7	148.1	24.1%
Current assets				
Receivables and other assets	107.2	68.2	39.0	57.1%
Cash	106.1	57.3	48.9	85.3%
Tax assets	4.2	4.3	-0.1	-1.4%
Inventories	5.1	4.1	1.0	24.2%
	222.6	133.8	88.7	66.3%
Total assets	**985.4**	**748.6**	**236.8**	**31.6%**
Equity and liabilities				
Non-current equity and liabilities				
Equity	296.6	-48.1	344.7	>-100.0%
Debt				
Financial liabilities	426.6	555.9	-129.3	-23.3%
Deferred tax liabilities	61.6	75.6	-13.9	-18.4%
Provisions	36.8	31.9	4.9	15.5%
	525.0	663.4	-138.3	-20.9%
Current liabilities				
Trade payables	67.6	50.9	16.7	32.7%
Financial and other liabilities	70.3	52.2	18.1	34.6%
Provisions	17.5	23.6	-6.2	-26.1%
Income tax liabilities	8.4	6.5	1.9	29.1%
	163.8	133.3	30.5	22.9%
Total equity and liabilities	**985.4**	**748.6**	**236.8**	**31.6%**

Total assets of the Group increased by EUR 236.8m to approximately EUR 1.0b in the reporting period.

On the assets side, both non-current and current assets increased considerably. In terms of non-current assets, this development was driven mainly by the acquisitions in Turkey and Poland, which triggered an increase in the goodwill recognized and, in the case of Ströer Kentvizyon, capitalized advertising concessions. Current assets grew due to a marked increase in receivables and other assets. The effects from the first-time full consolidations mentioned above intermingled with higher receivables due to the leap in business volume. At the same time, cash grew as a result of improved cash flows from financing activities. Due to the equity received from the IPO, more than 100% of non-current assets are covered by non-current debt and equity with matching terms.

The public listing and the refinancing measures listed in the prospectus also shaped the development of equity and liabilities. The rise in equity is mainly attributable to the increase in capital reserves and the improvement in profit for the period. This meant that the Group disclosed a considerably higher equity ratio of 30.1% for 2010. The cash inflow from the IPO meant that much less non-current debt had to be utilized and was reduced significantly (down 20.9%) due to the repayment of loan tranches.

Financial position

In EUR m	2010	2009
Cash flows from operating activities	30.3	36.1
Cash flows from investing activities	-98.5	-19.5
Free cash flow	-68.2	16.6
Cash flows from financing activities	117.1	-1.9
Change in cash	48.9	14.8
Cash	106.1	57.3

Cash flows from operating activities adjusted for special effects from the IPO increased to EUR 57.7m and were thus 59.8% higher than the prior-year figure. The improvement reflects the marked improvement in the revenue and earnings situation of the entire Group.

Cash flows from investing activities were influenced in particular by the acquisitions in Turkey and Poland in 2010. Adjusted for these acquisition effects, cash flows from investing activities came to EUR 25.5m. Cash paid for investments in non-current assets were thus some EUR 6m higher than in the prior year and contained for the first time investment amounts for our future premium billboard and out-of-home-channel projects, as well as capacity-increasing investments in the Turkish growth market.

In June 2010 we brought the existing non-current debt financing into line with our financing needs as well as the improved state of the capital market. Overall, we were able to reduce higher interest-bearing loan tranches in Germany and Turkey by some EUR 150m. We not only repaid a tranche of EUR 75m and some 50% of our subordinated loan (EUR 21m) in Germany but also paid off Ströer Turkey's EUR 51m loan from a foreign bank.

At the same time we secured better conditions for the renegotiated syndicated loan, which comprises a EUR 395m loan and a EUR 62.5m working capital facility. Major aspects of the renegotiations were the extension of the term until 30 June 2014, less collateral, fewer loan covenants and a margin grid. This margin grid ranges from 325 basis points (bp) and 400 bp, and stood at 375 bp as of 31 December 2010. The financial covenants are common for the market and now only apply to two key performance indicators (KPIs). For a more detailed presentation of debt financing instruments, see page 128 of the notes to the consolidated financial statements for comments on financial liabilities and page 139 for comments on other financial obligations.

In EUR m		31 Dec 2010	31 Dec 2009	Change	
(1)	Non-current financial liabilities	426.6	555.9	-129.3	-23.3%
(2)	Current financial liabilities	39.2	26.5	12.7	47.8%
(1)+(2)	Total financial liabilities	465.7	582.4	-116.7	-20.0%
(3)	Derivative financial instruments	39.5	29.8	9.8	32.8%
(1)+(2)-(3)	Financial liabilities excl. derivative financial instruments	426.2	552.6	-126.4	-22.9%
(4)	Cash	106.1	57.3	48.9	85.3%
(1)+(2)-(3)-(4)	Net debt	320.1	495.4	-175.3	-35.4%

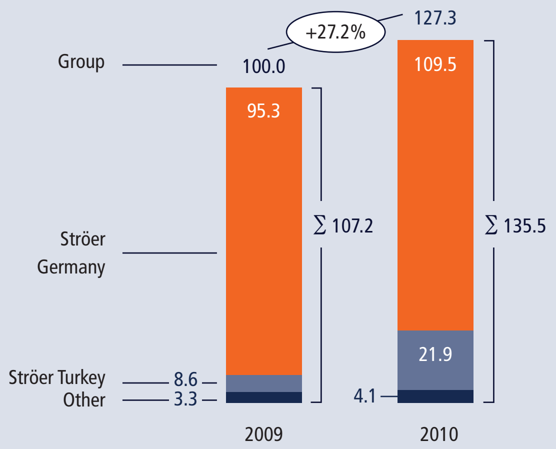
The Group's net debt fell by 35.4%. This considerable decrease is chiefly due to the repayment of individual loan tranches described above and the increase in free cash flow. The dynamic debt-to-equity ratio, defined as net debt divided by operational EBITDA, fell significantly from 5.0 to 2.5; assuming the acquisitions made in Turkey, Poland and Germany had been included in the consolidated financial statements for the whole of 2010, the ratio would fall to just 2.4.

Key information for management purposes

We manage our Group using internally defined ratios to ensure sustainable development. A group-wide reporting structure at all subsidiaries ensures that we keep abreast of the value added of all group entities and of the Group. At the same time, this helps us ensure that we observe the covenants set by our lenders.

Development of operational EBITDA

In EUR m



We are meeting strict capital market requirements with our detailed and transparent quarterly reports as well as through extensive reporting in the consolidated financial statements and combined management report. In this way, our owners and potential investors can find out about the Group's situation at any time.

Key performance indicators for the Group are revenue, operational EBITDA and net debt. We believe that operational EBITDA gives the best insight into the sustainable development of earnings of our Group as it excludes one-time effects in expenses and income. The one-time effects that we eliminate to determine operational EBITDA and their impact are disclosed on page 131 of the notes to the consolidated financial statements.

Operational EBITDA of the Group and the individual segments breaks down as follows:

In EUR m	2010	2009	Change	
Group	127.3	100.0	27.2	27.2%
Ströer Germany	109.5	95.3	14.2	14.9%
Ströer Turkey	21.9	8.6	13.3	>100.0%
Other	4.1	3.3	0.8	25.4%

Results of operations of the segments

We manage our activities on the basis of the three segments, Germany, Turkey and Other, which is where our operations in Poland and the western European giant poster market are brought together. A detailed presentation of the segments and product groups is provided on page 130 of the notes to the consolidated financial statements.

Ströer Germany

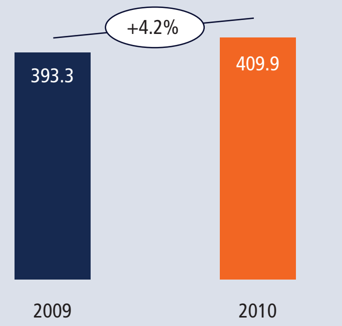
In EUR m	2010	2009	Change
Revenue	**409.9**	**393.3**	**4.2%**
Billboard	179.0	174.0	2.9%
Street furniture	113.6	108.6	4.7%
Transport	72.0	68.0	6.0%
Other	45.2	42.7	5.9%
Operational EBITDA	**109.5**	**95.3**	**14.9%**

The Ströer Germany segment closed fiscal year 2010 with a revenue gain of 4.2% year on year. All product groups contributed roughly equally to this pleasing development. Billboards, the product group with the highest share of revenue, had more premium products, such as Mega-Lights, and improved its capacity utilization of the portfolio. In the street furniture product group, we benefitted primarily from volume effects due to the increase in the number of our advertising media as well as an improvement in their utilization. The transport product group's development was driven in particular by rapidly increasing revenue from digital advertising media. The "Other" advertising media product group saw its revenue increase on the back of the higher number of nationwide campaigns using our advertising media, which were supplemented by media from other providers here and there. We disclose the margin that remained in the Group as revenue from these campaign purchases.

In 2010, we benefitted not only from our sales efforts at a national and regional level but also from strict cost management. The more intense marketing of premium and multiscreen advertising media did not increase the cost of sales to the same extent and thus formed the basis for the considerable improvement in gross profit. This effect was reinforced by the advantages of economies of scale at sites where rental payments are not linked to utilization. The expansion in business volume was achieved through the targeted use of efficiency potential without causing a notable increase in sales and administration overheads. This enabled us to boost the operational EBITDA margin by 2.5 percentage points to 26.7% (prior year: 24.2%).

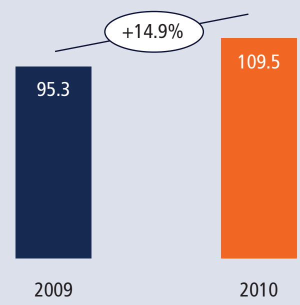
Development of revenue at Ströer Germany

In EUR m



Development of operational EBITDA at Ströer Germany

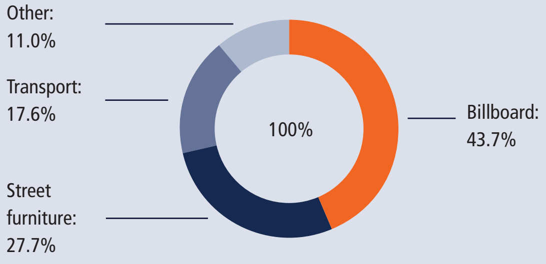
In EUR m



Investments at the start of the year were at a comparatively low level due to inventories on hand being used and the organization being focused on the IPO. In the second half of the year, by contrast, investment activity picked up, with a focus on replacement and expansion investments as well as setting our growth projects (premium billboards and out-of-home channel) into action; this saw operating investments (excluding share purchases) rise to EUR 16.9m (prior year: EUR 13.8m).

Product groups as a percentage of revenue at Ströer Germany

2010



Ströer Turkey

In EUR m	2010	2009	Change
Revenue	**68.6**	**33.5**	**> 100.0%**
Billboard	46.8	23.3	> 100.0%
Street furniture	20.5	9.2	> 100.0%
Transport	1.3	0.9	37.0%
Operational EBITDA	**21.9**	**8.6**	**> 100.0%**

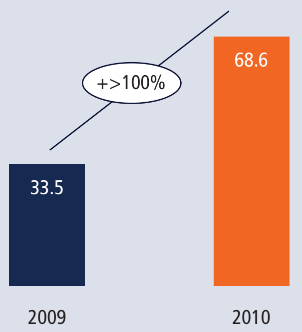
The development of the Ströer Turkey segment was mainly shaped by the strong upswing in the media industry. Additional growth was due to the first-time full consolidation of the subgroup as a result of us having increased our shareholding in Ströer Kentvizyon to 90% at the start of September 2010. To improve comparability, the table below shows revenue and earnings as if the subsidiary had already been fully consolidated as of 1 January 2009:

In EUR m	2010	2009	Change
Revenue	99.1	67.0	47.9%
Operational EBITDA	28.7	17.3	66.1%

The appreciation of the Turkish lira against the euro led to positive exchange effects in 2010. Adjusted for currency effects, revenue in the fiscal year came to EUR 91.5m, which corresponds to a rate of organic growth of 36.4%. Revenue growth was driven by considerably more lively business in the street furniture and billboard product groups (up 62% and 44%, respectively). From a regional perspective, sales focused particularly on Istanbul and the other major cities. Besides improvements in capacity utilization, some price increases were able to be made in the market for certain products and in certain regions.

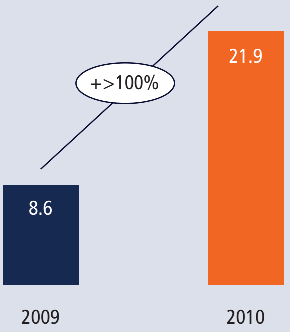
Development of revenue at Ströer Turkey

In EUR m



Development of operational EBITDA at Ströer Turkey

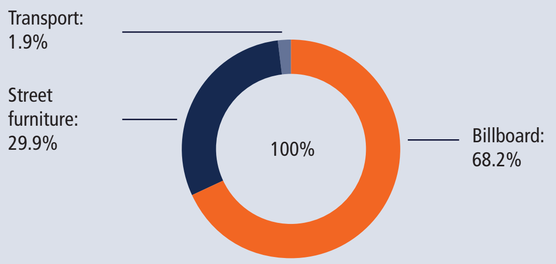
In EUR m



Positive effects from the economies of scale were also noticeable in the Turkish business and led, due among other things to the high share of sites subject to fixed rental agreements, to a steeper increase in gross profit and to a corresponding improvement in the gross profit margin as a percentage of revenue. The resulting financial advantages were only partially offset by higher overhead costs. The latter resulted from higher personnel expenses due to performance-related remuneration and the hiring of additional staff in preparation for the anticipated rise in the business volume. Overall, operational EBITDA ballooned by more than 66%, producing an operational EBITDA margin of 28.9% (prior year: 25.8%).

Product groups as a percentage of revenue at Ströer Turkey

2010



Based on the strategy of increasing the quality and extent of our reach in Turkey, we made investments in street furniture and billboards totaling EUR 12.4m (prior year: EUR 10.2m). We also benefitted in this regard from the investments made in our advertising media portfolio during the years of crisis, which, together with the considerable improvements in utilization, facilitated the revenue growth.

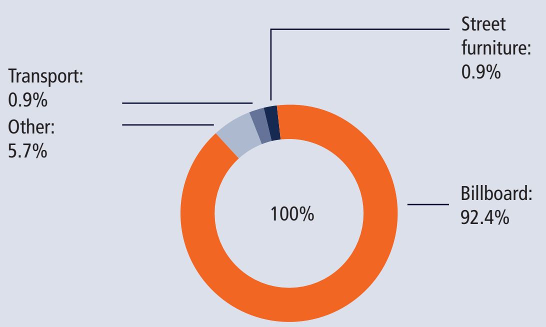
Other

In EUR m	2010	2009	Change
Revenue	**52.9**	**43.1**	**22.6%**
Billboard	48.9	41.2	18.7%
Street furniture	0.5	0.3	39.4%
Transport	0.5	0.5	1.2%
Other	3.0	1.1	>100.0%
Operational EBITDA	**4.1**	**3.3**	**25.4%**

The positive development in the "Other" segment is mainly due to the giant poster activities in the blowUP division, which resumed their growth course once the financial crisis had subsided. The subsidiaries in the UK and Spain contributed in particular to this development. Based on our calculations, the group entities' market shares were gradually expanded in all of our German and foreign markets. This led to revenue growing by almost a third and operational EBITDA even growing ahead of revenue. This earnings development was also reflected in the development of margins, which in terms of operational EBITDA were in the double-digits once again.

Product groups as a percentage of revenue in the segment Other

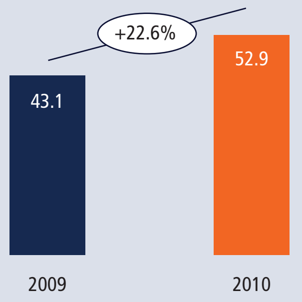
2010



The Polish business also managed to increase revenue but this was due exclusively to consolidation effects and advantageous exchange rates. The high competitive pressure triggered by the previously fragmented market continued to lead to negative price effects in the fiscal year, which were unable to be cushioned by good utilization rates. Operational EBITDA and the related return on sales therefore did not yet show any improvement.

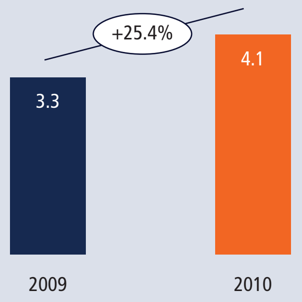
Development of revenue in the segment Other

In EUR m



Development of operational EBITDA in the segment Other

In EUR m



Our investments (excluding financial assets and share purchases) in the “Other” segment amounted to EUR 1.1m in 2010, following EUR 2.0m in the prior year.

Ströer Out-of-Home Media AG

The management report of Ströer Out-of-Home Media AG and the group management report for fiscal year 2010 have been combined pursuant to Sec. 315 (3) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (3) HGB. The separate financial statements and the combined management report for the Company and the Group are published at the same time in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette].

The provisions of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act] were applied for the first time in fiscal year 2010. We made use of the exemption offered under the BilMoG and have not restated the prior-year figures. First-time application of the BilMoG as of 1 January 2010 affected retained earnings.

Description of the Company

Ströer Out-of-Home Media AG operates as the holding company. It exclusively performs group management duties and renders administrative and other services for the Group. These include in particular finance and group accounting, corporate and capital market communication, IT services, group financial control and risk management, research and development as well as the legal and compliance and corporate development functions.

The following figures and comments relate to the separate financial statements of Ströer Out-of-Home Media AG which were prepared in accordance with the provisions of the HGB and the AktG ["Aktiengesetz": German Stock Corporation Act].

Results of operations

In EUR k	2010	2009
Other operating income	18,940	11,186
Personnel expenses	-13,606	-9,723
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-1,340	-1,252
Other operating expenses	-20,571	-11,508
Income from equity investments	0	19,546
Income from profit and loss transfer agreements	39,377	0
Income from loans classified as non-current financial assets	2,510	393
Impairment losses on financial assets	-187	-5,879
Financial result	-4,716	-5,369
Result from ordinary activities	**20,408**	**-2,606**
Extraordinary result	-16,217	0
Income taxes	-24,815	-60
Other taxes	-34	-33
Income from loss absorption	0	155
Profits transferred under a partial profit and loss transfer agreement	-748	0
Loss for the period	**-21,406**	**-2,545**
Profit carryforward	61,731	64,279
Accumulated profit	**40,325**	**61,734**

The result from ordinary activities increased year on year by EUR 23.0m to EUR 20.4m, which was chiefly due to the increase in income from the profit and loss transfer agreement with Ströer Media Deutschland GmbH (EUR 39.4m; prior year: income from equity investments of EUR 19.5m), the increase in other operating income (EUR 7.8m), the decrease in impairment losses on financial assets (EUR 5.7m) and the increase in income from loans classified as non-current financial assets (EUR 2.1m).

This was contrasted by increases in other operating expenses (EUR 9.1m) and personnel expenses (EUR 3.9m) compared to the prior year. Due to the higher income taxes (up EUR 24.8m on the prior year) and extraordinary expenses (up EUR 16.2m on the prior year), which were incurred in connection with the IPO, the loss for the period rose by EUR 18.9m to EUR 21.4m. We have provided key explanations to the abovementioned items below.

Other operating income is largely due to income from the provision of group services. The year-on-year rise mainly stems from the fact that Ströer Media Deutschland GmbH's IT department was taken over as of fiscal year 2010 and IT service allocations of EUR 7.5m were charged on for the first time.

The rise of EUR 3.9m in personnel expenses compared with a year earlier is due, in particular, to the internal transfer of IT staff from Ströer Media Deutschland GmbH and bonuses in connection with the IPO.

Other operating expenses mainly contain expenses charged on to affiliates, legal and consulting fees, IT expenses, rent and other administrative expenses, product development costs and travel expenses. The rise in other operating expenses is largely attributable to consulting fees from the IPO in the fiscal year, the costs incurred by Ströer Out-of-Home Media AG for the first time for the IT department (which was transferred from Ströer Media Deutschland GmbH to Ströer Out-of-Home Media AG and whose expenses are charged on to affiliates) and development costs.

Income from profit and loss transfer agreements of EUR 39.4m (prior year: income from equity investments of EUR 19.5m) relates to the profit transferred by Ströer Media Deutschland GmbH for fiscal year 2010. Ströer Out-of-Home Media AG concluded a profit and loss transfer agreement with Ströer Media Deutschland GmbH effective as of 1 January 2010. Ströer Media Deutschland GmbH had previously undergone a change in legal form from a GmbH & Co. KG [German limited commercial partnership with a GmbH as general partner] to a GmbH [German limited liability company]. For this reason the income received from Ströer Media Deutschland GmbH was disclosed under income from equity investments in the prior year.

Impairment losses on financial assets relate to write-downs of equity investments. These only led to marginal expenses in the reporting period, which explains the considerable improvement by EUR 5.7m in this item compared with the prior year.

The rise of EUR 2.1m in income from loans classified as non-current financial assets is mainly due to the new loans granted to Turkish and Polish subsidiaries in fiscal year 2010.

The interest expenses of EUR 5.1m (prior year: EUR 5.5m) were largely due to the interest on two floating-rate subordinated loans, which, however, were partially repaid after the Group went public.

The rise in income taxes to EUR 24.8m (prior year: EUR 0.1m) is mainly due to the first-time recognition of a net liability position for deferred taxes. These deferred taxes stemmed from two material effects. On the one hand, due to the initial application of the BilMoG, a deferred tax liability had to be recognized for the first time on the quasi-permanent difference between the carrying amount of the investment in Ströer Media Deutschland GmbH in the commercial and the tax accounts. At the same time, Ströer Media Deutschland GmbH was transformed into a corporation effective 1 January 2010 and the portion of the deferred tax liability relating to trade tax had to be recognized in profit or loss. On the other hand, due to the tax group in place, all deferred taxes had to be recognized at the level of the tax group parent.

Extraordinary expenses of EUR 16.2m relate to the cost of the IPO.

Net assets and financial position

In EUR k	2010	2009
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	3,545	3,185
Financial assets	417,395	208,688
	420,939	**211,873**
Current assets		
Receivables and other assets	49,537	26,507
Cash and bank balances	42,772	741
	92,309	**27,248**
Prepaid expenses	**611**	**153**
Total assets	**513,859**	**239,274**
Equity and liabilities		
Equity	**381,436**	**114,954**
Provisions		
Tax provisions	3,251	6
Other provisions	8,286	12,904
	11,537	**12,910**
Liabilities		
Liabilities to banks	10,845	32,986
Trade payables and other liabilities	13,318	16,765
Liabilities to affiliates	75,220	61,659
	99,383	**111,410**
Deferred tax liabilities	**21,502**	**0**
Total equity and liabilities	**513,859**	**239,274**

Ströer Out-of-Home Media AG's total assets increased by EUR 274.6m year on year, coming to EUR 513.9m at year-end (prior year: EUR 239.3m).

The rise in total assets is mainly attributable to a EUR 208.7m rise in financial assets to EUR 417.4m and to a rise in current assets of EUR 65.1m to EUR 92.3m.

The rise in financial assets is due in part to the increase in the carrying amount of the investment in Ströer Media Deutschland GmbH by EUR 75m following Ströer Out-of-Home Media AG's contribution to Ströer Media Deutschland GmbH's capital reserves. Furthermore, the carrying amount of the investment in Ströer Kentvizyon Reklam Pazarlama A.S. (Ströer Kentvizyon), Istanbul, Turkey, increased by EUR 55m to EUR 71m following the acquisition of an additional 40% of its shares. Due to the share acquisition, the 50% stake in Ströer Kentvizyon which was reported under equity investments in the prior year was reclassified to shares in affiliates. In fiscal year 2010, additional loans to finance acquisitions and repay bank loans were granted to Ströer Kentvizyon (EUR 52.5m) and Ströer Polska Sp.z.o.o., Warsaw, Poland (EUR 26.2m), respectively.

With regard to current assets, receivables from affiliates increased by EUR 25.4m to EUR 45.5m compared with the prior year, which was mainly attributable to the increase in profit to be transferred by Ströer Media Deutschland GmbH.

As a result of the cash inflow from the IPO, bank balances rose by EUR 42.0m to EUR 42.8m.

The increase in total equity and liabilities in the statement of financial position was largely due to the rise in equity of EUR 266.5m and in deferred tax liabilities of EUR 21.5m. The EUR 12.0m decrease in liabilities and the EUR 1.4m decrease in provisions had the opposite effect on total equity and liabilities.

Equity amounted to EUR 381.4m following the allocation of funds from the share placement and the deduction of the loss for the period of EUR 21.4m. This corresponds to an equity ratio of 74.2% (prior year: 48.0%).

The year-on-year decrease in provisions of EUR 1.4m is mainly due to two effects. While utilization of provisions for management bonuses led to a decrease of EUR 4.6m in other provisions, the allocation of EUR 3.2m to the tax provisions had the opposite effect on provisions.

The reduction in liabilities mainly stems from loan repayments of EUR 22.1m. By contrast, liabilities to affiliates increased by EUR 13.6m, which was due, in particular, to an increase in liabilities from the Group's cash pooling, which Ströer Out-of-Home Media AG manages.

The Company was in a position to meet its financial obligations at all times during the fiscal year.

Anticipated development of the Company

Due to its role as group parent, the anticipated development of Ströer Out-of-Home Media AG depends on the development of the Group as a whole. Based on the Group's forecast development of results of operations for 2011 and 2012 presented under "Forecast" (page 68), we assume that the subsidiaries will generate higher earnings contributions and Ströer Out-of-Home Media AG will at least break even in the years thereafter.

Other notes

The report prepared by the board of management in accordance with Sec. 312 AktG includes the legal transactions conducted between 1 January and 13 July 2010. The report concludes as follows:

"Ströer Out-of-Home Media AG received appropriate consideration for all legal transactions in the report on relationships with affiliates. This assessment is based on the circumstances known on the date the reportable transactions were conducted. No reportable measures were taken or not taken."

Share

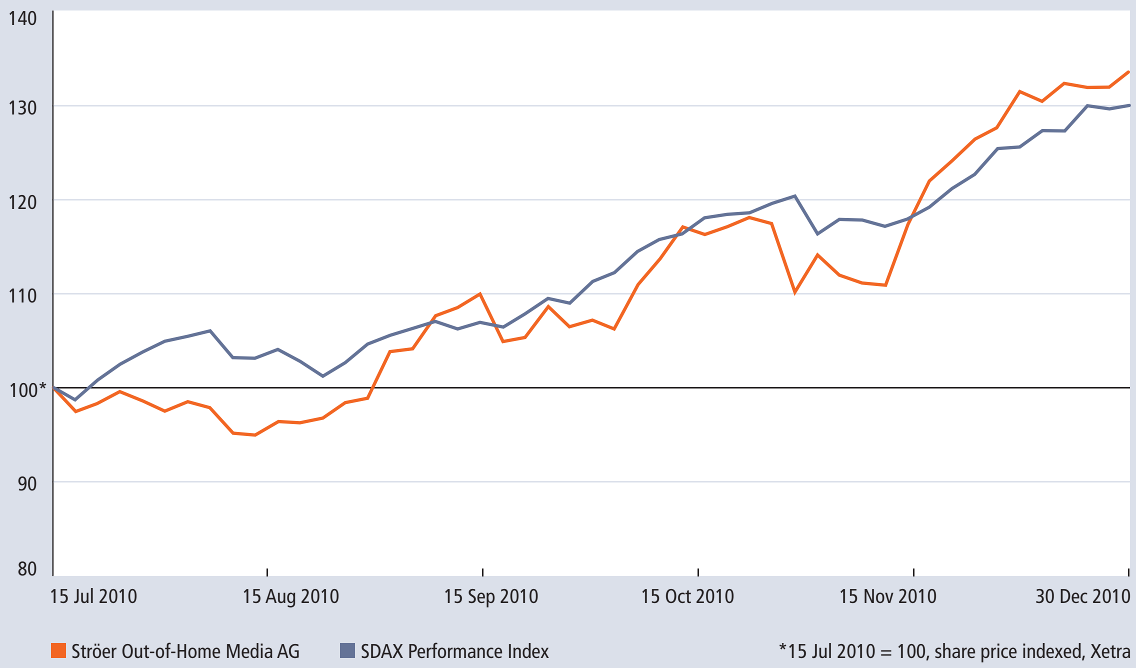
IPO and the share price

Ströer Out-of-Home Media AG went public on 15 July 2010 and was one of 14 companies to do so in Germany in 2010. Despite the capital market environment being less than easy at the time of the IPO, demand for our share exceeded the issue volume even at the upper end of the price range in the book building process. To ensure a varied and internationally balanced shareholder structure, the Company set the issue price at EUR 20.00 per share, at the approximate mid-range between EUR 17.00 and EUR 24.00. With a total issue volume of EUR 370.92m, the Ströer IPO was the third largest in Germany in 2010.

The first price set on the day Ströer stock was admitted to trading on the Frankfurt Stock Exchange stood at EUR 20.60. Following a sideward movement just under the issue price in the first few weeks after listing, the share rose continuously from the start of September 2010. On 30 December 2010, the last trading day of the year, it peaked for the year at EUR 26.74. Up almost 34% against the issue price of 15 July 2010, the share outperformed the SDAX (up 30%) in the comparative period.

The Ströer share compared with the SDAX

Source: Deutsche Börse Group



Stock exchange listing, market capitalization and trading volume

Ströer Out-of-Home Media AG meets the international transparency requirements for listing in the Prime Standard.
On 3 September 2010, Deutsche Börse's Stock Indices Working Group decided, as part of an ordinary adjustment, to include the Ströer share in the SDAX effective 20 September 2010. Based on the closing price for our share, market capitalization at year-end came to EUR 1.13b. The average trading volume was 102,665 shares per day in the reporting period, bearing in mind that the stock was very liquid in the first few days of trading after the IPO. Based on the all-important criteria for the composition of the index, Ströer Out-of-Home Media AG ranked 5th at the end of February 2011 in terms of market capitalization and 11th in terms of market turnover. It is therefore a potential candidate for inclusion in the MDAX.

Analysts' coverage

Analysts at our syndicate banks, Morgan Stanley, J.P. Morgan, West LB, Crédit Agricole Chevreux and Commerzbank, followed our progress from the time of our public offering. Coverage was increased considerably in the months to follow, with four institutions, Goldman Sachs, Berenberg Bank, BHF-Bank and Close Brothers Seydler Research, joining them. By the end of 2010, nine teams of analysts had published studies on our Company. In 2011, Deutsche Bank, LGT and Citigroup were also covering our progress. Based on current analyst assessments, ten of the analysts are giving a "buy" or "overweight" recommendation and two say "hold."

Shareholder structure

19.67 million bearer shares were placed in the IPO, of which 13.75 million were attributable to the capital increase, approximately 4.16 million to an option exercised by the financial investor Cerberus and approximately 1.79 million to shares loaned out by existing shareholders under a greenshoe option. The greenshoe was finally exercised for 640,000 shares on 12 August 2010 and, by resolution of the board of management dated 13 August 2010, these shares were issued from a capital increase using approved capital. The total number of Ströer shares issued now comes to 42,098,238.

CEO Udo Müller holds 28.12%, supervisory board member Dirk Ströer holds 28.33% and CFO Alfried Bührdel and board of management member Dirk Wiedenmann together hold around 0.1% of Ströer Out-of-Home Media AG shares. Udo Müller, Dirk Ströer and Alfried Bührdel agreed to a lock-up period of 12 months as part of the IPO. 43.44% of shares are in free float.

Institutional investors holding our shares in their funds are registered in the US, the UK and Germany. According to the information available to the Company, Franklin Templeton Group, Tiger Global, BlackRock and TIAA-CREF each hold more than 3% of the voting rights in Ströer Out-of-Home Media AG.

Investor relations

The aim of our investor relations work is to create trust and sustained shareholder value through transparent and continuous communication with the capital market. Since going public we have continuously expanded and stepped up our relationships with investors and analysts. The board of management and the investor relations team of Ströer Out-of-Home Media AG regularly present business performance and corporate strategy at roadshows and capital market conferences, which take place in Germany, the UK, France, the Benelux and Scandinavian countries, Switzerland and the US. In addition, we announce the publication of our financial reports in telephone conferences, at individual meetings at our Cologne head office and via special press releases and media work.

The internet is another mainstay of our corporate communication. At www.stroeer.de/investor relation we report promptly and extensively on developments in the Group and make all the relevant documents available there. These include financial reports, a financial calendar, press releases and ad hoc reports as well as other mandatory reports. Presentations from investor conferences or roadshows are always made available for download on the same day they take place. Conference calls in connection with the publication of our financial reports are streamed live to our website and can also be downloaded as an audio webcast.

Key data for Ströer Out-of-Home Media AG stock

Capital stock	42,098,238 EUR
Number of shares	42,098,238
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX:GR
Market segment	Regulated market
Transparency level	Prime Standard
Sector	DAXsector All Media (Performance)
Index	SDAX
First listing	15 July 2010
Designated sponsors	J.P. Morgan, Morgan Stanley
Closing price 2010 (30 December)*	26.74
Highest price 2010 (30 December)*	26.74
Lowest price 2010 (11 August)*	18.91

* Closing price in Xetra in EUR

Declaration of compliance and corporate governance report

Declaration of compliance

Corporate governance has long been of great importance for the board of management and the supervisory board of Ströer Out-of-Home Media AG. It helps us ensure responsible and transparent management and control of the Company and divisions of the Ströer Group. The board of management and supervisory board submitted the following declaration of compliance in March 2011. The declaration is permanently available to our shareholders on our website:

The board of management and the supervisory board of Ströer Out-of-Home Media AG declare pursuant to Sec. 161 AktG:

Since its initial listing on the Frankfurt Stock Exchange on 15 July 2010, Ströer Out-of-Home Media AG has complied with the recommendations made by the government commission on the German Corporate Governance Code (GCGC) as amended on 26 May 2010 and will continue to comply with them in the future with the following exceptions:

- Contrary to the recommendation in 3.8 GCGC, no deductible was agreed upon in the D&O insurance policies for the members of the board of management, the supervisory board and executive employees. In our opinion, a deductible for supervisory board members would impair the interest and willingness of suitable individuals in remaining on or becoming active for the supervisory board of Ströer Out-of-Home Media AG.
- Contrary to the recommendation in 4.2.3 (4) sentence 1 GCGC, in the context of changes to board of management contracts, payments to members of the board of management were not limited to two years' remuneration in the event of early termination without good cause of the board of management position.
- For the members of the board of management, who were all under 50 at the time of submitting the declaration, there is no age limit, contrary to the recommendation in 5.1.2 GCGC. In view of the existing age structure of our board of management and the term of their employment contracts, an age limit is not necessary at present.
- Contrary to the recommendation in 5.3.3 GCGC, the supervisory board has not established a nomination committee in addition to the existing audit committee because Ströer does not need a special committee to appoint shareholder representatives as candidates given the fact that employees are not represented on the supervisory board.
- Contrary to the recommendation in 5.4.1 GCGC, there is no age limit for members of the supervisory board because Ströer does not want to do without the experience and competence of older members of the supervisory board.
- Contrary to the recommendation in 5.4.6 GCGC, the members of the supervisory board only receive fixed remuneration and no performance-based remuneration because offering only fixed remuneration is the best way of ensuring the necessary independence for the supervisory board's control function.
- Ströer published the half-year financial report 2010 and the interim report for the third quarter of 2010 within the legally prescribed period but not within the period recommended in 7.1.2 GCGC. In view of the time required to carefully prepare the consolidated financial statements and the interim reports, Ströer was not in a position to make the publication any sooner after the IPO.
- The board of management and the supervisory board believe considering diversity when appointing the board of management, the supervisory board and executive employees to be an obligation to society, which is simultaneously in the best interests of the Company. The board of management and a working group of the supervisory board have drawn up targets and measures for diversity, which will be presented to the supervisory board at its meeting on 8 April 2011 together with a proposed resolution for their adoption. In the reporting period, however, we did not yet comply with the relevant recommendations in 5.4.1, 5.1.2 and 4.1.5 GCGC.

Cologne, 21 March 2011

On behalf of the supervisory board

Prof. Dr. h.c. Dieter Stolte

On behalf of the board of management

Udo Müller

Key corporate governance practices

Risk management

Good corporate governance involves a responsible approach to risks to the Company's business activities. Ströer identifies and regularly monitors all significant risks using a systematic risk management system and takes corrective measures where appropriate. The board of management and supervisory board receive regular reports on risk management surveys and analyses. The early warning system for the detection of risk installed by the board of management is assessed by the auditor of the financial statements within the scope of the statutory audit of the financial statements. See the opportunities and risks section for more information on the risk management system.

Internal control system

The Company ensures the appropriateness of the accounting system using an internal control system. For more information on this control system, see from page 63 in the opportunities and risks section. Compliance with the law and internal guidelines is ensured by a compliance organization under the umbrella of the central legal department. Its main focus is ensuring that data protection and antitrust regulations are adhered to and upstanding business practices observed. Preventive measures include making employees aware of these issues and providing them with information and advice.

Transparency and communication

Transparency is integral to good corporate governance. In this context, ensuring that all target groups receive the same information at the same time is vital. We use a variety of communication channels to provide detailed and up-to-date information on our Company's current situation. We publish press releases and annual and quarterly reports on our website www.stroeer.de along with our detailed financial calendar which is updated regularly as well as various other communications such as ad hoc announcements, voting right announcements and information on directors' dealings. All significant documents are available in German and English.

Audit of the financial statements and independence of the auditor

The consolidated financial statements of Ströer Out-of-Home Media AG are prepared in accordance with International Financial Reporting Standards (IFRSs); the separate financial statements of Ströer Out-of-Home Media AG are prepared in accordance with the HGB ["Handelsgesetzbuch": German Commercial Code]. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, was engaged by the Company's shareholder meeting to audit the consolidated and separate financial statements for fiscal year 2010. It was contractually agreed with Ernst & Young that the chairman of the audit committee would be informed of any possible material findings and events arising during the audit. There were no such findings or events. Before the audit work began, the supervisory board obtained a comprehensive independence declaration from the auditor. This declaration states that the auditor has no business, financial, personal or other relations that could cast doubt on its independence.

Ad hoc announcements

The ad hoc announcements published in fiscal year 2010 pursuant to Sec. 15 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] are available on Ströer Out-of-Home Media AG's website. The annual document required by Sec. 10 WpPG ["Wertpapierprospektgesetz": German Securities Prospectus Act] contains a detailed list of all capital market-relevant information published in the reporting period and is available on our website.

Work of the board of management and supervisory board

Cooperation between the board of management and the supervisory board

Ströer Out-of-Home Media AG is registered as a corporation under German law. In the interests of the Company and its shareholders, the board of management works closely with the supervisory board to ensure sustainable added value is generated. Both bodies have separate management and monitoring functions.

Board of management

The board of management is responsible for managing the Company and currently comprises three members appointed by the supervisory board. The board of management defines the Company's goals, develops its fundamental strategy, consults on the same with the supervisory board and carries out the underlying transactions. The board of management regularly and comprehensively keeps the supervisory board informed about the Company's current situation and business performance, including all relevant developments, strategic development, business planning and risk management. It is responsible for the preparation of the quarterly financial reports, half-year financial reports and annual financial statements which it distributes to and discusses with the supervisory board prior to publication. Unless otherwise provided in the articles of incorporation and bylaws or rules of procedure, the board of management passes resolutions by simple majority of the votes cast. The board of management's rules of procedure specify certain significant transactions which require the prior approval of the supervisory board. The individual members of the board of management collectively bear overall responsibility. Within the scope of resolutions made by the board of management, the members of the board bear sole responsibility for the operations under their management. The work of the members of the board of management is coordinated by the chairman of the board.

Supervisory board

The supervisory board appoints the board of management, advises it on the management of the Company and monitors its management of the Company. The supervisory board is directly consulted on all decisions of fundamental importance for the Company. The members of the supervisory board are appointed by the shareholder meeting. The supervisory board of Ströer Out-of-Home Media AG comprises six members. The supervisory board elects a chairman and deputy chairman from among its members. The chairman of the supervisory board coordinates the work of the board. Unless otherwise provided for by law, resolutions of the supervisory board require the simple majority of the votes cast. In the event of a tied vote, the chairman casts the deciding vote. The supervisory board has a quorum if at least three of its members take part in the vote. In its routine efficiency audit, the supervisory board determined that the work of the supervisory board is organized efficiently and that collaboration between the board of management and the supervisory board works very well.

Committees

The board of management has not set up any committees. The supervisory board's rules of procedure require it to set up an audit committee. The audit committee has three members. The chairman of the audit committee, Dieter Keller, regularly reports to the supervisory board on the audit committee's work.

Avoiding conflicts of interest

The board of management and supervisory board are obliged to act in the interest of the Company. In the reporting period, there were no conflicts of interest with members of the board of management or supervisory board which would have had to have been reported immediately to the supervisory board. In the course of its routine efficiency audit, the supervisory board determined that it had a sufficient number of independent members.

D&O insurance

D&O insurance policies have been taken out for all members of the supervisory board and board of management, general managers and executive employees of the Ströer Group. A deductible was agreed upon in the D&O insurance policies for the members of the board of management within the meaning of the VorstAG ["Gesetz zur Angemessenheit der Vorstandsvergütung": German Act on the Adequacy of Management Board Remuneration].

Shareholder meeting

The shareholders exercise their voting rights at the shareholder meeting, with each share entitling the holder to one vote. The annual general meeting of Ströer Out-of-Home Media AG is held within the first six months of each fiscal year. The board of management distributes the separate and consolidated financial statements to the shareholder meeting. The shareholder meeting decides on the appropriation of profit and exoneration of the board of management and supervisory board. It appoints shareholder representatives to the supervisory board, appoints the auditor of the financial statements, resolves amendments to the articles of incorporation and bylaws and decides on significant business measures. The invitation to the annual general meeting as well as the relevant documents and agenda are also published on the Company's website. The Company has set the morning of the 21st day prior to the annual general meeting as the record date for determining those shareholders entitled to vote. Shareholders may also exercise their voting right via an authorized agent of their choice or by proxy appointed by the Company who is bound by instructions.

Shareholdings of the board of management and supervisory board

Dirk Ströer, member of the supervisory board, holds 28.33% of total stock. The other members of the supervisory board do not have any shares. The members of the board of management Udo Müller, Alfried Bührdel and Dirk Wiedenmann hold 28.12%, 0.11% and 0.01%, respectively.

Directors' dealings

In accordance with Sec. 15a WpHG, members of the board of management, supervisory board and other executive employees are required to disclose their trades in Ströer Out-of-Home Media AG stock or any related financial instruments if the value of the purchase or sale reaches or exceeds EUR 5,000 in any one calendar year. This obligation also applies to individuals closely related to the above group. The following announcements on directors' dealings were made in fiscal year 2010:

Name	Reason for announcement	Purchase/ sale/ loan	Date	Place	Number	Price in EUR	Trade volume in EUR
Müller, Udo	Managing board member	Loan	13 Jul 2010	Over the counter	895,312	0.10	89,531.20
Müller, Udo	Managing board member	Purchase	13 Jul 2010	Over the counter	62,500	20.00	1,250,000.00
Ströer, Dirk	Member of administrative or supervisory body	Loan	13 Jul 2010	Over the counter	895,312	0.10	89,531.20
Ströer, Dirk	Member of administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	150,000	20.00	3,000,000.00
Bührdel, Alfried	Managing board member	Purchase	13 Jul 2010	Over the counter	46,180	20.00	923,600.00
Flemmerer, Julia	Spouse or registered partner of a managing board member	Purchase	13 Jul 2010	Over the counter	60	20.00	1,200.00
Riekemann, Dana Marie	Dependent child of a member of an administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	120	20.00	2,400.00
Riekemann, Jil Anna	Dependent child of a member of an administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	120	20.00	2,400.00
Riekemann, Dana Marie	Dependent child of a member of an administrative or supervisory body	Purchase	15 Jul 2010	Xetra	125	19.85	2,481.25
Riekemann, Jil Anna	Dependent child of a member of an administrative or supervisory body	Purchase	15 Jul 2010	Xetra	125	19.85	2,481.25
Wiedenmann, Dirk	Managing board member	Purchase	2 Aug 2010	Xetra	5,000	19.79	98,967.50

Remuneration report

The remuneration report provides information on the structure and amount of remuneration paid to the board of management and supervisory board. The report takes statutory regulations into account along with the recommendations of the German Corporate Governance Code and is a component of the consolidated financial statements.

Remuneration of the board of management

The remuneration of the members of the board of management is determined by the supervisory board and reviewed on a regular basis. In accordance with the provisions of the VorstAG, the supervisory board convened during the fiscal year to discuss the decisions to be made regarding the board of management's remuneration for 2010 and made appropriate resolutions.

In fiscal year 2010, the board of management's remuneration comprised two significant components:

- A fixed basic salary
- Variable compensation linked to the achievement of targets and broken down into:
  – an annual short-term incentive (STI)
  – a long-term incentive (LTI)

The fixed basic salary is a fixed monetary component and is paid out in equal monthly installments. In addition, the Company grants remuneration in kind for which individual members of the board of management are liable to tax.

The variable component for the board of management (STI and LTI) is linked to the performance of the board of management, the Company's performance and its increase in value. Variable compensation is linked to the achievement of business targets.

Business targets in fiscal year 2010 were based on the following metrics:

- Short-term incentive (STI)
  – Cash flows from operating activities
- Long-term incentive (LTI)
  – Ströer value added
  – EBITA growth
  – Share price

The supervisory board set the target for the short-term incentives in 2009 and the targets for the long-term incentives in 2010. The LTI targets span a period of three to four years and carry a greater weighting than the STI targets.

Ströer value added (SVA) (calculation: adjusted EBIT-(WACC x capital employed))

The supervisory board sets the SVA target in December of a given year for the following three fiscal years. If the actual SVA target, accumulated over the respective period of three fiscal years, exceeds the SVA target set by the supervisory board for these fiscal years, the SVA portion of the total LTI is paid out. If the SVA is below target, the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the SVA is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

EBITA growth

The supervisory board sets the EBITA growth target in December of a given year for the following three fiscal years. If the EBITA growth target is achieved at the end of the three years, the EBITA growth portion of the total LTI is paid out. If EBITA growth is below target, the EBITA portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If EBITA growth is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

Share price

This LTI component is linked to the development of the Company's share price against the reference price set.

The average price of the Company's stock in November/December of a given fiscal year is used as the reference price. If the average price of the Company's stock reaches the reference share price in the period November/December as at the end of the fourth fiscal year after the cut-off date, the share price portion of the total LTI is paid out. If the reference share price is below target, the share price portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the share price is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount. However, the Company is entitled to pay compensation for a higher share price development in exceptional cases.

The reference share price to be used as of the first cut-off date, i.e., as of 31 December 2013, is the initial listing price of the Company's stock.

If the Company's situation should deteriorate to such an extent that continuing to grant remuneration to the board of management would be unfair, the supervisory board is authorized to reduce the remuneration to an appropriate amount.

By resolution dated 14 May 2010, the shareholder meeting waived the disclosure of the remuneration paid to each member of the board of management. Total remuneration for fiscal year 2010 is presented in the table below:

In EUR k	Fixed remuneration	STI	LTI	Total
	2,089	773	810	3,672
End of the phantom stock program			1,465	1,465
Total	**2,089**	**773**	**2,275**	**5,137**

End of the phantom stock program

Since 2004, the members of the board of the management have converted a portion of their annual variable compensation into phantom stock. The phantom stock was measured as a percentage of the business value. The contractual arrangements stipulated that the phantom stock program would be terminated in the event of an IPO and the claims under the phantom stock program paid out. The business value taken from Company's initial listing was used to measure the phantom stock. Due to a contractual adjustment made to the vesting conditions in 2010, the Company incurred additional expenses of EUR 1,465k on the basis of the business value on 31 December 2009.

Post-employment benefits for members of the board of management

Benefits granted to the board of management in the event of regular termination

Retirement benefits

The Company agreed on a retirement benefit plan for one member of the board of management in fiscal year 2010. However, these benefit obligations will be fully financed by the member of the board of management as part of a deferred compensation scheme, such that the Company does not incur any additional expenses.

Severance payments

An arrangement has been agreed for two members of the board of management which stipulates that if their employment contract is not extended, they are entitled to their fixed remuneration and variable compensation pro rata temporis for a further six months as a severance payment.

Benefits granted to the board of management in the event of early termination

Severance payments

In the event of early termination, the fixed remuneration and pro rata temporis variable compensation are paid out as a severance payment for the agreed contractual term.

Non-compete clause

Non-compete clauses have been agreed with two members of the board of management. The Company undertakes to pay compensation corresponding to half of the last contract-based remuneration for each full year of the non-compete clause.

Remuneration of the supervisory board

The remuneration paid to the supervisory board is approved by the shareholder meeting. The members of the supervisory board receive fixed basic remuneration which is paid out on a quarterly basis.

Remuneration arrangements until the end of the first quarter of 2010

For the period from the start of the reporting period until the end of the first quarter of 2010, the annual remuneration of each ordinary member of the supervisory board came to EUR 20,000.00. The chairman received EUR 55,000.00.

Remuneration arrangements from the second quarter of 2010

Following a resolution adopted by the shareholder meeting on 10 July 2010, starting from the second quarter of 2010, the remuneration of the supervisory board will total EUR 20,000 p.a. for each ordinary member and EUR 24,000 p.a. for each ordinary member of the audit committee. The deputy chairman of the supervisory board and the chairman of the audit committee will receive remuneration of EUR 36,000 p.a. Following a resolution passed by the shareholder meeting on 2 November 2006, the chairman of the supervisory board receives remuneration of EUR 55,000.

Total remuneration for fiscal year 2010 came to EUR 190,000 (excluding any VAT).

Information required under takeover law

The following information required under takeover law is presented in accordance with Sec. 315 (4) HGB.

Composition of subscribed capital
The capital stock of Ströer Out-of-Home Media AG amounts to EUR 42,098,238.00 and is divided into 42,098,238 bearer shares of no par value. Each share has a nominal value of EUR 1 in capital stock.

Restrictions concerning voting rights or the transfer of shares
Shareholders are not subject to any restrictions concerning voting rights or the transfer of shares.

Investments in capital exceeding 10% of voting rights
Udo Müller holds 28.12% and Dirk Ströer 28.33% of total stock. Both shareholders are resident in Germany. The board of management has not received any notification as required by the WpHG of other investments which exceed 10% of voting rights.

Special rights granting control authority
There are no shares with special rights granting control authority.

Appointment and dismissal of members of the board of management and amendments to the articles of incorporation and bylaws
Pursuant to Sec. 84 AktG, the supervisory board is responsible for the appointment and dismissal of members of the board of management. The composition of the board of management is governed by Art. 8 of the articles of incorporation of Ströer Out-of-Home Media AG. In accordance with Sec. 119 (1) No. 5 AktG, the shareholder meeting decides on amendments to the articles of incorporation and bylaws. More information on the procedure for amendments can be found in Sec. 181 AktG in conjunction with Art. 12 of the articles of incorporation of Ströer Out-of-Home Media AG.

Authorization of the board of management to issue or reacquire shares
Under a resolution approved by the shareholder meeting on 13 July 2010, the board of management is authorized, with the approval of the supervisory board, to issue convertible bonds and/or bonds with warrants of up to a maximum of EUR 11,776k until 12 July 2015. The capital stock of Ströer Out-of-Home Media AG was increased conditionally by a maximum of EUR 11,776k by issuing 11,776,000 new bearer shares of no par value. The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued as a result of the above resolution.

According to the resolution adopted by the shareholder meeting on 10 July 2010, the board of management of Ströer Out-of-Home Media AG is authorized to acquire treasury shares of up to 10% of capital stock. The authorization expires on 9 July 2015. Use has not been made to date of the option to acquire treasury shares.

Significant agreements entered into by the Company in the event of a change in control as a result of a takeover bid and the ensuing effects
Facility agreement
A facility agreement is in place between Ströer Out-of-Home Media AG and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 457.5m and a second loan of EUR 20m which has not been issued yet. The Ströer Group provided the syndicate with collateral as security for the loan in line with market conditions.

Subordinated loans

NRW.Bank AöR and SKB Kapitalbeteiligungsgesellschaft KölnBonn mbH granted the Company subordinated loans of approximately EUR 21m in total.

The provisions in both agreements in the event of a change in control are typical for the market. They do not result in automatic termination but grant the contracting partners the option to terminate in the event of a change in control or trigger the obligation to acquire shares in Ströer Kentvizyon Reklam Pazarlama A.S.

Employment contract for a member of the board of management

The employment contract between the board of management member Dirk Wiedenmann and Ströer Out-of-Home Media AG contains an extraordinary right to termination for Dirk Wiedenmann, under which he may terminate his employment contract giving notice of 12 months in the event of a change in control.

Employees

Ströer pursues sustainable HR policies aligned to the growth strategy of the entire Group. Personnel management tools from talent, performance, training and retention management are based on the employee life cycle (ELC) model. This means that staff can systematically develop their skills and meet the requirements of the Ströer organization and the various markets. Ströer's action and performance-based corporate culture fosters this approach as it is based on equal opportunities and goal achievement and thus creates the right conditions for development.

Headcount

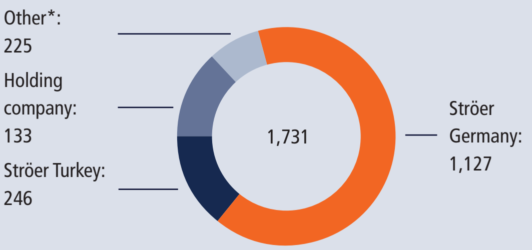
As of 31 December 2010, the Ströer Group had 1,731 employees, including trainees (prior year: 1,587). Headcount increased primarily due to the increase in our shareholding in Turkey and the takeover of News Outdoor Poland in Poland.

Length of service

As of the reporting date, the employees had been working for an average of 6.2 years for the Ströer Group (Ströer Media Deutschland division: 7.3 years, the holding company: 3.9 years, blowUP Germany: 6.4 years, foreign blowUP entities: 5.3 years, Ströer Poland: 5.2 years, Ströer Turkey: 2.8 years).

Employees by segment

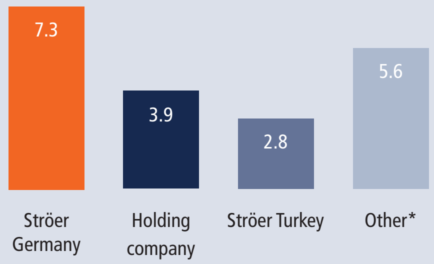
As of 31 Dec 2010



* Other: blowUP and Poland

Average length of service in years

2010



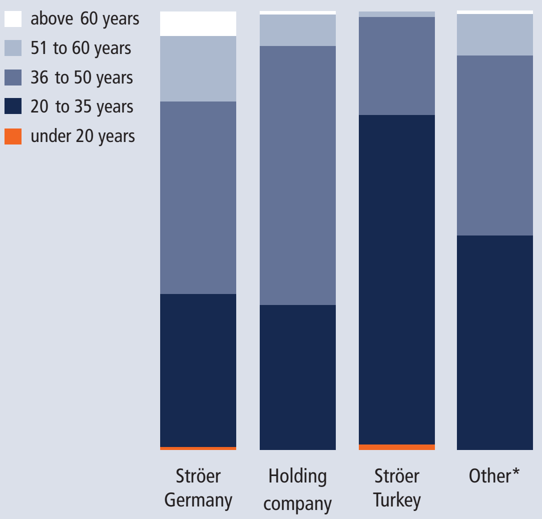
* Other: blowUP and Poland

Age structure

The Ströer Media Deutschland division and the holding company in Germany have a balanced age structure, with one third of staff under the age of 35, one third under 50 and a slightly smaller proportion over 51. blowUP, a relatively new entity, pushes the age structure clearly in favor of the younger generation. In the growth markets Poland and Turkey, the percentage of young employees is over 50%. While around 52% are under 35 in Poland, a good 10% are over 50. The percentage of young employees in Turkey exceeds this value by far and reflects the demographic structure of the country. At Ströer Kentvizyon, more than 75% of employees are under 35 and just 1% over 51. In Turkey, we have a young team working in a young market, which gives the team a special advantage when dealing with our customers' ideas and requests and implementing them.

Age structure

2010 (in %)



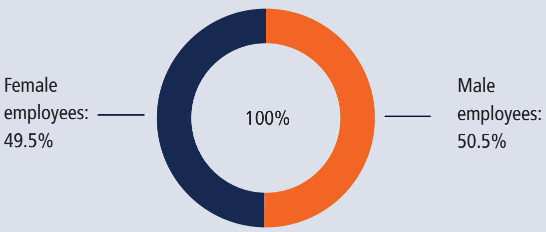
* Other: blowUP and Poland

Gender structure

The percentage of female employees largely reflects the demographic structure. The percentage of women in executive positions across all management levels is over 30%. We will be looking to increase this percentage in the coming years, in particular for higher-level management functions. As regards management development, in particular for higher-level management positions, the percentage of women is already above 40%.

Gender structure

2010



Vocational training

Ongoing training for young people is a firm element of our forward-looking HR policies. In 2010, Ströer provided a total of 30 young talents with qualified training as office assistants, office communication assistants and marketing communications assistants. Nine of these talents completed their vocational training in 2010, of which eight were taken on. We support student trainees through our cooperations with vocational colleges, subject-specific trainee programs for college graduates and our systematic internship program. Furthermore, many Ströer employees make use of our support services for combined work and study programs.

Further training

The strategic objective of personnel development is to prepare employees for the challenges that lie ahead. Hence, we look to strengthen and extend our employees' range of competencies. Focus here is placed on gearing qualifications to the individual needs of employees and executives. The company-specific competency management system is the basis for this and defines the training building blocks linked to the career paths. Function-specific onboarding programs are a key element in this context. These enable both internal and external employees to gain a swift understanding of specific subject areas.

The process chain requirements analysis, training planning and implementation followed by the transfer of knowledge is based on a combination of an internal trainer team and e-learning building blocks. Executives can also take part in practical training programs designed to transfer the skills required for successful management at each individual level of the hierarchy. Specialist seminars geared toward building on the specialist subject knowledge required round off the further training program. Overall, around 850 training events were initiated in the reporting period. These included seminars, web-based learning along with workshops, coaching sessions and presentation rehearsals. As part of its training strategy, Ströer cooperates with a number of colleges and universities to ensure the transfer of knowledge from colleges.

Research and development

Our research and development (R&D) work is based on the basic idea of designing highly attractive, innovative and production-effective street furniture and advertising media. Ströer AG has its own R&D operations where it builds its own prototypes and develops advertising media. Our ultimate goal is to align our claim to high quality, high-performance and design-oriented products and technologies with the advantages of the best possible cost structure.

As a leading provider of out-of-home advertising, we are constantly striving to develop modern designs and exhaust the optimization potential of existing products. By extending our product range with digital and interactive media, we can take the needs of qualified mobile target groups into account. In order to achieve cross-product standardization for the construction parts and construction groups used in street furniture, we rely on a critical assessment of the production and process costs as well as stringent complexity management. Internationally networked developer teams (including a development office in China) with wide-ranging specialist knowledge and local market expertise work closely together on the development of innovative products and communications solutions.

Within the Ströer Group, R&D costs are seen as the supporting pillar of our operating activities and as an investment in the future. R&D activities are the key building blocks which will enable us to maintain our innovation leadership in the long term.

R&D activities are broken down into two segments, products and systems. For the products segment, R&D activities in 2010 continued to focus on the optimization of existing products in the area of street furniture and on the expansion of the product portfolio with advertising media for attractive and highly frequented sites. We focused in particular on enhancing our premium billboard products, with the development of the new high-quality $9m^2$ format which can be individually booked at highly frequented billboard sites. The product was developed in line with the new European directive on machinery which became applicable on 29 December 2009. Hence, it meets European standards in terms of product safety and guarantees a high level of technological quality.

At the start of December 2010, the systems segment and Ströer Infoscreen launched a new digital out-of-home format: the out-of-home channel. 1,000 screens are due to be installed by the end of 2011. With 60 to 82 inch displays, full HD resolution, outstanding picture quality and dominance through the synchronized operation of several screens, the new digital format combines all the advantages of out-of-home, TV and online advertising – a major step toward digitalizing out-of-home media and a technical quantum leap in our product offering.

Our supply chain management operations support our R&D activities in a variety of ways, in particular in the planning and management of supplier selection, procurement and conversion as well as all logistics tasks. The aim is to optimize effectiveness in terms of warehouse and inventory management but also to ensure that all necessary resources and competencies are internally available for our service organization.

Our advertising media and street furniture set the benchmark when it comes to design for the public sphere. We have been awarded several design prizes for our products over the years.

Opportunities and risks

Opportunities and risks are closely interlinked, which is why the willingness to take appropriate risks always plays a key role in determining business success. Our group-wide opportunity and risk management system assists us in seizing the opportunities that present themselves the best we can and effectively minimizing risk – all as part of increasing the Company's value in the long term.

Opportunities

Opportunity management system

The Ströer Group defines the term opportunity as the possibility of a favorable deviation from expected developments. To ensure a balanced combination of opportunities and risks across the Group, conceivable/arising opportunities are identified, analyzed and assessed in conjunction with the risk management system on an ongoing basis. Opportunity management thereby focuses on the sales-oriented, technical/operative and administrative targets under the corporate strategy. The operational management of each business division is mainly responsible for opportunity management in close cooperation with the Group's board of management. In order to recognize opportunities early on, opportunity management is directly embedded in the planning and management systems, and involves us observing and analyzing our markets, the industry, competition and individual strategic success factors as well as our key performance indicators. We use the knowledge gained here to identify suitable opportunities and come up with realistic plans of action.

General economic opportunities

General economic opportunities are primarily associated with an increase in the net advertising volume in those markets relevant for Ströer. Such growth could be the result of significantly improved macroeconomic conditions, for example an improvement in the general employment situation, greater consumer confidence or a rise in consumer spending. Opportunities can also arise from companies looking to advertise having bigger budgets at their disposal for communication purposes as part of intensified sales and marketing activities or relying on out-of-home media more heavily than previously expected.

Industry-specific opportunities

With digitalization of media content and fragmentation of advertising channels on the rise, out-of-home media is taking large, memorable images and using them to create long-term message and brand visibility. This applies in particular to the media industry's core target group of 14 to 49-year-olds, which is characterized by its rapidly increasing mobility, different approach to media use and more time spent away from home than in the home. This gives the out-of-home industry the opportunity to develop competitive communications solutions with excellent reach that can reach attractive target groups on the move. The expressed aim of out-of-home media is to gradually increase its total advertising volume. Unlike content-driven media, digitalization does not pose a threat to out-of-home media but rather an opportunity as it can benefit from the inevitable fragmentation of traditional media. The population's increasing level of mobility is having a positive impact on out-of-home media, which can continue to expand its market share in the future by introducing innovative and advertising media with excellent reach, such as the out-of-home channel.

In Germany in particular, we are confident that out-of-home media will increase its share of total advertising spending to between 6% and 7% (currently 4%) in the medium term, thereby bringing it more in line with the European average.

We also see potential for our two other core markets of Turkey and Poland to catch up in terms of general advertising intensity. Until now, both countries' gross advertising spend per head has been significantly lower than that of similarly sized western European and certain eastern European countries. Dynamic macroeconomic and socio-demographic prospects should see Turkey and Poland close this gap further over the next few years by generating similarly high market growth. Industry measurements of the audience reach of out-of-home media in the Polish and Turkish markets will help in this regard, with results likely to be available in 2012.

Strategic and operational opportunities
Many different strategic opportunities are opening themselves up to the Ströer Group. From a geographical standpoint, this is primarily due to its clear focus on countries distinctly lagging behind in terms of spending on advertising in general and on out-of-home media in particular. In Poland, economies of scale arising from combining the business activities of News Outdoor Poland with our core business are aiding further promotion and optimization of the out-of-home advertising market. We are using the opportunities for gaining new customers in Germany primarily by means of establishing our digital moving-image platform ("out-of-home channel") nationwide and thereby targeting major advertising customers. We are also pressing ahead with our efforts to integrate out-of-home media more firmly into our customers' media mix by means of validated and accepted audience reach measurements.

Our operational opportunities are essentially associated with increasing customer satisfaction through our communications solutions and high quality support for national and regional customers as well as agency groups. To ensure even greater flexibility and efficiency of our work processes, we are continuing to develop our IT infrastructure and optimize our structures and procedures on an ongoing basis. Our integrated personnel development concept continues to aid the motivation of our employees and promote their identification with the Company. Research and development is a key driver in terms of the Ströer Group's innovation and competitiveness. In our in-house innovation and design center, we will also continue to design new advertising media products and refine existing ones in order to secure our success rate in advertising rights tenders as well as in ongoing technical operations. Our development office in Shanghai will also ensure the high-quality procurement of various advertising media products in Asia in the future.

Risks realting to future development

Internal control and risk management system
The internal control and risk management system is not legally defined for the group financial reporting process. We understand the internal control and risk management system to be a holistic system and refer to the definitions of the Institute of Public Auditors in Germany, Düsseldorf ["Institut der Wirtschaftsprüfer in Deutschland e.V.": IDW] with regard to the accounting-related internal control system and the risk management system.

As such, Ströer's management understands an internal control system to comprise guidelines, procedures and measures that enable an organization to implement management decisions in order to ensure the effectiveness and efficiency of the business (with the measures including protecting the Company's assets through the prevention and identification of the misappropriation of assets), ensuring correct and reliable internal and external financial reporting and adhering to the laws applicable to the Company.

With regard to the group financial reporting process, the Group has the following structures and processes in place:

- The Group's board of management has overall responsibility for the internal control and risk management system in relation to the group financial reporting process.
- All entities included in the consolidated financial statements are integrated in this system by way of a defined management and reporting organization.
- The guidelines, structures and procedures and the processes of the Group's accounting-related internal control and risk management system are defined for the entire Group.

With respect to the group financial reporting process, we consider those elements of the internal control and risk management system which could have a considerable impact on the Group's financial reporting process and the overall picture conveyed by the consolidated financial statements and combined management report to be significant. These include:

- Identification of the main risks and control areas relevant for the group financial reporting process;
- Controls for overseeing the Group's financial reporting process and its results at the level of the Group's board of management and the consolidated entities;
- Preventative control measures in the finance and accounting system used by the Group and the entities included in the consolidated financial statements and in operational business processes which generate vital information for the preparation of the consolidated financial statements and combined management report, including functional segregation of predefined approval processes in relevant areas;
- Measures to ensure that group financial reporting issues and data are processed using appropriate IT systems;
- Measures to oversee the Group's accounting-related internal control and risk management system.

As an internationally oriented company, the Ströer Group is exposed to numerous risks. In order to recognize risks early on and then systematically measure, analyze in detail and actively control them, the Group has a risk management system in place which the board of management is responsible for. Such a system comprises all organizational rules and measures aimed at identifying risks and addressing risks which arise in the course of business. It is being continually developed and is in compliance with the legal requirements for an early warning system for the detection of risk pursuant to Sec. 91 (2) AktG.

Key components of our risk management system are the risk management process, reporting and the Group's internal guidelines.

Risk management is a well-established function within the Ströer Group, and is based on the risk management process, which comprises the risk strategy and the phases of identifying, evaluating, managing and monitoring risk and thereby covers the entire Group. The Ströer Group defines risks as "events, actions or inaction that result in the failure to achieve planned results of business activities or jeopardize the Company's ability to continue as a going concern." Core risks include all risks that may pose a threat to the strategic success factors. They are summarized in the Ströer risk scorecard under "Market," "Finances," "Processes" and "Employees."

Ströer's group-wide risk management system provides for the informed and timely identification of all significant risks and their quantification based on probability of occurrence and potential damage in order to ensure active, cross-divisional risk management and control. Each risk is assigned one of three risk categories (low, medium, high) according to its expected damage value, with each category having various strategic rules for how to handle the risk.

For each risk and each measure there is a designated risk officer. The risk management system is continuously adapted to the changing organizational structures. Promoting a risk culture has high priority. Comprehensive documentation ensures that the risk management system is transparent and can be understood by third parties. The central risk management department is responsible for the methods and systems in risk management. It ensures the functionality and efficiency of the system and informs the board of management and the supervisory board every quarter about significant risks the Group is exposed to as well as about changes in the assessment of identified risks. For any risks that arise unexpectedly overstepping the specific materiality thresholds, each risk owner is obligated to report to the board of management and the central group risk management department.

The detailed risk reporting system spans all group areas and levels. In a quarterly reporting process, each risk owner reports the existing and potential risks in his/her area to the central risk management department. All risks within the Group are investigated for interdependencies; risks that have been reported more than once are consolidated and the remaining risks are summarized as core risks. No risks to the Company's ability to continue as a going concern were identified. The probability of occurrence and potential damage of core risks at the time of their identification and suitable measures for managing them, taking into account the extent to which these have been implemented, are detailed in a quarterly report. The report also provides information on the changes in core risks over time. The numerous measures relating to ongoing projects for enhancing the quality of core processes have a positive influence on the core risks to operations.

The risk management policies applicable throughout the Ströer Group are documented in the group-wide risk management manual. It defines the group-wide methods for risk management, responsibilities for performing risk management activities as well as reporting and monitoring structures. This helps the central risk management function ensure that the risk management process is transparent at all times both internally and externally. Regular risk workshops also foster group-wide risk awareness.

Risk situation

Below we present the current risks, taking all identified risks into account, that could have a significant negative effect on the net assets, financial position and results of operations. Opportunities may also arise from symmetrical risks – potential events allowing the possibility of positive deviations from the plan. Such opportunities are stated in the section of the same name from page 63.

Market

In line with the forecasts of economic research institutes, the Ströer Group assumes that its core markets will continue to grow in 2011. However, the pace of growth may slow as a result of high public debt and the potential consolidation of government budgets. The aggravation of geopolitical tensions and the destabilization of political systems would also pose further risks to general economic development. If growth turns out to be lower than expected, this could see advertisers' willingness to spend wane. Business risks of an industry-specific nature could primarily be associated with procurement, marketing and the regulatory environment.

As regards procurement, there could potentially be negative deviations from plan caused by the loss of advertising concessions, inadequate profitability of contracts on advertising rights with minimum, fixed or guaranteed lease terms as well as a lack of licenses for attractive locations. The Ströer Group counters these risks by means of professional procurement management. With regard to marketing, negative deviations from plan may arise through losses in income from orders from major customer groups, the loss of customers in intra and intermedia competition or reduced margins as a result of higher discounting in the media industry. We counter these risks by continuously adjusting and developing our sales organization. Risks that cannot be ruled out completely are those arising from the regulatory environment. Depending on the issue at hand, we minimize these risks using a range of measures, primarily involving adjustments to the organization and advice from specialists, law firms or tax advisors.

Finances

Debt poses a financing risk to the Ströer Group. The level of risk essentially depends on the financial covenants agreed in the loan agreement being met. At the same time, there are a number of covenants and information duties vis-à-vis the lenders. Infringement of covenants or other duties may lead to sanctions being imposed by the lenders. The financing of the Ströer Group also incurs interest expenses. However, thanks to the capital increases performed in the reporting year and the stock exchange listing, we have lowered our debt considerably and improved the equity ratio to around 30%.

Our international activities entail currency risks, in particular a translation risk arising from translation of financial statements of foreign subsidiaries prepared in foreign currency. Additional currency risks (transaction and operational risks) are not as relevant. If the subsidiaries and other investees generate losses, the investment risk could have a negative effect on the Ströer Group's results of operations and liquidity.

For more details on financial risks, see page 133 of the notes to the consolidated financial statements.

Processes

Innovation and operating activities are the key components of our value added chain – from identifying the customer's preferences through to fully realizing them.

Over the course of the innovation process, there is the risk of current or future customer preferences not being taken sufficiently into account or estimates concerning the development of new products or services being wrong. Also a critical successful factor in the production process is close observation of patents or other industrial rights of third parties. The subsequent operating process includes all activities from receipt of the order and the delivery of the product or rendering of the service through to the after-sales service. The Ströer Group places particular focus on quality risks in connection with ensuring the quality and best management of advertising media and street furniture. The same applies to potential disruptions to the proper and efficient handling of order preparation, order processing and complaints and receivables management.

We counter these process risks by thoroughly investigating the market situation. Projects initiated to optimize core processes and the internal control system also have a positive effect. With regard to sales management, standards and systems have been developed to safeguard reporting and monitoring of performance. Management instruments such as key performance indicators standardize the work processes and create utmost transparency for setting priorities and reaching targets. These key performance indicators indicate successes and failures and make it possible for corrections to be made swiftly should targets be deviated from.

Business processes and internal and external communication are highly dependent on information technology, making IT security an important factor. Data integrity, confidentiality of information, authenticity and availability must be provided for without fail. A major disruption or system failure could in particular result in the loss of data and negatively affect IT-based business processes. We keep these risks under control using a range of suitable IT security measures.

Employees
Highly qualified employees and executives form the basis for sustainable economic success. A significant risk is posed by the turnover of key management personnel if they are not replaced or not replaced in good time. To reduce this risk, we are strengthening the reputation of Ströer as an employer by offering a performance-based remuneration system, training courses, mentoring and coaching programs as well as deputization arrangements. We also work closely with various universities and institutes, thereby helping to raise our profile as an innovative company.

Subsequent events

There were no subsequent events which would need to be reported.

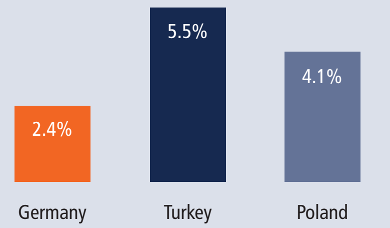
Forecast

Future general economic conditions
The global economic recovery is forecast to continue in 2011. As numerous economic programs are winding up and the need to consolidate government budgets is putting national economies under pressure, however, the German Council of Economic Experts expects the global economy to grow by 3.8%, a slower rate than in the prior year.

In the eurozone, growth on the whole is expected to remain more or less the same in 2011. Germany, our most important market by far, was less affected by the fallout from the crisis and posted the strongest economic growth in the eurozone, although it must be noted that it was only by the end of 2010 that the German economy had reached production levels equal to those at the turn of the year 2006/2007.

Anticipated development of GDP in the key regional markets of the Ströer Group (2011)

Sources: ifo, Eurostat, Polish Ministry of Economics



According to current economic indicators, the German economy should continue to show recovery in 2011. However, the growth rate will not be able to be maintained as a result of the global economy growing at a slower pace and fiscal support measures coming to an end. However, recovery is likely to rest on stronger domestic demand in the current and upcoming year. According to the ifo Institute, private spending and investments in equipment will prove the main contributors to economic growth with an expected growth rate of 1.4% and 8.7%, respectively. Overall, the ifo Institute puts economic recovery for 2011 at a level slightly below that of the reporting year with a forecast GDP growth rate of 2.4%.

Turkey and Poland, our two most important foreign markets, are also continuing to post dynamic growth. The Turkish economy continues to grow at a strong pace and, according to Eurostat, is expected to record growth far above the corresponding values for the eurozone in 2011 with a 5.5% increase in GDP. The OECD also expects this strong growth to continue, with GDP even expected to increase by 6.7% on average between 2011 and 2017. This would make Turkey the most rapidly growing national economy out of all the OECD member states.

Pushing ahead with the EU accession process already under way and the structural reforms will also aid this positive development. As a result, the budget deficit, 5.5% of GDP in 2009, is expected to fall below the 3% mark in 2011. This would help Turkey to meet another EU convergence criterion under the Maastricht Treaty.

The high proportion of young and mobile population groups in Turkish society and the concentration of the population in the country's largest cities also promote favorable conditions for the Turkish economy to grow steadily. The unemployment rate is set to fall from 11.9% (2010) to 11.5% (2011). The increase in private spending by 4.6% in 2011 and 5.6% in 2012 triggered by wage increases will also drive domestic economic growth, as will the increase in government spending by 4.4% in 2011 and 4.8% in 2012.

The Turkish Central Bank will continue to endeavor to ensure the balance between strong growth and inflationary trends by pursuing a somewhat restrictive monetary policy. For 2011, the Central Bank is targeting an inflation rate of 5.5%. At 6.4%, analyses conducted by the Turkish Garanti Bank anticipate a similar rate. The inflation rate is also expected to remain at this level beyond 2011 (2012: 6.5% and 2013: 6.2%).

According to the Polish Ministry of Economics, real economic growth will amount to 4.1% in 2011, up from 3.8% in the year under review. In its current Economic Outlook No. 88, the OECD expects similar figures for Poland and is forecasting growth of 4.0% for 2011, rising to 4.3% in 2012. This will put Poland on course for one of the highest growth rates in the EU. This positive outlook is based on a significant rise in employment and growing private consumption, even though a VAT increase and rising inflation will have a somewhat dampening effect at the start of the year. According to the OECD, the unemployment rate will fall from an estimated 9.6% in 2010 to 8.9% in 2011 and 7.8% in 2012.

Furthermore, economic development will also be driven by public investments in the energy industry, transport and supply infrastructure and construction investment in the run-up to the European football championship in 2012. Poland will benefit particularly in this regard from the EU Structural Funds, which will make substantial funding available to it. Accession to the euro is not considered realistic for a couple of years yet as public debt must first be brought in line with the Maastricht convergence criteria. Its budget deficit stands at more than 7% of GDP.

Future industry performance

Across the globe, the media industry is subject to an intensive process of change in user behavior, which has become increasingly more prominent with time and noticeable in the daily lives of advertisers and consumers. The traditional media market is especially susceptible to the impact of media convergence. The ongoing digitalization process is severing the link between media content and its physical carrier more and more. Across all markets, for example, newspaper and magazine content is becoming increasingly prevalent online, i.e., consumed via the internet, thereby shrinking the reach of printed media and thus their circulation. According to the IVW ["Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V": German Association for Verification of the Circulation of Advertising Media], circulation figures for consumer magazines fell from 130 million to 110 million copies between 2000 and 2010. According to the industry association's latest figures, the internet has even overtaken newspapers and magazines in terms of gross revenue in Germany, and is now in second place behind only TV.

The functions of individual media in the media mix are changing too. For example, the media map study of the agency group OMD indicates that digitalized out-of-home media in combination with the mobile web are also becoming a medium for dialog which intensively uses interactivity elements with digital added value. This interaction is delivering completely new data quality for the optimization of out-of-home campaigns.

The digitalization of out-of-home media is playing a considerable role in this process as these media are the only forms of media that, in their digitalized form, cannot be technically suppressed or avoided. The rapid technological development of LED and LCD systems is becoming the deciding factor in favor of the digitalization of out-of-home media. The falling prices for high-quality solutions are attracting growing demand from customers, making additional investments more cost-effective, increasing profitability and speeding up digital networking within the entire media industry.

Development of advertising spending

The global advertising market is showing recovery at a rate that is expected to continue over the next few years. ZenithOptimedia puts global growth at around 5% for 2011 and 2012, with a solid 3% forecast for western Europe and 9% for central and eastern Europe. On this basis, the advertising spend for 2012 would once again surpass the global level reached before the crisis hit. Based on this growth scenario, the German media industry ranks among the four largest advertising markets worldwide, a position it will continue to hold in the future.

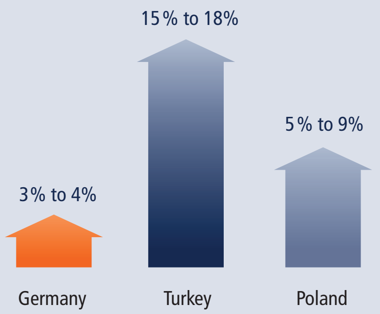
Germany – Development of the advertising market in 2011/2012

Estimates for the media market in Germany point to steady growth around the mid-single-digit mark. The advisory firm PricewaterhouseCoopers (PwC) anticipates an average increase in net advertising revenue of some 4% for all traditional media, while ZenithOptimedia puts growth at some 3% on average. In any case, both forecast growth slightly above the GDP growth corridor and anticipate revenue to reach the pre-crisis levels of 2008 or even, according to PwC, to exceed those levels by 2012 at the latest.

Both studies agree that the largest portion of media growth over the next two years will be in the area of internet advertising. This general estimation is supported by the media map of the agency group OMD as well as the *Frühjahrsmonitor 2010* survey conducted by the media organization OMG. As regards printed media, PwC forecasts only minimum growth, while ZenithOptimedia even expects another slight decline. According to the *Frühjahrsmonitor 2010* survey, aside from TV and the internet, out-of-home was the only medium with slight growth prospects for the next five years.

Anticipated development of the advertising market in the key regional markets of the Ströer Group during 2011/2012

Sources: MagnaGlobal, PriceWaterhouseCoopers, ZenithOptimedia



Forecast for out-of-home media in Germany

Various studies point to net growth in the out-of-home industry of between 2 and 4% for the next two years. PwC puts this rate of stable growth at around 3% for both 2011 and 2012 and 4% for 2013/2014. Magna Global expects net spending to increase by at least 2% in 2011. The *Frühjahrsprognose* survey also reveals that out-of-home media will become increasingly important over the next few years, with its growth most likely only being beaten by online media. We are convinced the increasing digitalization of out-of-home media will create additional revenue potential.

Turkey – Development of the advertising market

The advertising market in Turkey is developing at a dynamic rate. The pre-crisis level has most likely already been reached or even exceeded on the back of the strong growth in the reporting year. For 2011/2012, ZenithOptimedia forecasts an annual growth rate in the 16% to 18% range (in local currency), while Magna Global puts this at around 15% (net of currency effects). The key growth drivers are online, TV and out-of-home media.

The Turkish legislature is currently discussing a law prescribing new regulations for the TV advertising market. Discussions are focusing on increasing editorial content in relation to the amount of time taken up by advertisements, which would lead to a substantial decline in the amount of time television advertisements would run for. As the legislative procedure is already well under way, a decision is expected to be reached in the first half of 2011.

Development of the out-of-home market

For the Turkish out-of-home market, ZenithOptimedia forecasts a growth rate of between 12% and 19% for 2011 and 2012 based on local currency. Taking exchange rate differences into account, MagnaGlobal anticipates the industry to grow by some 15% to around USD 230m in 2012, putting the total market share of out-of-home media at 7%. We also expect additional growth potential in Turkey to be generated from the increasing digitalization of the medium and professionalism of the industry due in part to the introduction of a reach measurement system.

The dynamic development of the out-of-home market goes hand in hand with the further expansion of space capacities, also accompanied by price increases and improved utilization rates. In addition to expanding concession agreements already in place, progressively converting selected locations with non-moving advertising faces to scrolling technology is also playing its part. We also expect further volume growth as a result of additional government advertising concessions.

Poland – Development of the advertising market

ZenithOptimedia foresees stable annual growth in the Polish market (in local currency) of between 5% and 9% over the next two years. The estimation is also in line with that of MagnaGlobal, which forecasts growth of between 7% and 9% for 2011 and 2012. The Polish market too is being driven by media convergence-related changes, with growth primarily being generated from the online sector, which is forecast to grow at 15% p.a. The expansion of the Polish market is not only promoting growth in the area of online advertising, but is also fostering sustainable growth for TV and out-of-home advertising. As regards print and radio, ZenithOpimedia forecasts practically no changes in the growth rate for 2011/2012.

Development of the out-of-home market

Based on a market size of around USD 180m in 2010, ZenithOptimedia anticipates further growth for out-of-home media. While growth in 2011 is still at a below-average level, this will speed up to between 4% and 5% in 2012. By contrast, the Polish Chamber of Commerce for Out-of-Home Advertising anticipates significantly stronger growth of 6% for 2011 and the following years. Further consolidation of the out-of-home market will prove beneficial in this regard and is something that Ströer is very much backing and which led it to acquire News Outdoor Poland in 2010. Consolidation should also boost the professionalism of the medium, and will most likely not only focus on standardization of the space available and a stronger emphasis on the reach of the medium, but also on the optimized handling of market and customer needs at a national and regional level.

Future direction of Ströer Out-of-Home Media AG

Ströer Out-of-Home Media AG will continue to pursue its strategy over the next few years and only operate in those markets in which it can adopt a leading position in the out-of-home market or where there is the potential to do so. Concluding acquisitions in our foreign growth markets of Turkey and Poland in the reporting year has strengthened our market position there significantly. On top of this, we will continue to foster further organic growth in Germany and abroad and use this leading position to press ahead with ensuring our competitiveness in the out-of-home advertising industry. We are positioning ourselves as a relevant partner of advertising industries and will therefore invest in existing customer relationships as well as increase efforts to help gain new customers – primarily clients operating on a national scale.

As the largest provider of out-of-home media, we see our position in Germany, Europe's largest advertising market, as both an incentive and obligation. We are focusing in particular on the digitalization of our out-of-home products and services. In December 2010, we laid the cornerstone for the installation of the out-of-home channel at the 200 most highly frequented Deutsche Bahn train stations. By the end of 2010, our work included equipping Berlin's new main train station with more than 30 HD-ready screens. More screens have been installed since, with 800 screens expected to be installed by the second quarter of 2011 and the planned 1,000 screens by the end of the year at an investment volume in the tens of millions.

This means we are still firmly on the path to organic growth, standing to gain from the benefits that increased media content convergence will bring. In our view, there is currently nothing in our competitive environment that can compete with our digital offering for moving images in the area of out-of-home advertising. We wish to exploit this competitive advantage in the long term.

Fundamental shifts in the use of traditional media triggered by digitalization and fragmentation are giving us a strategic advantage over content-driven media. Increasing digitalization is ultimately shrinking the reach of each channel at a progressive rate. According to a study conducted by the agency Mediacom, only 10 commercials were needed in the mid-60s to reach 80% of the population. By contrast, a similar reach required over 500 in 2010.

Unlike traditional media, frequency of contact at the locations of out-of-home media in public spaces is not affected by the consequences of fragmentation and digitalization, quite the opposite, in fact – society's increasing level of mobility is actually increasing contact frequency. We expect out-of-home advertising to continue to benefit from these structural factors more and more over the next few years.

Our business process and IT systems in place are benefitting in particular from the high degree of scalability of our business model. For this reason, we are constantly working on improving the processes in all operating divisions and continuing to improve our efficiency. We will also continue with these efforts at all levels in subsequent years.

The Ströer Group does not expect to make any fundamental changes in the business policies and strategies it pursues.

Germany
The relatively late consolidation and professionalization of the German out-of-home market in comparison to the rest of Europe has meant that Germany's share of out-of-home media on the overall advertising market is still significantly below that of other European advertising markets. The top 200 advertisers, which according to Nielsen Media Research's annual report for 2010 account for a combined share of 3.4% of gross advertising spending, continue to be strongly underrepresented in the German out-of-home media sector. As the largest provider in Germany, we want to take a larger stake in this catch-up potential, as we already did in 2010, by means of targeted management of our sales activities and launching premium services such as the out-of-home channel. With our nationwide advertising media portfolio in all common out-of-home formats, we are already very well equipped for this.

The dynamic technical development of HD-ready screens is enabling us to take a pioneering step in the evolution of out-of-home media. The new out-of-home channel means we will we have a network with national coverage by the end of 2011. Our customers can now use large-format, HD-quality screens and videos "out of home" for their advertising needs with a reach comparable to that of medium-sized TV broadcasters. This opens up a complementary transfer of TV campaigns in public spaces to advertisers for the first time. With our out-of-home channel, we are reinforcing our innovative power and opening up access to advertising budgets outside of the traditional out-of-home sector.

With our five-year premium billboard program, we want to gradually expand our number of advertising faces at the most popular locations by the end of 2015 by introducing scrolling technology in the billboard segment. To this end, we will replace up to 1,000 traditional billboards at highly frequented locations every year with glazed, backlit scrolling display cases with three times the capacity. Expanding our available advertising faces in the large-format premium segment will enable us to cater to the peak-time demand which is currently not being met and continue to expand our offering for the important segment of national and regional premium accounts.

Foreign markets

In the Turkish and Polish market, we are expecting dynamic economic recovery supported by macroeconomic and socio-demographic conditions in these countries. We are also continuing in both countries to press ahead with the introduction of audience measurement systems on the basis of internationally accepted standards in consultation with our local competitors. Ströer expects to receive audience measurement results for Turkey in mid-2012 and for Poland at the end of 2012. This should help us to strengthen our position in out-of-home media, particularly against TV, radio and print, and we will effectively incorporate the results gained into our sales activities.

In the Turkish market, we intend to continue expanding our portfolio of traditional and digital advertising media, thereby reinforcing our leading position in this very dynamic economic environment. In this context, there are more and more possibilities that are presenting themselves in Turkey, in particular seeing as advertising media penetration has not yet reached western Europe levels. Additional advertising concessions on public property are also expected to be granted in the Istanbul and Anatolia regions. We will play an active role in this process, thereby strengthening our market position further.

In Poland, we experienced a surge in growth with the acquisition of News Outdoor Poland in November 2010 and are now working the market with an increased product and service offering. In the Polish out-of-home market, we expect consolidation efforts to continue in the medium term. A less fragmented market will ultimately lead to greater standardization of the advertising media formats on offer and bring them in line with western European quality standards. This development will once again provide a significant boost to the competitiveness of out-of-home media in comparison to other advertising forms in Poland. We expect government advertising concessions in the area of street furniture to become increasingly important, particularly with a view to the current tender for bus and tram shop shelters in Warsaw.

Any entry into another geographical market will primarily occur as part of the acquisition of an established target company. Our investigations in this regard are focused on the out-of-home providers in Europe. We review any takeover opportunities that arise on a case-by-case basis. In this connection, we give preference to companies that already have a critical size or those with which we can achieve a leading market position through further consolidations. The IPO in the reporting year granted us access to the capital markets. We therefore consider ourselves well prepared for any potential acquisitions. The liquidity reserves we have at our disposal allow us to carry out individual transactions for rounding off the portfolio even without direct capital market measures.

Anticipated revenue and earnings development

The Ströer Group's future revenue and earnings development depends primarily on how advertising spending develops in Germany, Turkey and Poland as well as on the total market share of out-of-home media. Forecasts must therefore pay particular attention to what degree economic fluctuations have on advertising spending and the intensity of consumer spending. Furthermore, the short-term booking behavior of advertising customers, which looks only a few months into the future at a time, also limits the reliability of any forecasts. These uncertainties, typical of the industry, prove a hindrance when determining quantified forecasts of revenue and earnings.

The Ströer Group

Revenue development in 2011 will be shaped heavily by consolidation effects stemming from the acquisitions performed in the reporting year. Based on 2010, the technical increase in revenue from the full-year consolidation of these companies for the first time will amount to EUR 43.7m. In light of the positive economic outlook in our core markets as well as favorable structural changes in media usage, we expect revenue in Germany to grow at a rate above general GDP for the full year 2011. This does not take contributions to growth from launching our out-of-home channel and premium billboard products into account. These two product initiatives will help us to generate additional positive revenue effects, with the main portion of these first-time revenue contributions being attributable to marketing the digital out-of-home channel.

In 2011, we expect Turkey to continue witnessing dynamic economic growth and significant organic revenue growth as a result, again considerably above the country's GDP growth in percent. Revenue growth could be even more dynamic in the second half of the year as the parliamentary decision on changes to television regulations due in spring as well as the presidential elections in June may slow growth during the first six months.

In 2011, our expected organic revenue growth in Poland should also move in line with the percentage change in GDP.

Overall, we expect the Group to witness revenue growth at around the mid to high-single-digit mark in 2011. For 2012, we expect revenue to increase at a similar rate with the economy continuing its upward trend.

Operating result (operational EBITDA)

As a result of the abovementioned consolidation effects, we anticipate a correspondingly higher cost base in 2011. If these effects are disregarded, we expect a revenue-driven increase in leasing and running costs, albeit at a slower pace. After several years of moderate fixed costs, we expect these to increase at a rate far above the inflation rate in 2011. In addition to wage increases and a larger portion of highly qualified employees, this will mainly be triggered by the increase in structural costs resulting from the stock exchange listing.

We anticipate the operating result before interest, depreciation and amortization (operational EBIDTA) to be noticeably higher than in the reporting year, also due in part to the consolidation effects. In order to estimate this base effect, half of Ströer Turkey's earnings contributions for the period from January to August 2010 (EUR 6.8m) can be used as the company was only consolidated on a proportionate basis during that period. Organic growth will also cause operational EBITDA to increase. Should the positive economic and industry forecasts develop as expected in 2011 and the year after, we expect to see a gradual improvement in the operational EBITDA margin for the Group in that period.

Consolidated profit

The anticipated increase in the operating result will also have a positive impact on consolidated profit after taxes. Growth in the operating result should more than compensate for the expected increase in amortization of concessions acquired as part of the acquisition of the shares in Turkey and Poland. An increase in amortization, depreciation and impairment losses is also expected as a result of higher investing activities in the reporting year. However, improvements to the debt and equity structure in the second half of 2010 mean that the interest result is expected to improve significantly in 2011.

Consolidated profit after taxes was impacted heavily by one-time effects in the reporting year. These mainly related to income from the remeasurement of the previously held equity interest in Ströer Kentvizyon pursuant to IFRS 3, the cost of the IPO as well as non-cash expenses from changes in the value of derivatives/exchange differences from intragroup loans contained in the financial result. The first two of these effects will not reoccur in subsequent years. Changes regarding the usual effects are primarily dependent on shifts in the yield curve and deviations in the exchange rate of the Polish zloty and Turkish lira from their respective reference rates as of 31 December 2010. As these latter effects are extremely difficult to predict, we believe the approximation we have at present is the best and will therefore not comment on the resulting effects on earnings in the rest of our comments on the forecast.

Overall, we expect 2011 and 2012 to bring a considerable increase in the net adjusted profit. By contrast, the reported profit expected for 2011 may be below that of the prior year as a result of the extraordinary income from remeasurement effects in the reporting year. As regards 2012, net adjusted profit and reported profit are expected to develop in tandem as a result of the absence of these effects.

Germany segment

In the German market, we anticipate further growth for out-of-home media over the next few years as a result of economically and structurally advantageous conditions. As we see it, the upheavals in the media landscape are meaning that advertisers are becoming more and more willing to reassess how they divide their media budget in their media mix. We expect to draw on our powerful German sales organization and take advantage of this opportunity and generate revenue growth around the mid-single-digit mark. This will be supported by the launch of innovative products such as the out-of-home channel and the premium billboard initiative. Despite the expected increase in fixed costs stemming from catch-up effects and inflationary and structural adjustments to overheads, we expect to see above-average growth in operational EBITDA.

Turkey segment

The Turkish company Ströer Kentvizyon, which will be consolidated for the whole of 2011, will provide a considerable boost to revenue in the Turkey segment. In the reporting year, the company was only fully consolidated for four months and proportionately consolidated for eight months. Based on 2010, the technical revenue effect year on year will amount to EUR 30.5m ceteris paribus.

We believe that Turkey is on a long-term path to growth, which is why we expect Ströer Kentvizyon to show progressive growth in subsequent years provided political or global economic factors do not hinder this.

Past experience of media experts in Turkey indicates that growth in this advertising market should continue to far exceed the growth rate of GDP. This increase in advertising spending would also subsequently be seen in a vast improvement in revenue generated by our Turkish subsidiary in 2011 and 2012.

2011 will see management focusing on securing the return on sales achieved in the prior year. To this end, we strengthened the finance and personnel side of our Turkish management team at the end of last year. On account of the measures introduced as well as the positive macroeconomic outlook, we expect the EBITDA margins of the Turkish group to expand gradually until 2012.

Other segment

Revenue development in the “Other” segment will be shaped by the effect from the first-time full-year consolidation of News Outdoor Poland. The company, since renamed Ströer City Marketing, was consolidated for the first time as of 1 November 2010. To determine the base effect on revenue year on year, the revenue generated by the company before the first-time consolidation between January and October 2010 can be used (EUR 12.6m).

The acquisition enabled us to considerably expand our position primarily in the important 18m^2 billboard segment and take a leading position. We intend to use this strengthened market position as a way of bringing our product offering further in line with the needs of our nationally operating customers by shortening sales cycles while at the same time expanding our reach. Bolstered by positive macroeconomic parameters and our abovementioned marketing efforts, we expect our Polish division to realize organic economic growth around the mid-single-digit mark. At the same time, we anticipate a considerable increase in operational EBITDA as we will be benefitting from the full effect of the cost synergies stemming from the acquisition coming into play. The combination of positive effects from the sales realignment and the achievable cost synergies is expected to contribute to a significant improvement in the EBITDA margin by 2012.

We also expect the blowUP Group to bring positive revenue and earnings contributions. The activities of blowUP continue to focus on the existing regions in Germany, the UK, Spain and the Benelux countries. Should the possibility to round off the country portfolio by means of M&A measures arise, we will review any such opportunities intensively and assess them together with our co-owners. With the exception of Spain, we expect our blowUP country portfolio to show a moderate improvement in the economic situation. However, we do not expect to see a repeat of the extraordinarily high organic growth rate experienced in the reporting year for 2011 and 2012. Instead, we expect revenue growth to normalize and at the same time the achievable EBITDA margin to grow gradually.

Expected financial position

The IPO enabled Ströer Out-of-Home Media AG to restructure its syndicated credit lines and set the final due date to June 2014. The benefit from this refinancing will first be seen in full in the interest result in 2011. Over the next three years, further improvements to the interest burden will go hand in hand with the expiration of various fixed interest derivatives that had been concluded at a comparatively high interest rate before the financial crisis hit.

Assuming the acquisitions made in Turkey, Poland and Germany had been included in the financial statements for the whole of 2010, the Group's leverage ratio, measured as the ratio between net debt and operational EBITDA, was 2.4 as of 31 December 2010. As a result of the ever improving free cash flow, we expect the leverage ratio to continue to fall over the next few years not taking into account any potential M&A measures. Should the Group's financial needs increase as a result of any potential M&A transactions, the leverage ratio would have to be reassessed in light of the situation on the capital markets.

In our view, our operating cash flow and liquidity give us sufficient financial headroom to take advantage of planned investment opportunities and those that present themselves as part of organic growth in 2011 and 2012.

Planned investments

Ströer will continue to invest highly in its media portfolio in the future as a way of offering its customers attractive products to reach their communication targets in public spaces. These investments will primarily be used to set up new advertising media as well as to maintain existing ones. For this and the extension of municipal contracts, we expect to make annual investments of around 4% to 5% of revenue. We will also invest in our growth projects in Germany, capacity increases in Turkey and potential portfolio optimizations in Poland. Beyond advertising media requirements, investments around the single-digit million mark will be made over the next few years for necessary maintenance and expansion of the IT environment. For 2011 and 2012, we expect the Group's total organic investment to amount to somewhere between EUR 50m and EUR 60m.

Consolidated income statement

In EUR k	Note	2010	2009
Continuing operations			
Revenue	(9)	531,313	469,799
Cost of sales	(10)	-332,541	-300,725
Gross profit		**198,772**	**169,074**
Selling expenses	(11)	-70,705	-67,310
Administrative expenses	(12)	-87,981	-64,604
Other operating income	(13)	76,781	13,678
Other operating expenses	(14)	-8,305	-11,860
Loss on associates		0	-43
Finance income	(15)	12,191	2,306
Finance costs	(15)	-65,029	-49,585
Profit or loss before taxes		**55,724**	**-8,344**
Income taxes	(16)	36	9,571
Post-tax profit from continuing operations		**55,760**	**1,227**
Discontinued operations			
Post-tax profit or loss from discontinued operations		0	-77
Profit for the period		**55,760**	**1,150**
Thereof attributable to:			
Owners of the parent		53,908	-390
Non-controlling interests		1,852	1,540
		55,760	**1,150**
Earnings per share (EUR, basic)			
from continuing operations		1.68	-0.01
from discontinued operations		0.00	0.00
Earnings per share (EUR, diluted)			
from continuing operations		1.56	-0.01
from discontinued operations		0.00	0.00

Consolidated statement of comprehensive income

In EUR k	Note	2010	2009
Profit for the period		**55,760**	**1,150**
Other comprehensive income			
Exchange differences on translating foreign operations	(8)	-7,171	622
Cash flow hedges	(35)	6,637	-10,268
Actuarial gains and losses	(28)	-1,465	-235
Income taxes relating to components of other comprehensive income	(16)	-1,506	3,398
Other comprehensive income, net of income taxes		**-3,505**	**-6,483**
Total comprehensive income, net of income taxes		**52,255**	**-5,333**
Thereof attributable to:			
Owners of the parent		51,129	-6,867
Non-controlling interests		1,126	1,534
		52,255	**-5,333**

Consolidated statement of financial position

Assets (in EUR k)	Note	31 Dec 2010	31 Dec 2009	1 Jan 2009
Non-current assets				
Intangible assets	(19)	529,726	393,270	407,630
Property, plant and equipment	(20)	212,990	180,854	184,044
Investment property	(21)	1,510	1,530	1,806
Financial assets	(22)	96	121	143
Trade receivables	(23)	934	1,342	0
Other financial assets	(24)	2,162	2,559	235
Other non-financial assets	(24)	6,029	3,515	3,102
Income tax assets		845	939	0
Deferred tax assets	(16)	8,511	30,601	15,245
		762,803	**614,731**	**612,206**
Current assets				
Inventories	(25)	5,075	4,085	4,500
Trade receivables	(23)	73,414	39,778	44,856
Other financial assets	(24)	8,016	8,456	9,597
Other non-financial assets	(24)	25,721	19,962	32,270
Income tax assets		4,232	4,293	6,541
Cash	(26)	106,120	57,257	42,499
Non-current assets held for sale		0	0	661
		222,578	**133,831**	**140,924**
		985,381	**748,562**	**753,131**

Equity and liabilities (in EUR k)	Note	31 Dec 2010	31 Dec 2009	1 Jan 2009
Equity	(27)			
Subscribed capital		42,098	512	512
Capital reserves		296,490	34,509	34,509
Retained earnings		-44,521	-81,543	-83,160
Accumulated other comprehensive income		-18,887	-17,091	-10,818
		275,180	**-63,613**	**-58,957**
Non-controlling interests		21,400	15,528	16,254
		296,580	**-48,085**	**-42,703**
Non-current liabilities				
Pension provisions and similar obligations	(28)	21,317	20,069	19,722
Other provisions	(29)	15,510	11,820	6,373
Financial liabilities	(30)	426,562	555,886	500,650
Trade payables	(31)	0	0	67
Deferred tax liabilities	(16)	61,649	75,575	78,930
		525,038	**663,350**	**605,741**
Current liabilities				
Other provisions	(29)	17,457	23,628	19,220
Financial liabilities	(30)	39,170	26,507	77,285
Trade payables	(31)	67,615	50,937	58,344
Other liabilities	(32)	31,129	25,724	22,421
Income tax liabilities		8,392	6,501	12,161
Liabilities associated with non-current assets held for sale		0	0	661
		163,763	**133,297**	**190,092**
		985,381	**748,562**	**753,131**

Consolidated statement of cash flows

In EUR k	2010	2009
Cash flows from operating activities		
Profit before interest and taxes from continuing operations	108,561	38,935
Profit before interest and taxes from discontinued operations	0	-78
Write-downs (+)/write-ups (-) of non-current assets	53,939	54,339
Interest paid (-)	-44,099	-49,532
Interest received (+)	932	1,440
Income taxes paid (-)/received (+)	-11,604	-13,851
Increase (+)/decrease (-) in provisions	-7,450	2,084
Other non-cash expenses (+)/income (-)	-61,785	1,301
Gain (-)/loss (+) on the disposal of non-current assets	845	863
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-3,202	5,088
Increase (+)/decrease (-) in trade payables and other liabilities	-5,863	-4,456
Cash flows from operating activities	30,273	36,133
Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	3,140	3,261
Cash paid (-) for investments in property, plant and equipment	-25,010	-19,622
Cash paid (-) for investments in intangible assets	-3,478	-2,814
Cash paid (-) for investments in financial assets	-135	-48
Cash received (+) from/paid (-) for the disposal of consolidated entities	300	-609
Cash received (+) from/cash paid (-) for the acquisition of consolidated entities	-73,329	332
Cash flows from investing activities	-98,512	-19,499

In EUR k	2010	2009
Cash flows from financing activities		
Cash received (+) from the issue of capital	285,466	0
Cash paid (-) to shareholders	-2,263	-1,832
Cash received (+) from borrowings	0	627
Cash paid (-) for the modification of existing borrowings	-7,623	0
Cash repayments (-) of borrowings	-158,478	-672
Cash flows from financing activities	117,102	-1,877
Cash at the end of the period		
Change in cash	48,864	14,758
Cash at the beginning of the period	57,257	42,499
Cash at the end of the period	106,120	57,257
Composition of cash		
Cash	106,120	57,257
Cash at the end of the period	106,120	57,257

Consolidated statement of changes in equity

	Subscribed capital		Capital reserves	Retained earnings
	Common shares	Preferred shares		
In EUR k				
1 Jan 2009	**474**	**38**	**34,509**	**-77,085**
Adjustment to the prior-year figures from the obligation to purchase treasury shares	0	0	0	-6,075
1 Jan 2009	**474**	**38**	**34,509**	**-83,160**
Profit for the period	0	0	0	-390
Other comprehensive income	0	0	0	-203
Total comprehensive income	0	0	0	-593
Change in basis of consolidation	0	0	0	0
Obligation to purchase treasury shares	0	0	0	2,213
Other changes/changes in shareholdings	0	0	0	0
Dividends	0	0	0	-3
31 Dec 2009/1 Jan 2010	**474**	**38**	**34,509**	**-81,543**
Profit for the period	0	0	0	53,908
Other comprehensive income	0	0	0	-984
Total comprehensive income	0	0	0	52,924
Change in basis of consolidation	0	0	0	0
Capital increase using company funds	21,312	1,728	-8,997	-14,043
Issue of shares	20,312	-1,766	273,415	-4,066
Direct costs relating to going public (after tax)	0	0	-2,437	0
Obligation to purchase treasury shares	0	0	0	2,210
Dividends	0	0	0	-3
31 Dec 2010	**42,098**	**0**	**296,490**	**-44,521**

Accumulated other comprehensive income: Exchange differences translating on foreign operations	Accumulated other comprehensive income: Cash flow hedges	Total	Non-controlling interests	Total equity
-5,358	**-5,459**	**-52,882**	**17,125**	**-35,757**
0	0	-6,075	-872	-6,947
-5,358	**-5,459**	**-58,957**	**16,254**	**-42,703**
0	0	-390	1,540	1,150
691	-6,965	-6,477	-6	-6,483
691	-6,965	-6,867	1,534	-5,333
0	0	0	-829	-829
0	0	2,213	18	2,231
0	0	0	384	384
0	0	-3	-1,832	-1,835
-4,667	**-12,424**	**-63,613**	**15,528**	**-48,085**
0	0	53,908	1,852	55,760
-6,482	4,686	-2,780	-726	-3,506
-6,482	4,686	51,129	1,126	52,255
0	0	0	21,609	21,609
0	0	0	0	0
0	0	287,895	0	287,895
0	0	-2,437	0	-2,437
0	0	2,210	-14,603	-12,393
0	0	-3	-2,260	-2,263
-11,149	**-7,738**	**275,180**	**21,400**	**296,580**

Reporting by operating segment

2010

In EUR k	Ströer Germany	Ströer Turkey	Other	Reconciliation	Group value
External revenue	409,895	68,595	52,823	0	**531,313**
Internal revenue	22	0	84	-106	**0**
Segment revenue	409,917	68,595	52,907	-106	**531,313**
Operational EBITDA	109,482	21,893	4,143	-8,254	**127,264**
Amortization and depreciation	34,890	12,224	4,568	2,257	**53,939**
Interest income	1,372	404	36	-534	**1,278**
Interest expenses	38,756	8,794	1,251	636	**49,437**
Income taxes	30,345	-1,588	1,284	-30,005	**36**

2009

In EUR k	Ströer Germany	Ströer Turkey	Other	Reconciliation	Group value
External revenue	393,303	33,495	43,001	0	**469,799**
Internal revenue	0	0	136	-136	**0**
Segment revenue	393,303	33,495	43,137	-136	**469,799**
Operational EBITDA	95,250	8,629	3,304	-7,155	**100,028**
Amortization and depreciation	42,090	3,303	3,753	1,192	**50,338**
Interest income	1,413	699	28	-233	**1,907**
Interest expenses	38,655	5,012	534	4,723	**48,924**
Income taxes	-4,171	-1,043	172	14,613	**9,571**

Reporting by product group

2010

In EUR k	Billboard	Street furniture	Transport	Other	Group value
External revenue	274,737	134,643	73,815	48,118	**531,313**

2009

In EUR k	Billboard	Street furniture	Transport	Other	Group value
External revenue	238,496	118,133	69,395	43,775	**469,799**

Reporting by geographical location

2010

In EUR k	Germany	Turkey	Rest of world	Group value
External revenue	417,860	68,595	44,858	**531,313**
Non-current assets	506,445	180,984	63,672	**751,101**

2009

In EUR k	Germany	Turkey	Rest of world	Group value
External revenue	401,477	33,495	34,827	**469,799**
Non-current assets	519,748	24,272	37,431	**581,451**

Notes to the consolidated financial statements

Basis of the consolidated financial statements

1 General

Ströer Out-of-Home Media AG (Ströer AG) is registered as a stock corporation under German law. The Company has its registered office at Ströer Allee 1, 50999 Cologne. The Company is entered in the Cologne commercial register under HRB no. 41548.

The purpose of Ströer AG and the entities included in the consolidated financial statements (the Ströer Group or the Group) is the commercialization of out-of-home media. With some 280,000 advertising faces and over 150 different forms of advertising media, the Group specializes in advertising directed at mobile target groups. The Group uses all forms of out-of-home media, from traditional billboards and transport media through to digital media to reach its target audience.

The consolidated financial statements of Ströer AG for fiscal year 2010 were prepared in accordance with the currently applicable International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

These consolidated financial statements cover the period from 1 January 2010 to 31 December 2010. The board of management of Ströer AG approved the consolidated financial statements on 25 March 2011 for issue to the supervisory board. The supervisory board has the task of reviewing the consolidated financial statements and declaring whether it approves them.

The consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments which have been measured at fair value.

The income statement has been prepared in accordance with the function of expense method (also called the cost of sales method).

The consolidated financial statements are presented in euros. Unless stated otherwise, all figures are disclosed in thousands of euros (EUR k). Due to rounding differences, figures in tables may differ slightly from the actual figures.

The references made in these notes to the consolidated financial statements to page numbers refer to the numbering in the annual report.

2 Assumptions, accounting estimates and the use of judgment

Preparation of the consolidated financial statements in compliance with IFRSs requires management to make assumptions and estimates which have an impact on the figures disclosed in the consolidated financial statements and the notes thereto. The estimates are based on historical data and other information on the transactions concerned. Actual results may differ from such estimates. Assumptions based on estimates are reviewed regularly.

Assumptions, accounting estimates and the use of judgment essentially relate to the following. For more details on the carrying amounts and other explanations, see the relevant individual disclosures in these notes.

Impairment of goodwill
The annual impairment test for goodwill requires an estimate to be made of the recoverable amount. The recoverable amount is determined on the basis of an estimate of future cash flows and an appropriate capitalization rate.

Fair value in business combinations
Fair value must be estimated when measuring assets and liabilities acquired in a business combination. The fair value is determined on the basis of an estimate of future cash flows and an appropriate capitalization rate or an estimate of the acquisition-date fair value. In addition, the fair value of previously held equity interests in business combinations achieved in stages is determined using a discounted cash flow method (DCF).

Pension and restoration obligations
In addition to estimating an appropriate capitalization rate, accounting for pension and restoration obligations requires assumptions to be made on additional actuarial parameters and the probability and timing of utilization.

Deferred tax assets arising from unused tax losses
The Group recognizes deferred tax assets arising from unused tax losses based on tax planning opportunities that would increase income taxes in future periods and allow for the loss carryforwards to be utilized in the next five years.

3 Significant accounting policies

Revenue and expense recognition
Revenue is mainly generated from the commercialization of advertising faces in the billboard, street furniture and transport product groups.

Revenue from the commercialization of advertising media is recognized when the service is rendered, i.e., on the date when the advertising is displayed, and is disclosed net of trade discounts, including agency commissions, outdoor media specialist payments and rebates.

Revenue from services is recognized when the service is rendered, i.e., on the date on which ownership of the internally generated or purchased advertising media is transferred.

Royalties are recognized pro rata temporis on the basis of the periods agreed in the licensing agreement.

In the case of revenue from multi-component transactions, the revenue attributable to the separately identifiable components is broken down to its relative fair value and recognized in accordance with the above policies.

Advertising media from third parties are marketed in addition to the Company's own media. Revenue from the commercialization of advertising media for non-group entities is recognized net of the revenue share attributable to these transactions provided the Group does not bear an economic risk. Hence only the agreed sales commissions are disclosed on a net basis under revenue.

Revenue from back-to-back transactions is measured at the market value of the consideration received and adjusted as appropriate by an additional cash payment. If the market value cannot be reliably measured, back-to-back transactions are measured at the market value of the advertising service rendered and adjusted as appropriate by an additional cash payment.

Income from services rendered and included in other operating income is recognized at the time of performance.

Operating expenses are recognized in profit or loss when the service is used or when the costs are incurred.

Interest is recognized on an accrual basis in the financial result applying the effective interest rate method.

Dividends are recognized at the time when the right to receive is established.

Goodwill and other intangible assets
Pursuant to IFRS 3, goodwill is measured as the excess of the cost of the business combination over the interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities as of the date of acquisition. Amortization is not charged.

All intangible assets acquired for a consideration, chiefly advertising concessions and software, have a finite useful life and are recognized at cost. The depreciable amount of intangible assets is allocated on a straight-line basis over their useful lives. Amortization in the fiscal year is allocated on the basis of the function of expense method. Amortization of intangible assets is charged on the basis of the following uniform group-wide useful lives:

Useful life	In years
Advertising concessions awarded by municipalities	1 to 17
Other advertising concessions	15 to 30
Other intangible assets	3 to 10
Goodwill	Indefinite

The appropriateness of the useful lives and of the method of amortization is reviewed annually.

The cost for the development of new or considerably improved products and processes is capitalized if the development costs can be measured reliably, the product or process is technically or economically feasible and future economic benefits are probable. In addition, the Ströer Group must intend and have adequate resources available to complete the development and to use or sell the asset.

The Group can incur development costs from the development of advertising media and software.

Capitalized costs mainly include personnel expenses and directly allocable overheads. All capitalized development costs have a finite useful life and are recognized at cost. Amortization is charged on a straight-line basis applying the same useful life for other intangible assets. Research and development costs which do not meet the recognition criteria for capitalization are recognized in profit or loss in the period in which they are incurred.

Property, plant and equipment
Property, plant and equipment are recognized at depreciated cost.

Cost comprises the purchase price, incidental acquisition costs and subsequent expenditure net of purchase price reductions. Since no qualifying assets have been identified within the meaning of IAS 23, cost does not include any borrowing costs. Separately identifiable components of an item of property, plant and equipment are recognized individually and depreciated.

Depreciation is charged on a straight-line basis over the respective useful life of the asset. The depreciation expense is allocated on the basis of the function of expense method. If the reasons for impairment cease to apply, the impairment loss is reversed. The residual carrying amount, the assumptions on the useful lives and the appropriateness of the depreciation method are reviewed annually.

Depreciation is based on the following useful lives:

Useful life	In years
Buildings	50
Plant and machinery	5 to 13
Advertising media	4 to 35
Other furniture and fixtures	3 to 15

The costs estimated for the dismantling and removal of advertising media at the end of an advertising concession contract are recognized at cost using the components approach. The amount is measured on the basis of the provision recognized for restoration obligations in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

If government grants are made for the purchase of property, plant and equipment, these grants are deducted in arriving at the carrying amount of the asset in question.

Investment property
Investment property is held to earn rentals or for capital appreciation or both. It is initially recognized at fair value and is subsequently measured at depreciated cost. The fair value of this investment property is measured separately and discussed in note 21 of these notes. The depreciation period is 50 years. Depreciation is being charged on a straight-line basis.

If the nature of use of an investment property changes, this is reflected under property, plant and equipment.

Impairment testing
The Ströer Group tests intangible assets, property, plant and equipment and investment property for impairment if there is an indication that the asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

If the recoverable amount of an asset is less than the carrying amount, an impairment loss is allocated and the asset is written down to its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the reasons for impairment recognized in prior periods cease to apply, the impairment losses, with the exception of goodwill, are reversed, but by no more than the amount of amortized cost.

Leases

Leases are classified as either operating or finance leases. Contractual provisions that transfer substantially all the risks and rewards incidental to ownership to the lessee are recognized as finance leases. Where the Ströer Group is the lessor, a receivable from the finance lease is recognized at the amount equal to the net investment in the lease.

In the case of finance leases where the Ströer Group is the lessee, the leased asset is recognized and matched by a lease liability. The leased asset is recognized at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. Leased assets are depreciated on a straight-line basis over the shorter of their useful lives or the lease term if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term. The corresponding lease liabilities are recognized in the statement of financial position in accordance with their terms. The interest portion of the lease liabilities is recognized in the financial result through profit or loss over the lease term.

Lease income from operating leases is recognized in income on a straight-line basis over the lease term.

Financial assets and liabilities

Under IAS 39, *Financial Instruments: Recognition and Measurement*, financial assets are classified and measured as either "Financial assets at fair value through profit or loss," as "Loans and receivables" or as "Available-for-sale financial assets." With the exception of derivative financial instruments, all financial liabilities are classified as "Financial liabilities measured at amortized cost." A financial asset/financial liability is recognized when the reporting entity becomes party to the contractual provisions of the instrument (settlement date). Financial assets not at fair value through profit or loss are measured at the transaction costs that are incremental costs directly attributable to the acquisition.

The other investments reported under financial assets are designated as "Available-for-sale financial assets." Other investments exclusively relate to shares in German limited companies and comparable non-German legal forms. They are carried at cost as their fair value cannot be reliably measured.

Trade receivables and the financial receivables disclosed under other financial assets are designated as "Loans and receivables," and are initially measured at fair value, which represents the cost on the date of acquisition. In subsequent periods, these items are measured at amortized cost. Non-interest and low-interest-bearing non-current receivables are carried at the present value of estimated future cash flows where the effect of the time value of money is material. The effective interest method is used for the calculation. Assets are classified as non-current if they are not due to be settled within 12 months after the reporting date.

Derivative financial instruments that are not part of a hedging relationship are designated as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss." They are measured at fair value and a gain or loss arising from a change in the fair value is recognized in profit or loss.

Financial liabilities and trade payables are included under "Financial liabilities measured at amortized cost." They are measured at fair value upon initial recognition and at amortized cost subsequently using the effective interest method. The fair value is calculated by discounting the estimated future cash flows at prevailing market value. Current liabilities are stated at the redemption amount or settlement amount. Transaction costs are deducted from cost if they are directly attributable. Non-interest and low-interest-bearing non-current financial liabilities are carried at the present value of estimated future cash flows discounted at the current market rate where the effect of the time value of money is material. Liabilities are classified as non-current if they are not due to be settled within 12 months after the reporting date.

Changes in the fair value of derivatives hedged by a cash flow hedge are recognized directly in equity in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, provided the hedge is effective. The amounts recognized in equity are recognized in the income statement in the period in which the hedged transaction affects profit or loss, e.g., when hedged finance income or expenses are recognized. If the forecast transaction is no longer expected to occur, the amounts previously recorded under equity are recognized in profit or loss for the period. The fair value of derivatives is calculated by discounting the estimated future cash flows at prevailing market value.

If there are indications of impairment for financial assets carried at cost, a write-down to the lower expected realizable value is made. When determining whether there are indications of impairment, information on the creditworthiness of the counterparty is analyzed. Uncollectible receivables are written off. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is reclassified from equity into the income statement. Reversals of impairment losses on equity instruments classified as available for sale are not recognized in profit or loss.

A financial asset is derecognized when the contractual rights to receive cash flows expire, i.e., when the asset was realized or expired or when the asset is no longer controlled by the reporting entity. A financial liability is derecognized if the contractual obligation underlying the liability is discharged or canceled or if it expires.

Inventories
Inventories are carried at acquisition cost. Cost is calculated on the basis of the weighted average method. Inventories are measured at the lower of cost or net realizable value as of the reporting date.

Deferred taxes

Deferred taxes are calculated in accordance with IAS 12, *Income Taxes*. They are recognized on temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and their tax base as well as on consolidation entries and on potentially realizable unused losses. Deferred taxes on items recognized directly in equity according to the relevant standards are also recognized directly in equity. The accumulated amounts of deferred taxes recognized directly in equity as of the reporting date are presented in the consolidated statement of comprehensive income.

Deferred tax assets are recognized on deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes are determined on the basis of the tax rates which apply in the individual countries at the time of realization. These are based on tax rates in force or already adopted on the reporting date. Effects from tax rate changes are recognized in profit or loss, unless they relate to items recognized directly in equity. Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets against the current tax liabilities, and when the deferred taxes relate to the same tax type and tax authority.

Non-current assets and liabilities held for sale

Non-current assets (or a disposal group) and investments acquired with a view to resale are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Provisions

Provisions are recognized for obligations to third parties arising from past events, the settlement of which is expected to result in an outflow of cash and whose amount can be reliably estimated.

Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

Provisions for post-employment benefits and similar obligations are measured according to the projected unit credit method. This method takes into account the pensions known and expectancies earned as of the reporting date as well as the increases in salaries and pensions expected in the future. Pension obligations are calculated on the basis of actuarial reports. All actuarial gains and losses are disclosed directly in equity.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. They comprise any resulting change from a curtailment or settlement in the present value of the defined benefit obligations and any related actuarial gains and losses and past service cost that had not previously been recognized.

In the case of defined contribution plans (e.g., direct insurance policies), the contributions payable are immediately expensed. Provisions for pension obligations are not recognized for defined contribution obligations as the Ströer Group does not have any other obligations in these cases apart from premium payment obligations.

Other provisions are measured on the basis of the best possible estimate of the expected net cash flows, or in the case of long-term provisions, at the present value of the expected net cash flows provided the time value of money is material.

If legal or contractual obligations provide for the removal of advertising media and the restoration of the site at the end of the advertising concession contract, a provision is recognized for this obligation if it is probable that the obligation will have to be settled. The provision is measured on the basis of the estimated future costs of restoration at the end of the term, discounted to the date the provision was initially set up on. The provision is then recognized in this amount directly in the statement of financial position and is matched by the same amount under property, plant and equipment. Changes in the value of the provisions are immediately reflected in the corresponding value under property, plant and equipment.

Provisions for onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The provision for archiving costs is recognized to cover the legal obligation to retain business documents.

Other non-financial assets and liabilities

Deferrals, prepayments and non-financial assets and liabilities are recognized at amortized cost.

Contingent liabilities

Contingent liabilities are potential obligations which are based on past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events which are beyond the Ströer Group's control. Furthermore, present obligations are deemed contingent liabilities if an outflow of resources is not sufficiently probable for the recognition of a provision and/or the amount of the obligation cannot be reliably estimated. Contingent liabilities reflect the scope of liability existing as of the reporting date. They are disclosed off the face of the statement of financial position in the notes to the financial statements.

Share-based payment

Goods or services received or acquired in a share-based payment transaction are recognized when the goods are obtained or as the services are received. A corresponding increase in equity is recognized if the goods or services were received in an equity-settled share-based payment transaction, or a liability is recognized if the goods or services were acquired in a cash-settled share-based payment transaction. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are recognized at the fair value of the liability. Until the liability is settled, the fair value of the liability must be remeasured at the end of each reporting period, with changes in fair value recognized in profit or loss for the period.

Overview of selected measurement methods

Line item in the statement of financial position	Measurement method
Assets	
Goodwill	Lower of cost and recoverable amount
Other intangible assets	At (amortized) cost
Property, plant and equipment	At (depreciated) cost
Investment property	At (depreciated) cost
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	At (amortized) cost
Available for sale	At fair value directly in equity
At fair value through profit or loss	At fair value through profit or loss
Trade receivables	At (amortized) cost
Inventories	Lower of cost and net realizable value
Cash	Nominal value
Equity and liabilities	
Provisions	
Provisions for pensions and similar obligations	Projected unit credit method
Other provisions	Settlement amount
Financial liabilities	At (amortized) cost
Trade payables	At (amortized) cost
Other liabilities	Settlement amount

4 Changes in accounting policies

All new and amended standards and interpretations published by the IASB and the IFRIC that are effective for fiscal years beginning on or after 1 January 2010 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies or accounting estimates

IFRS 8, *Operating Segments*, was amended effective 1 January 2010. The amendment eliminates the previous unconditional requirement to disclose information about segment assets and replaces it with a conditional disclosure requirement. As information on segment assets is not provided to our chief operating decision-maker in internal reporting, we did not disclose this information in segment information for the reporting or prior period.

On 1 January 2010, the policy for calculating operational EBITDA was amended. This amendment eliminates the recognition of (non-cash) valuation effects for provisions from a phantom stock program for the board of management as a component of a long-term remuneration program in the calculation of operational EBITDA. The accounting policy was amended as the program was terminated when the Group went public; the funds were paid out. The comparative figures for 2009 have been retrospectively restated. The effect of the adjustment was EUR 327k.

We have presented the put options written on shares held by non-controlling interests as a notional acquisition on the reporting date. The adjustment item for these interests recognized in equity was derecognized and a liability in the amount of a notional purchase price liability was recognized instead. The cumulative difference between the derecognized adjustment item and the notional purchase price liability was offset directly against retained earnings. The value of the notional purchase price liability and details on its calculation are presented in note 35.

In connection with this, notional purchase price liabilities of EUR 17,109k were recognized as of 31 December 2010.
The adjustment item for non-controlling interests of EUR 14,604k was derecognized and retained earnings were increased by

EUR 2,210k. The prior-year figure was restated. This led to an increase of EUR 4,716k in financial liabilities, a decrease of EUR 18k in the adjustment item and an increase of EUR 2,213k in retained earnings. As of 1 January 2009, the notional liability came to EUR 6,947k. Shares held by non-controlling interests of EUR 872k were derecognized and retained earnings decreased by EUR 6,075k.

We are of the opinion that the selected presentation better reflects both the nature of the transaction as a transaction among equity investors and the resulting accounting in equity and also provides more insight into net assets.

The revised versions of IFRS 3, *Business Combinations*, and IAS 27, *Consolidated and Separate Financial Statements*, effective 1 January 2010 were prospectively applied for the first time to the business combinations made. The comparative periods have not been restated.

The main effects on the accounting for the transactions made compared with the previous version of IFRS 3 are summarized below:

- In a business combination achieved in stages, the acquirer must remeasure its previously held equity interest at fair value through profit or loss. Goodwill is measured as the excess of the aggregate of the consideration transferred and the acquisition-date fair value of the equity interest and the amount of any non-controlling interest in the acquiree over the net assets acquired.
- For the first time, the non-controlling interests in the acquiree can be recognized at fair value and the difference between the amount over the equity interest held can be allocated to goodwill (full goodwill method). The option of applying the full goodwill method can be exercised separately for each transaction. We elected to apply the full goodwill method to the acquisition of an additional 40% in the Turkish subgroup and the initial assumption of control.
- Acquisition-related costs are recognized immediately in profit or loss.
- For the first time, IFRS 3 addresses the accounting for and measurement of rights granted by the acquirer prior to the combination of the acquired entities and subsequently reacquired by the acquirer.

We remeasured the expenditure required to settle the restoration obligations for advertising media on the basis of possible future costs. We also re-estimated the probability of utilization of the underlying contractual obligations on the basis of ongoing findings. This gave rise to an adjustment of EUR 5,223k which was recognized as an increase in the underlying assets and provisions with no effect on profit or loss. On the basis of an assumption of an average residual useful life of 10 years for the underlying obligations, an annual depreciation expense of EUR 522k will be recognized in subsequent years in cost of sales. Applying the current discount rates, the unwinding of the discount on the provision gives rise to an interest expense of at least EUR 218k. This will increase in subsequent years.

Standards and pronouncements adopted that have no effect on the Group's financial reporting

The following standards and pronouncements by the IFRIC became effective for the first time in fiscal year 2010. They had no effect on the Group's financial reporting.

Standard/pronouncement	Contents
IFRS 2, *Share-based Payment*	Clarification of the accounting for group cash-settled share-based payments.
IAS 32, *Financial Instruments: Presentation*	Clarification of when rights issues in foreign currency can be classified as equity.
IAS 39, *Financial Instruments: Recognition and Measurement*	Clarification that a portion of a financial instrument may be designated as a fair value hedge or cash flow hedge. The amendment also permits the hedging of inflation risk in particular situations.
IFRIC 12, *Service Concession Arrangements*	Initial guidance on the treatment of infrastructure services provided by private sector entities.
IFRIC 17, *Distribution of Non-cash Assets to Owners*	Initial guidance on the treatment of distributions of non-cash assets to owners.
Improvements to IFRSs 2008 and 2009	Collection of amendments to various individual standards which have no effect on the consolidated financial statements with the exception of the abovementioned amendment to IFRS 8, *Operating Segments.*

Standards and pronouncements that are not yet effective
The following standard is not yet effective and has not been previously applied by the Group.

In November 2009, the IASB published IFRS 9, *Financial Instruments: Classification and Measurement*, as part of its project for replacement standards for IAS 39. The standard is effective for fiscal years beginning on or after 1 January 2013. The adoption of IFRS 9 will have an effect on the classification and measurement of financial assets and liabilities. However, the standard has not yet been endorsed by the EU.

In addition, the IASB and the IFRIC issued or amended the following standards and interpretations. The first-time adoption of these standards and interpretations is not expected to have a significant effect on the Group's net assets, financial position and results of operations:

- IFRS 7 – *Disclosures – Transfers of Financial Assets*
  (effective for fiscal years beginning on or after 1 July 2011)
- IAS 12 – *Deferred Tax: Recovery of Underlying Assets*
  (effective for fiscal years beginning on or after 1 January 2012)
- IAS 24 – *Related Party Disclosures*
  (effective for fiscal years beginning on or after 1 January 2011)
- IAS 32 – *Financial Instruments: Presentation*
  (effective for fiscal years beginning on or after 1 February 2010)
- Improvements to IFRS 2010 (collection)
- IFRIC 14 – *Prepayments of a Minimum Funding Requirement*
  (effective for fiscal years beginning on or after 1 January 2011)
- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*
  (effective for fiscal years beginning on or after 1 July 2010)

5 Basis of consolidation

The consolidated financial statements include the financial statements of all entities which Ströer AG directly or indirectly controls. In addition to Ströer AG, 23 German and 18 foreign subsidiaries were consolidated as of 31 December 2010 on the basis of full consolidation and 6 German and 1 foreign joint venture on the basis of proportionate consolidation.

Fully consolidated entities

Name	Registered office	Country	Equity interest in % 31 Dec 2010	31 Dec 2009
blowUP Media Benelux B.V.	Amsterdam	Netherlands	80	80
blowUP Media Espana S.A.	Madrid	Spain	70	70
blowUP Media France SAS	Paris	France	82	82
blowUP Media GmbH	Cologne	Germany	75	75
blowUP media project GmbH	Cologne	Germany	75	75
blowUP Media U.K. Ltd.	London	UK	80	80
City Design Gesellschaft für Aussenwerbung mbH	Cologne	Germany	100	100
City Lights Reklam Pazarlama Ltd. Sti	Istanbul	Turkey	89	50
City Plakat BMA GmbH	Berlin	Germany	-	100
Culture Plak Marketing GmbH	Berlin	Germany	51	51
DERG Vertriebs GmbH	Cologne	Germany	100	100
DSM Deutsche Städte Medien GmbH	Frankfurt	Germany	100	100
DSM Krefeld Aussenwerbung GmbH	Krefeld	Germany	51	51
DSM Mediaposter GmbH	Cologne	Germany	100	100
DSM Zeit und Werbung GmbH	Frankfurt	Germany	100	100
Dünya Tanitim Hizmetleri ve Turizm Ticaret Ltd. Sti.*	Istanbul	Turkey	90	50
GO Public! Eventmedia GmbH	Cologne	Germany	100	100
Gündem Matbaacilik Organizasyon Gazetecilik Reklam San. Tic. Ltd*	Antalya	Turkey	90	50
Hamburger Aussenwerbung GmbH	Hamburg	Germany	-	100
Hamburger Verkehrsmittel-Werbung GmbH	Hamburg	Germany	75	75
Ilbak Neon Kent Mobilyalari Ltd. Sti.*	Istanbul	Turkey	90	50
INFOSCREEN Hamburg Gesellschaft für Stadtinformationssysteme mbH	Hamburg	Germany	75	75
Inter Tanitim Hizmetleri San. ve Ticaret A.S.*	Istanbul	Turkey	60	33
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung	Cologne	Germany	51	51
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen	Hamburg	Germany	51	51
Megaposter UK Ltd.	Brighton	UK	80	80
Meteor Advertising Ltd.	London	UK	80	80
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti.*	Istanbul	Turkey	72	40
SK Kulturwerbung Bremen-Hannover GmbH*	Bremen	Germany	100	50
SK Kulturwerbung Rhein-Main GmbH*	Frankfurt	Germany	100	50
Stadtkultur Rhein-Ruhr GmbH, Büro für Kultur und Produktinformationen*	Essen	Germany	100	50
Ströer Akademi Reklam Parzarlama Ltd. Sti.*	Istanbul	Turkey	90	50
Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)	Warsaw	Poland	99	-
Ströer DERG Media GmbH	Kassel	Germany	100	100
Ströer Deutsche Aussenwerbung GmbH	Cologne	Germany	-	100
Ströer Deutsche Städte Medien GmbH	Cologne	Germany	100	100
Ströer Infoscreen GmbH	Cologne	Germany	100	100
Ströer Kentvizyon Reklam Pazarlama A.S.*	Istanbul	Turkey	90	50
Ströer Media Deutschland GmbH	Cologne	Germany	100	100
Ströer Media Sp. z.o.K.	Warsaw	Poland	99	99
Ströer Media Sp. z.o.o.	Warsaw	Poland	99	99
Ströer Polska Sp. z.o.o.	Warsaw	Poland	99	99
Ströer Sales & Services GmbH	Cologne	Germany	100	100
Werbering Gesellschaft mit beschränkter Haftung	Cologne	Germany	100	100

* Indicates entities that were still consolidated on a proportionate basis in the consolidated financial statements for fiscal year 2009.

The following entities were acquired by other group entities in intragroup mergers in 2010:

- City Plakat BMA GmbH
- Hamburger Aussenwerbung GmbH
- Ströer Deutsche Aussenwerbung GmbH

The following joint ventures are engaged in the commercialization of out-of-home media.

Proportionately consolidated joint ventures

			Equity interest in %	
Name	**Registered office**	**Country**	**31 Dec 2010**	**31 Dec 2009**
Arge Schönefeld GbR	Berlin	Germany	50	50
blowUP Media Belgium N.V.	Antwerp	Belgium	60	60
DSMDecaux GmbH	Munich	Germany	50	50
mediateam Werbeagentur GmbH/Ströer Media Deutschland GmbH & Co. KG - GbR	Cologne	Germany	50	50
Mega-Light Staudenraus & Ströer GbR	Cologne	Germany	50	50
Trierer Gesellschaft für Stadtmöblierung mbH	Trier	Germany	50	50
X-City Marketing Hannover GmbH	Hanover	Germany	50	50

Due to the extensive participation rights held by the non-controlling interests in blowUP Media Belgium N. V., we have no control over this entity.

The following table shows the assets and liabilities and expenses and income of the joint ventures in relation to the Group's interest:

In EUR k	31 Dec 2010	31 Dec 2009
Current assets	9,175	46,168
Non-current assets	6,417	45,228
Current liabilities	2,549	27,714
Non-current liabilities	2,296	27,062
Net assets	**10,747**	**36,620**

In EUR k	2010	2009
Income	14,183	68,979
Expenses	10,565	60,453
Profit after taxes	**3,618**	**8,526**

In addition to the investments presented, the Group also holds equity interests in XOREX GmbH, Cologne (24.6%; prior year: 24.6%), and XOREX Beteiligungs GmbH, Cologne (49.7%; prior year: 49.7%).

The carrying amount of the associates came to EUR 0k as of 31 December 2010 (prior year: EUR 0k). The cost of investments in associates was increased by EUR 135k and written down by the same amount in the reporting period.

The associates disclosed the following consolidated values as of the reporting date:

In EUR k	31 Dec 2010	31 Dec 2009
Current assets	89	2,020
Non-current assets	0	14,467
Current liabilities	402	3,543
Non-current liabilities	354	28,160
Net assets	**-667**	**-15,216**

No disclosures can be made on the cumulative total of unrecognized shares of losses as the XOREX Group did not receive any information on significant investments in 2010 (prior year: EUR 4,572k).

6 Business combinations and sales

Business combinations

Ströer Kentvizyon Reklam Pazarlama A.S., Turkey

Effective 2 September 2010, the Group acquired an additional 40% equity interest in Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey (Ströer Kentvizyon), and has held a 90% interest in this entity since that date. The entity is engaged in the commercialization of out-of-home media. Additional equity interests were acquired to allow the Group to obtain control of the former joint venture and drive forward the internationalization of the Group in this dynamic growth market.

The acquisition gave rise to transaction costs of EUR 110k which were reported under administrative expenses.

The fair values of the assets acquired and liabilities assumed are presented below:

In EUR k	
Advertising concessions	101,713
Contracts on hand	3,729
Other intangible assets	417
Property, plant and equipment	35,898
Deferred tax assets	2,596
Inventories	1,913
Trade receivables	59,115
Financial assets	4,750
Other assets	27,030
Income tax assets	941
Cash	2,059
Pension provisions	133
Other provisions	309
Deferred tax liabilities	21,088
Trade payables	34,552
Financial liabilities	60,886
Other liabilities	15,639
Income tax liabilities	2,011
Net assets acquired	105,544

The agreements have terms of between 1 and 17 years. The contracts on hand recognized have a useful life of four months.

In the course of the business combination, EUR 200k was recognized as contingent liabilities under income tax liabilities. These are contingent tax liabilities which are deemed as not incurred by the acquiree. The contingent liabilities were calculated on the basis of their most likely utilization.

The fair value and gross amount of the receivables acquired, classified by category, break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	59,115	62,159
Financial receivables	4,750	4,844
Other assets	1,135	1,135

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

The fair value of the non-controlling interests in the purchase price allocation as of 31 December 2010 is still provisional. For this reason, both the calculation of the business value, which affects the fair value of the previously held equity interest and thus the purchase price, and goodwill are still provisional.

The adjustment of the provisional purchase price allocation had the following effects on the income statement and statement of financial position:

In EUR k	
Advertising concessions	101,713
Contracts on hand	3,729
Goodwill	-71,471
Deferred tax assets	2,596
Deferred tax liabilities	21,088
Other provisions	309
Income tax liabilities	200
Write-downs of advertising concessions and contracts on hand (recognized in cost of sales)	7,106
Income taxes	1,421

The following adjustments were made to the income statement prepared as of 30 September 2010:

In EUR k	
Other operating income	5,611
Write-downs of advertising concessions and contracts on hand (recognized in cost of sales)	1,788
Income taxes	358

Goodwill breaks down as follows:

In EUR k	
Purchase price	55,000
Acquisition-date fair value of the previously held equity interest	75,626
Fair value of non-controlling interests	22,630
Net assets acquired	105,544
Goodwill	47,712

The remeasurement of the previously held equity interest to its fair value as of the acquisition date led to income of EUR 59,600k, which was recognized in other operating income. In addition, a gain of EUR 1,788k was recognized on deconsolidation of the former joint venture and is disclosed under other operating income.

Goodwill is based on the positive outlook for the Turkish economy and the income expected in subsequent years as well as the possibility of generating new cash flows from the extension of existing agreements and the acquisition of new concessions. No goodwill arose for tax purposes.

The allocation to the adjustment item for non-controlling interests was made using the full goodwill method.

A business valuation using the DCF method was used to determine the fair value of the adjustment item for the parent of the Turkish subgroup. The fair value was determined as the non-controlling shareholders' net interest in equity. A detailed four-year forecast was prepared for the business valuation. The cash flow at the end of the detailed forecast period was rolled forward using a perpetual annuity. The assumptions used for impairment testing were also used for this forecast. The adjustment items for the non-controlling interests in two subsidiaries were determined on the basis of the business valuation using EBIT multiples. A multiple of 7.0 was used.

Since control was obtained, Ströer Kentvizyon has contributed revenue and profit after taxes which are included in the consolidated income statement for 2010.

In EUR k	Revenue	Profit after taxes
2 Sep to 31 Dec 2010	38,100	-3,630

In accordance with the deconsolidation required by IFRS 3, the entities Medya Grup Tanitim Halkla Illiskiler Organizasyon Sanayi ve Ticaret Ltd. Sti. and Konya Inter Tanitim ve Reklam Hizmetleri A.S. which were previously consolidated on a proportionate basis were deconsolidated. The entities have largely discontinued operations and for reasons of materiality are no longer included in the consolidated group.

News Outdoor Poland sp. z. o. o., Poland

Effective 29 October 2010, the Group purchased all of the shares in News Outdoor Poland sp. z. o. o., Warsaw (News Outdoor Poland), in order to further consolidate its position on the Polish out-of-home market. The purchase price for the shares totaled EUR 22,618k in cash. The acquisition gave rise to transaction costs of EUR 20k which were reported under administrative expenses.

The accounting for the purchase price allocation presented below is incomplete as the assets and liabilities to be recognized from the combination cannot be identified and measured with sufficient accuracy at present. Apart from the allocation of the purchase price, the amount of the purchase price has also not been finalized.

The fair values of the assets and liabilities acquired are presented below:

In EUR k	
Intangible assets	555
Property, plant and equipment	9,222
Trade receivables	2,205
Other assets	209
Cash	248
Other provisions	302
Financial liabilities	3,176
Trade payables	5,997
Other liabilities	413
Net assets acquired	2,552

The fair value and gross amount of the receivables acquired, classified by category, break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	2,205	2,680
Other assets	6	6

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

In EUR k	
Purchase price	19,218
Purchase price payments in subsequent periods	3,400
Non-controlling interests	201
Net assets acquired	2,552
Goodwill	19,865

Goodwill is based on the positive outlook for the Polish economy and the income expected in subsequent years as well as the possibility of generating new cash flows from the extension of existing agreements and the acquisition of new concessions. No goodwill arose for tax purposes.

The allocation to the adjustment item for indirect non-controlling interests was made on the basis of the share in equity/the carrying amount of the equity interest.

Since control was obtained, News Outdoor Poland has contributed revenue and profit after taxes which are included in the consolidated income statement for 2010.

In EUR k	Revenue	Profit after taxes
29 Oct to 31 Dec 2010	2,291	-1,463

Stadtkulturen, entities in the market for cultural events in Germany

Effective 30 June 2010, the Group acquired an additional 50% equity interest in each of SK Kulturwerbung Rhein-Main GmbH, Frankfurt/Main, SK Kulturwerbung Bremen-Hannover GmbH, Bremen, and Stadtkultur Rhein-Ruhr GmbH Büro für Kultur- und Produktinformationen, Essen. Hence, the Group has wholly owned these three entities since that date. The interests were acquired to consolidate the Group's position in the market for cultural events marketing.

On grounds of materiality, the quantitative disclosures for the three entities acquired are disclosed in aggregate in accordance with IFRS 3.B65.

The remeasurement of the previously held equity interest led to income of EUR 416k, which was recognized in other operating income.

The fair values of the assets and liabilities acquired are presented below:

In EUR k	
Advertising concessions	562
Other intangible assets	3
Property, plant and equipment	105
Inventories	63
Trade receivables	190
Financial assets	12
Tax assets	10
Other assets	160
Cash	643
Other provisions	143
Deferred tax liabilities	179
Trade payables	418
Financial liabilities	34
Other liabilities	262
Tax liabilities	26
Net assets acquired	685

The fair value and gross amount of the receivables acquired, classified by category, break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	186	189
Financial receivables	16	16
Other assets	160	160

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

In EUR k	
Purchase price	424
Purchase price payments in subsequent periods	75
Acquisition-date fair value of the previously held equity interest	499
Net assets acquired	685
Goodwill	313

Goodwill is based on income expected in subsequent years. No goodwill arose for tax purposes.

Since control was obtained, the three entities have contributed to revenue and profit after taxes which are included in the consolidated income statement for 2010.

In EUR k	Revenue	Profit after taxes
1 Jul to 31 Dec 2010	1,251	208

Summary information

The following disclosures reflect the fact that only 50% of the assets and liabilities of Ströer Kentvizyon and the entities in the market for cultural events are recognized as an addition as these entities were included on a 50% basis in the consolidated group until their respective dates of acquisition.

The effects on the cash flows from investing activities are presented below:

In EUR k	2010	2009
Total payments	-74,642	-10
Total payments from purchase price adjustments	0	100
Total cash acquired	1,599	242
Cash outflows for acquisitions in prior years	-286	0
Net cash flows from business combinations	-73,329	332
Total payments received	0	100
Total cash acquired	0	-709
Total payments received for disposals in prior years	300	0
Net cash from disposals	300	-609

The aggregate increases and decreases in the asset and liability items are presented below:

In EUR k	2010	2009
Goodwill	67,890	-612
Advertising concessions	102,275	11,931
Contracts on hand	3,729	342
Other intangible assets	976	7
Property, plant and equipment	45,225	-355
Deferred tax assets	2,596	0
Inventories	1,976	26
Trade receivables	61,510	199
Financial assets	4,762	-1,050
Other assets	27,399	46
Income tax assets	951	-5
Pension provisions	133	0
Other provisions	755	26
Deferred tax liabilities	21,267	3,922
Trade payables	40,967	-28
Financial liabilities	64,096	0
Other liabilities	16,314	-206
Income tax liabilities	2,037	-169

The effect on the Group’s revenue and profit after taxes in the consolidated financial statements had all the entities acquired in 2010 been fully consolidated as of 1 January 2010 is presented below. The calculation is based on the assumption that the fair value adjustments from the purchase price agreement (PPA) made as of the respective dates of acquisition would remain unchanged had consolidation taken place as of 1 January 2010.

In EUR k	Revenue	Profit after taxes
1 Jan to 31 Dec	575,004	49,176

7 Consolidation principles

The assets and liabilities of the fully or proportionately consolidated entities are measured on the basis of uniform accounting policies. The reporting date of all entities consolidated is 31 December.

Subsidiaries are fully consolidated from the date of acquisition, i.e., the date on which the Group obtains control. Control within the meaning of IAS 27, *Consolidated and Separate Financial Statements*, is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation ends as soon as the parent ceases to have control.

The cost of foreign entities acquired is translated into euros at the exchange rate applicable on the date of acquisition.

The acquisition method is applied for the initial accounting. The cost of a business combination is allocated by recognizing the assets acquired and liabilities assumed as well as certain contingent liabilities at fair value. Any excess of the cost of the combination over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Goodwill attributable to non-controlling interests is also recognized as an asset on a case-by-case basis in accordance with IFRS 3. Any remaining negative goodwill is recognized immediately in profit or loss.

The hidden reserves and charges recognized are subsequently measured applying the accounting policy for the corresponding assets and liabilities. Goodwill recognized is tested for impairment annually (see note 19).

Write-ups or write-downs in the fiscal year on shares in consolidated entities recognized in the individual financial statements are eliminated in the consolidated financial statements. Intragroup profit and losses, revenue, expenses and income as well as receivables and liabilities between consolidated entities are eliminated.

Effects of consolidation on income taxes are accounted for by deferred taxes.

Non-controlling interests in equity and profit or loss are recognized in a separate item under equity. If additional interests are acquired in fully consolidated entities, this difference is directly set off against equity.

A joint venture is defined as a contractual arrangement between two or more parties to undertake economic activities that are subject to joint control. Joint ventures are consolidated on a proportionate basis in line with the above principles of full consolidation.

For the purpose of measurement, other investments are classified pursuant to IAS 39 as "Available-for-sale financial assets" and are recognized at cost or fair value, provided this can be reliably measured.

8 Currency translation

The financial statements of the consolidated foreign entities whose functional currency is not the euro are translated pursuant to IAS 21, *The Effects of Changes in Foreign Exchange Rates*, into the Group's presentation currency (euro). The functional currency of the foreign entities is the respective local currency.

Assets and liabilities are translated at the closing rate. Equity is reported at the historical rate. Expenses and income are translated into euros at the weighted average rate of the respective period. Exchange differences are recognized directly in equity. Exchange differences recognized directly in equity are only recognized in profit or loss if the corresponding entity is sold or deconsolidated.

Transactions conducted by the consolidated entities in foreign currency are translated into the functional currency at the exchange rate valid on the date of the transaction. Gains and losses arising on the settlement of such transactions or on translating monetary items in foreign currency at the closing rate are recognized in profit or loss.

The following exchange rates were used for the most important foreign currencies in the Ströer Group:

		Closing rate		Weighted average rate	
Country	**Currency**	**31 Dec 2010**	**31 Dec 2009**	**2010**	**2009**
Poland	PLN	3.9659	4.1168	4.0006	4.3262
Turkey	TRY	2.0700	2.1558	1.9985	2.1539
UK	GBP	0.8618	0.8890	0.8600	0.8896

Notes to the income statement

9 Revenue

Revenue breaks down as follows:

In EUR k	2010	2009
Revenue from the commercialization of advertising media	503,831	443,772
Revenue from services	22,654	20,601
Other operating income	2,531	2,230
Royalties	2,297	3,196
Total	**531,313**	**469,799**

See the disclosures under segment information for a breakdown of revenue by segment. Revenue includes income of EUR 2,570k (prior year: EUR 874k) from back-to-back transactions. As of the reporting date, outstanding receivables and liabilities from back-to-back transactions amounted to EUR 951k (prior year: EUR 425k) and EUR 185k (prior year: EUR 219k), respectively.

10 Cost of sales

Cost of sales includes all costs which were incurred in connection with the sale of products and provision of services. These mainly relate to rental, lease and royalty payments as well as amortization, depreciation and impairment losses.

11 Selling expenses

Selling expenses include all expenses incurred in connection with direct selling expenses and sales overheads. These comprise personnel expenses, cost of materials, amortization, depreciation and impairment losses and other costs related to sales activities. Research and development costs are disclosed in the income statement under selling expenses and amounted to EUR 1,600k (prior year: EUR 1,403k) in the reporting period.

12 Administrative expenses

Administrative expenses include the personnel and non-personnel expenses of the central administrative areas which are not connected with production/technology, sales or research and development.

Administrative expenses contain expenses of EUR 17,237k in connection with the IPO.

13 Other operating income

The breakdown of other operating income is shown in the following table:

In EUR k	2010	2009
Income from the change in investments	61,388	706
Income from the reversal of provisions and derecognition of liabilities	5,498	3,658
Income from the reversal of bad debt allowances	1,709	1,563
Income from services	883	1,755
Income from the disposal of property, plant and equipment and intangible assets	782	937
Miscellaneous other operating income	6,521	5,059
Total	**76,781**	**13,678**

Income from the disposal of investments chiefly resulted in the reporting period from the remeasurement of the previously held equity interest in the Turkish holding company. See note 6, Business combinations and sales.

14 Other operating expenses

Other operating expenses break down as follows:

In EUR k	2010	2009
Expenses related to the recognition of bad debt allowances and derecognition of receivables and other assets	3,304	4,309
Loss from the disposal of property, plant and equipment and intangible assets	1,626	1,800
Expenses relating to other periods	1,599	430
Goodwill impairment	0	4,002
Miscellaneous other operating expenses	1,776	1,319
Total	**8,305**	**11,860**

15 Financial result

The following table shows the composition of the financial result:

In EUR k	2010	2009
Finance income	**12,191**	**2,306**
Income from exchange differences on financial instruments	6,063	0
Income from financial instruments measured at fair value through profit or loss	4,648	0
Interest income from loans and receivables	1,278	1,907
Other finance income	203	399
Finance costs	**-65,029**	**-49,585**
Interest expense from loans and liabilities	-49,437	-45,859
Interest expense from financial instruments measured at fair value through profit or loss	-8,098	-1,546
Interest expense from exchange differences on financial instruments	-6,469	-67
Other finance costs	-1,025	-2,113
Financial result	**-52,837**	**-47,279**

Interest income/expenses from exchange differences on financial instruments contain exchange gains/losses from the translation of the long-term loans granted in euros to the Turkish and Polish entities.

Interest income/expenses from financial instruments measured at fair value through profit or loss include the change in the market values of the stand-alone interest rate swap and changes in value of the portion of the collar not designated as a hedging instrument.

16 Income taxes

Taxes on income paid or due in the individual countries as well as deferred taxes are stated as income taxes. They break down as follows:

In EUR k	2010	2009
Expenses from current income taxes	9,514	9,549
- thereof for prior years	-378	-1,465
Income from deferred taxes	-9,550	-19,120
- thereof for prior years	0	-442
Expense (+)/income (-)	**-36**	**-9,571**

The changes in the transactions recognized in other comprehensive income and the deferred taxes arising thereon are presented in the following table:

2010

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	-7,171	0	-7,171
Cash flow hedges	6,637	-1,950	4,687
Actuarial gains and losses	-1,465	444	-1,021
Other comprehensive income	**-1,999**	**-1,506**	**-3,505**

2009

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	623	0	623
Cash flow hedges	-10,268	3,303	-6,965
Actuarial gains and losses	-235	94	-141
Other comprehensive income	**-9,880**	**3,398**	**-6,483**

Deferred taxes are calculated on the basis of the applicable tax rates for each country. The rate ranges from 19% to 35% (prior year: from 19% to 35%).

Deferred taxes recognized for consolidation procedures are calculated based on the tax rate of 32.5% (prior year: 31.7%). This comprises corporate income tax of 15%, solidarity surcharge of 5.5% and average trade tax of 16.6% (prior year: 15.88%). The tax rate was raised from 31.7% to 32.5% as a result of the city of Cologne increasing the trade tax multiplier to 475% (prior year: 450%) effective as of the 2011 assessment period.

Deferred taxes are allocated to the following items in the statement of financial position:

	31 Dec 2010		31 Dec 2009	
In EUR k	**Assets**	**Liabilities**	**Assets**	**Liabilities**
IIntangible assets	3,153	80,683	2,789	66,587
Property, plant and equipment	223	21,946	2	18,165
Financial assets	121	599	10	41
Receivables, other financial and non-financial assets	7,793	4,851	5,693	2,440
Inventories	97	33	0	9
Pension provisions	1,914	652	1,732	964
Other provisions	3,580	2,452	5,875	6,899
Liabilities	13,626	9,430	9,158	6,777
Deferred taxes	**30,507**	**120,646**	**25,259**	**101,882**
Tax loss and interest carryforwards	37,001	0	31,649	0
Total	**67,508**	**120,646**	**56,908**	**101,882**
Set-offs	-58,997	-58,997	-26,307	-26,307
Carrying amount	**8,511**	**61,649**	**30,601**	**75,575**

As of 31 December 2010, there were tax loss carryforwards of EUR 190,834k (prior year: EUR 226,813k) as well as an interest carryforward of EUR 29,079k (prior year: EUR 11,297k). Out of the total amount of tax losses and the interest carryforward, no deferred tax assets were recognized for EUR 24,634k (prior year: EUR 41,808k). Loss carryforwards attributable to consolidated foreign entities will expire as follows:

Year	Amount in EUR k
2011	1,509
2012	1,509
2013	3,937
2014	5,562
2015	3,776
2016	647

After impairment losses, deferred tax assets arising from unused tax losses were recognized in the amount of EUR 9,403k; the entities to which these loss carryforwards are attributable generated losses in 2009/2010. On the basis of the planning of the entities concerned, we assume that we will be able to use these loss carryforwards in future periods due to an increase in taxable income.

In accordance with IAS 12, deferred taxes must be recognized on the difference between the share in equity held in subsidiaries recognized in the consolidated statement of financial position and the carrying amount of the equity interest for these subsidiaries recognized in the parent's tax accounts ("outside basis differences") if this difference is expected to be realized. Deferred taxes were recognized for equity investments in the consolidated financial statements if distributions are expected in the near future. Overall, deferred tax liabilities on outside basis differences of EUR 262k (prior year: EUR 0k) were recognized.

For outside basis differences of EUR 536,021k (prior year: EUR 497,640k), no deferred taxes were recognized as the Company can control the timing of the reversal of the temporary differences for these equity investments and does not expect them to reverse in the future.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2010 or 2009.

The reconciliation of the expected tax expense and the actual tax expense is presented below:

In EUR k	2010	2009
Earnings before income taxes pursuant to IFRSs	55,724	-8,344
Group income tax rate	31.70%	31.70%
Expected income tax expense for the fiscal year	17,664	-2,645
Effect of tax rate changes	1,046	-18
Trade tax additions/deductions	2,672	2,980
Effects of taxes from prior years recognized in the fiscal year	378	-1,907
Effects of deviating tax rates	-145	-47
Effects of tax-exempt income	-21,037	-940
Impact of permanent effects from consolidation	582	319
Effects of non-deductible business expenses	2,574	3,599
Effect of non-recognition or subsequent recognition of deferred tax assets	0	-12,788
Recognition of interest carryforward for tax purposes (interest limitation rules)	-3,675	0
Correction of tax loss carryforwards	-433	1,736
Other deviations	338	140
Total tax expense (+)/tax income (-)	**-36**	**-9,571**

The effects of tax-exempt income relate chiefly to the remeasurement of the previously held equity interest in the Turkish business (EUR 18,893k).

17 Notes to earnings per share

In EUR k	2010	2009
Basic earnings attributable to the shareholders of Ströer Out-of-Home Media AG	53,908	-390

In thousands	2010	2009
Weighted average number of ordinary shares issued as of 31 Dec	32,120	23,552
Effects from subscription rights issued	2,205	4,152
Effects from the obligation to purchase treasury shares	252	0
Weighted average number of ordinary shares issued as of 31 Dec (diluted)	34,577	27,704

The dilution of earnings per share is the result of the rights issued; the subscription rights were exercised on 12 July 2010 as part of the financing for the acquisition of the shares in DSM Deutsche Städte Medien GmbH. The dilution occurred as these subscription rights were issued at a price below the issue price in the IPO. The proceeds from the share rights issued were treated as if they had been received from issuing common shares at the issue price.

The capital increase using company funds from 2010 has been applied retrospectively for the calculation of earnings per share for fiscal year 2009.

18 Other notes

Personnel expenses

Personnel expenses of EUR 97,785k (prior year: EUR 82,280k) are included in the cost of sales, administrative expenses and selling expenses.

The average number of employees in the fiscal year breaks down as follows:

Number	2010	2009
Salaried employees	1,563	1,352
Wage earners	67	95
Total	**1,630**	**1,447**

The total number includes 51 FTEs (prior year: 203) from the proportionately consolidated joint ventures.

Amortization and depreciation

Amortization and depreciation included in the cost of sales, administrative expenses and selling expenses are disclosed in the statements of changes in non-current assets in notes 19 and 20. See the explanations in note 19 for impairment losses.

Leases

Cost of sales, administrative expenses and sales expenses include the following expenses from operating leases:

In EUR k	2010	2009
Rent	5,290	5,268
Vehicle leasing	2,370	2,290
Hardware and software leasing	934	901
Lease of buildings	612	507
Rental/lease of facilities	428	429
Total	**9,634**	**9,395**

Currency effects

In the reporting period, losses of EUR 345k (prior year: gains of EUR 75k) arising from exchange differences were recognized in the income statement.

Notes to the statement of financial position

19 Intangible assets

The development of intangible assets in the year under review and in the prior year is presented in the following table:

In EUR k	Rights and royalties	Goodwill	Prepayments	Development costs	Total
Costs					
Opening balance 1 Jan 2009	**284,441**	**186,647**	**1,320**	**2,958**	**475,366**
Change in the consolidated group	12,276	-593	0	0	11,683
Additions	664	0	948	1,202	2,814
Reclassifications	1,902	0	-1,643	-66	193
Disposals	-1,239	0	-201	-53	-1,493
Exchange differences	23	11	15	0	49
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**298,067**	**186,065**	**439**	**4,041**	**488,612**
Change in the consolidated group	99,002	60,398	33	0	159,433
Additions	938	0	348	2,192	3,478
Reclassifications	262	0	-210	-12	40
Disposals	-14,339	0	-46	-123	-14,508
Exchange differences	245	0	6	0	251
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**384,175**	**246,463**	**570**	**6,098**	**637,306**
Impairment losses/reversals					
Opening balance 1 Jan 2009	**65,575**	**1,866**	**0**	**295**	**67,736**
Change in the consolidated group	-9	0	0	0	-9
Amortization and impairment losses	24,314	4,002	0	195	28,511
Disposals	-927	0	0	0	-927
Exchange differences	19	11	0	0	30
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**88,972**	**5,879**	**0**	**490**	**95,341**
Change in the consolidated group	-682	0	0	0	-682
Amortization and impairment losses	26,206	0	0	406	26,612
Disposals	-13,505	0	0	-7	-13,512
Exchange differences	-179	0	0	0	-179
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**100,812**	**5,879**	**0**	**889**	**107,580**
Carrying amount as of 31 Dec 2009	**209,095**	**180,186**	**439**	**3,551**	**393,270**
Carrying amount as of 31 Dec 2010	**283,363**	**240,584**	**570**	**5,209**	**529,726**

Impairment testing for advertising concession contracts awarded by municipalities led to impairment of EUR 6,065k in 2009, which is contained in cost of sales.

The advertising concession contracts awarded by municipalities were tested for impairment on the basis of forecast cash flow in the prior year.

The following table shows the key assumptions underlying the impairment.

	31 Dec 2009
Growth rate	1%
Discount rate before taxes	11.2%
Discount rate after taxes	8.2%

The impaired assets were allocated to Ströer Germany in 2009.

All goodwill acquired in business combinations was tested for impairment in the fiscal year.

The table below gives an overview of the allocation of goodwill to cash-generating units as well as the assumptions made in performing the impairment test:

In EUR k	Ströer Germany	Ströer Turkey	Ströer Poland	blowUP Group
Carrying amount as of 31 Dec 2009	**171,341**	**4,334**	**0**	**4,511**
Change in the consolidated group (excluding exchange rate effects)	146	43,378	19,865	0
Exchange rate effects attributable to changes in the consolidated group	0	-2,991	0	0
Carrying amount as of 31 Dec 2010	**171,487**	**44,721**	**19,865**	**4,511**
Detailed forecast period (in years)	5	4	5	5
Revenue growth after the detailed forecast period	1%	5%	1%	1%
Interest rate (before taxes)	10.7%	18.6%	11.7%	9.6%

The recoverable amount of the CGUs has been determined using cash flow forecasts generated as of 30 September of each year based on financial forecasts approved by management. These approved financial plans reflect the expectations for the anticipated development in the detailed forecast period (based on the business plan and the expectations relating to the general market trend). In this regard, the budgeted EBITDA was determined on the basis of detailed forecasts about the expected future market assumptions, income and expenses. In a second step using the planned investments and working capital changes, these budgetary figures were transformed into a cash flow forecast.

For the purpose of performing an impairment test on goodwill, the fair value less costs to sell was classified as the recoverable amount. The discount rate used for the cash flow forecast was determined on the basis of market data of the peer group and depends on the economic environment in which the cash flows were generated. As a result, special interest rates for foreign CGUs were calculated on the basis of local circumstances.

The growth rate is determined on the basis of long-term economic expectations and the expectations regarding the inflation trend in each market. To calculate these growth rates, information from central banks, economic research institutes and official statements by the relevant governments is gathered and evaluated.

We identified revenue as a key parameter for calculating the fair value. As part of a scenario analysis, we examined the percentage that forecast revenue can fall short by before an impairment loss is required. The analysis revealed that an impairment loss is only required if the forecast revenue falls short by a significant amount by the end of the detailed forecast period.

20 Property, plant and equipment

The development of property, plant and equipment is shown in the following statement of changes in non-current assets.

In EUR k	Land, land rights and buildings	Plant and machinery	Other plant and equipment	Prepayments made and assets under construction	Total
Costs					
Opening balance 1 Jan 2009	**13,716**	**139**	**298,468**	**18,563**	**330,886**
Change in the consolidated group	0	0	-1,026	0	-1,026
Additions	112	387	21,904	3,724	26,127
Reclassifications	11	0	6,630	-6,834	-193
Disposals	-17	-1	-11,409	-1,675	-13,102
Exchange differences	3	0	530	18	551
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**13,825**	**525**	**315,097**	**13,796**	**343,243**
Change in the consolidated group	-248	188	12,839	836	13,615
Additions	168	0	27,615	6,713	34,496
Reclassifications	0	0	1,068	-1,108	-40
Disposals	0	0	-9,608	-1,123	-10,731
Exchange differences	66	43	3,777	169	4,055
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**13,811**	**756**	**350,788**	**19,283**	**384,638**
Depreciation and impairment losses/reversals					
Opening balance 1 Jan 2009	**2,550**	**138**	**144,154**	**0**	**146,842**
Change in the consolidated group	0	0	-669	0	-669
Depreciation and impairment losses	449	70	25,034	0	25,553
Reclassifications	0	0	-534	534	0
Write-ups	0	0	-2	0	-2
Changes in value*	0	0	221	0	221
Disposals	-12	-2	-9,752	0	-9,766
Exchange differences	-4	2	209	2	209
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**2,983**	**208**	**158,661**	**536**	**162,388**
Change in the consolidated group	-469	-104	-10,811	-225	-11,609
Depreciation and impairment losses	568	49	26,691	0	27,308
Reclassifications	0	0	-479	479	0
Write-ups	0	0	0	0	0
Changes in value*	0	0	0	0	0
Disposals	0	0	-7,699	-147	-7,846
Exchange differences	32	8	1,342	24	1,406
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**3,114**	**161**	**167,705**	**667**	**171,647**
Carrying amount as of 31 Dec 2009	**10,842**	**317**	**156,436**	**13,260**	**180,854**
Carrying amount as of 31 Dec 2010	**10,697**	**595**	**183,083**	**18,616**	**212,990**

* The changes in value are the result of adjustments to the discount rate for restoration costs.

Other assets mainly include advertising media (carrying amount for 2010: EUR 175,109k; prior year: EUR 148,968k).

In the fiscal year, investment grants pursuant to the InvZulG ["Investitionszulagegesetz": German Investment Grant Act] totaling EUR 215k (prior year: EUR 108k) were accounted for as a reduction in cost.

The Company recognized EUR 745k (prior year: EUR 772k) as income from compensation for damage to or destruction of non-current assets.

21 Investment property

The following table gives an overview of the development of the carrying amount of the investment property held in the reporting period:

In EUR k	Investment property
Cost	
Opening balance 1 Jan 2009	**2,129**
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**2,129**
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**2,129**
Depreciation and impairment losses/reversals	
Opening balance 1 Jan 2009	**323**
Depreciation and impairment losses	276
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**599**
Depreciation and impairment losses	20
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**619**
Carrying amount as of 31 Dec 2009	**1,530**
Carrying amount as of 31 Dec 2010	**1,510**

The fair value is the amount for which the investment property could be exchanged between knowledgeable, willing parties in an arm's length transaction. An independent and accredited appraiser calculated the fair value of the property at EUR 1,600k (prior year: EUR 1,530k) as of the reporting date.

The value was determined based on a capitalized earnings value in accordance with Sec. 17 (1) ImmoWertV ["Immobilienwertverordnung": German Ordinance on the Valuation of Property], with the land value and building's capitalized earnings value producing the fair value. The capitalized earnings value depends primarily on the market conditions.

The key valuation parameters are presented in the table below:

Average price of land	EUR 250/m^2
Rent	EUR 2.50 to EUR 8.00/m^2
Interest rate for the property	6.0%

The investment property earned rental income of EUR 185k (prior year: EUR 182k) in the reporting period. Directly attributable operating expenses of EUR 46k (prior year: EUR 49k) arose in the fiscal year.

22 Financial assets

The development of financial assets in non-listed companies is shown in the following statement of changes in non-current assets.

In EUR k	Investments
Cost	
Opening balance 1 Jan 2009	**510**
Additions	5
Disposals	-394
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**121**
Additions	0
Disposals	-25
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**96**
Impairment losses/reversals	
Opening balance 1 Jan 2009	**367**
Disposals	-367
Closing balance 31 Dec 2009/opening balance 1 Jan 2010	**0**
Impairment losses	0
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**0**
Carrying amount as of 31 Dec 2009	**121**
Carrying amount as of 31 Dec 2010	**96**

The development of the carrying amounts of these investments is presented in the table above. There is no active market for these interests. The fair value could only be measured reliably in the context of concrete sales negotiations. There are currently no plans to sell these shares.

23 Trade receivables

Specific bad debt allowances on trade receivables developed as follows:

In EUR k	2010	2009
Bad debt allowances at the beginning of the fiscal year	**4,155**	**5,083**
Additions (recognized in profit or loss)	3,125	2,259
Reversals (recognized in profit or loss)	-1,570	-1,257
Utilization	-1,426	-1,895
Exchange differences	31	-12
Change in the consolidated group	-1,319	0
Other changes	0	-23
Bad debt allowances at the end of the fiscal year	**2,996**	**4,155**

General bad debt allowances on trade receivables developed as follows:

In EUR k	2010	2009
Bad debt allowances at the beginning of the fiscal year	**563**	**681**
Additions (recognized in profit or loss)	3	168
Reversals (recognized in profit or loss)	-124	-297
Exchange differences	0	8
Change in the consolidated group	-206	0
Other changes	0	3
Bad debt allowances at the end of the fiscal year	**236**	**563**

Specific bad debt allowances with a gross invoice value of EUR 3,426k were charged on trade receivables as of the reporting date (prior year: EUR 4,885k). Net of specific bad debt allowances of EUR 2,996k (prior year: EUR 4,155k), the carrying amount of these receivables came to EUR 430k as of the reporting date (prior year: EUR 730k).

The following table shows the carrying amounts of overdue trade receivables which have not been written down yet.

	Overdue by				
In EUR k	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**more than 180 days**
31 Dec 2010	8,699	3,467	2,584	4,199	4,117
31 Dec 2009	11,400	1,749	908	1,491	3,226

EUR 3,136k of overdue trade receivables is guaranteed by third parties.

For trade receivables for which no bad debt allowances have been charged and which are not in default, there were no indications as of the reporting date that the debtors will not meet their payment obligations.

The amount of receivables serving as collateral for existing financial liabilities is shown in note 30, Financial liabilities.

24 Other financial and non-financial assets

A breakdown of non-current financial and non-financial assets is shown below:

In EUR k	31 Dec 2010	31 Dec 2009
Financial assets		
Other loans	1,569	1,500
Residual purchase price receivables from the disposal of group entities	400	800
Other non-current financial assets	193	259
Total	**2,162**	**2,559**
Non-financial assets		
Prepaid expenses	5,741	3,428
Miscellaneous other non-current assets	288	87
Total	**6,029**	**3,515**

Current financial and non-financial assets break down as follows:

In EUR k	31 Dec 2010	31 Dec 2009
Financial assets		
Receivables from existing and former shareholders of group entities	2,967	3,618
Creditors with debit balances	1,691	2,139
Other loans	469	884
Residual purchase price receivables from the disposal of group entities	400	300
Security deposits	356	729
Other financial assets	2,133	786
Total	**8,016**	**8,456**
Non-financial assets		
Prepaid expenses	10,950	6,287
Tax assets	6,790	5,746
Other prepayments	6,330	6,610
Receivables from investment grants	570	855
Miscellaneous other assets	1,081	464
Total	**25,721**	**19,962**

Bad debt allowances on financial and non-financial assets relate to the category "Loans and receivables" and developed as follows:

In EUR k	2010	2009
Bad debt allowances at the beginning of the fiscal year	**1,364**	**226**
Additions (recognized in profit or loss)	43	1,338
Reversals (recognized in profit or loss)	-15	-9
Utilization	-81	-193
Exchange differences	0	2
Other changes	45	0
Bad debt allowances at the end of the fiscal year	**1,356**	**1,364**

Specific bad debt allowances with a nominal value of EUR 2,310k were charged on financial and non-financial assets as of the reporting date (prior year: EUR 2,406k). Net of specific bad debt allowances of EUR 1,356k (prior year: EUR 1,364k), the carrying amount of these receivables came to EUR 954k (prior year: EUR 1,042k) as of the reporting date.

The following table shows the carrying amount of overdue financial and non-financial assets which have not been written down yet.

	Overdue by				
In EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2010	1,582	26	2	11	38
31 Dec 2009	2,385	40	4	97	121

For current financial and non-financial assets which have not been written down and which are not in default, there were no indications as of the reporting date that the debtors will not meet their payment obligations.

25 Inventories

In EUR k	31 Dec 2010	31 Dec 2009
Raw materials, consumables and supplies	4,931	3,932
Finished goods and merchandise	144	154
Total	**5,075**	**4,085**

Inventories disclosed as expenses in the income statement amounted to EUR 2,346k in the fiscal year (prior year: EUR 5,275k).

26 Cash

In EUR k	31 Dec 2010	31 Dec 2009
Bank balances	106,027	57,157
Cash	94	100
Total	**106,120**	**57,257**

The bank balances which serve as collateral for existing financial liabilities are disclosed in note 30, Financial liabilities.

The bank balances include overnight money and time deposits of EUR 83,299k (prior year: EUR 46,246k). The interest rates achieved range between 0.05% and 0.8% (prior year: 0.05% and 3.6%).

Bank balances of EUR 3,400k (prior year: EUR 0k) are subject to short-term restraints on disposal and relate to a portion of the purchase price for the acquisition of News Outdoor Poland, which is subject to a trust agreement until the purchase price has been finalized.

27 Equity

The development of the individual components of equity in the reporting period and the prior year is presented in the consolidated statement of changes in equity.

Subscribed capital

Subscribed capital increased by EUR 41,586k from EUR 512k to EUR 42,098k.

The capital increase is attributable to the following measures taken:

On 25 June 2010, the Company carried out a capital increase using company funds by transferring EUR 14,043k from retained earnings and EUR 8,997k from the capital reserves to subscribed capital. Conditional capital was simultaneously increased from EUR 90k to EUR 4,156k.

On 12 July 2010, the conditional capital of EUR 4,156k was exercised in return for payment of EUR 90k. The difference between the capital increase and capital contribution was appropriated from retained earnings. Conditional capital I was forfeited after all associated shares had been issued.

By resolution of the shareholder meeting on 13 July 2010, the preferred shares previously issued were converted into common shares.

On 14 July 2010, subscribed capital was increased by EUR 13,750k as part of a capital increase in return for cash contributions.

On 17 August 2010, the greenshoe option was exercised for EUR 640k of the approved capital II created by resolution of the shareholder meeting on 13 July 2010.

Subscribed capital is split into 42,098,238 bearer shares of no par value. They have a nominal value of EUR 1 and are fully paid in.

Shares outstanding on 1 Jan 2010	**512,000**
Capital increase using company funds	23,040,000
Exercising of conditional capital I	4,156,238
Capital increase in return for cash contributions	13,750,000
Capital increase from approved capital II (greenshoe)	640,000
Shares outstanding on 31 Dec 2010	**42,098,238**

The following notes are mainly taken from the articles of incorporation and bylaws of Ströer Out-of-Home Media AG.

Approved capital I

Subject to the approval of the supervisory board, the board of management is authorized to increase the Company's capital stock once or several times until 12 July 2015 by a maximum of EUR 18,938k in total by issuing new bearer shares of no par value for contributions in cash or in kind (approved capital I).

The shareholders must be granted a subscription right. The legal subscription right may also be granted such that the new shares are acquired by a bank or an entity active in accordance with Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1 or (7) KWG ["Kreditwesengesetz": German Banking Act] subject to the requirement that they are offered indirectly to shareholders for subscription in accordance with Sec. 186 (5) AktG ["Aktiengesetz": German Stock Corporation Act]. However, the board of management is authorized, with the approval of the supervisory board, to exclude the shareholders' legal subscription right for one or several capital increases within the scope of approved capital I

(i) in order to exclude fractional amounts from the shareholders' subscription rights

(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities

(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 13 July 2010 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 13 July 2010 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or

(iv) to the extent necessary to issue subscription rights for new shares to owners of warrants or to creditors of convertible bonds or participation certificates with conversion or option rights that are issued by the Company or those entities it controls or majority owns in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion obligation

The board of management decides on the content of the respective share rights, the issue price, the consideration to be paid for the new shares and the other conditions of share issue with the approval of the supervisory board.

Approved capital II

By resolution of the shareholder meeting on 13 July 2010, the board of management is authorized, subject to the approval of the supervisory board, to increase the Company's capital stock once or several times until 31 December 2010 by a maximum of EUR 1,791k in total by issuing a maximum of 1,790,624 new bearer shares of no par value for contributions in cash and/or in kind.

New shares may only be issued to fulfill the greenshoe option agreed with the issuing banks at the time of the Company's IPO. The shareholders' right to subscribe is excluded. The supervisory board is authorized to amend the wording of the articles of incorporation and bylaws as appropriate after the approved capital has been utilized or the deadline for utilizing the approved capital has expired.

On 17 August 2010, the greenshoe option was exercised for EUR 640k of the approved capital II with EUR 1,151k remaining.

Conditional capital 2010

The Company's capital stock has been increased conditionally by a maximum of EUR 11,776k by issuing a maximum of 11,776,000 new bearer shares of no par value (conditional capital 2010). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 13 July 2010. New bearer shares of no par value are issued at particular conversion and option prices determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or new shares from utilizing approved capital. The new bearer shares of no par value participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights or the fulfillment of conversion obligations. The board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Capital reserves

The capital reserves contain premiums from the issue of shares and options for the acquisition of shares. The change in comparison to the prior year is due to the premiums from the capital increases carried out in 2010 as well as the reclassification stemming from the capital increase using company funds.

Costs of EUR 3,603k (prior year: EUR 0k) directly attributable to the capital increases net of related income tax benefits of EUR 1,166k (prior year: EUR 0k) were directly set off against the capital reserves.

Retained earnings
Retained earnings contain the profits generated in the past by entities included in the consolidated financial statements that have not been distributed.

Accumulated other comprehensive income
Accumulated other comprehensive income recognizes exchange differences from the translation of foreign currency financial statements of foreign operations as well as the effects from the valuation of hedged derivative financial instruments after deduction of the deferred taxes incurred thereon.

Deferred taxes on net valuation effects of hedged derivative financial instruments offset directly against equity amount to EUR 3,717k (prior year: EUR 5,668k) in total.

Non-controlling interests
Non-controlling interests comprise minority interests in the equity of the consolidated entities.

Obligation to purchase treasury shares
By granting put options to the non-controlling shareholders of subsidiaries, the Company has undertaken to purchase the non-controlling interest if certain contractual conditions are met. Liabilities of EUR 17,109k have been allocated for these obligations.

Proposal for the appropriation of profit
Profit is appropriated in accordance with German commercial and stock corporation law, which is used to calculate the accumulated profit of Ströer Out-of-Home Media AG.

In fiscal year 2010, the financial statements of Ströer Out-of-Home Media AG reported a loss for the period of EUR 21,406k and accumulated profit of EUR 40,325k.

It will be proposed at the shareholder meeting on 15 June 2011 that accumulated profit of EUR 20,325k be allocated to retained earnings and EUR 20,000k be carried forward to new account.

In fiscal year 2010, a dividend of EUR 3k was distributed to the preferred shareholders.

The objective of capital management at the Ströer Group is to ensure the continuation and growth of the Company, and maintain and build on its attractiveness to investors and market participants. In order to ensure the above, the board of management continually monitors the level and structure of borrowed capital. The focus of the internal control system is on the planning and ongoing monitoring of the operating result (operational EBITDA) in order to maintain optimal financing conditions and thus reduce the interest burden to a minimum. The borrowed capital included in the general capital management system comprises financial liabilities (including positive and negative market values from interest rate hedges) and other liabilities such as those disclosed in the consolidated statement of financial position. Furthermore, the board of management monitors the Group's equity ratio. The equity used as a basis for determining the equity ratio corresponds to the equity disclosed in the statement of financial position including non-controlling interests.

Equity is also monitored by the individual entities within the scope of monitoring compliance with the minimum capital requirements to avert insolvency proceedings due to overindebtedness. The equity monitored in this context corresponds to the equity disclosed according to German commercial law.

With regard to group financing through the bank loans, the Ströer Group uses the external KPI of the maximum debt-to-equity ratio permitted as a guideline. This debt-to-equity ratio is defined as the ratio of net debt to the operating result before interest, depreciation and amortization (operational EBITDA). The relevant performance indicators are submitted to the board of management for consideration as part of regular reporting. The Company remained within the permitted net debt ratio in the year under review and the prior year.

There were no other changes to the capital management strategy against the prior year.

28 Pension provisions and similar obligations

The major pension plans in place are either defined benefit plans, where the pension obligation depends on the remuneration of the employee in question upon reaching retirement age, or are based on a fixed commitment. As the actuarial gains and losses are recognized immediately in equity, the present value of the defined benefit obligation less plan assets corresponds to the pension provision disclosed in the statement of financial position.

Provisions for pensions and similar obligations break down as follows:

In EUR k	2010	2009
Present value of the defined benefit obligation as of 1 Jan	20,069	19,722
Current service cost	388	539
Interest expense	1,042	1,105
Actuarial gains (-)/losses (+)	1,465	235
Benefits paid	-1,713	-1,532
Change in the consolidated group	66	0
Other changes	0	0
Present value of the defined benefit obligation as of 31 Dec/carrying amount	**21,317**	**20,069**

There were no curtailments in the fiscal year.

Vested benefits are broken down according to their funding status in the table below:

In EUR k	31 Dec 2010	31 Dec 2009
Non-funded vested benefits	20,876	20,069
Fully funded vested benefits	441	0
Total	**21,317**	**20,069**

Sensitivities were calculated with half of a percentage point above and below the interest rate used. Raising the interest rate by 0.5% would decrease the defined benefit obligation (DBO) by EUR 965k while lowering the interest rate by 0.5% would increase the DBO by EUR 1,056k as of the reporting date.

The present value of the pension benefits was calculated using the following assumptions:

Group (%)	2010	2009
Interest rate	4.95	5.68
Increase in pensions	1.00	1.00
Increase in salaries	2.00	2.00
Employee turnover	4.50	4.50

The components of the cost of retirement benefits recognized in profit or loss are presented below:

In EUR k	2010	2009
Current service cost	388	539
Interest expense	1,042	1,105
Net defined benefit expenses	1,430	1,644
Expenses for statutory pension insurance premiums	5,345	5,080
Total benefit expenses	**6,775**	**6,724**

Interest expense from pension obligations is included in the interest result, current service cost is included in personnel expenses. The actuarial gains and losses are recognized immediately in equity.

Cumulative actuarial gains (+) and losses (-) recognized directly in equity amounted to EUR 1,084k after taxes at the reporting date (prior year: EUR 2,067k).

The experience adjustments break down as follows:

In EUR k	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Present value of the defined benefit obligation	21,758	20,069	19,722	20,817	23,416
Fair value of plan assets	-441	0	0	0	0
Present value of the shortfall	**21,317**	**20,069**	**19,722**	**20,817**	**23,416**
Gain/loss for the period from					
Experience adjustments on plan liabilities	-20	-111	-91	97	380
Adjustments to actuarial assumptions	1,485	346	-823	-2.510	-1,217

29 Other provisions

Provisions developed as follows in the fiscal year:

In EUR k	1 Jan 2010	Exchange rate differences	Change to the con-solidated group	Allocation	Effects from unwinding the discount and changes in interest rates	Utilization	Reversal	31 Dec 2010
Restoration obligations	10,980	20	304	6,295	463	-1,236	-434	16,392
thereof non-current	10,980							14,235
Personnel	14,028	18	0	9,013	6	-14,008	-20	9,037
thereof non-current	192							212
Other	10,440	6	289	1,102	24	-1,033	-3,290	7,538
thereof non-current	648							1,063
Total	**35,448**	**44**	**593**	**16,410**	**493**	**-16,263**	**-3,744**	**32,967**

The personnel provisions include management and employee bonuses as well as severance payments.

The provision for restoration obligations is based on the anticipated costs of restoration. The provision was discounted using an interest rate of 3.3% (prior year: 4.2%).

Other provisions primarily relate to legal risks as well as customer bonuses and archiving costs.

30 Financial liabilities

Non-current financial liabilities break down as follows:

	Carrying amount	
In EUR k	**31 Dec 2010**	**31 Dec 2009**
Loan liabilities	408,038	533,167
Other financial liabilities	118	538
Derivative financial instruments	18,406	22,181
Total	**426,562**	**555,886**

The existing financing was restructured in July 2010 and brought in line with the Group's capital market requirements.

The syndicated loan with a former volume of EUR 470,000k was reduced by EUR 75,000k and the term extended until 30 June 2014. The interest rate was also adjusted in the course of refinancing. In the future, the loan will bear interest with a variable margin on the EURIBOR that ranges between 325 and 400 basis points (bp). As of 31 December 2010, the margin was 375 bp (prior year: 300 bp).

The subordinated loans with a former volume of EUR 42,541k were reduced by EUR 21,191k and the term extended until 30 December 2014.

The loan of EUR 51,000k raised by the Turkish subgroup was paid back in September 2010.

Transaction costs of EUR 6,602k were incurred for the restructuring of the financing, which were deducted from the carrying amounts of the loans.

Assets have been assigned or pledged as security for non-current financial liabilities. The carrying amounts of these assets are as follows:

In EUR k	**31 Dec 2010**	**31 Dec 2009**
Intangible assets	0	17,046
Property, plant and equipment	0	158,343
Inventories	0	2,220
Trade receivables	16,648	31,220
Bank balances	91,416	41,647
Total	**108,064**	**250,476**

Trade receivables assigned as collateral can be realized by the collateral holder if payment of receivables due under the facility agreement is delayed. There are no restrictions for realization in terms of amount, timing or extent.

Bank balances assigned as collateral by the collateral holder can be realized if payment of receivables due under the facility agreement is delayed to the extent that the conditions of Secs. 1273 and 1204 et seq. BGB ["Bürgerliches Gesetzbuch": German Civil Code] are fulfilled. An enforceable right within the meaning of Sec. 1277 BGB does not have to be issued. Bank balances assigned as collateral may not be realized if doing so would breach the relevant principles of capital maintenance or other mandatory legal provisions.

Current financial liabilities break down as follows:

In EUR k	31 Dec 2010	31 Dec 2009
Obligation to purchase treasury shares	17,109	4,716
Current account liabilities	4,385	4,331
Interest liabilities	4,265	5,358
Liabilities to silent partners	0	3,654
Other current liabilities	9,391	5,596
Derivative financial instruments	4,019	2,853
Total	**39,170**	**26,507**

Liabilities to silent partners
Silent partner contributions of EUR 3,654k existing as of 31 December 2009 were repaid in full in 2010.

Due to the contractual provisions, the silent partners held a share in the Company's hidden reserves, which meant that repayment was made at the nominal amount of EUR 4,140k. The difference between the nominal value and carrying amount was recognized in finance costs.

31 Trade payables

Current trade payables break down as follows:

In EUR k	31 Dec 2010	31 Dec 2009
Trade payables	43,982	39,813
Deferred liabilities from outstanding invoices	23,633	11,124
Total	**67,615**	**50,937**

32 Other liabilities

Other current liabilities break down as follows:

In EUR k	31 Dec 2010	31 Dec 2009
Tax liabilities	15,895	10,497
Deferred contributions	8,266	12,236
Miscellaneous other liabilities	6,968	2,991
Total	**31,129**	**25,724**

Other notes

33 Notes to the statement of cash flows

The statement of cash flows has been prepared in accordance with IAS 7, *Statement of Cash Flows*, and shows the cash flows of the fiscal year broken down by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by deducting non-cash transactions from profit for the period. Furthermore, items which are attributable to cash flows from investing or financing activities are eliminated.

Cash flows from operating activities contained EUR 203k (prior year: EUR 244k) in dividends received.

In addition to other amounts contained in the cash flows from investing activities, transactions totaling EUR 3,280k were carried out in fiscal year 2010 that led to an increase in non-current assets without generating cash in the reporting period.

Cash consists of the cash disclosed in the statement of financial position. Cash comprises cash on hand and bank balances.

For the bank balances pledged as collateral for non-current financial liabilities, see note 30, Financial liabilities.

34 Segment information

Reporting by operating segment

Ströer has identified two reportable segments that are organized and operated independently in terms of the geographical location of the operating segments.

The names of the operating segments have been changed as follows since the consolidated financial statements prepared as of 31 December 2009. The segment "SMD" is now "Ströer Germany," the segment "Turkey" is now "Ströer Turkey" and "Miscellaneous other" is now "Other."

Ströer Germany

The segment "Ströer Germany" comprises the Group's entire German operations in the street furniture, billboard, transport and other business.

Ströer Turkey

This segment comprises the Group's entire operations in Turkey in the street furniture, billboard and transport business.

Other

This segment comprises the Group's operations in the street furniture, billboard, transport and other business in Poland and the Group's operations in the giant poster business in western Europe.

The information from the non-reportable segments is summarized in the column “Other.”

Internal control and reporting is based on the IFRS accounting principles described in note 1, General.

The group measures the performance of its segments by their internally defined “operational EBITDA.” From the board of management’s perspective, this indicator provides the most appropriate information to assess each individual segment’s economic performance.

The segment performance indicator operational EBITDA comprises the sum total of revenue, selling and administrative expenses and other operating income/expenses less certain adjustments.

The Group has defined gains and losses from changes in the investment portfolio, reorganization and restructuring measures, capital measures and extraordinary expenses and income as adjustment effects.

Adjustment effects are broken down into individual classes in the table below:

In EUR k	2010	2009
Gains and losses from changes in the investment portfolio	-61,990	60
Gains and losses from capital measures	11,849	162
Reorganization and restructuring measures	8,393	4,976
Other extraordinary expenses and income	6,511	1,186

Inter-segment income is calculated using prices on an arm’s length basis.

Revenue is allocated to geographical regions according to the destination country principle (i.e., the geographical location of the end customer). Non-current assets are allocated according to the location principle.

The reconciliations from segment to group values contain information on group entities that do not meet the definition of a segment (“material items”). In addition, effects from consolidation are eliminated in the reconciliation (“elimination”).

In the revenue item, the reconciliation of revenue from all segments to the Group’s revenue only includes effects from consolidation.

The following table shows the reconciliation of the segment performance indicator and segment assets to the figures included in the consolidated financial statements:

Indicator	2010	2009
Total segment results (operational EBITDA)	**135,518**	**107,183**
Material items	-8,226	-6,977
Elimination	-28	-178
Group operational EBITDA	**127,264**	**100,028**
Adjustment effects	35,236	-6,711
EBITDA	**162,500**	**93,317**
Amortization and depreciation	-53,939	-50,338
Impairment losses	0	-4,002
Finance income	12,192	2,306
Finance costs	-65,029	-49,584
Results using the equity method	0	-43
Consolidated earnings before income taxes	**55,724**	**-8,344**

The Group has defined four product groups on the basis of the products and services it provides.

Street furniture

The street furniture product group mainly comprises standardized advertising media no larger than $2m^2$ which blend into the urban environment.

Billboard

The billboard product group largely includes the large-format advertising media with an area of up to $9m^2$ which are predominantly found at prominent locations (e.g., arterial roads, squares and public buildings). In addition, this product group comprises the products from the giant poster business.

Transport

The advertising media included in this product group consist of advertisements in or on public transport vehicles and specially developed (digital) product solutions for use at airports and train stations.

Other

This product group comprises income from promotional and event media as well as the production and creation of advertising media from our full service offer for customers.

In the fiscal year, we did not generate 10% or more of our total revenue with any one of our customers.

35 Other notes pursuant to IFRS 7 on financial risk management and financial instruments

Financial risk management and derivative financial instruments

In the course of its operating activities, the Group is exposed in the area of finance to credit, liquidity and market risks. The market risks mainly relate to interest rate and exchange rate changes.

Credit risk

The credit risk is related to the deterioration of the economic situation of Ströer's customers and counterparties. This brings about the risk of a partial or full default on contractually agreed payments as well as the risk of credit-related impairment losses on financial assets. Excluding securities, the maximum risk of default equates to the carrying amount.

Credit risks mainly result from trade receivables. To manage the credit risk, the receivables portfolio is monitored on an ongoing basis. Customers intending to enter into transactions with large business volumes undergo a creditworthiness check beforehand; credit risk is at a level customary for the industry. Bad debt allowances are charged to account for the residual risk. The Ströer Group is exposed to a lesser extent to credit risks arising from other financial assets, which mainly comprise cash and derivative financial instruments.

As part of the risk management process, the functional departments regularly analyze whether in particular credit risk concentrations have arisen from the build up of receivables with comparable features. The Group has defined similar features as a high amount of receivables accumulated against a single debtor or group of related debtors. As of the reporting date of 31 December 2010, no such risk concentrations involving significant amounts were evident.

Interest rate risk

The Ströer Group is mainly exposed to interest rate risks in connection with non-current floating-rate financial liabilities and existing cash. It is company policy to prevent or mitigate these risks using hedging transactions. By using interest rate swaps, the interest rates were fixed for the majority of floating-rate financial liabilities. Some interest rate swaps were recognized as cash flow hedges. A collar adds to the planning certainty with regard to interest risk exposure. At the same time, the interest rate trend is monitored regularly to enable changes to be reacted to swiftly. The hedging measures are coordinated and executed centrally.

The nominal and market values of existing interest rate hedges as well as the nominal values of instruments in a hedging relationship are as follows:

			Fair value			
Derivative	**Nominal volume**	**End of term**	**31 Dec 2010**	**31 Dec 2009**	**Cash flow hedge**	**Stand alone**
Collar	100,000	April 2011	-717	-2,046	95,000	5,000
Interest rate swap	51,000	May 2011	-937	-2,413	0	51,000
Interest rate swap	300,000	October 2012	-12,299	-13,556	300,000	0
Interest rate swap	70,000	April 2013	-3,933	-3,988	0	70,000
Interest rate swap	40,000	January 2015	-4,518	-4,184	0	40,000

The market values of the interest rate swaps due in more than one year are recognized under other non-current financial liabilities with the exception of accrued interest.

The interest rate swaps are valued as of the relevant reporting date using current yield curves by means of a discounted cash flow method. The fair value of the collar was calculated in each case on the basis of an option model with due regard to the interest rate volatilities and yield curves observed on the market.

In fiscal year 2010, the hedging relationships were ended for interest rate swaps with a nominal value of EUR 75,000k as a future hedged transaction is no longer expected to occur as a result of repayment of the hedged financial liabilities.

In fiscal year 2010, remeasurement gains of EUR 1,132k were posted directly to equity (prior year: EUR 9,695k) and EUR 5,505k reclassified from equity to finance costs (prior year: EUR 414k).

There was no close-out for those interest rate swaps and the portion of the collar no longer in a hedging relationship and also no offsetting transaction concluded meaning there is an interest rate risk for the remaining term of these interest rate swaps (as well as a liquidity risk and market value risk). The stand-alone swaps are not part of a hedge pursuant to IAS 39 or part of an economic hedging relationship.

This exposure may have an impact on post-tax profit as well as cash flows depending on how the interest rate develops in the future. Both these items could develop positively if the interest rate were to rise faster than the rate expected on the market as of the reporting date, while a slower rise could have a negative impact.

The sensitivity analysis of the interest risk shows the effect of an upward and downward shift, ceteris paribus, in the yield curve by 100 bp on the profit for the period as well as the reserve for derivatives in equity. The results of the analysis are summarized in the table below:

	31 Dec 2010		31 Dec 2009	
In EUR k	**+100bp**	**-100bp**	**+100bp**	**-100bp**
Change in profit for the period	752	-365	1,727	-1,916
Change in other comprehensive income	5,572	-3,447	6,961	-7,248

Currency risk

With the exception of the group refinancing carried out in Turkey and Poland, currency risk is of minor significance for the Group. The functional currency of the foreign operations is the local currency.

Currency risks arising on monetary financial instruments that are not denominated in the functional currencies of the individual Ströer group entities were included in the sensitivity analysis. Effects from the translation of foreign currency financial statements of foreign operations into the group reporting currency (euro) are not included in the sensitivity analysis in accordance with IFRS 7.

A 10% increase/decrease in the value of the euro against the Turkish lira as of 31 December 2010 would decrease/increase the profit for the period by EUR 4,906k (prior year: EUR 2,239k), while a corresponding increase/decrease in the value of the euro against the Polish zloty would decrease/increase the profit for the period by EUR 3,010k (prior year: EUR 85k). This analysis was performed on the assumption that all other variables, in particular interest rates, remain unchanged.

Liquidity risk

The liquidity risk is defined as the risk that Ströer AG will not have sufficient funds to settle its payment obligations. The liquidity risk is countered through strict cash management. A liquidity forecast for a fixed planning horizon and the unutilized credit lines in place ensure that the Group has adequate liquidity. The following table shows the liquidity situation and the contractual maturity dates for the payments due under financial liabilities as of 31 December 2010 (the possible payments due for derivatives were forecast on the basis of the yield curve as of 31 December 2010):

Contractual maturity dates of financial liabilities incl. interest payments as of 31 Dec 2010

In EUR k	Carrying amount	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial liabilities	426,198	35,285	485,167	308	90	520,850
Trade payables	67,615	67,615	0	0	0	67,615
Derivatives in a hedging relationship	13,000	7,231	5,948	0	0	13,179
Derivates without a hedging relationship	9,424	4,127	5,314	268	0	9,709
Obligation to purchase treasury shares	17,109	17,109	0	0	0	17,109
Total	**533,347**	**131,367**	**496,429**	**576**	**90**	**628,462**

Contractual maturity dates of financial liabilities incl. interest payments as of 31 Dec 2009

In EUR k	Carrying amount	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial liabilities	552,644	46,629	82,347	543,438	29,387	701,801
Trade payables	50,068	50,068	0	0	0	50,068
Derivatives in a hedging relationship	19,590	10,854	9,533	0	0	20,387
Derivates without a hedging relationship	5,444	2,208	3,085	1,196	0	6,489
Obligation to purchase treasury shares	4,716	4,716	0	0	0	4,716
Total	**632,462**	**114,475**	**94,965**	**544,634**	**29,387**	**783,461**

Additional disclosures on financial instruments

The following table presents the carrying amount and fair value of the financial instruments included in the individual items of the statement of financial position, broken down by class and measurement category according to IAS 39.

In EUR k	Measurement category pursuant to IAS 39	Carrying amount as of 31 Dec 2010	Carrying amount in accordance with IAS 39: Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	Fair value as of 31 Dec 2010
Assets						
Cash	L&R	106,120	106,120			106,120
Trade receivables	L&R	74,348	74,348			74,348
Other non-current financial assets	L&R	2,162	2,162			2,162
Other current financial assets	L&R	8,016	8,016			8,016
Available-for-sale financial assets	afs	96	96			n.a.
Equity and liabilities						
Trade payables	AC	67,615	67,615			67,615
Non-current financial liabilities	AC	408,156	408,156			408,156
Current financial liabilities	AC	18,042	18,042			18,042
Derivates without a hedging relationship	FVTPL	9,424			9,424	9,424
Obligation to purchase treasury shares	AC	17,109	17,109	0	0	17,109
Derivatives in a hedging relationship [1]	n.a.	13,000		11,455	1,545	13,000
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables (L&R)		190,646	190,646			190,646
Available-for-sale investments (afs)		96	96			n.a.
Financial liabilities carried at amortized cost (AC)		510,922	510,922	0	0	510,922
Financial assets at fair value through profit or loss (FVTPL)		9,424			9,424	9,424

[1] Fair value before deferred tax assets

In EUR k	Measurement category pursuant to IAS 39	Carrying amount as of 31 Dec 2009	Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	Fair value as of 31 Dec 2009
		Carrying amount in accordance with IAS 39				
Assets						
Cash	L&R	57,257	57,257			57,257
Trade receivables	L&R	41,120	41,120			41,120
Other non-current financial assets	L&R	2,559	2,559			2,559
Other current financial assets	L&R	8,456	8,456			8,456
Available-for-sale financial assets	afs	121	121			n.a.
Equity and liabilities						
Trade payables	AC	50,937	50,937			50,937
Non-current financial liabilities	AC	533,705	533,705			511,794
Current financial liabilities	AC	18,939	18,939			18,939
Derivates without a hedging relationship	FVTPL	5,444			5,444	5,444
Obligation to purchase treasury shares	AC	4,716	4,716	0	0	4,716
Derivatives in a hedging relationship [1]	n.a.	19,590		17,508	2,082	19,590
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables (L&R)		109,392	109,392			109,392
Available-for-sale investments (afs)		121	121			n.a.
Financial liabilities carried at amortized cost (AC)		608,297	608,297			586,386
Financial assets at fair value through profit or loss (FVTPL)		5,444			5,444	5,444

[1] Fair value before deferred tax assets

Due to the short terms of cash, trade receivables, trade payables, other financial assets and current financial liabilities, it is assumed that the fair values correspond to the carrying amounts.

The fair values of the liabilities to banks included in non-current financial liabilities are calculated as the present values of the estimated future cash flow. Market interest rates are used for discounting, depending on the relevant maturity date. The interest rate was also made variable as part of the refinancing in the middle of 2010. It is therefore assumed as of the reporting date that the carrying amount of the non-current financial liabilities is equal to the fair value.

The fair value hierarchy levels and their application to the Group's assets and liabilities are described below.

Level 1: Listed market prices are available in active markets for identical assets or liabilities.
Level 2: Directly (e.g., price) or indirectly (e.g., derived from prices) observable information other than listed market prices is available.
Level 3: The information on assets and liabilities is not based on observable market data.

Only derivatives are currently measured at fair value in the consolidated financial statements. All of the carrying amounts of these financial instruments are classified as Level 2.

In addition to the interest rate hedges, the valuation method of which is described above, there are put options for shares in subsidiaries. These put options were remeasured as financial liabilities at amortized cost as of the reporting date on the basis of the contractually agreed measurement model. Inputs for this measurement are operational EBITDA for the fiscal year, net financial debt as well as a multiple. The value of this financial liability comes to EUR 17,109k (prior year: EUR 4,716k).

The following table shows the net gains and losses on financial instruments in the income statement, broken down by measurement category according to IAS 39 (excluding financial instruments which are part of a hedge):

In EUR k	2010	2009
Financial liabilities recognized at fair value through profit or loss	-3,450	-1,546
Loans and receivables	-1,327	-2,672
Available-for-sale financial assets	0	0
Financial liabilities measured at amortized cost	-1,857	97

Net gains and losses resulting from financial assets and liabilities recognized at fair value through profit and loss include the gain or loss on the interest rate swaps classified as stand-alone derivatives as well as the changes in value of the portion of the collar not designated as a hedging instrument.

Net gains and losses on loans and receivables include the impairment losses (EUR 1,482k; prior year: EUR 2,700k), write-ups and exchange differences.

Net gains and losses on financial liabilities measured at amortized cost include effects from exchange differences and the unwinding of the discount on loans.

The total interest income for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 1,278k in the fiscal year (prior year: EUR 1,907k). The total interest expense for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 47,413k in the fiscal year (prior year: EUR 44,342k).

36 Contingent liabilities and other financial obligations

Contingent liabilities

A group entity is a member of a municipal supplemental pension plan for the purpose of providing post-employment benefits. The secondary liability from post-employment benefits arising from the shortfall between the pension obligations/expectancies and the fund assets amounts to a total of EUR 1,251k (prior year: EUR 1,323k).

The nature of the underlying legal transactions gives rise to uncertainty with regard to the amount and due date of the figures stated. The figures stated thus represent maximum amounts.

Financial obligations

There are other financial obligations from the following contractual obligations, which are shown by maturity as of the reporting date below:

31 Dec 2010		Thereof due in		
In EUR k	Total	up to one year	1 to 5 years	more than 5 years
Minimum leases	753,613	81,344	298,275	373,994
Site leases	278,634	53,881	186,120	38,633
Other rental and lease obligations	30,498	5,472	13,089	11,937
Investment obligations	41,575	12,279	20,825	8,471
Maintenance services	730	191	539	0

In the prior year, obligations break down as follows:

31 Dec 2009		Thereof due in		
In EUR k	Total	up to one year	1 to 5 years	more than 5 years
Minimum leases	763,974	77,903	280,894	405,177
Site leases	111,818	25,243	64,690	21,885
Other rental and lease obligations	34,303	5,688	14,560	14,055
Investment obligations	21,457	12,075	9,016	366
Maintenance services	1,196	465	731	0

37 Related parties

The board of management and supervisory board are deemed related parties. Besides the entities included in the consolidated financial statements, related parties include a number of entities with which the Ströer Group has relations in its normal course of business. These entities include, in particular, such in which related parties directly or indirectly hold interests or belong to the management of such.

All transactions with related parties are conducted at arm’s length.

The following transactions were conducted between the Ströer Group and related parties in fiscal year 2010:

Mr. Udo Müller is a shareholder as well as the president and CEO of Ströer AG. Furthermore, he holds shares in entities from which the Ströer Group procured services of EUR 584k (prior year: EUR 545k) in the fiscal year. These services were mainly rights of use for sites. Income of EUR 765k (prior year: EUR 2,096k) was also generated from transactions with these entities. The income results mainly from sales commissions. As of the reporting date, there was a receivable of EUR 107k (prior year: EUR 338k) and a liability of EUR 46k (prior year: EUR 62k).

The silent investments of Mr. Müller still in place in the prior year were paid back in full in 2010. There were no more payment obligations as of 31 December 2010. The liability for repayment of the contribution came to EUR 358k as of 31 December 2009. The obligations for payment of performance-linked remuneration for the silent investment amounted to EUR 3k as of 31 December 2009.

Mr. Dirk Ströer is a shareholder and member of the supervisory board of Ströer AG. He also holds shares in entities with which business transactions were conducted in the fiscal year, largely involving the commercialization of advertising media and the leasing of buildings. The services received amounted to EUR 19,515k (prior year: EUR 18,074k) in the fiscal year, the income generated to EUR 1,558k (prior year: EUR 2,878k). The receivables and liabilities resulting from this trade came to EUR 1,943k (prior year: EUR 1,187k) and EUR 206k (prior year: EUR 118k), respectively, as of 31 December 2010.

The silent investments of Mr. Ströer still in place in the prior year were paid back in full in 2010. There were no more payment obligations as of 31 December 2010. The liability for repayment of the contribution came to EUR 3,296k as of 31 December 2009. The obligations for payment of performance-linked remuneration for the silent investments amounted to EUR 18k as of 31 December 2009.

Mr. Wolfgang Bornheim is a member of Ströer AG's supervisory board. Furthermore, he holds shares in entities from which the Ströer Group procured services of EUR 241k in the fiscal year.

In the fiscal year, income of EUR 11k (prior year: EUR 189k) was generated from transactions with XOREX Beteiligung, resulting in open receivables of EUR 10k (prior year: EUR 4k) as of the reporting date.

38 Auditor's fees

The following expenses for audit services were posted in fiscal year 2010:

In EUR k	**2010**	**2009**
Auditor's fees:	997	956
thereof for other auditors	*18*	*14*
Fees for audit-related services	20	70
Fees for tax services	44	109
Fees for other services	270	7
Total	**1,331**	**1,142**

39 Disclosures pursuant to Sec. 264 (3) HGB

The following incorporated subsidiaries based in Germany make use of the exemption from certain provisions concerning the presentation, audit and publication of the financial statements/management report in accordance with Sec. 264 (3) HGB:

- DSM Deutsche Städte Medien GmbH, Frankfurt
- DSM Zeit und Werbung GmbH, Frankfurt
- Ströer DERG Media GmbH, Kassel
- Ströer Deutsche Städte Medien GmbH, Cologne
- Ströer Infoscreen GmbH, Cologne
- Ströer Media Deutschland GmbH, Cologne
- Ströer Sales & Service GmbH, Cologne
- Werbering GmbH, Cologne

40 Declaration of compliance with the German Corporate Governance Code

The board of management and supervisory board of Ströer AG submitted the declaration of compliance with the German Corporate Governance Code for the period from 15 July to 31 December 2010 in accordance with Sec. 161 AktG on 21 March 2011. The declaration of compliance was made permanently available to shareholders on the Company's website (www.stroeer.de).

41 Cost of payment arrangements with the board of management and the supervisory board

The cost of payment arrangements with the board of management and the supervisory board of the Ströer Group (excluding share-based payments) is presented below:

In EUR k	2010	2009
Board of management		
Short-term benefits	2,862	2,400
Other long-term benefits	650	0
Total	**3,512**	**2,400**
Supervisory board		
Short-term benefits	190	155
Total	**190**	**155**

Short-term benefits comprise in particular salaries/reimbursement of expenses as well as performance-linked remuneration components and remuneration in kind. Long-term benefits comprise performance-linked remuneration components granted to the board of management which are only paid in later years.

Share-based payment

A reference price for the shares in Ströer Out-of-Home Media AG is determined at the end of each fiscal year for share-based payments granted to the board of management. After four fiscal years, the reference price is compared with the share price at the end of the year and the payment of remuneration is based on the share price reached (phantom stock options). An upper limit is agreed for share-based payments.

If a member of the board of management leaves the Company, remuneration is only forfeited if the departure was requested by the Company for good cause or if the member of the board of management leaves of his/her own accord.

Calculating the value of the share-based payment requires an estimate to be made of the future share price. For the phantom stock options attributable to 2010, we assume that the share price at the end of the vesting period will be equal to the reference price. This will lead to an amount of EUR 160k (expense).

For 2010 and 2009, share-based payments also include a phantom stock plan that ended and was paid out as part of the IPO. It granted the beneficiaries shares on the basis of an EBITDA multiple. In 2009, the value of the share-based payment was EUR 1,026k; for 2010, the expense portion of this share-based payment was EUR 8,646k, EUR 1,465k of which resulted from the issue of new phantom stock.

As of 31 December 2010, a total of EUR 1,583k (prior year: EUR 7,294k) was recognized as liabilities, EUR 160k of which from share-based payments (prior year: EUR 6,594k, vested). For further information, see the section on remuneration in the combined management report on page 56.

42 Executive bodies

Name	Membership of statutory supervisory boards	Membership of other oversight bodies comparable with a supervisory board
Board of management		
Udo Müller, Cologne (Chairman)		Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey)
Alfried Bührdel (Deputy chairman)		Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey) Kölner Aussenwerbung GmbH, Cologne
Dirk Wiedenmann (since 1 May 2010) (Member of the board of management)		Kölner Aussenwerbung GmbH, Cologne
Supervisory board		
Dr. Wolfgang Bornheim (Chairman) Tax advisor	LVS Beratungs- und Vertriebs AG, Bruchsal	Karl Storz GmbH & Co. KG, Tuttlingen Rickmers Reederei GmbH & Co. KG, Hamburg Mayersche Buchhandlung GmbH & Co. KG, Aachen
Prof. Dr. h.c. Dieter Stolte (Deputy chairman), member of the board of management of the Axel Springer Foundation, Berlin		ZDF Enterprises GmbH, Mainz
Dirk Ströer Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne		sevenload GmbH, Cologne (until 26 November 2010)
Dietmar Peter Binkowska Chairman of the board of management of NRW.Bank AöR, Düsseldorf	GALERIA Kaufhof GmbH, Cologne InCity Immobilien AG, Munich WestLB AG, Düsseldorf	BVT Equity Holdings, Inc., Atlanta (USA) (until 31 December 2010) Deka (Swiss) Privatbank AG, Zürich (Switzerland) (until 31 December 2010) Fiege Logistik AG, Münchenstein (Switzerland) Investitionsbank des Landes Brandenburg AöR, Potsdam
Dieter Keller Auditor and tax advisor		
Martin Diederichs (since 14 May 2010) Lawyer		DSD Steel Group GmbH, Saarlouis
Dr. Ihno Schneevoigt (until 14 May 2010) Business consultant		

43 Subsequent events

There were no events after the close of the fiscal year of significant importance which would require reporting.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected future development of the Group.

Cologne, 25 March 2011

Udo Müller　　　Alfried Bührdel　　　Dirk Wiedenmann

Audit opinion

We have audited the consolidated financial statements prepared by Ströer Out-of-Home Media AG, Cologne, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks relating to future development.

Cologne, 25 March 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Muzzu	Kamann
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Adjusted income statement

Reconciliation of the consolidated income statement to the non-IFRS figures disclosed in the financial reports

In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification of adjustment items	Income statement for management accounting purposes
Revenue	**531.3**			**531.3**
Cost of sales	-332.5	48.4		-284.2
Selling expenses	-70.7			
Administrative expenses	-88.0			
Overheads	-158.7	5.6	27.3	-125.8
Other operating income	76.8			
Other operating expenses	-8.3			
Other operating result	68.5		-62.6	5.9
Operational EBITDA				**127.3**
Amortization and depreciation		-53.9		-53.9
Operational EBIT				**73.3**
Exceptional items			35.2	35.2
Finance income	12.2			
Finance costs	-65.0			
Net financial result	-52.8			-52.8
Income taxes	0.0			0.0
Loss from discontinued operations (net of tax)	0.0			0.0
Profit for the period	**55.8**			**55.8**

Impairment and amortization of advertising concessions	Valuation effects from derivatives	Exchange rate effects from intragroup loans	Tax normalization	Other	Adjusted income statement for 2010	Adjusted income statement for 2009
					531.3	**469.8**
					-284.2	-256.2
					-125.8	-119.3
					5.9	5.7
					127.3	**100.0**
24.0					-29.9	-28.9
					97.4	**71.1**
					35.2	-6.7
	3.4	0.4		0.2	-48.8	-46.5
			-15.4		-15.4	-7.8
					0.0	0.0
24.0	**3.4**	**0.4**	**-15.4**	**0.2**	**33.2**	**16.8**


STRÖER
Schwindel
Sensibilitätsstörung
halbseitige Lähmung
Gehstörung
Stand- und Gangunsicherheit
Sehstörung
Taubheitsgefühl
heftige Kopfschmerzen
Sprachstörung
herabhängender Mundwinkel
Schlaganfall
Handle sofo
STRÖER

RESPONSIBILITY

Posters in schools

As the largest out-of-home media company, we see it as our duty to make our media and expertise available for a wide range of non-commercial projects. Ströer supports 30 universities in Germany with specially-developed seminars entitled “Principles and practice of out-of-home media.” Together with partners from industry, students in these seminars design posters and review their impact. They learn to work under normal working conditions and create campaigns that mainly deal with social issues. In Munich and Mainz, for instance, the universities worked with Böhringer Ingelheim to produce posters calling for fast action in the event of a stroke. Thanks to the poster campaign, recognition of stroke symptoms rose from 10% to 50% in the campaign regions, and awareness of the emergency service numbers rose demonstrably to 30%. In Bremen, we worked with the university to develop advertising for membership in the city’s sports clubs; in Dresden, students of the Technische Universität Dresden worked in spring on the campaign for the “Care Network of the State Ministry of Social Affairs and Consumer Protection.” At the Fachhochschule des Mittelstands (FHM) (University of Applied Sciences) in Bielefeld, students drafted communication measures for the Bethel Foundation, which works with the physically disabled. Together with the Deutsche Bank Skyliners basketball team, we support the “Basketball in schools” campaign in Wiesbaden, which uses the vehicle of Basketball School plcs to promote the motor development of children as well as enjoyment of exercise and healthy eating.


LIGHTNING

Ströer provides care for little rascals

We at Ströer are convinced that it is possible to work and have children. For this reason, we set up the "Ströer Strolche" (Ströer's Little Rascals) daycare center in 2006. This center, which is close to our offices, provides daycare places for our employees' children until they are old enough to go to regular kindergarten. This helps parents to ease their way back into work and gives them the flexibility they need to organize their working hours. We believe that it is important that parents with young children can go about their work without worrying, safe in the knowledge that their little ones are in good hands. Trained staff and nursery nurses at the center look after the little ones all year round from 8 a.m. to 7 p.m. In a total indoor and outdoor area of 300m², the children have plenty of room to run around and play. The center also offers educational and sports activities and promotes the learning of language through play. The concept was developed together with the KinderHut specialists from Essen, who also provide all of the staff. The little rascals' dietary needs are also well cared for: they have their own cook, who prepares healthy well-balanced meals for them every day.


Sie lau

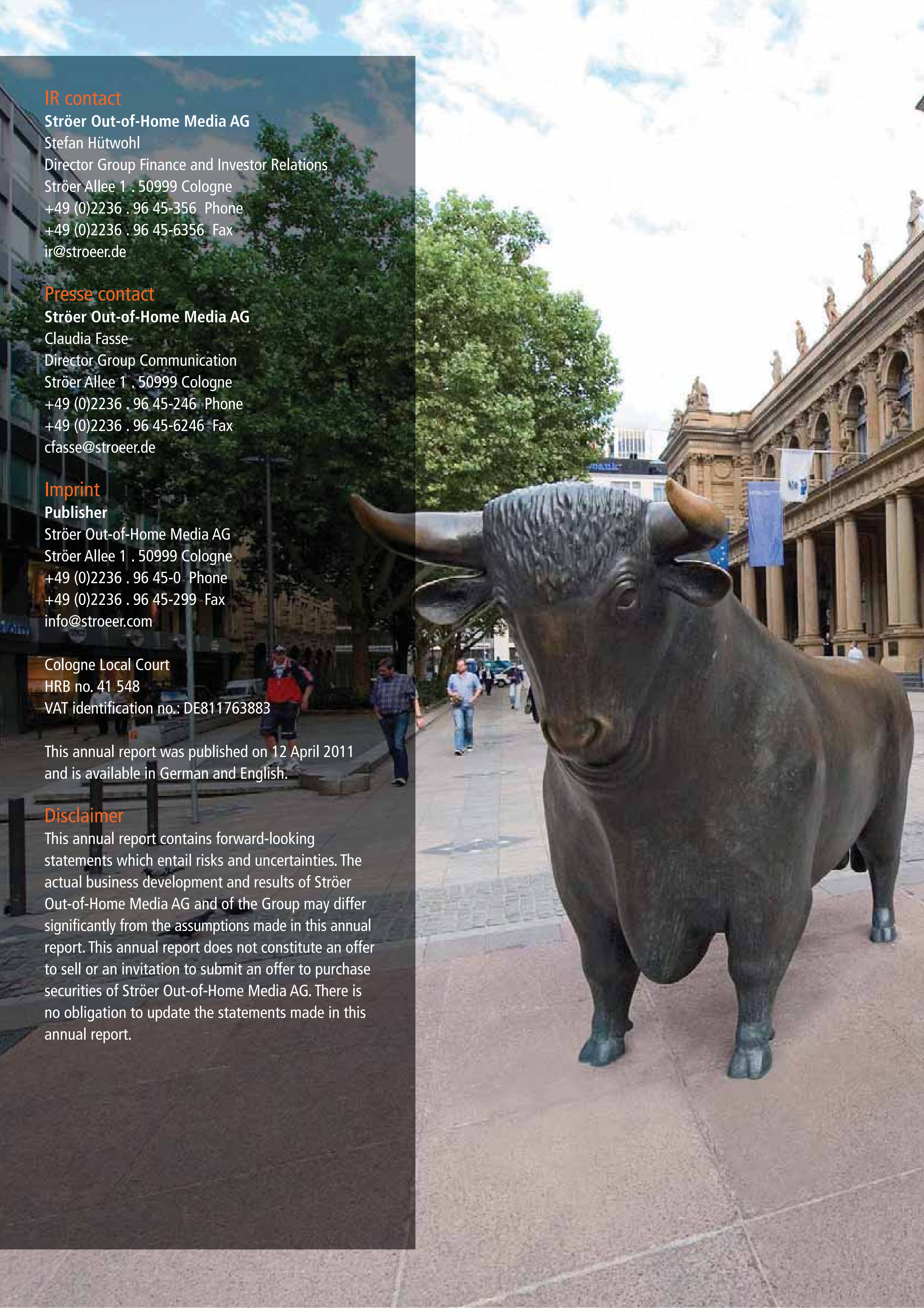
Ströer sets the environmental standard

We actively help shape the environment with our products. For this reason, taking measures to sustain our environment is of central importance to us and forms an important basis of our business. Together with renowned institutes and technology companies, such as the University of Applied Sciences Nuremberg or 3M, we develop new, energy-saving solutions for our out-of-home products and services. Our latest products already work with LEDs, OLEDs (organic LEDs) and very thin fluorescent tubes. However, we also achieve energy efficiency by optimizing the geometry of the equipment to enable uniform illumination of the advertising media. We also use automatic lighting technology that allows lighting to be controlled in an energy-efficient manner. Astronomical clocks react to sunrise and sunset time and thereby control the amount of energy being fed in. In some places, the power is even turned off altogether between 1 a.m. and 5 a.m. All products that are connected online automatically send a report if a bulb fails. This means that bulbs are only replaced when they need to be and are not automatically replaced after 12 or 18 months as would otherwise be the case. We already use regenerative forms of energy to power street furniture. Above all, solar energy plays a key role here for generating electricity, with the use of silent, space-saving and low-maintenance photovoltaic systems. But we also work constantly on improving other areas as well. We are now able to clean our advertising spaces using demineralized water, which has dirt-binding properties and produces excellent cleaning results. In Hamburg we already use an established method which makes the use of cleaning chemicals superfluous and reduces pollution in groundwater at the same time.


Hauptbahnhof
INF

Ströer helps!

Ströer supports social and cultural initiatives in Germany and abroad. This includes long-term cooperations as well as short-term, rapid response appeals when situations call for urgent aid. We have supported the "Initiative Vermisste Kinder" (Initiative for Missing Children) in Hamburg since 2008. In 2010, we made our advertising media available again to raise broader public awareness of urgent searches for missing children and young people. With our digital displays in particular at busy locations and in public buildings, we are ideally positioned to support the association's work by publishing emergency hotline numbers. By further digitizing our out-of-home media, we can provide even faster and more targeted help in this continued collaboration in the future. We regularly get involved in our immediate regional environment as well as nationally and internationally when the need calls. Following the earthquake disaster in Haiti in January 2010, we supported a fundraising appeal in Bielefeld that raised some EUR 150,000 for the victims. Since 2006, we have been a cooperation partner of the German Bone Marrow Donor Center ["Deutsche Knochenmarkspenderdatei": DKMS]. Many of our employees have since signed up at regular typing events to be potential life-saving donors on the bone marrow register. For the last seven years, our Polish colleagues have sponsored the "Wielka Orkiestra Świątecznej Pomocy" (the "Great Orchestra of Christmas Charity"). The organizing foundation calls on all Poles to raise money through self-organized concerts, parties and other events on one nationwide day of action. In Turkey, the employees of Ströer Kentvyzion help, among others, the Lösev Lösemili Çocuklar Vakfı (LÖSEV) foundation, which provides medical care and a thorough education for children with leukemia.



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Disclaimer

Glossary

Advertising column
Historically, this is where it all began and it remains a timeless, classic solution for out-of-home advertising (first introduced by Ernst Litfass in Berlin in 1855). It can be found in urban and residential areas and is used in particular for local cultural advertising.

Advertising media
Installations for displaying advertising which are mostly given special product names due to their special design or technology (e.g., Mega-Lights, City-Light posters, etc,).

Big banner
Large banner in varying formats and designs for displaying inside buildings (for example in arrival halls and over platforms and train tracks).

Billboards
Product group comprising large-format advertising media, mainly in $9m^2$ formats (including Mega-Lights, premium billboards, big banners, directional media and advertising on bridges), which are to be found at traffic junctions and in urban areas. In addition, this product group includes the products from the giant poster business.

blowUP (giant poster)
Large-format advertising on scaffolding and building façades; it can cover an area of several thousand square meters (m^2).

City-Light column
Upright premium advertising medium in static formats or using scrolling technology at top locations in urban areas; the posters are glass-encased and backlit in $2m^2$ and $4m^2$ formats.

City-Light poster (CLP)
Free-standing, backlit and glass-encased $2m^2$ poster format in urban areas and at tram and bus stops that can also be fitted with scrolling technology.

Culture media
Advertising on selected media for cultural, political or religious events with a strong regional character (for example on advertising columns and cultural posters).

Digital media
Innovative advertising media that deliver advertising messages using moving images on screens. Includes the out-of-home channel, Infoscreens at train stations, videoboards and on-board TV on public transport.

Full HD resolution
Full HD stands for full high definition and is a technology used to display crystal-clear images.

Individual booking
Selection of advertising media at certain individual sites which can be individually packaged for an advertising campaign based on specific selection criteria.

Infoscreen
Digital screens at and in central, highly frequented underground and suburban train station interchanges and selected long-distance train stations and airports.

Insight Station
A market research study carried out with the University of Luxembourg and Mediacom, a media agency, on the positive long-term effect of advertising (in terms of awareness and recognition) and excellent contact quality of station media.

LED/OLED
Light emitting diodes or LEDs use less electricity and have a long life. The cheaper OLEDs are made from organic semiconductor materials but have a shorter life than LEDs.

Media mix
A media mix determines how various media such as printed material, TV, radio, out-of-home advertising and internet are combined in an advertising campaign.

Media plan
Sets out the media and how often they will be used in a campaign, includes the reach and target groups.

Mega-Light (ML)
Mega-Lights are premium advertising media in back-lit and glazed 9m^2 display cases with double-sided scrolling technology. They are situated road side at sites with excellent reach and can be booked as part of a network booking.

Network booking
In contrast to individual bookings, advertising space is booked as part of a network of advertising space. Advertising messages, on Mega-Lights for example, are thus visible at many locations across the entire city during the booking period.

Nielsen Media Research
Internationally operating media research company that measures and analyzes gross expenditure on advertising media in over 40 countries.

Out-of-home advertising
Advertising on public streets, squares and places of a public nature accessible to a wide audience that provides for a large reach.

Out-of-home channel
First Germany-wide network of moving images that uses networked large-format digital screens in full HD quality at highly frequented train stations in Germany.

POSTAR
POSTAR is a UK-based market research company that measures the audience reach of out-of-home media in the UK and other countries on behalf of clients. The information is used by clients for planning, buying and evaluating advertising investment in the medium.

Premium billboard
Premium, fully glazed and backlit 9m^2 display cases for individual bookings that use single-sided scrolling technology. Situated at highly frequented sites in cities and at train stations.

Reach
Reach refers to the number of individuals in a target audience who are exposed to an advertising medium or combination of advertising media. It can be expressed as an absolute figure or as a percentage of a given population.

Scrolling technology
The fitting of advertising media with mechanical parts to allow different posters to be rotated and thereby ensure higher capacity for that site for a given booking period.

Station media
Station media include all media formats in and outside train stations as well as directly on platforms which Ströer uses to reach attractive mobile target groups on the move.

Street furniture
Product group comprising advertising media with smaller advertising faces mainly in 2m^2 and 4m^2 formats (such as City-Light posters, City-Light columns and advertising columns) which are in some cases integrated into a city's public street furniture (e.g., bus and tram stop shelters and toilet facilities).

Transport
This product group comprises the marketing of all advertising space in and on vehicles used for local and long-distance public (rail) transport. It also includes individual station media where these are not part of the billboard or street furniture product groups (e.g., out-of-home channel, Infoscreens).

Visibility
Visibility refers to how visible an advertising campaign is that creates impact in public spaces through the size of its advertising media and the quality of its technical capability and thereby efficiently communicates brand advertising messages.

Financial calendar

12 April 2011	Publication of the annual report for 2010/Q4 2010
19 May 2011	Publication of the quarterly report/Q1 for 2011
15 June 2011	Annual general meeting, Cologne
16 August 2011	Publication of the H1/Q2 report for 2011
15 November 2011	Publication of the 9M/Q3 report for 2011

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