

Bernd Ingmar Gutberlet



# SPIONE überall

**Consolidated Interim Report  
for the period  
from 1 April to 30 June 2014  
Bastei Lübbe AG  
Cologne**

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## Consolidated Interim Report of Bastei Lübbe AG for the first three months of the 2014/2015 financial year as at 30 June 2014

### I. The Company and its operations

Bastei Lübbe is a media company in the form of a trade book publisher. Within the scope of its business activities, Bastei Lübbe publishes books, audiobooks, eBooks and other digital products in the genres of fiction and popular science as well as periodicals including novel booklets and puzzle magazines. The business activities of Bastei Lübbe furthermore include the licensing of rights and the development, production and sale of gifts, decorative items and merchandise.

Bastei Lübbe breaks down its business activities into three segments: **books**, **non-books** as well as **novel booklets** and **puzzle magazines**. The **books** segment includes all print, audio and eBook products that can be considered books. This also includes digital series. The **books** segment sells products for various labels, mainly in hardcover, paperback, pocket book, audio (digital and physical) and eBook formats. The **non-books** segment includes gift items in particular, which are sold under the Räder label, as well as merchandise and similar products. The **novel booklet** and **puzzle magazines** segment includes physical novel booklets and puzzle magazines.

Bastei Lübbe acquired two majority shareholdings in May 2014. The Hamburg-based company Daedalic Entertainment GmbH is considered to be one of the best game developers and publishers in Germany. BookRix GmbH & Co. KG is one of the leading self-publishing platforms in Germany, and has considerable growth potential. By investing strategically in these two companies, Bastei Lübbe is consistently following its path with regard to the expansion of its high-growth digital sector and increased internationalisation. Both subsidiaries are being consolidated for the first time during the current financial year, the shareholding in Daedalic Entertainment GmbH in the “non-books” segment and the shareholding in BookRix GmbH & Co. KG in the “books” segment.

Hence, for the first time, Bastei Lübbe is creating an IFRS consolidated financial statement, in which majority shareholdings in Daedalic Entertainment GmbH and BookRix GmbH & Co. KG are consolidated. Based on the decisive influence exercised by Bastei Lübbe, Präsenta Promotion International GmbH is an associate within the meaning of IAS 28 whose earnings are allocated to the “non-books” segment and valued in the consolidated balance sheet in accordance with the “at equity” method explained in IAS 28.

Bastei Lübbe furthermore holds shares in the companies - not consolidated in the reporting period - Moravská Bastei MOBA, s.r.o., Brno (Czech Republic), (90%), Bastei Media GmbH, Erfurt (100%), plus a 100 percent stake in Bastei International Limited in Hong Kong, a 25% stake in HPR Bild & Ton GmbH, Cologne, a 100% stake in Siebter Himmel Bastei Lübbe GmbH (a book shop in Cologne) and a 100% stake in BookRix Verwaltungs GmbH, the general partner of BookRix GmbH & Co. KG.

Bastei Lübbe AG furthermore holds a smaller stake in various book and press distribution companies, which each make up less than 5 percent of the respective subscribed capital.

## II. General conditions

### 1. Macroeconomic conditions

After starting the year with strong growth, the development of the German economy remained subdued in the quarter under review. The weak recovery in the spring and geopolitical vagaries dampened the performance of the economy during the reporting period. The ifo Business Climate Index was also somewhat weaker than at the start of the year and, at 109.7 points, was below the January level of 110.6 points in June 2014. Due to the potential impact of the crises in Ukraine and Iraq, the companies were more reserved in the assessment of their business outlook. However, consumer sentiment was once again more optimistic. With an increase in turnover of 2% in the first half of 2014, the German retail business is satisfactory. The renewed cut in interest rates by the European Central Bank to 0.15% provided crucial impetus to the consumer climate at the end of the quarter.

The global economy continues to grow at a moderate pace. The recovery in the Eurozone is progressing slowly and remains characterised by very different developments in the individual countries. In general, analysts from the Kiel Institute for the World Economy (IfW) expect the performance of the economy to stabilise, although markets will remain vulnerable to disturbances. While economic expansion is gradually strengthening in advanced economies in particular, the dynamics in emerging markets will remain subdued during the forecast period, if the high expansion rates of the past decade are taken as a comparison. As a result, the IfW lowered its expectations in the summer for the increase in global GDP for 2014 to 3.5 %, having been 4.0 % in March 2014.

### 2. The industry environment

The book market is undergoing radical change. Not only in Germany, but also internationally, the industry is characterised by progressive digitisation. According to experts, demographic developments in Germany and the transformation from printed books to digital media will have a major impact on net sales in the book market in the future. An example of the latter is the foothold gained by eBooks. According to estimates of ranges containing eBooks, the share of eBook sales averaged 1.0% of total sales of book stores in 2013. The share of the total market in 2013 is now > 4%. This value has doubled in comparison to previous years. A total of about 22 million eBooks were bought in Germany in 2013. GfK experts predict that every second Euro spent on books will come from online purchases by 2020. The share from retail booksellers will continue to fall, however, and will be around 42% by 2020. Data for the reporting period was not yet available at the time of publishing this consolidated interim report of Bastei Lübbe AG.

Bastei Lübbe is well equipped to meet increasing reader demand for eBooks, and will continue to expand its digital domain.

According to the Book Report from July 2014, turnover in the retail book trade in the first half of 2014 was an average of 2.3% below last year. In the hardcover category, non-fiction recorded an increase in sales of 3.0% in the period January to June 2014, while the paperback non-fiction category fell by 2.9% compared to the same period of the previous year. In fiction, hardcover sales decreased by approximately 6.9%, not least because of a very strong Dan Brown novel from Bastei Lübbe in the previous year; paperback fiction saw a somewhat sharper decline still.

The novel booklet and puzzle magazine segment has been extremely stable for several years now, and is expected to remain at a similar level in future. The puzzles segment with large-format puzzles remained stable in terms of sales compared to the first quarter of 2013, albeit thanks to or in spite of a significant increase in the number of titles on the market by 26.5%.

The non-books segment comprises the gift items and promotional items sectors and, newly in the current financial year, also the games sector.

The German market for gift items saw a slight decline in sales in the first half of 2014, having previously seen several years of growth. The mood at the spring fairs (the most important indicator of sentiment in the trade) was subdued. Against this trend, however, Räder managed to record positive sales growth in the first half of calendar year 2014, and is hence one of the exceptions (see Section III "Business and Financial Performance").

A study carried out by the DIMA market research institute has revealed that promotional materials are popular and frequently used. While small companies reduced their spending on advertising slightly in 2013, a positive trend was recorded in large companies.

In 2013, the German games market grew year on year by 5% and, at EUR 2.66 billion, was the single largest market in Europe and one of the most important markets worldwide. The PC market (the core business of Daedalic) has a share of this market amounting to EUR 380 million in sales (14.3%). Internationally, the global games market generated approximately USD 70.4 billion in 2013 (6% increase on 2012) and, according to expert estimates will increase to around USD 102.9 billion by 2017.

### III. Business and financial performance

#### 1. Overall appraisal of the reporting period

Bastei Lübbe generated consolidated sales of EUR 20.6 million in the first three months of the 2014/2015 financial year, following EUR 28.6 million during the same period of the previous year. The consolidated sales included a contribution by BookRix GmbH & Co. KG of EUR 157,000 and by Daedalic Entertainment GmbH of EUR 665,000, meaning that the sales of Bastei Lübbe AG were EUR 19.8 million. The consolidated sales were therefore EUR 8 million, and the sales of Bastei Lübbe AG were EUR 8.8 million lower than during the same period last year. The decline in sales in this amount is as planned, since during the same period last year, the blockbuster "Inferno" by Dan Brown appeared in May 2013, with which Bastei Lübbe generated sales of around EUR 9 million during the same period of the 2013/2014 financial year.

The consolidated EBIT is EUR 549,000 following EUR 2.1 million during the same period of the previous year. The consolidated EBIT included a contribution by BookRix GmbH & Co. KG of EUR 69,000 and by Daedalic Entertainment GmbH of EUR 87,000.

The consolidated sales of Bastei Lübbe were as planned. The consolidated EBIT was slightly more than planned.

It should be considered with regard to the comparative figures (profit and loss account as at 30/06/2013, balance sheet as at 31/03/2014) that these are subject to a corresponding at-equity valuation of the stake in Präsenza Promotion International GmbH as at the relevant closing date. For a better overview and comparability of the values with the Annual Report for the 2013/2014 financial year, a comparison of the values as at 30/06/2014 with the relevant period for comparison on the basis of the IFRS separate financial statements of Bastei Lübbe AG can also be found as Appendices 1 and 2 to the Notes.

As of 30/06/2014, Bastei Lübbe had 407 employees at Group level. As of 30/06/2014, Bastei Lübbe AG had 326 employees (previous year: 296).

## Consolidated Profit and Loss Account as at 30 June 2014

	Apr-Jun FY 2015	Apr-Jun FY 2014	Change
<b>Revenue</b>	<b>20,579</b>	<b>28,598</b>	<b>-8,019</b>
Changes in inventory	461	-1,254	1,715
Other operating income	434	128	306
Cost of materials	-9,785	-14,424	4,639
Staff expenses	-4,921	-4,723	-198
Depreciation/amortisation	-563	-431	-132
Other operating expenses	-5,591	-5,672	81
Earnings from investments	-65	-127	62
<b>Earnings before interest and taxes (EBIT)</b>	<b>549</b>	<b>2,095</b>	<b>-1,546</b>
Financial result	-473	-601	128
<b>Earnings before taxes (EBT)</b>	<b>76</b>	<b>1,494</b>	<b>-1,418</b>
Taxes on income and earnings	-146	-332	186
<b>Period earnings</b>	<b>-70</b>	<b>1,162</b>	<b>-1,232</b>

## 2. Sales trend

Consolidated sales decreased by EUR 8 million from 28.6 to EUR 20.6 million relative to the individual sales of Bastei Lübbe in the period 01/04/2014 to 30/06/2014. The decline in sales was thus in line with expectations since, in the reporting period of the previous year, the blockbuster "Inferno" by Dan Brown alone had contributed approximately EUR 9 million to total sales. In the "books" segment, Bastei Lübbe AG contributed sales of EUR 15.3 million and the newly consolidated stake in BookRix GmbH & Co. KG sales of EUR 157,000, meaning that sales in the "books" segment totaled EUR 15.4 million. As in the "non-books" segment, internal segment sales were not consolidated. BookRix GmbH & Co. has been included in the consolidated financial statements as of the economic effective date of the acquisition, i.e. from 1 May 2014. Sales of the "book" segment were EUR 24.3 million in the same period of the previous year. In this respect, sales remained stable in this segment if the Dan Brown sales are discounted.

Consolidated sales in the “non-books” segment amounted to EUR 2.7 million in the reporting period. EUR 2 million of this comes from Bastei Lübbe AG and EUR 670,000 from Daedalic Entertainment GmbH, newly consolidated from 1 June 2014. Sales in the same period of the previous year amounted to EUR 1.6 million. The increase in sales by Räder of about 19.3% compared to the same quarter last year is particularly gratifying. The sales driver here was the new spring/autumn collection that was very well received at the fairs. Sales in the “novel booklets and puzzle magazines” segment are stable at just under EUR 2.5 million. The breakdown of sales by the individual segments is as follows:

#### Consolidated segment sales as at 30 June 2014

	1st Quarter 2014/2015		1st Quarter 2013/2014		Change
	in €k	in %	in €k	in %	in €k
<b>Books</b>	<b>15,432</b>	<b>75%</b>	<b>24,348</b>	<b>85%</b>	<b>-8,916</b>
- of which hardcovers	1,879	9%	10,186	36%	-8,307
- of which pocket books	6,322	31%	6,499	23%	-177
- of which audio	2,503	12%	2,488	9%	15
- of which entertainment (digital media)	2,648	13%	3,235	11%	-587
- of which children's books	1,913	9%	1,924	7%	-11
- of which Bookrix	157	1%	0	0%	157
- of which miscellaneous	10	0%	15	0%	-5
<b>Non-books</b>	<b>2,679</b>	<b>13%</b>	<b>1,644</b>	<b>6%</b>	<b>1,035</b>
- of which Räder	1,932	9%	1,620	6%	312
- of which Daedalic	665	3%	0	0%	665
- of which miscellaneous	82	0%	24	0%	58
<b>Novel booklets and puzzle magazines</b>	<b>2,468</b>	<b>12%</b>	<b>2,606</b>	<b>9%</b>	<b>-138</b>
- of which novel booklets	1,872	9%	1,883	7%	-10
- of which puzzle magazines	596	3%	723	3%	-128
<b>Total</b>	<b>20,579</b>	<b>100%</b>	<b>28,598</b>	<b>100%</b>	<b>-8,019</b>

### 3. Development of costs

Costs for materials decreased disproportionately from EUR 14.4 million to EUR 9.8 million, thus amounting to 47.6%, following 50.4% in the same period of the previous year.

Personnel expenses amounted to EUR 4.9 million, following EUR 4.7 million the previous year (+4.2%).

Other operating expenses amounted to EUR 5.6 million, slightly below the previous year's figure of EUR 5.7 million.

### 4. Development of earnings

Operating earnings before interest and taxes (EBIT) of EUR 549,000 were generated during the reporting period. EBIT was EUR 2.1 million in the same period of the previous year. The decrease in EBIT results from the fall in sales of EUR 8 million, i.e. the higher sales during the same period of the previous year due to the Dan Brown bestseller. The EBIT generated is above the planned EBIT for the period.

Looking at the individual segments, the “books” segment contributed an EBIT of EUR 425,000, of which BookRix GmbH & Co. KG generated a negative EBIT of EUR -69,000. The EBIT of this segment was EUR 3.1 million in the same period of the previous year. The “non-books” segment recorded a negative EBIT of EUR -233,000. Daedalic Entertainment GmbH made a positive contribution to this of EUR 87,000. The at-equity consolidation of Präsenta resulted in an EBIT contribution of EUR -79,000 EBIT was EUR -1,249,000 in the same period of the previous year. The “novel booklets and puzzle magazines” segment contributed a positive EBIT of EUR 357,000, following EUR 291,000 the previous year.

## IV. Assets and financial position

### 1. Overall appraisal of the reporting period

The consolidated balance sheet total amounted to EUR 119.7 million as of 30/06/2014, following EUR 107.6 million as of 31/03/2014. The increase of EUR 12.1 million resulted primarily from the inclusion of the two companies acquired, Daedalic and BookRix. Equity increased from EUR 51.5 million on 31/03/2014 to EUR 54.5 million on 30/06/2014, which is also due to the newly consolidated companies, and specifically to the amounts attributable to minority equity interests. The equity ratio as at 30/06/2014 is 45.5%; if we discount the equity shares of external shareholders (leaving equity of EUR 51.5 million), it is 43.0%.

Cash flows from current business activities amount to EUR +113,000 for the reporting period, following EUR -840,000 during the same period of the previous year. Cash flow from investment activities in the reporting period amounted to EUR -8.8 million, following EUR -236,000 in the same period of the previous year, and cash flow from financing activities amounted to EUR -74,000 in the reporting period, following EUR +1.1 million in the same period of the previous year. Cash and cash equivalents at end of period amounted to EUR 7.7 million in the reporting period following EUR 110,000 in the same period of the previous year.

### 2. Assets position

#### Consolidated balance sheet as at 30 June 2014

in €k	30/06/2014	31/03/2014	Change
Non-current assets	60,975	47,111	13,864
Current assets	58,689	60,516	-1,827
<b>Total assets</b>	<b>119,664</b>	<b>107,627</b>	<b>12,037</b>
Equity	54,481	51,544	2,937
Non-current liabilities	34,771	30,086	4,685
Current liabilities	30,412	25,997	4,415
<b>Total liabilities</b>	<b>119,664</b>	<b>107,627</b>	<b>12,037</b>

**Intangible assets** amounted to EUR 23.3 million as of 30/06/2014, following EUR 11.1 million as of 31/03/2014. Here, **goodwill** increased from EUR 2.1 million (31/03/2014) to EUR 7.3 million (30/06/2014) and other **intangible assets** increased from EUR 9.0 million (31/03/2014) increased to EUR 16.0 million (30/06/2014). This is due mainly to the intangible assets added from Daedalic Entertainment GmbH.

The item **Holdings of prepaid royalties** remains high at EUR 28.0 million (31/03/2014: EUR 26.2).

The item **Inventories** increased by EUR 19.6 million (31/03/2014: EUR 18.9 million) as did the item **Current trade receivables**, by EUR 15.2 million (31/03/2014: EUR 13.6 million). By contrast, the



item **Cash and cash equivalents** fell from EUR 12.1 million as of 31/03/2014 to EUR 7.7 million as of 30/06/2014 declined as a result of the acquisition of shares.

**Equity** is EUR 54.5 million as of 30/06/2014. This figure includes EUR 3.0 million in **Minority interests**. Equity amounted to EUR 51.5 million as of 31/03/2014.

**Non-current liabilities** increased from EUR 30.1 million as of 31/03/2014 to EUR 34.8 million as of 30/06/2014. This is due in particular to deferred tax liabilities of EUR 2.3 million (31/03/2014: zero) and **Other liabilities** of EUR 2.4 million (31/03/2014: zero), both arising from the consolidation of Daedalic Entertainment GmbH.

**Current liabilities** amount to EUR 30.4 million as of 30/06/2014, following EUR 26.0 million as of 31/03/2014. Here, in particular, the item **Trade liabilities** of EUR 13.1 million as of 31/03/2014 increased to EUR 15.9 million as of 30/06/2014.

### 3. Financial position

The development in the financial position of Bastei Lübbe was positive in the reporting period. Cash flow from ongoing operating activities for the reporting period amounted to EUR +113,000, following EUR -840,000 in the first three months of the 2013/2014 financial year.

The liquidity of the Group was ensured at all times by the continued high cash holdings.

## V. Opportunity and risk report

The opportunities and risks of the business of Bastei Lübbe AG are continuously assessed, and are presented comprehensively in the Management Report of Bastei Lübbe AG for the financial year 2013/2014. There have been no significant changes for the Bastei Lübbe Group relative to the Annual Report 2013/2014, even after the consolidation of the acquired companies.

## VI. Significant events after the end of the interim reporting period

Mr. Jörg Plathner has been appointed as a new member of the executive board with effect from 01/09/2014. He is responsible for the digital national and international divisions with Bastei Entertainment. Otherwise, there were no other significant events for the Bastei Lübbe Group after the balance sheet date of 30 June 2014.

## VII. Share price development

The volatile sideways trend continued in the stock markets at the start of the quarter. This development was due, on the one hand, to lively M&A activity, the recovery of the US economy and signals from the ECB of further monetary measures. On the other hand,

the ongoing crisis in Ukraine weighed heavily on the markets. In June, the leading German index (DAX) broke through the landmark 10,000 point barrier for the first time. However, geopolitical conflicts curbed the steep rise in the second half of June. The DAX opened the quarter on 1 April at 9,602 points and closed on 30 June 2014 at 9,833 points. This represents a performance of +2.4%.

Bastei Lübbe AG shares opened the 2014/2015 financial year with a price of EUR 7.45 and closed at EUR 8.17 on 30 June 2014. The shares thus recorded a gain of 9.7% in the period April to June 2014. Bastei Lübbe shares reached their 3-month high on 25 June 2014, at EUR 8.70. Their shares recorded their lowest price in the first quarter of 2014/2015 on 1 April 2014, when they stood at EUR 7.39.

The market value was EUR 108.7 million on 30 June 2014, with 13,300,000 shares and a closing price of EUR 8.17 (all figures based on Xetra prices). The market capitalisation was approximately EUR 99.1 million at the end of the 2013/2014 financial year on 31 March 2014. The average daily trading volume in Bastei Lübbe shares in the first quarter of 2014/2015 was 29,932 shares.

The shareholder structure changed as follows during the reporting period: Lübbe-Beteiligungs-GmbH reduced its share of Bastei Lübbe AG from 22.56% to 12.78% in the first quarter of 2014/2015, as planned. Moreover, Stefan Lübbe holds 39.09% and Birgit Lübbe holds 3.75% of shares in Bastei Lübbe AG. The Executive Board and Supervisory Board have a 2.26 percent stake in the share capital of Bastei Lübbe AG. Around 42.20% are in free float.

Close Brothers Seydler Bank AG, Warburg Research, DZ Bank AG and Berenberg Equity Research published positive analyses and assessments of the company during the reporting period. All of these studies issued buy recommendations for Bastei Lübbe shares with target prices from EUR 11.00 up to EUR 13.00. The complete research reports are available for download on the Bastei Lübbe AG homepage at [http://www.luebbe.de/Investor-Relations/\\_investor\\_research\\_de](http://www.luebbe.de/Investor-Relations/_investor_research_de).

Shares in Bastei Lübbe AG belong to the strictly regulated Prime Standard segment of the Frankfurt Stock Exchange. Close Brothers Seydler Bank AG is our designated sponsor. Potential investors can obtain further information from the Investor Relations section of the homepage at <http://www.luebbe.de/Investor-Relations>.

## VIII. Outlook

It remains to be seen how the economic climate will develop in Germany. Different developments can be expected to affect the different segments of Bastei Lübbe.

The Christmas season is just around the corner. This is hugely important for Bastei Lübbe. In the “books” segment, Bastei Lübbe has a presence this year with two blockbusters: the German translations of “Edge of Eternity” by Ken Follett and Jeff Kinney’s “Diary of a Wimpy Kid 9, The Long Haul”. In addition, however, other very well-known and renowned national and international writers such as Andreas Eschbach, Ralf Schmitz and Neil Gaiman will also publish their titles in the autumn/winter. In the “non-books” segment, the signs are good that Räder will continue to increase its sales this year. The increase in sales comes from an increase in demand from the German trade, but also from increased demand from abroad for the

internationally oriented collection. There are also the sales of Daedalic Entertainment GmbH to consider. As planned, Daedalic Entertainment GmbH is releasing four new games in the current financial year. We expect flat sales and earnings in the “novel booklets and puzzle magazines” segment.

Overall, the executive board rates the prospects for the 2014/2015 financial year as positive. An increase in sales is expected, with unchanged EBIT. The course of growth embarked upon and, in particular, the path towards further digitisation and internationalisation, and thus the march towards an international media company, will continue to be pursued consistently. The negotiations currently ongoing to this end with potential Chinese and American partners are very promising.

Cologne, 11 August 2014

Bastei Lübbe AG

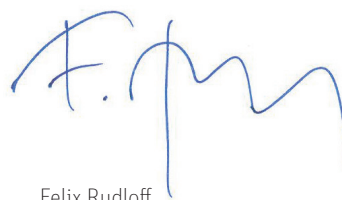
Executive Board



Thomas Schierack



Klaus Kluge



Felix Rudloff

ÁNGELES GARCÍA

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**Consolidated Interim Financial Statements**

## Consolidated Balance Sheet of Bastei Lübbe AG, Cologne as at 30 June 2014

	30/06/2014 EUR K	31/03/2014 EUR K
<b>Non-current assets</b>		
Intangible assets	23,337	11,080
Holdings of prepaid royalties	27,994	26,213
Property, plant and equipment	3,715	3,703
At-equity-accounted investments	1,762	1,841
Financial investments	1,730	1,706
Trade receivables	1,250	1,257
Deferred tax claims	1,187	1,311
	60,975	47,111
<b>Current assets</b>		
Inventories	19,576	18,884
Trade receivables	15,216	13,572
Financial assets	15,077	15,119
Income tax receivables	262	197
Other receivables and assets	859	581
Cash and cash equivalents	7,699	12,163
	58,689	60,516
<b>Total assets</b>	<b>119,664</b>	<b>107,627</b>
<b>Equity</b>		
Share of equity attributable to shareholders of the parent company:		
Subscribed capital	13,250	13,250
Capital reserves	26,172	26,170
Net profit	12,102	12,172
Accumulated other income	-48	-48
	51,476	51,544
Shares of equity of minority interests	3,005	0
<b>Total equity</b>	<b>54,481</b>	<b>51,544</b>
<b>Non-current liabilities</b>		
Provisions	383	354
Deferred tax liabilities	2,256	0
Financial liabilities	29,720	29,732
Other liabilities	2,412	0
	34,771	30,086
<b>Current liabilities</b>		
Financial liabilities	4,753	4,047
Trade liabilities	15,911	13,105
Income tax liabilities	2,587	2,540
Provisions	5,990	5,930
Other liabilities	1,171	375
	30,412	25,997
<b>Total liabilities</b>	<b>65,183</b>	<b>56,083</b>
<b>Total liabilities</b>	<b>119,664</b>	<b>107,627</b>

## Consolidated Profit and Loss Statement of Bastei Lübbe AG, Cologne for the period from 1 April to 30 June 2014

	1st Quarter 1 Apr-30 Jun 2014 KEUR	1st Quarter 1 Apr-30 Jun 2013 KEUR	Change KEUR
<b>Sales revenue</b>	20,579	28,598	-8,019
Change in inventories of finished goods and work in progress	461	-1,254	1,715
Other operating income	434	128	306
Cost of materials			
a) Cost of raw materials and supplies and goods purchased for resale	-50	-107	57
b) Expenses for purchased services	-5,924	-7,650	1,726
c) Expenses for fees and depreciations to authoring licenses	-3,811	-6,667	2,856
	-9,785	-14,424	4,639
Staff expenses			
a) Wages and salaries	-4,241	-4,119	-122
b) Social security contributions and expenses for pensions and for support	-680	-604	-76
	-4,921	-4,723	-198
Depreciation/amortisation	-563	-431	-132
Other operating expenses	-5,591	-5,672	81
Earnings from investments	-65	-127	62
<b>Earnings before interest and taxes (EBIT)</b>	<b>549</b>	<b>2,095</b>	<b>-1,546</b>
Financial result			
Income from other securities and loans of financial assets	0	0	0
Other interest and similar income	121	17	104
Interests and similar income	-594	-618	24
Financial result	-473	-601	128
<b>Earnings before income taxes</b>	<b>76</b>	<b>1,494</b>	<b>-1,418</b>
Taxes on income and earnings	-146	-332	186
<b>Net period income</b>	<b>-70</b>	<b>1,162</b>	<b>-1,232</b>
Period earnings			
Of which attributable to:			
Shareholders of Bastei Lübbe AG	-69	1,162	-1,231
Shares of equity of minority interests	-1	0	-1
	<b>-70</b>	<b>1,162</b>	<b>-1,232</b>
<b>Earnings per share</b> (with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG)	-0.01	0.12	
<b>Average shares outstanding</b> (in 1,000 shares)	13,250	10,000	

**Consolidated Statement of Income of Bastei Lübbe AG, Cologne**  
**for the period from 1 April to 30 June 2014**

	1st Quarter 1 Apr-30 Jun 2014 KEUR	1st Quarter 1 Apr-30 Jun 2013 KEUR	Change KEUR
<b>Sales revenue</b>	20,579	28,598	-8,019
Change in inventories of finished goods and work in progress	461	-1,254	1,715
Other operating income	434	128	306
Cost of materials			
a) Cost of raw materials and supplies and goods purchased for resale	-50	-107	57
b) Expenses for purchased services	-5,924	-7,650	1,726
c) Expenses for fees and depreciations to authoring licenses	-3,811	-6,667	2,856
	-9,785	-14,424	4,639
Staff expenses			
a) Wages and salaries	-4,241	-4,119	-122
b) Social security contributions and expenses for pensions and for support	-680	-604	-76
	-4,921	-4,723	-198
Depreciation/amortisation	-563	-431	-132
Other operating expenses	-5,591	-5,672	81
Earnings from investments	-65	-127	62
<b>Earnings before interest and taxes (EBIT)</b>	<b>549</b>	<b>2,095</b>	<b>-1,546</b>
Financial result			
Income from other securities and loans of financial assets	0	0	0
Other interest and similar income	121	17	104
Interests and similar income	-594	-618	24
Financial result	-473	-601	128
<b>Earnings before income taxes</b>	<b>76</b>	<b>1,494</b>	<b>-1,418</b>
Taxes on income and earnings	-146	-332	186
<b>Net period income</b>	<b>-70</b>	<b>1,162</b>	<b>-1,232</b>
Other comprehensive income (OCI)			
Actuarial losses			
from partial-retirement obligations	0	-2	2
- of which attributable to minority interests	0	0	0
<b>Total earnings</b>	<b>-70</b>	<b>1,160</b>	<b>-1,230</b>
<b>Total earnings</b>			
Of which attributable to:			
Shareholders of Bastei Lübbe AG	-69	1,160	-1,229
Shares of equity of minority interests	-1	0	-1
	-70	1,160	-1,230

## Consolidated statement of change in equity Bastei Lübbe AG, Cologne for the interim financial statement as of 30 June 2014

	Parent company				Shares held by other shareholders		Group equity
	subscribed share capital KEUR	Capital shares of limited partners KEUR	Capital reserves (P.Y. provisions) KEUR	Profit retained KEUR	accumulated other income KEUR	Equity KEUR	Equity KEUR
As of 1 April 2013	0	1,534	14,401	10,900	-6	26,829	26,829
Dividends paid/allocation of shareholder accounts				-7,283		-7,283	-7,283
Net profit or loss for the period				1,162		1,162	1,162
Sums recorded directly as equity					-2	-2	-2
Total earnings	0		0	1,162	-2	1,160	1,160
<b>As of 30 June 2013</b>	<b>0</b>	<b>1,534</b>	<b>14,401</b>	<b>4,779</b>	<b>-8</b>	<b>20,706</b>	<b>20,706</b>
As of 1 April 2014	13,250	0	26,170	12,172	-48	51,544	51,544
Changes in the number of consolidated companies						0	3,006
Transfer of shares held	0		2			2	2
Other changes in equity				-1		-1	-1
Net profit or loss for the period				-69		-69	-70
Sums recorded directly as equity					0	0	0
Total earnings				-69	0	-69	-70
<b>As of 30 June 2014</b>	<b>13,250</b>		<b>26,172</b>	<b>12,102</b>	<b>-48</b>	<b>51,476</b>	<b>54,481</b>



**Consolidated cash flow statement of Bastei Lübbe AG, Cologne  
for the interim financial statement as of 30 June 2014**

	1 Apr - 30 Jun 2014 KEUR	1 Apr - 30 Jun 2013 KEUR
Net profit or loss for the period	-70	1.162
+/- Amortisation/depreciation on intangible assets and property, plant and equipment	563	431
+/- Other non-cash expenses/income	652	852
+/- Increase/decrease in provisions	89	12
-/+ profit/loss from the disposal of intangible assets and plant, property and equipment	0	-28
-/+ increase/decrease in income tax receivables and liabilities incl. deferred tax assets and liabilities	78	-100
-/+ increase/decrease in stocks, trade receivables and other assets not allocated to investment or financing activities	-3,414	-1,748
+/- increase/decrease in trade liabilities and other liabilities not allocated to investment or financing activities	2,215	-1,421
<b>Cash flow from current business</b>	<b>113</b>	<b>-840</b>
- Outflow of funds for investments in intangible assets	-279	-15
+ Income from the disposal of property, plant and equipment	0	37
- Outflow of funds for investments in property, plant and equipment	-183	-258
- Outflow of funds for investments in financial assets	-25	0
- Payments for the acquisition of consolidated companies	-8,350	0
<b>Cash flow from investment activities</b>	<b>-8,837</b>	<b>-236</b>
+/- Contributions/withdrawals by former limited partnership shareholders	0	-1,555
+ Proceeds from the issuance of bonds and from borrowing	0	2,731
- Outflow for the repayment of bonds and (financial) credit	-74	-69
<b>Cash flow from financing activities</b>	<b>-74</b>	<b>1,107</b>
Changes in cash and cash equivalents with effect on payments	-8,798	31
+ consolidation-related changes in cash and cash equivalents	4,334	0
+ Cash and cash equivalents at start of period	12,163	79
<b>= Cash and cash equivalents at end of period</b>	<b>7,699</b>	<b>110</b>

# Bastei Lübbe AG, Cologne

## Abridged Notes to Consolidated Interim Financial Statements as at 30 June 2014

### 1. General information

Bastei Lübbe AG (hereinafter also "parent company") has its registered offices at Schanzenstrasse 6-20, 51063 Köln, Germany

As a listed public limited company, and in accordance with Article 4 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards of 19 July 2002 (OJ EC L 243 p. 1), as of the financial year 2013/2014, Bastei Lübbe is required to prepare an annual financial statement as well as any interim financial statements that may be required up to that point in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU). An IFRS annual financial statement was already prepared for the financial year 2012/2013 in the course of the company's initial public offering. The IFRS opening balance sheet was prepared as of 1 April 2011 (date of transition to IFRS according to IFRS 1, first-time application of International Financial Reporting Standards) in order to be able to determine IFRS-based year-on-year figures for the statement of comprehensive income.

After acquiring majority shareholdings in two companies as of the beginning of the current financial year (see "4. Shareholdings") the company has become obligated to prepare a consolidated financial statement according to IFRS for the first time for the financial year 2014/2015, and therefore also for the corresponding quarterly reports. In the context of adopting the IFRS for preparing the consolidated financial statement as of the beginning of the current financial year, the requirements and facilitations stipulated in IFRS 1 apply once more. The abovementioned date of transition to IFRS (1 April 2011) is retained.

A balance sheet and a profit and loss statement are attached to this appendix to allow for a comparison with the figures presented in the annual report for the previous year. These attachments provide a juxtaposition of the current figures of Bastei Lübbe AG's separate financial statements (without consolidated effects) with the corresponding figures of the previous year.

The present consolidated interim financial statement is not being audited, nor is there any review according to section 37w subsection (5) of the German Securities Trading Act (WpHG).

### 2. Accounting principles

The consolidated interim financial statement as of 30 June 2014 has been prepared according to IAS 34 - interim reporting and covers the period from 1 April to 30 June 2014.

Compared to the IFRS-based separate financial statement for the financial year 2013/2014, no changes were made to the accounting and valuation methods when preparing the consolidated interim financial statement, with one exception: Now, even those IFRS standards are applicable and being applied which

exclusively relate to consolidated financial statements. The same holds true for the principles and methods for assumptions and estimations which are required as a part of the consolidated financial statement.

All IFRS standards which first became applicable in the financial year 2014/2015 have been fully implemented, but had no significant impact on the interim financial statement.

A detailed description of these standards as well as accounting and valuation methods can be found in the Notes for the financial year 2013/2014.

### 3. Consolidation principles and cut-off date

Capital consolidation of all fully consolidated companies was performed according to the purchase method at the date of factual control (date of acquisition). Correspondingly, this also holds true for the only company that is valued at equity. Assets and liabilities held by the companies included were valued at their fair values insofar as the corresponding purchase price allocations have already been completed.

Equity shares held by other, non-controlling shareholders are accounted for in equity separately.

At-equity-accounted investments are recognised at acquisition cost according to IAS 28. This also includes the transaction costs. Upon initial recognition, the consolidated P&L includes the group share in the comprehensive income of all investments accounted for according to the equity method. The share in companies will be valued accordingly until there is no longer any significant influence or joint control.

Revenues, expenses and income as well as receivables and liabilities between consolidated companies are offset against one another, and thus eliminated.

Interim profits from internal trade receivables as well as from the sale of property, plant and equipment between consolidated companies, incl. associated companies, are eliminated insofar as the impact on group assets, finances and income is not of secondary importance. So far there have been no interim profits to be eliminated.

Consolidation entries take income tax effects into account, while recognising deferred taxes where applicable.

Only the parent company has a financial year that differs from the calendar year. All other consolidated companies close their financial year on 31 December. For the purposes of consolidated financial statements, these companies prepare interim financial reports at the corresponding cut-off dates.

## 4. Shares held by the group

Bastei Lübbe obtained a 51 percent stake in Hamburg-based Daedalic Entertainment GmbH ("Daedalic") as of 16 May 2014. The sellers were the former partners, who remain shareholders with a combined 49 percent stake in the company. Daedalic is well-known for its award-winning adventure- and story-based computer games. The company is considered to be one of the best game developers and publishers in Germany. The game maker was chosen as Studio of the Year" in 2009, and again last year. Holding a stake in Daedalic enables Bastei Lübbe to considerably expand its national and international product ranges, particularly in the digital sector. Besides eBooks, enhanced eBooks, digital audio and combinations of these products (read & listen), we are now able to offer games. The purchase price was KEUR 4,500. In addition, KEUR 3,500 had to be paid into Daedalic's jointly appropriated capital reserve. The total cost of acquisition, which was solely financed out of the group's own resources, thus amounts to KEUR 8,000. Other acquisition-related costs incurred were recognised in profit and loss at KEUR 71.

According to purchase price allocation (PPA), the fair values and liabilities of Daedalic as of the date of initial consolidation (31 May 2014) are calculated as follows:

(KEUR)	Carrying amounts upon acquisition	Adjustment as per PPA	Fair Values
Intangible assets	3,546	3,587	7,133
Trade accounts receivable	472		472
Cash and cash equivalents	4,308		4,308
Other assets	227		227
Deferred tax liabilities	-1,126	-1,158	-2,284
Other non-current liabilities	-2,338		-2,338
Current liabilities	-1,445		-1,445
Net assets	3,644	2,429	6,073
acquired interests included therein (51%)			3,097
Acquisition costs			8,000
<b>Goodwill</b>			<b>4,903</b>

The results of the PPA are already accounted for in the present consolidated interim financial statement. Minor changes may however occur in the process of finalising the PPA.

Intangible assets which were valued at a higher fair value include games that were developed in-house as well as in-house software modules that are used for game production.

The valuation of internally generated intangible assets included, on the one hand, the planned earnings from games, which were discounted at the acquisition cut-off date, while only taking into account those games which were already being produced or had been completed, and, on the other hand, the estimated staff expenses required for re-programming of software modules. Internally generated intangible assets are depreciated according to their average expected useful life on a straight-line basis over a period of five years each. The different factors that resulted in the accounting of the indicated goodwill in the non-Books segment are indicated in the first paragraph of this section.

On 22 May 2014 - with economic effect from 1 May 2014 - a majority shareholding (60%) in Munich-based BookRix GmbH & Co. KG ("BookRix") was acquired, on proviso that a total of 9% of company shares be transferred to executive staff of the acquired company free of charge. BookRix GmbH & Co. KG is one of the largest self-publishing platforms in Germany, and has considerable growth potential. It already reaches around 560,000 users via its own eBook platform, with more than 4,000 new users registering every month. BookRix supplies digital content to almost all online stores, including market leaders such as Amazon and iTunes. Around 1,000 new eBooks are currently published on the platform each month. The purchase price was KEUR 350 and was financed from existing bank balances. The acquisition of this shareholding aims at realising strategically important goals such as access to self-publishing authors. Other acquisition-related costs incurred were recognised in profit and loss at KEUR 38.

The balance sheet of BookRix included the following assets and liabilities at the date of initial consolidation (1 May 2014):

(KEUR)	Carrying amounts upon acquisition
Intangible assets	
and tangible assets	7
Trade accounts receivable	242
Cash and cash equivalents	27
Other assets	21
Trade accounts payable	-156
Other current liabilities	-55
Deferred tax liabilities	0
Net assets	86
acquired interests included therein*	56
Acquisition costs	350
<b>Positive difference</b>	<b>294</b>

\* is KEUR 12 higher than the calculated proportion (51%) due to divergent ownership interests of acquired KG shares in the company's variable capital

Purchase price allocation for BookRix has not yet been completed. As a preliminary measure, the active difference is therefore indicated as goodwill in the consolidated financial statements at its full amount.

The level of control necessary for this is exercised for the two acquired and fully consolidated companies based on the majority of voting rights.

The two companies made the following contributions to group revenue and earnings in this financial statement (each in relation to 100% of shares):

(KEUR)	Daedalic	BookRix
Sales revenue	665	157
income	108	-69

If both companies had already been included as of the beginning of the financial year (1 April 2014), these amounts would have had the following values (each in relation to 100% of shares):

(KEUR)	Daedalic	BookRix
Sales revenue	1,701	212
income	548	-109

In addition, BookRix GmbH & Co. KG acquired all shares in its own general partner GmbH during the first three months of the financial year 2014/2015 at a purchase price of KEUR 25. No further changes occurred with respect to shares held by the Bastei Lübbe Group or Bastei Lübbe AG.

## 5. Consolidated companies

The following consolidated companies were included in the consolidated financial statements of Bastei Lübbe AG as of 30 June 2014:

	Headquarters	Ownership interest
<b>Fully consolidated companies</b>		
Daedalic Entertainment GmbH	Hamburg	51%
BookRix GmbH & Co. KG	Munich	51%
<b>At-equity-accounted investments</b>		
Präsenta Promotion International GmbH	Solingen	50%

With effect from 1 October 2012, Bastei Lübbe acquired 50% of shares each in PRÄSENTA PROMOTION INTERNATIONAL GmbH, Solingen, („Präsenta“) and in PS Print-service GmbH, Haan, („PSP“) which thereupon were merged into Präsenta. Acquisition costs for these holdings amounted to KEUR 2,361, incl. acquisition-related costs. Furthermore, the purchase agreement stipulated an additional purchase price of up to KEUR 600 each, depending on EBITs achieved by Präsenta (incl. PSP) for the financial years 2013 and 2014. This amount is subject to the achievement of projected EBITs for the indicated financial years, which were specified in the run-up to the contractual negotiations. It ranges between EUR 0.00 and a maximum of KEUR 1,200 in total. Based on internal calculations, Bastei Lübbe has projected that no further acquisition costs will be incurred, and has thus not recognised any further amounts as of the date of acquisition.

In addition, the purchase agreement stipulates options for the acquisition of the remaining 50% of shares in Präsenta, which can be exercised by both parties from 1 October 2016 as of 1 January of each following year („option cut-off date). Based on audited annual financial statements, their price will be calculated from the weighted EBITs of the three financial years prior to the option cut-off date, including additional modifications. The potential purchase price is limited to a maximum of KEUR 12,700 minus any subsequent payment for the primarily acquired 50% of shares (see previous section).

Due to the authoritative influence exerted by Bastei Lübbe, Präsenta is an associated company in accordance with IAS 28, and is valued correspondingly in the consolidated financial statements in compliance with the „equity method“ („at equity“) explained therein.

No interim financial statements were prepared as of the above mentioned acquisition cut-off date (1 October 2012). There has also been no PPA so far. As a consequence, initial consolidation was executed in a simplified fashion, based on the balance sheet as of 31 December 2012, by calculating the pro rata equity, discounting “pro rata temporis” the proportionate annual income calculated in relation to the period of affiliation to the group (1 Apr - 31 Dec 2012).

Proportion of assets and liabilities accounted for in the associated company's balance sheet:

<b>Carrying amounts</b>	
<b>(KEUR)</b>	<b>31 December 2012</b>
Non-current assets	1,461
Current assets	4,535
Non-current liabilities	-1,150
Current liabilities	-2,081
Net assets	2,765
Pro rata net assets (50%)	1,382

In consideration of the proportionate earnings in relation to the period of affiliation to the group (KEUR -3), pro rata net assets as of the date of initial consolidation (1 October 2012) amount to KEUR 1,379, the positive difference from initial consolidation thus amounting to KEUR 982.

The purchase price allocation for Präsenta has not yet been completed. The difference is therefore included without change in Präsenta's at-equity accounting.

The current consolidated interim financial statement includes proportionate earnings from shareholdings valued at equity (Präsenta only), amounting to KEUR 79 and recognised in profit and loss. The carrying amount of shareholdings valued at equity (Präsenta only) amounts to KEUR 1,762 as of 30 June 2014.

All other subsidiaries and shareholdings (see annual report for the financial year 2013/2014) are not recognised in the consolidated financial statements as they are of immaterial significance for the assessment of the group's assets, finances and income - both individually and as a whole.

## 6. Equity

Since the initial public offering in October 2013, the parent company's share capital has consisted of 13,300,000 no-par value shares with a calculated proportion of the share capital of EUR 1.00 each, that is EUR 13,300,00.00 in total.

In the course of initial public offering, 51,200 treasury shares were acquired at a price of EUR 7.50. The corresponding share in the notional share capital of EUR 51,200.00 was deducted from the share capital, and the further amount of  $(51,200 \times \text{EUR } 6.50 =)$  EUR 332,800.00 was deducted from the capital reserves. 100 of these shares each were transferred to nine authors free of charge in the last quarter of the previous financial year, whilst two further authors received 100 shares each in the first quarter of the current financial year. These measures served the purpose of strengthening their ties with Bastei Lübbe. The corresponding allocations in the share capital and in the capital reserves were proportionally reversed.

13,249,900 issued and fully paid, no-par value shares in Bastei Lübbe AG were hence in circulation at the balance sheet date.

## 7. Earnings per share

When calculating earnings per share, the number of shares in circulation was recognised as a weighted average while offsetting the treasury shares held by the company. The calculation was carried out in the same period of the previous year as if the parent company had already been a public limited company at the beginning of the financial year.

## 8. Notes on the adjustment to IFRS-based consolidated financial statements

As mentioned above, the financial statements for the financial year 2014/2015 – and thus the interim financial statements that will need to be prepared until then – are the first consolidated financial statements prepared according to IFRS. In order to be able to determine the corresponding figures for the same period of the previous year, it was necessary to prepare a consolidated opening balance sheet as of 1 April 2013, based on Bastei Lübbe AG's individual financial statements as of 31 March 2013, which were also prepared according to IFRS.

The only item in which the IFRS individual financial statements differ from the IFRS consolidated financial statements up to and including 31 March 2014 is the disclosure and valuation of the associated company Präsenta (see "5. Consolidated companies").

In this context, the proportionate earnings of Präsenta for the period of its affiliation to the group needed to be recognised as follows:

(KEUR)	2012/2013	2013/2014
income	-110	-410



This as well as disclosure in a separate balance sheet item resulted in the following changes in disclosure in the balance sheets:

(KEUR)	Group 1 March 2013	BL AG 31 March 2013	Changes 31 March 2013
<b>Assets</b>			
At-equity-accounted investments	2,251	0	2,251
Financial assets	1,451	3,812	-2,361
	<b>3,702</b>	<b>3,812</b>	<b>-110</b>
<b>Liabilities</b>			
Retained earnings	2,978	2,978	0
Net profit or loss for the period	7,812	7,922	-110
<b>Profit retained</b>	<b>10,790</b>	<b>10,900</b>	<b>-110</b>

(KEUR)	Group 1 March 2014	BL AG 31 March 2014	Changes 31 March 2014
<b>Assets</b>			
At-equity-accounted investments	1,841	0	1,841
Financial assets	1,706	4,067	-2,361
	<b>3,547</b>	<b>4,067</b>	<b>-520</b>
<b>Liabilities</b>			
Retained earnings	3,508	3,618	-110
Net profit or loss for the period	8,664	9,074	-410
<b>Profit retained</b>	<b>12,172</b>	<b>12,692</b>	<b>-520</b>

## 9. Notes on the cash flow statement

The total amount (balance) of income tax payments made in the first quarter of the financial year is KEUR 68 (P Y: KEUR 533). Interest payments amount to KEUR 21 (P Y: KEUR 63).

## 10. Segment Reporting

Segment reporting comprises disclosures under IAS 34.16A (g). Segmentation is in line with the group's internal controlling and reporting, the structure of which remains unchanged compared to 31 March 2014, except for the extension of segments by integrating the acquired companies Daedalic (Non-Books segment) and BookRix (Books segment) respectively. In addition, the Präsenta company, valued at equity, is included for the first time in income from investments for the Non-Books segment (at KEUR -79).

The segments are broken down for the previous quarter as follows:

(KEUR)	Books		Non-books		Novel booklets and puzzle magazines		Total	
	04-06/2014	04-06/2013	04-06/2014	04-06/2013	04-06/2014	04-06/2013	04-06/2014	04-06/2013
Segment sales revenue	15,432	24,348	2,679	1,644	2,468	2,606	20,579	28,598
Internal sales	0	0	0	0	0	0	0	0
<b>External sales</b>	<b>15,432</b>	<b>24,348</b>	<b>2,679</b>	<b>1,644</b>	<b>2,468</b>	<b>2,606</b>	<b>20,579</b>	<b>28,598</b>
<b>EBITDA</b>	<b>595</b>	<b>3,219</b>	<b>121</b>	<b>-1000</b>	<b>396</b>	<b>307</b>	<b>1,112</b>	<b>2,526</b>
Income from investments included therein	0	69	-79	-279	14	83	-65	-127
Depreciation/amortisation	170	166	354	249	39	16	563	431
<b>EBIT</b>	<b>425</b>	<b>3,053</b>	<b>-233</b>	<b>-1,249</b>	<b>357</b>	<b>291</b>	<b>549</b>	<b>2,095</b>
Financial result							-473	-601
<b>Earnings before taxes (EBT)</b>							<b>76</b>	<b>1,494</b>
Taxes on income and earnings							146	332
<b>Net profit for the period</b>							<b>-70</b>	<b>1,162</b>

Daedalic and BookRix have made the following contributions to the segment figures mentioned:

(KEUR)	Daedalic (Books)	BookRix (Non-books)
	04-06/2014	04-06/2014
Segment sales revenue	665	157
Internal sales	0	0
<b>External sales</b>	<b>665</b>	<b>157</b>
<b>EBITDA</b>	<b>289</b>	<b>-68</b>
Income from investments included therein	0	0
Depreciation/amortisation	202	1
<b>EBIT</b>	<b>87</b>	<b>-69</b>
Financial result	0	0
<b>Earnings before taxes (EBT)</b>	<b>87</b>	<b>-69</b>
Taxes on income and earnings	20	0
<b>Net profit or loss for the period</b>	<b>67</b>	<b>-69</b>

## 11. Financial instruments

The following financial instruments are reflected in the interim financial statements, broken down into categories as stipulated in IAS 39:

(KEUR)	Book value		Fair value	
	30 June 2014	31 March 2014	30 June 2014	31 March 2014
<b>Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	7,699	12,163	7,699	12,163
Trade accounts receivable	16,466	14,829	16,466	14,829
(Debenture) bonds	10,000	10,000	10,000	10,000
Other non-derivative financial assets	5,077	5,119	5,077	5,119
<b>Available for sale</b>				
Other equity investments	108	108	108	108
	<b>39,350</b>	<b>42,219</b>	<b>39,350</b>	<b>42,219</b>
<b>Liabilities</b>				
<b>Trade accounts</b>				
payable	15,911	13,105	15,911	13,105
from the bond issued	30,758	30,185	33,458	32,960
to banks	0	0	0	0
from finance leases	650	724	653	728
Other non-derivative liabilities	3,065	2,870	3,065	2,870
	<b>50,384</b>	<b>46,884</b>	<b>53,087</b>	<b>49,663</b>

The methods and assumptions used to determine the fair values are as follows:

- Cash, trade receivables, other current assets, trade liabilities, current liabilities to banks and other current liabilities come very close to their carrying values, largely as a result of the short terms of these instruments.
- Non-current assets and receivables from debt securities not traded on an active market are valued by the company based on parameters such as interest rate and creditworthiness. The carrying values of these receivables do not differ from their fair values at the balance sheet dates.
- The fair value of publicly-listed bonds is based on price quotations at the reporting dates.
- The fair value of obligations from finance leases is estimated by discounting future cash flows whilst applying interest rates currently available for borrowings on comparable terms, default risks and residual terms.

- The fair value of other available-for-sale assets is not calculated, as no quoted market prices exist on an active market and the fair value cannot be reliably determined. These other available-for-sale financial assets are strategic participations in press distributorships. Due to the lack of market transactions and knowledge about the parameters that exert a significant influence on the fair value of assets, this was not determined. The company currently has no intention to sell the assets.

Bastei Lübbe uses the following hierarchy to determine and show fair values:

- Level 1: prices quoted (remaining unchanged) on active markets for assets or liabilities,
- Level 2: Input factors - except prices pursuant to Level 1 - that can be directly or indirectly observed for the asset or liability, and
- Level 3: factors not based on observable market data for the valuation of the asset or liability.

The calculation of fair values of all financial instruments recognised in the balance sheet and in these Notes is either based on the listed Level 1 prices (excluding the issued bond) or on the information and input factors referred to under Level 2. The use of observable market parameters prevents the calculation from deviating from general market assumptions. There are no Level 3 financial instruments of the fair value hierarchy.

## 12. Events after the reporting date for the interim financial statements

No events occurred after 30 June 2014 that need to be disclosed at this point.

Cologne, 11 August 2014

Bastei Lübbe AG

The Executive Board



Thomas Schierack



Klaus Kluge



Felix Rudloff

## Consolidated Balance Sheet of Bastei Lübbe AG, Cologne as of 30 June 2014 (individual financial statement)

	30 June 2014 KEUR	31 March 2014 KEUR
<b>Non-current assets</b>		
Intangible assets	11,064	11,080
Holdings of prepaid royalties	27,994	26,213
Property, plant and equipment	3,676	3,703
At-equity-accounted investments	0	0
Financial assets	12,417	4,067
Trade accounts receivable	1,251	1,257
Deferred tax claims	1,187	1,311
	<b>57,589</b>	<b>47,631</b>
<b>Current assets</b>		
Inventories	19,555	18,884
Trade accounts receivable	13,947	13,572
Financial assets	15,177	15,119
Income tax receivables	262	197
Other receivables and assets	690	581
Cash and cash equivalents	3,492	12,163
	<b>53,123</b>	<b>60,516</b>
	<b>110,712</b>	<b>108,147</b>
<b>Equity</b>		
Share of equity attributable to shareholders of the parent company:		
Subscribed capital	13,250	13,250
Capital reserves	26,172	26,170
Profit retained	12,702	12,692
Accumulated other income	-48	-48
	52,076	52,064
Equity shares held by external shareholders	0	0
	<b>52,076</b>	<b>52,064</b>
<b>Liabilities</b>		
Non-current liabilities		
Provisions	383	354
Deferred tax liabilities	0	0
Financial liabilities	29,720	29,732
Other liabilities	0	0
	30,103	30,086
<b>Current liabilities</b>		
Financial liabilities	4,595	4,047
Trade accounts payable	14,955	13,105
Income tax liabilities	2,540	2,540
Provisions	5,990	5,930
Other liabilities	453	375
	28,533	25,997
	<b>58,636</b>	<b>56,083</b>
	<b>110,712</b>	<b>108,147</b>

**Profit and Loss Statement of Bastei Lübbe AG, Cologne**  
**for the period from 1 April 2014 to 30 June 2014**  
**(individual financial statement)**

	1 Apr - 30 Jun 2014 KEUR	1 Apr - 30 Jun 2013 KEUR
Sales revenue	19,757	28,598
Change in inventories of finished goods and work in progress	461	-1,254
Other operating income	422	128
Material expenses		
a) Expenses for raw materials, supplies and purchased components	-50	-107
b) Expenses for purchased services	-5,819	-7,650
c) Expenses for fees and depreciation of royalties	-3,697	-6,667
	-9,566	-14,424
Staff expenses		
a) Wages and salaries	-4,037	-4,119
b) Social security contributions and expenses for pensions and for support	-646	-604
	-4,683	-4,723
Depreciation/amortisation	-360	-431
Other operating expenses	-5,435	-5,672
Earnings from investments	14	-152
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>610</b>	<b>2,374</b>
Financial result	-472	-601
<b>Earnings before taxes (EBT)</b>	<b>138</b>	<b>1,773</b>
Taxes on income and earnings	-127	-332
<b>Net profit or loss for the period</b>	<b>11</b>	<b>1,441</b>
Of which attributable to:		
shareholders of Bastei Lübbe AG	11	1,441
Equity shares held by external shareholders	0	0
	<b>11</b>	<b>1,441</b>

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The 3-month report of Bastei Lübbe AG  
can be downloaded as a PDF file at  
[www.luebbe.de](http://www.luebbe.de).

You can also find further corporate information  
online at [www.luebbe.de](http://www.luebbe.de).

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