

PHILIPP MÖLLER

ISCH HAB

GEISTERBLITZ



**Consolidated 9-month report
1 April – 31 December 2014
Bastei Lübbe AG, Cologne**

Contents

Consolidated interim report	3
Consolidated interim statement	14
Consolidated balance sheet	15
Consolidated profit and loss account	16
Consolidated statement of income	17
Consolidated statement of changes in equity	18
Consolidated cash flow statement	19
Abridged notes to the consolidated interim financial statement ...	20
Legal notice and contact details	34

Consolidated interim report for Bastei Lübbe AG for the first nine months of the financial year 2014/2015 as at 31 December 2014

I. The Company and its operations

Bastei Lübbe AG is a media company in the form of a publishing house. Within the scope of its business activities, Bastei Lübbe publishes books, audio-books, e-books 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 also 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** and **novel booklets and puzzle magazines**. The books segment comprises all print, audio and e-book products which 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 e-book formats. In particular, the **non-books** segment comprises gift items 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 the first quarter of the 2014/2015 financial year. Daedalic Entertainment GmbH, based in Hamburg, is counted amongst the best games developers and publishers in Germany and BookRix GmbH & Co. KG, Munich, is one of the biggest self-publishing platforms in Germany, with great growth potential. In September 2014, the online shopping platform beam-ebooks.de was acquired via a company established for this purpose in August 2014 (BEAM GmbH, Cologne). By investing in these three companies, Bastei Lübbe is consistently following its path with regard to the expansion of its high-growth digital sector and increased internationalisation. All three subsidiaries are being consolidated for the first time during the current financial year, namely the shareholding in Daedalic Entertainment GmbH in the **non-books** segment, the shareholding in BookRix GmbH & Co. KG and BEAM GmbH in the **books** segment.

For the first time, Bastei Lübbe is creating an IFRS consolidated financial statement in which the majority shareholdings in Daedalic Entertainment GmbH, BookRix GmbH & Co. KG and the 100% shareholdings in BEAM GmbH are consolidated. Due to the authoritative influence exerted by Bastei Lübbe, Präsentia Promotion International GmbH is an associated company in accordance with IAS 28, which is assigned to the non-books segment and valued correspondingly in the consolidated financial statements in compliance with the "equity method" ("at equity") explained therein.

Bastei Lübbe also has shareholdings in the following non-consolidated companies in the reporting period: Moravská Bastei MOBA, s.r.o., Brno (Czech Republic) (90% shareholding), Bastei Media GmbH, Erfurt (100% shareholding), as well as a 100% shareholding in Bastei International Limited in Hong Kong, a 25% shareholding in HPR Bild & Ton GmbH, Cologne, a 100% shareholding in Siebter Himmel Bastei Lübbe GmbH (a bookshop in Cologne), a 100% shareholding in BookRix Verwaltungs GmbH, Munich, the *Komplementärin* [general partner] in BookRix GmbH & Co. KG, and through the Daedalic Entertainment GmbH a 75% shareholding in Daedalic Entertainment Studio West GmbH, Düsseldorf and a 50% shareholding in Bastei LLC, Santa Monica, California / USA, registered in the register of the responsible court in Delaware in October 2014 and entered on 15.01.2015 (JV USA).

Bastei Lübbe AG also has smaller shareholdings in various book and press distribution companies; however, these are all less than 5% each.

II. General conditions

1. Macroeconomic conditions

The global economy has experienced somewhat stronger growth in the year 2014 than in the previous year. However, at barely 3.5%, the growth rate was significantly lower than expected at the beginning of the year. Geopolitical conflict was at time responsible for slowing economic development. Towards the end of the year, the growth outlook improved significantly, which was largely due to the drastic fall in oil prices.

In the USA, the growth rate in 2014 was over 2%. Here, the adaptation processes that had been undertaken led to a clear increase in competitiveness. The extremely expansive and unconventional monetary policy was gradually reduced during the process of tapering. Unemployment levels also fell. As a result, investment and private consumption increased. In the current year, experts predict growth for the US economy in excess of 3%, whereby the strong US dollar slows down production growth, but consumption and imports accelerate.

Economic performance in the Eurozone in 2014 increased by almost 1%, after falling in the previous two years. Growth rates could stabilise, as the consolidation programmes are not set to be intensified any further. In addition, improvements in competitiveness and restraint of wages and prices gradually bore fruit. These positive developments were bolstered by the devaluation of the Euro and the reduction in oil prices. In 2015, IWF experts expect the Eurozone economy to grow by 1.3%.

The risks to the global economy remain. Russia is in a deep crisis. In Asia, Japan fell into a recession in the third quarter of 2014. The Chinese economy has noticeably weakened. Eurozone countries continue to show significant differences. The situation in Greece is particularly critical, but the rates of growth in France and Italy are also still low due to persistently high levels of employment and a lack of willingness to introduce reforms. Moreover, upcoming elections in individual countries such as Spain or Portugal may lead to these countries rejecting further reform measures. We cannot rule out these countries leaving the Eurozone either. This could once more fan the flames of a financial and economic crisis. The expanding geopolitical tensions in the Middle East and Russia also have the potential to trigger a new crisis. In the fourth quarter, the IMF lowered its prediction for global growth for the coming year to 3.8 per cent.

The IMF expects Germany's GDP to grow by 1.5 per cent in 2015. In 2014, falling oil prices and the decline of the Euro ensured increased optimism in the financial world and reduced the energy and production costs of many companies. Moreover, decreasing heating and fuel costs had a positive effect on the purchasing power of consumers. As a result, the Ifo Institute for Economic Research raised its business climate index by 0.8 points to 105.5 points in December 2014. This was the second rise in a row. The Ifo Institute for Economic Research also predicts that Germany's economy will grow by 1.5 per cent in the coming year. Experts see the continuing turmoil in Russia as one of several risks for this boom in economic activity.

2. Industry Environment

Fewer books were printed in Germany in the previous year. The stationary book trade registered a reduction in turnover of 2.1 per cent for 2014. Domestic book sellers, however, do not view this development as being dramatic, since significantly larger reductions in similar areas were seen in other countries. Austria's book

trade registered a reduction of 3.4 per cent whilst the industry in Switzerland saw a reduction of 4.9 per cent. In total, around €10 billion was spent on books in Germany in 2014. From January to December, the cumulative book report revenue trend was only 1.2 per cent less than in the same period of the previous year. The book industry sees the low number of strong bestsellers, compared to the number in 2013, as a particular reason for this reduction.

The development in the book market is also being ever more influenced by the continuing move towards digitalisation. Here, the Internet is gaining ever more significance as a sales channel. E-books, flat-rate readers and self-publishing platforms for authors are game-changers for the entire industry. The Management Board at Bastei Lübbe AG is convinced that the digital industry will make up around 50 per cent of the company's total turnover within four to five years.

E-books in particular are enjoying ever growing popularity in Germany and establishing themselves more and more in the domestic book market. According to industry organisation Bitkom, approximately one quarter of all Germans had read a digital book by 2014. This is an increase of 3 per cent compared to the same period in the previous year. E-books are, moreover, equally popular in all age groups. That is to say, 31 per cent of 14-29 year olds are already reading digital books, whilst the number for 30-49 year olds is hardly much lower at 30 per cent and even 27 per cent of the 50-64 year olds are regularly turning to e-books.

The market potential in this sector is big: Around a third of those who have as yet not used e-books can envisage doing so, according to the industry organisation. The numbers of e-book readers sold in 2014 compared to the previous years was around 12 per cent higher, at nearly 1.2 million. In total, a turnover of €114 million was earned through the sale of e-book readers in Germany last year (+7 per cent compared to previous year). Reading digital content is not limited exclusively to e-book readers, however: More than half of e-book reader users in Germany (57 per cent) read their e-books on their laptop computer. In fact, 44 per cent use their smartphone, whilst 30 per cent read e-books on a tablet and 27 per cent on an e-book reader.

E-books have already changed the reading habits of many Germans. Around 20 per cent of readers use more than one device and read their e-books on several devices at a time. Here they take advantage of the ability to synchronise across different devices so that they always know where they are in a book. Smartphones are being increasingly pulled out during long waiting times, for example, since these are normally quickly accessible and allow you to carry on reading from where you left off. Thanks to this new synchronisation function, reading eBooks is becoming a more attractive option since stories and novels can be accessed practically, anywhere, any time.

Bastei Lübbe AG wants to further develop this digital sector. By acquiring the online shop platform, beam-ebooks.de, and having a majority share in the self-publishing platform, BookRix GmbH & Co. KG, Bastei Lübbe has positioned itself well for taking advantage of the increasing demand from readers for e-books and will be able to react quickly to new trends.

The novel booklet sector (excluding anthologies) showed a reduction in turnover of around 3.7 per cent for the report period compared with the same period in the previous year. There was negative development on the puzzle market to a small extent. A decrease in sales of 3.3 per cent was reported here compared to the same period of the previous year. However, the situation looks different in the subcategory in which Bastei Lübbe primarily operates. The *“Rätsel Allgemein Großformat”* [“General Large-Format Puzzles”] increased by almost 4.1 per cent compared to the same period in the previous year. However, this development was attainable only because of a significantly larger number of titles and issues.

The non-books segment comprises the gift items and promotional items sectors and, for the first time in the current financial year, the games sector too.

Current market figures for the gift items sector are not available. If one takes trade fairs and shopping days as an indicator, the mood is rather muted. As one of the few providers in the segment of high-quality home and desktop accessories (with a market share of approximately 33 per cent in one of the primary sectors in this area), Räder was able to carry forward its anti-cyclically positive turnover increase with an increase of just over 28 per cent compared to the same period in the previous year (April-December, 2014 compared to April-December, 2013). Significant success factors include both the newly established and more female-focused spring and autumn collections, as well as the establishment of national and increasingly international sales channels. Räder was able to nearly double its turnover in the preceding nine months in export alone. This means that today, Räder often has parts of its collection available at Harrods, Printemps, John Lewis or Loft. Even the three large key companies in the book trade (Thalia, Mayersche, Hugendubel) are starting to show positive growth again following interim declines in sales.

The games industry relevant to Bastei Lübbe has increased in significance during the reporting period. Digital games are, for the first time ever, one of the most popular toys for children in Germany aged 6 to 12 years. 37 per cent of these prefer spending time playing computer and video games. Game apps for tables and smartphones have become one of the most important growth drivers for the digital games market. This is why in Germany alone, turnover in the first half of the year increased by 133 per cent to €114 million compared to the same period in the previous year. With its majority share in Daedalic Entertainment GmbH from Hamburg, a multiple award-winning publisher and developer of computer games, Bastei Lübbe AG has tapped into the fast-growing game app market, the synergy of which is to gradually be used as a key sales area thanks to close co-operation.

Computer and video games also received applause at the 2014 Frankfurt Book Fair. Nowadays, stories are increasingly being told across various forms of media. This led to a delegation from the book industry being invited by the Frankfurt Book Fair and Frankfurt Story Drive to attend gamescom 2014 in Cologne in August 2014. In return, a delegation from the games industry attended the Frankfurt Book Fair in October 2014. The delegation trip offered players in the computer and video games industry the opportunity to establish personal contacts with international decision-makers in the industry and compare notes on possible joint ventures, potential customers and new sales areas. This is yet more evidence that Bastei Lübbe is on the right path with its strategy of making sustainable investments in this area. This is how the Cologne-based media company was able to declare the first ever multi-media, international agreement with global bestseller Ken Follett in November.

III. Business trend and profit performance

1. Overall appraisal of the reporting period

Bastei Lübbe attained group revenue of €86.2 million in the first nine months of the 2014/2015 financial year compared to €85.0 million (Bastei Lübbe AG "alone") in the same period of the previous year. Contributions to the group turnover amounted to €0.8 million from BookRix GmbH & Co. KG (no comparable period, consolidated for first time ever), €4.0 million from Daedalic Entertainment GmbH (no comparable period, consolidated for first time ever), and €0.1 million from BEAM GmbH (no comparable period, newly founded) such that Bastei Lübbe's turnover amounted to €81.9 million. Group turnover is therefore €1.6 million higher than the value for the previous year, whilst Bastei Lübbe's turnover of €3.3 million is lower than the corresponding

sum in the previous year. In terms of turnover, the “slump” in the first six months of the current financial year has therefore been balanced out.

The consolidated EBITDA, defined as EBIT plus write-offs, is €11,6 million following €13.0 million during the same period of the previous year. BookRix GmbH & Co. KG has contributed €0.2 million to the consolidated EBITDA, whilst Daedalic Entertainment GmbH has contributed €0.8 million.

The consolidated EBIT is €9.4 million following €11.7 million during the same period of the previous year. The contribution of BookRix GmbH & Co. KG amounts to €0.2 million here, whilst Daedalic Entertainment GmbH's amounts to €0.3 million. In the area of consolidated EBIT, the deviation from the previous year was in essence based on approximately €1 million worth of higher write-offs, a value adjustment to match the “state of pre-paid author royalties” at a value of €0.8 million, and a payment to the artists social security fund amounting to €0.5 million which predominantly related to the previous year.

In order to gain a better overview and comparability of values for the 2013/2014 financial year using the financial report, Appendices 1 and 2 take the form of a comparison of the values as at 31 December 2014 during the time period being compared in each case, based on Bastei Lübbe AG's IFRS individual financial statements.

As at 31 December 2014, at a group level, Bastei Lübbe employed 412 employees (31 December 2013: 316 employees).

Consolidated profit and loss account 1 April to 31 December 2014

	1 Apr - 31 Dec 2014	1 Apr - 31 Dec 2013	Change
Sales revenue	86,820	85,242	1,578
Changes in inventory	1,089	951	138
Other operating income	767	364	403
Cost of materials	-42,788	-40,523	-2,265
Personnel costs	-15,758	-14,320	-1,438
Depreciation/amortisation	-2,202	-1,275	-927
Other operating expenses	-19,088	-18,744	-344
Earnings from investments	534	23	511
Earnings before interest and taxes (EBIT)	9,374	11,718	-2,344
Financial result	-1,646	-1,818	172
Earnings before taxes (EBT)	7,728	9,900	-2,172
Taxes on income and earnings	2,638	-2,654	16
Earnings in the period	5,090	7,246	-2,156
Of which attributable to:			
shareholders of Bastei Lübbe AG	5,403	7,246	-1,843
Equity shares held by external shareholders	-313	0	-313
	5,090	7,246	-2,156

2. Sales Trend

Consolidated turnover increased by €1.6 million from €85.2 million to €86.8 million compared to the individual turnover of Bastei Lübbe in the period 1 April to 31 December 2014. Consolidated turnover in the third quarter of the financial year (1 October to 31 December 2014) for Bastei Lübbe AG amounted to €37.6 million, following €29.3 million for the same period in the previous year. Turnover in the books sector in the first nine months of 2014/2015 was €64.3 million, following €69.4 million in the previous year. Here, BookRix GmbH & Co. KG contributed €0.8 million and BEAM GmbH €0.1 million to the turnover. Book sales therefore amounted to around €5 million less than in the previous year. This is on the one hand the result of Ken Follett's current bestseller accruing less turnover than Dan Brown's "Inferno" in the previous year which matched expectations, and on the other hand is the result of the overwhelming success of Timur Vermes' "Er ist wieder da" last year.

In the non-book sector, turnover amounted to €14.6 million, following €8.0 million in the first nine months of the financial year in question. €4 million of this comes from Daedalic Entertainment GmbH, first incorporated on 1 June 2014. The increase in sales by Räder compared to the same quarter last year is particularly satisfying.

In the "Novel booklet and puzzle magazine" sector, turnover is set at around €7.9 million, following €7.8 million in the same period in the previous year and is therefore stable.

The breakdown of sales by the individual segments is as follows:

Sector sales 1 April to 31 December 2014

	1 Apr - 31 Dec 2014		1 Apr - 31 Dec 2013		Change in €k
	in €k	in %	in €k	in %	
Books	64,263	74 per cent	69,399	81 per cent	-5,136
- of which hardback	11,959	14 per cent	20,760	24 per cent	-8,801
- of which paperback	22,788	26 per cent	19,612	23 per cent	3,176
- of which audio	8,173	9 per cent	7,832	9 per cent	341
- of which entertainment (digital media)	8,654	10 per cent	8,495	10 per cent	159
- of which children's and young people's books	11,720	13%	12,671	15 per cent	-951
- of which BookRix	806	1 per cent	0	0 per cent	806
- of which BEAM	131	0 per cent	0	0 per cent	131
- of which miscellaneous	32	0 per cent	29	0 per cent	3
Non-books	14,643	17 per cent	8,034	9 per cent	6,609
- of which Räder	10,404	12 per cent	7,827	9 per cent	2,577
- of which Daedalic	4,022	5 per cent	0	0 per cent	4,022
- of which miscellaneous	217	0 per cent	207	0 per cent	10
Novel booklets and puzzle magazines	7,914	9 per cent	7,809	9 per cent	105
- of which novel booklets	5,808	7 per cent	5,732	7 per cent	76
- of which puzzle magazines	2,100	2 per cent	2,077	2 per cent	23
- of which miscellaneous	6	0 per cent	0	0 per cent	6
Total	86,820	100%	85,242	100%	1,578

3. Developments in costs

Material expenses amount to €42.8 million, following €40.5 million the previous year. The “expenses for services obtained” have risen by €21.6 million during the comparison period to €23.9 million. This is due, amongst other things, to the increased turnover in the non-book sector (Räder).

Personnel costs amount to €15.8 million, following €14.3 million in the comparison period. This rise can be traced back to the additional personnel costs of Daedalic, BookRix and BEAM amounting to a total of €1.7 million.

Write-offs have increased from €1.3 million to €2.2 million. This is set against a background of primarily planned write-offs for immaterial assets and fixed assets belonging to the newly incorporated Daedalic (€1.0 million). The “other operational expenses” are nearly unchanging, amount to €19.1 million, following €18.7 million in the comparison period.

4. Developments in earnings

During the report period, an operating income before interest, tax and write-offs (EBITDA) of €11.6 million was achieved, following €13.0 million in the comparison period.

On the basis of operating income before interest and tax (EBIT), €9.4 million had been earned as at 31 December 2014. The income in the comparison period amounted to €11.7 million. This difference can be explained by the approximately €1.0 million increase in write-offs, a value adjustment of around €0.8 million to match the “state of pre-paid author’s royalties”, and a special payment to the authors’ social security fund amounting to a little more than €0.5 million, of which €0.4 is allotted to the same period in the previous year.

In relation to individual sectors, the **“book”** sector contributed €8.4 million on an EBITDA basis (comparison period, €12.6 million) and €7.8 million on an EBIT basis (comparison period €12.1 million). BookRix GmbH & Co. KG, on the other hand, contributed €0.2 million here on both an EBITDA and EBIT basis.

In the **“non-book”** area of this sector, the EBITDA amounts to €1.8 million, following €0.6 million in the comparison period, and €0.3 million on an EBIT basis, following €1.3 million in the comparison period. Here, Daedalic Entertainment GmbH’s contribution amounts to €0.8 million on an EBITDA basis and €0.3 million on an EBIT basis. The stake valued at equity in Präsentia Promotion International GmbH, Solingen, contributed €0.3 million, following €0.4 million in the comparison period, to the EBIT of the **“non-book”** sector.

The **“novel booklet and puzzle magazine”** sector achieved an EBITDA of €1.3 million (comparison period, €1.0 million) and an EBIT of €1.2 million (comparison period €0.9 million).

IV. Description of assets and financial position

1. Overall appraisal of the reporting period

The consolidated balance sheet total amounted to €129.1 million as at 31 December 2014, following €107.6 million as at 31 March 2014. This increase of €21.5 million is predominantly the result of incorporating and consolidating Daedalic Entertainment GmbH and BookRix GmbH & Co. KG, acquired in 2014, and the founding of BEAM GmbH, as well as a significant rise in trade receivables at the parent company from €13.6 million to €26.7 million. Equity rose from €51.5 million as at 31 March 2014 to €52.9 million as at 31 December 2014, excluding equity from outside companies (€2.7 million). Including equity shares from outside companies, the equity ratio as at 31 December 2014 is 43.0 per cent.

Cash flow from operating activities was -€1.4 million in the reporting period, compared to €13.1m in the same period of the previous year. The difference can be explained primarily by the freezing of funds due to the increase in stock, trade receivables, as well as other assets not allocated to investment or financing activities (€20.3 million, following €0.1 million in the comparison period). Cash flow from investment activities amounts to €2.7 million following €11.2 million in the comparison period. Cash flow from financing activities amounts to €4.3 million, following €12.7 million in the comparison period and the financial resources at the end of the period amount to €8.2 million, following €15.2 million as at 31 December 2013.

2. Assets position

Consolidated balance sheet as at 31 December 2014

in €k	31 Dec 2014	31 Mar 2014	Change
Long-term assets	62,903	47,111	15,792
Short-term assets	66,230	60,516	5,714
Total assets	129,133	107,627	21,506
Equity	55,576	51,544	4,032
Long-term liabilities	35,466	30,086	5,380
Short-term liabilities	38,091	25,997	12,094
Total liabilities	129,133	107,627	21,506

Intangible assets amount to €25.4 million as at 31 December 2014, following €11.1 million as at 31 March 2014. Here, **goodwill and financial assets** rose from €2.1 million to €7.3 million and other immaterial assets rose from €9.0 million to €18.1 million. The main reason for this is the immaterial assets brought in by Daedalic Entertainment GmbH.

The **holdings of pre-paid author royalties** is significantly higher, at €27.6 million (31 March 2014, €26.2 million).

With regards to **short-term assets**, the stock position increased slightly from €18.9 million to €20.3 million. Due to good transaction activity at Christmas, the **trade receivables position** rosed sharply to €28.5 million (31 March 2014, €13.6 million). The **currency and equivalents position**, however, decreased from €12.1 million to €8.2 million, which can be traced back in particular to the costs involved in acquiring the new subsidiary companies.

Equity amounted to €55.6 million as at 31 December 2014. This includes €2.7 million of **equity shares held by external shareholders**. Equity amounted to €51.5 million as at 31 March 2014.

Long-term debts rose from €30.1 million as at 31 March 2014 to €35.5 million. The reason for this increase is, in particular, the **deferred tax liabilities** of €2.4 million (31 March 2014, €0) and **other liabilities** of €1.2 million (31 March 2014, €0). Both arise from the incorporation of Daedalic Entertainment GmbH.

Short-term debts amount to €38.1 million, following €26.0 million as at 31 March 2014. Here, **liabilities from trade payables**, in particular, have increased from €13.1 million to €22.0 million. The reason for this is a high level of goods purchases during the Christmas period.

3. Financial position

Cash flow from operating activities was -€1.4 million in the reporting period, compared to -€4.1m as at 30 September 2014. Liquidity of the group is safeguarded at all times.

V. Opportunity and risk report

The opportunities and risks of Bastei Lübbe AG's business are continuously assessed, and are presented comprehensively in the Management Report of Bastei Lübbe AG for the financial year 2013/2014.

Even after the consolidation of the acquired and established companies, there were no significant changes for the Bastei Lübbe Group compared to the 2013/2014 Annual Report.

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

No significant events occurred after 31 December 2014 that need to be reported here.

VII. Share price development

Recession fears in the Eurozone, the imminent end of quantitative easing of the FED, and the first cases of ebola in the USA led a sharp correction in stock markets in the first half of October. At the end of the year, however, significant recovery was achieved on the stock market due to the surprising decrease in interest rates by the Bank of China, the expansion of quantitative easing by the Bank of Japan, and robust US economic activity data. In December, the loss of value of the rouble and sinking oil prices caused investors to worry, which resulted in high volatility. The DAX opened at 9,602 points on 1 April 2014 and closed at 9,806 points on 30 December 2014. This corresponds to an increase of 2.1 per cent in the reporting period.

The market trend of Bastei Lübbe shares was less gratifying in the first nine months. Participation certificates opened the 2014/2015 financial year at a rate of €7.45, and were listed at €7.12 at the end of the reporting period. Shares thus exhibited a decrease of 4.4% in the period from April to December 2014. In consideration of the dividend payment of €0.28 per share, however, the loss stood at just 0.7%. Bastei Lübbe shares achieved their 9-month high at €8.39 on 25 June 2014. They hit their lowest point in the first nine months of 2014/2015 on 16 October 2014, at €6.87.

As at 31 December 2014, the stock market value of Bastei Lübbe was set at €94.7 million with 13,300,000 shares and a closing rate of €7.12 (all data based on Xetra rates). The market capitalisation was approximately €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 reporting period amount to 26,128 shares (first half of 2014/2015: 30,977 shares).

The shareholder structure changed as follows during the reporting period: Lübbe-Beteiligungs-GmbH reduced its share of Bastei Lübbe AG from 22.56 per cent to 12.78 per cent in the first quarter of 2014/2015, as planned (this corresponds to 1,700,000 shares). On 13 October 2014, Ms Birgit Lübbe reduced her voting interest in Bastei Lübbe AG to 48.87 per cent (that corresponds to 6,500,000 votes). Here, 12.78 per cent of those votes held with Lübbe-Beteiligungs-GmbH are to be assigned to Ms Lübbe pursuant to § 22 para. 1, sentence 1, No. 1 of the WpHG (Securities Trade Act). On 24 October 2014, Ms Diana Roggen, Mr Andreas Roggen and Ms Eva Meinecke declared that their voting interest in Bastei Lübbe AG had exceeded the threshold of 3 per cent on 13 October 2014 and now amounted to 3.01 per cent each (that corresponds to 400,00 votes). Furthermore, the Executive Board and Supervisory Board have a 2.26 per cent stake in the share capital of Bastei Lübbe AG. 39.6 per cent are in free float.

During the reporting period, Close Brothers Seydler Bank AG, Warburg Research and DZ Bank AG published research studies on the company. The studies suggest purchasing Bastei Lübbe shares at a target share price of between €11.00 and €13.00. The full research studies are available for download on the homepage of Bastei Lübbe AG at http://www.luebbe.de/Investor-Relations/_investor_research_de.

Shares in Bastei Lübbe AG belong to the strictly regulated Prime Standard sector of the Frankfurt Stock Exchange. Oddo Seydler Bank AG acts as 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

According to an IFO institute study, the economic climate in Germany in January 2015 has improved for the third time in a row compared to the previous month. It remains to be seen whether this development will continue, particularly as a result of domestic consumption.

Christmas trade was particularly gratifying, proven by both turnover and the position of bestsellers within Christmas trade. Bastei Lübbe has also been well represented on the bestseller lists, whilst turnover continues to progress well in the non-book sector and sales at trade fairs that took place in January 2015 were equally pleasing. Daedalic Entertainment GmbH will be bringing out some very promising games in the fourth quarter of the financial year.

In this respect, the Executive Board rates the prospects for the 2014/2015 financial year as positive. A slight increase in group revenue is expected compared to the previous year (only Bastei Lübbe AG). This is also because the months from January to March 2015 are slightly better planned than in the previous year. Regarding the EBITDA and EBIT, the Executive Board expects that the EBITDA and EBIT will be slightly lower for this financial year than the previous year.

In this respect, the executive board rates the prospects for the next few months as positive. The joint venture with the American film production company, Imperative, is also progressing positively. In the last few weeks, some very interesting titles and other content has been proposed to the joint venture which could advance the international digital presentation currently being considered by Bastei Lübbe.

Cologne, 10 February 2015

Bastel Lübbe AG

The Executive Board



Thomas Schierack



Klaus Kluge



Felix Rudloff



Jörg Plathner

KERSTIN GIER

Ach, wär ich
nur zu
Hause geblieben

Consolidated interim financial statements



**BASTEI
LÜBBE**

Consolidated balance sheet of Bastei Lübbe AG, Cologne, as at 31 December 2014

	31 Dec 2014 KEUR	31 Mar 2014 KEUR	Change KEUR
Non-current assets			
Intangible assets	25,437	11,080	14,357
Holdings of prepaid royalties	27,641	26,213	1,428
Fixed assets	3,677	3,703	-26
At-equity-accounted investments	2,097	1,841	256
Financial investments	1,850	1,706	144
Trade receivables	1,196	1,257	-61
Deferred tax claims	1,005	1,311	-306
	62,903	47,111	15,792
Current assets			
Inventories	20,321	18,884	1,437
Trade receivables	28,479	13,572	14,907
Financial assets	8,676	15,119	-6,443
Income tax receivables	31	197	-166
Other receivables and assets	525	581	-56
Cash and cash equivalents	8,198	12,163	-3,965
	66,230	60,516	5,714
Total assets	129,133	107,627	21,506
Equity			
Share of equity attributable to shareholders of the parent company:			
Subscribed capital	13,200	13,250	-50
Capital reserves	25,870	26,170	-300
Net profit	13,865	12,172	1,693
Accumulated other income	-48	-48	0
	52,887	51,544	1,343
Equity shares held by external shareholders	2,689	0	2,689
Total equity	55,576	51,544	4,032
Non-current liabilities			
Provisions	314	354	-40
Deferred tax liabilities	2,438	0	2,438
Financial liabilities	31,524	29,732	1,792
Other liabilities	1,190	0	1,190
	35,466	30,086	5,380
Current liabilities			
Financial liabilities	2,983	4,047	-1,064
Trade liabilities	21,992	13,105	8,887
Income tax liabilities	4,425	2,540	1,885
Provisions	6,873	5,930	943
Other liabilities	1,818	375	1,443
	38,091	25,997	12,094
Total liabilities	73,557	56,083	17,474
Total liabilities	129,133	107,627	21,506

Consolidated Profit and Loss Statement of Bastei Lübbe AG, Cologne for the period from 1 April to 31 December 2014

	3rd quarter 1 Oc - 31 Dec 2014 KEUR	3rd quarter 1 Oct - 31 Dec 2013 KEUR	Change KEUR	1 Apr - 31 Dec 2014 KEUR	1 Apr - 31 Dec 2013 KEUR	Change KEUR
Sales revenue	37,622	29,291	8,331	86,820	85,242	1,578
Change in inventories of finished goods and work in progress	-1,506	-210	-1,296	1,089	951	138
Other operating income	177	122	55	767	364	403
Cost of materials						
a) Expenses for raw materials, supplies and operational materials and purchased goods	-25	-355	330	-109	-718	609
b) Expenses for purchased services	-8,115	-6,276	-1,839	-23,888	-21,616	-2,272
c) Expenses for fees and depreciation on royalties	-7,201	-5,489	-1,712	-18,791	-18,189	-602
	-15,341	-12,120	-3,221	-42,788	-40,523	-2,265
Personnel costs						
a) Wages and salaries	-4,786	-4,298	-488	-13,601	-12,437	-1,164
b) Social security contributions and expenses for pensions and benefits	-629	-669	40	-2,157	-1,883	-274
	-5,415	-4,967	-448	-15,758	-14,320	-1,438
Depreciation/amortisation	-832	-445	-387	-2,202	-1,275	-927
Other operating expenses	-7,287	-7,292	5	-19,088	-18,744	-344
Earnings from investments	339	206	133	534	23	511
Earnings before interest and income tax (EBIT)	7,757	4,585	3,172	9,374	11,718	-2,344
Financial result	-562	-610	-5	-1,646	-1,818	124
Earnings before income tax (EBT)	7,195	3,975	3,220	7,728	9,900	-2,172
Taxes on income and earnings	-2,320	-1,636	-684	2,638	-2,654	16
Profit for the period	4,875	2,339	2,536	5,090	7,246	-2,156
Of which attributable to:						
shareholders of Bastei Lübbe AG	4,938	2,339	2,599	5,403	7,246	-1,843
Equity shares held by external shareholders	-63	0	-63	-313	0	-313
	4,875	2,339	2,536	5,090	7,246	-2,156
Earnings per share (with reference to the shareholders of profit for the period attributable to Bastei Lübbe AG)	0.37	0.23		0.41	0.72	
Average shares in circulation (in thousands of shares)	13,208	10,000		13,236	10,000	

Consolidated statement of income of Bastei Lübbe AG, Cologne for the period from 1 April to 31 December 2014

	3rd quarter 1 Oct - 31 Dec 2014 KEUR	3rd quarter 1 Oct - 31 Dec 2013 KEUR	Change KEUR	1 Apr - 31 Dec 2014 KEUR	1 Apr - 31 Dec 2013 KEUR	Change EUR K
Profit for the period	4,875	2,339	2,536	5,090	7,246	-2,156
Other profit/loss						
Actuarial losses						
from partial retirement obligations	0	-2	2	0	-6	6
- of which attributable to external companies	0	0	0	0	0	0
Total earnings	4,875	2,337	2,538	5,090	7,240	-2,150
Of which attributable to:						
shareholders of Bastei Lübbe AG	4,938	2,337	2,601	5,403	7,240	-1,837
Equity shares held by external shareholders	-63	0	-63	-313	0	-313
	4,875	2,337	2,538	5,090	7,240	-2,150

Consolidated statement of change in equity of Bastei Lübbe AG, Cologne, for the interim financial statements as at 31 December 2014

	Parent company			Shares held by other shareholders		Group equity EUR K		
	Subscribed Share capital EUR K	Capital shares of limited partners EUR K	Capital reserves (P.Y. provisions) EUR K	Equity EUR K	Equity EUR K			
	Accumulated Result EUR K	Net profit EUR K	Accumulated Result EUR K	other Equity EUR K	Equity EUR K			
As of 1 April 2013	0	1,534	14,401	10,900	-6	26,829	0	26,829
Dividends paid/ allocation of shareholder accounts			-7,283			-7,283	0	-7,283
Conversion to an Aktiengesellschaft [public limited company]	10,000	-1,534	-8,466	0	0	0	0	0
Issue of shares	3,300		20,562			23,862	0	23,862
Acquisition of own shares	-51		-333			-384	0	-384
Other changes					-1	-1	-1	-1
Profit for the period				7,246		7,246	0	7,246
Amounts recognised directly in equity					-6	-6	0	-6
Total earnings				7,246	-6	7,240	0	7,240
As of 31 December 2013	13,249	0	26,164	10,863	-13	50,263	0	50,263
As at 1 April 2014	13,250	0	26,170	12,172	-48	51,544	0	51,544
Dividends paid				-3,710		-3,710	0	-3,710
Changes in the group of consolidated companies						0	3,003	3,003
Transfer of shares held	0		1			1	0	1
Acquisition of own shares	-50		-301			-351	0	-351
Other changes						0	-1	-1
Net profit or loss for the period				5,403		5,403	-313	5,090
Amounts recognised directly in equity					0	0	0	0
Total earnings				5,403	0	5,403	-313	5,090
As of 31 December 2014	13,200	0	25,870	13,865	-48	52,887	2,689	55,576

Consolidated cash flow statement of Bastei Lübbe AG, Cologne, for the interim financial statements as at 31 December 2014

	1 Apr - 31 Dec 2014 EUR K	1 Apr - 31 Dec 2013 EUR K
Net profit or loss for the period	5,090	7,246
+/- Depreciation/appreciation of intangible assets and fixed assets	2,202	1,275
+/- Other non-cash expenses/income	-561	69
+/- Increase/decrease in provisions	903	522
-/+ profit/loss from the disposal of intangible assets and plant, property and equipment	6	14
-/+ increase/decrease in income tax receivables and liabilities incl. deferred tax assets and liabilities	2,511	1,730
-/+ Increase/decrease in stocks, trade receivables and other assets not allocated to investment or financing activities	-20,281	-101
+/- Increase/decrease in trade liabilities and other liabilities not allocated to investment or financing activities	8,758	2,846
Cash flow from current business activities	-1,372	13,601
- Outflow of funds for investments in intangible assets	-3,584	-199
+ Income from the disposal of fixed assets	13	139
- Outflow of funds for investments in fixed assets	-601	-1,171
- Outflow of funds for investments in financial assets	-145	0
- Outflow of funds for the acquisition of consolidated companies less currency acquired in context of acquisition	-4,016	0
+/- Inflow/outflow of financial assets as part of short-term financial planning	10,000	-10,000
Cash flow from investment activities	1,667	-11,231
+ Payments from the issue of shares	0	24,750
- Outflows for transaction costs in relation to the issue of shares	0	-1,314
- Outflows for the acquisition of own shares	-351	-384
- Disbursements to shareholders (dividends)	-3,710	0
+/- Contributions/withdrawals by former limited partnership shareholders	0	-3,964
+ Proceeds from the issuance of bonds and from borrowing (financial) credit	26	0
- Outflow of funds for the repayment of bonds and (financial) credit	-225	-6,361
Cash flow from financing activities	-4,260	12,727
Changes in cash and cash equivalents with effect on payments	-3,965	15,097
+ Cash and cash equivalents at start of period	12,163	79
= Cash and cash equivalents at end of period	8,198	15,176

Bastei Lübbe AG, Cologne. Abbreviated appendix for consolidated financial statements as at 31 December 2014.

1. General information

Bastei Lübbe AG (hereinafter also “parent company”) has its registered offices at Schanzenstraße 6-20, 51063 Cologne, Germany.

As a listed public limited company, and in accordance with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 on the application of international accounting standards (OJ EC No. L 243 p. 1), from 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). IFRS financial statements were prepared for the financial year from 2012/2013 in connection with the initial public offering. In order to be able to determine IFRS-based comparable figures for previous years for the statement of income, the IFRS opening consolidated balance sheet was prepared to 1 April 2011 (time of changeover to IFRS according to IFRS 1, initial adoption of International Financial Reporting Standards).

After acquiring majority shareholdings in two companies as of the beginning of the current financial year (see “4. Shareholdings”), the Company became 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 above mentioned 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 para. 5 of the German Securities Trading Act (*WpHG*).

2. Accounting principles

The consolidated interim financial statement as of 31 December 2014 has been prepared according to IAS 34 - interim reporting and covers the period from 1 April to 31 December 2014.

Compared to the IFRS-based individual 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: Even those IFRS standards are now applicable and being applied which exclusively relate to consolidated financial statements. The same applies to the principles and methods of the assumptions and estimates required in the context of interim consolidated financial statements.

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 of the consolidated companies 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 separately in equity.

At-equity-accounted investments are initially 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. This recognition of investment will be continued accordingly until there is no longer any significant influence or joint control.

Revenues, expenses and income, as well as receivables and liabilities between group companies will be offset against each other and 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 as per 31 December. For the purposes of the 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 per cent stake in Hamburg-based Daedalic Entertainment GmbH ("Daedalic") as at 16 May 2014. The sellers were the former partners, who remain shareholders with a combined 49% 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 in 2013. Holding a stake in Daedalic enables Bastei Lübbe to considerably expand its national and international product ranges, particularly in the digital sector. Besides just e-books, enhanced e-books, 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	3,991	3,141	7,132
Trade receivables	472		472
Cash and cash equivalents	4,308		4,308
Other assets	227		227
Deferred tax liabilities	-1,270	-1,014	-2,284
Other non-current liabilities	-2,338		-2,338
Current liabilities	-1,445		-1,445
Net assets	3,945	2,127	6,072
acquired interests included therein (51%)			3,097
Acquisition costs			8,000
Goodwill			4,903

The results of the PPA are already accounted for in the present consolidated interim financial statement.

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.

On the one hand, intangible assets that were developed in-house were valued with the planned contribution to earnings as discounted on the acquisition cut-off data, whereby only games that were already being produced or had been completed were taken into account, and, on the other hand, with the estimated personnel expenses required for the re-programming of software modules. Internally generated intangible assets are depreciated based on 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.

We acquired a majority shareholding (54,04 per cent) in Munich-based BookRix GmbH & Co KG ("BookRix") on 22 May 2014, with commercial effect from 1 May 2014. Moreover, two leading employees received 2.98 per cent each of the shares in BookRix as part of this deal on 1 January 2015.

BookRix GmbH & Co. KG is one of the largest self-publishing platforms in Germany with considerable growth potential, and already reaches around 560,000 users via its own e-book 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 e-books 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 accounted for the following assets and liabilities at the date of initial consolidation (1 May 2014):

(KEUR)	Carrying amounts upon acquisition
Intangible assets	
and property, plant and equipment	7
Trade receivables	242
Cash and cash equivalents	27
Other assets	21
Trade liabilities	-156
Other current liabilities	-55
Deferred tax liabilities	0
Net assets	86
acquired interests included therein*	59
Acquisition costs	350
Positive difference	291

* is €13,000 higher than the calculated proportion (54,04 per cent) due to divergent ownership interests of acquired KG shares in the company's variable capital.

the 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	4,022	806
Result	-469	-209

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	5,058	861
Result	-21	-249

Moreover, BookRix GmbH & Co. KG acquired all shares in its own general partner limited company, BookRix Verwaltungs-GmbH, Munich, in the first nine months of the 2014/2015 financial year for a purchase price of €25,000. Daedalic Entertainment GmbH, together with two other shareholders, established Daedalic Entertainment Studio West GmbH, based in Düsseldorf (Daedalic Entertainment GmbH's shareholding: 75%) in July 2014. With the closing of a joint venture agreement, Bastei LLC, based in Santa Monica, California, USA was founded together with an American partner company. Both partners are obliged, according to the contract, to contribute up to \$500,000 to the company. The nature of these deposits (capital stock, free reserves

or loans) has not yet been completely agreed upon. So far, Bastei Lübbe AG has paid \$100,000 (€82,000) to Bastei LLC. The three companies named are not included in the consolidated financial statement because of their inferior significance.

Moreover, Bastei Lübbe established BEAM GmbH ("BEAM"), based in Cologne, in August 2014 with a capital stock of €25,000. BEAM GmbH acquired the online beam-ebooks.de shopping platform in September 2014.

No further changes occurred with respect to shares held by the Bastei Lübbe Group or Bastei Lübbe AG.

5. Group of consolidated companies

The following consolidated companies were included in the consolidated financial statements of Bastei Lübbe AG as of 31 December 2014:

	Headquarters	Ownership interest
Fully consolidated companies		
BEAM GmbH	Cologne, Germany	100.00 per cent
BookRix GmbH & Co. KG	Munich	54.04 per cent
Daedalic Entertainment GmbH	Hamburg	51.00 per cent
At-equity-accounted investments		
Präsenta Promotion International GmbH	Solingen	50.00 per cent

With effect from 1 October 2012, Bastei Lübbe acquired 50 per cent of shares each in PRÄSENTA PROMOTION INTERNATIONAL GmbH, Solingen, („Präsenta“) and in PS Printservice GmbH, Haan, („PSP“) which will eventually be merged with 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 per cent 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 paragraph).

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).

	Carrying amounts
(KEUR)	31 December 2012
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

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

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 unchanged in Präsenta's at-equity accounting.

The current consolidated interim financial statement includes proportionate earnings from shareholdings valued at equity (excluding Präsenta), amounting to €256,000. The carrying amount of shareholdings valued at equity (excluding Präsenta) amounts to KEUR 2,097 as at 31 December 2014.

None of the other subsidiaries and shareholdings (see also the annual report for the 2013/2014 financial year) - with the exception of BEAM GmbH, established in August - are included in the consolidated financial statements because they are of lesser importance to the evaluation of the Group's assets, financial position and earnings (both individually and collectively).

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, thus totalling EUR 13,300,000.00.

In the course of the 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 x 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, while 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.

The parent company acquired 50,000 treasury shares on 16 October 2014 at an average price of €7.0266 per share. This re-purchase is based on the authorisation to re-purchase treasury shares issued by the Shareholders' Meeting of 10 September 2013. The acquired shares can be used for any legally permissible purposes.

The corresponding share in the notional share capital of €50,000.00 was deducted from the share capital, and the further amount of $(50,000 \times €6.0266 =) €301,330.00$ was deducted from the capital reserves.

Hence 13,199,900 issued and fully paid, no-par value shares in Bastei Lübbe AG were in circulation at the balance sheet date.

7. Appropriation of earnings

In accordance with the resolution passed by the ordinary general meeting on 17 September 2014, a dividend of EUR 0.28 per participating share (excluding ordinary shares) was distributed to the shareholders from the net earnings of Bastei Lübbe AG for the 2013/2014 financial year (KEUR 3,710 in total). The treasury shares held by the company as at the date of the resolution are not entitled to participate in dividends pursuant to § 71b of the Companies Act (AktG). Furthermore, a resolution was also passed to carry forward the remaining net earnings of KEUR 5,323.

8. 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.

9. 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. It was necessary to prepare an IFRS consolidated opening balance sheet as of 1 April 2013 based on the individual accounts of Bastei Lübbe AG as of 31 March 2013, which were also prepared in accordance with 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. Group of consolidated companies”).

In this context, the proportionate earnings of PräSENTA for the period of its affiliation to the group had 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)	BL AG	Group	Changes
	31 Mar 2013	31 Mar 2013	31 Mar 2013
Assets			
At-equity-accounted investments	2,251	0	2,251
Financial investments	1,451	3,812	-2,361
	3,702	3,812	-110
Liabilities			
Retained earnings	2,978	2,978	0
Net profit or loss for the period	7,812	7,922	-110
Net profit	10,790	10,900	-110

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

10. Notes on the cash flow statement

Taxes on income in the amount of EUR 127,000 were paid on balance in the first nine months of the business year (previous year: KEUR 1,350). The interest payments account for KEUR 2,101 (previous year: KEUR 2,202).

11. Segment Reporting

Segment reporting comprises disclosures under IAS 34.16A (g). Segmentation is pursuant to the Group's internal controlling and reporting, the structure of which remains unchanged compared to 31 March 2014, except for the extension of sectors by integrating the acquired or established companies Daedalic (non-books sector) and BookRix and BEAM (books sector). In addition, Präsenta, which is valued at equity, is included for the first time in income from investments for the non-books sector (at €256,000).

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

(KEUR)	Books		Non-books		Novel booklets and		Total	
	10-12/2014	10-12/2013	10-12/2014	10-12/2013	10-12/2014	10-12/2013	10-12/2014	10-12/2013
Segment sales revenue	28,462	24,228	6,424	2,357	2,736	2,706	37,622	29,291
Internal sales	0	0	0	0	0	0	0	0
External sales revenue	28,462	24,228	6,424	2,357	2,736	2,706	37,622	29,291
EBITDA	6,741	4,858	1,486	-191	362	363	8,589	5,030
Income from investments included therein	0	-1	335	193	4	14	339	206
Depreciation/amortisation	227	184	561	212	44	49	832	445
EBIT	6,514	4,674	925	-403	318	314	7,757	4,585
Financial result							-562	-610
Earnings before income taxes (EBT)							7,195	3,975
Taxes on income and earnings							2,320	1,636
Net profit for the period							4,875	2,339

The accumulated sector amounts for the first nine months of the financial year 2014/2015 are as follows:

(KEUR)	Books		Non-books		Novel booklets and		Total	
	04-12/2014	04-12/2013	04-12/2014	04-12/2013	04-12/2014	04-12/2013	04-12/2014	04-12/2013
Segment sales revenue	64,263	69,399	14,648	8,034	7,914	7,809	86,825	85,242
Internal sales	0	0	5	0	0	0	5	0
External sales revenue	64,263	69,399	14,643	8,034	7,914	7,809	86,820	85,242
EBITDA	8,410	12,571	1,831	-618	1,335	1,040	11,576	12,993
Income from investments included therein	0	69	256	-147	278	101	534	23
Depreciation/amortisation	590	481	1,488	678	124	116	2,202	1,275
EBIT	7,820	12,090	343	-1,296	1,211	924	9,374	11,718
Financial result							-1,646	-1,818
Earnings before income taxes (EBT)							7,728	9,900
Taxes on income and earnings							2,638	2,654
Net profit for the period							5,090	7,246

BookRix and Daedalic contributed to the aforementioned sector figures as follows (each from their respective initial consolidation dates, 1 May or 1 June 2014):

(KEUR)	BookRix	Daedalic	BookRix	Daedalic
	(Books)	(Non-books)	(Books)	(Non-books)
	Apr-Dec/2014 (Q1-Q3)		Oct-Dec/2014(Q3)	
Segment sales revenue	806	4,027	345	1,890
Internal sales	0	5	0	0
External sales	806	4,022	345	1,890
EBITDA	-201	772	-31	440
Income from investments included therein	0	0	0	0
Depreciation/amortisation	4	1,033	2	410
EBIT	-205	-261	-33	30
Financial result	-4	0	-4	0
Earnings before income tax (EBT)	-209	-261	-37	30
Taxes on income and earnings	0	208	0	160
Net profit or loss for the period	-209	-469	-37	-130

At BEAM, relatively negligible amounts have so far been accrued since its inception in August 2014 (sales revenue: €131,000, EBIT -€33,000, profit for period -€22,000).

12. 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	
	31 Dec 2014	31 Mar 2014	31 Dec 2014	31 Mar 2014
Assets				
Loans and receivables				
Cash and cash equivalents	8,198	12,163	8,198	12,163
Trade receivables	29,675	14,829	29,675	14,829
(Debenture) bonds	0	10,000	0	10,000
Other non-derivative financial assets	8,676	5,119	8,676	5,119
Available for sale				
Other equity investments	108	108	108	108
	46,657	42,219	46,657	42,219
Liabilities				
Trade				
payables	21,992	13,105	21,992	13,105
... from bond issued	29,880	30,185	32,130	32,960
... to banks	26	0	26	0
... from finance leases	498	724	500	728
Other non-derivative liabilities	4,103	2,870	4,103	2,870
	56,499	46,884	58,751	49,663

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

- cash and cash equivalents, trade receivables, other short-term assets, trade liabilities, short-term liabilities to banks and other short-term liabilities come very close to their carrying values, largely as a result of the short terms of these instruments.
- Long-term assets and receivables from bearer bonds 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 for borrowings currently comparable in condition, 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. Given the lack of market transactions and knowledge about the parameters that exert a relevant influence of the fair value of the assets, this was not

determined. The Company currently has no intention of selling the assets.

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

- Level 1: prices quoted (taken over 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 the 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 evaluation from deviating from general market assumptions. There are no Level 3 financial instruments of the fair value hierarchy.

13. Changes to the Executive Board

Mr Jörg Plathner, from Stuttgart, of the Supervisory Board was appointed as an additional member of the Executive Board with effect from 1 September 2014. He has been responsible since then for the digital business sector.

There were no other changes with regard to the members of the Executive Board and Supervisory Board.

14. Events after the reporting date for the interim financial statements

No events occurred after 31 December 2014 that need to be reported here.

Cologne, Germany, 10 February 2015

Bastei Lübbe AG

The Executive Board

Thomas Schierack

Klaus Kluge

Felix Rudloff

Jörg Plathner

Balance sheet of Bastei Lübbe AG, Cologne as at 31 December 2014 (individual financial statement)

	31 Dec 2014	31 Mar 2014
	KEUR	KEUR
Non-current assets		
Intangible assets	11,404	11,080
Holdings of prepaid royalties	27,641	26,213
Fixed assets	3,614	3,703
At-equity-accounted investments	0	0
Financial investments	13,024	4,067
Other receivables and assets	1,195	0
Deferred tax claims	995	1,311
	57,872	47,631
Current assets		
Inventories	20,300	18,884
Trade receivables	26,745	13,572
Financial assets	9,040	15,119
Income tax receivables	32	197
Other receivables and assets	446	581
Cash and cash equivalents	5,178	12,163
	61,741	60,516
	119,613	108,147
Equity		
Share of equity attributable to the parent company's partners		
Subscribed capital	13,200	13,250
Capital reserves	25,870	26,170
Net profit	14,516	12,692
Accumulated other income	-48	-48
	53,538	52,064
Equity shares held by external shareholders	0	0
	53,538	52,064
Liabilities		
Non-current liabilities		
Provisions	313	354
Deferred tax liabilities	0	0
Financial liabilities	29,664	29,732
Other liabilities	0	0
	29,977	
	30,086	
Current liabilities		
Financial liabilities	2,811	4,047
Trade liabilities	21,000	13,105
Income tax liabilities	4,425	2,540
Provisions	6,512	5,930
Other liabilities	1,149	375
	36,098	25,997
	66,075	56,083
	119,613	108,147

Profit and loss account of Bastei Lübbe AG, Cologne for the period 1 April 2014 to 31 December 2014 (individual financial statement)

	Q1 to Q3		3. quarter	
	1 Apr - 31 Dec 2014 EUR K	1 Apr - 31 Dec 2013 EUR K	1 Oct - 31 Dec 2014 EUR K	1 Oct - 31 Dec 2013 EUR K
Sales revenue	81,861	85,242	35,257	29,291
Change in inventories of finished goods and work in progress	1,089	951	-1,506	-210
Other operating income	711	364	140	122
Cost of materials				
a) Expenses for raw materials, supplies and purchased components	-109	-718	-25	-355
b) Expenses for purchased services	-22,327	-21,616	-7,362	-6,276
c) Expenses for fees and depreciation of royalties	-18,157	-18,189	-6,906	-5,489
	-40,592	-40,523	-14,293	-12,120
Personnel costs				
a) Wages and salaries	-12,166	-12,437	-4,062	-4,298
b) Social security contributions and expenses for pensions and benefits	-1,918	-1,883	-585	-669
	-14,084	-14,320	-4,647	-4,967
Depreciation/amortisation	-1,163	-1,275	-419	-445
Other operating expenses	-18,482	-18,744	-7,078	-7,292
Earnings from investments	278	397	4	240
Earnings before interest and taxes (EBIT)	9,617	12,092	7,458	4,619
Financial result	-1,642	-1,818	-558	-610
Earnings before taxes (EBT)	7,975	10,274	6,899	4,009
Taxes on income and earnings	-2,441	-2,654	-2,171	-1,636
Net profit or loss for the period	5,534	7,620	4,728	2,373
Of which attributable to:				
shareholders of Bastei Lübbe AG	5,534	7,620	4,728	2,373
Equity shares held by external shareholders	0	0	0	0
	5,534	7,620	4,728	2,373

Imprint

Publisher

Bastei Lübbe AG

Schanzenstrasse 6-20

51063 Cologne, Germany

Tel.: +49 (0)221 82 00 22 44

Fax +49 (0)221 82 00 12 44

E-mail: webmaster@luebbe.de

investorrelations@luebbe.de

Contact

Consolidated 9-month report for Bastei Lübbe AG

can be downloaded as a PDF file at

www.luebbe.de.

You can also find further corporate information

online at www.luebbe.de.

www.luebbe.de

MITCHELL MOFFIT
GREGORY BROWN

DAS EI WAR'S!

HEIß ERSEHNT ANTWORTEN
AUF DIE SPANNENDEN
FRAGEN DER WISSENSCHAFT




BASTEI
LÜBBE