Statement of Financial Position of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)

at March 31, 2013

A s s e t s

	Note(s)	At March 31, 2013 EUR	At March 31, 2012 EUR
A. Non-current assets			
I. Intangible assets	(5)	10,182,440.15	754,055.57
II. Property, plant and equipment	(6)	3,344,195.42	2,109,866.95
III. Investments accounted for using the equity method	(7)	3,811,479.17	13,812,910.62
IV. Trade receivables	(11)	1,207,188.50	1,440,988.76
V. Deferred tax assets	(9)	1,028,731.36	1,519,185.12
		19,574,034.60	19,637,007.02
B. Current assets			
I. Inventories	(10)	17,800,838.70	15,884,342.05
II. License agreements with authors	(8)	25,235,650.40	20,668,229.36
III. Trade receivables	(11)	16,851,986.83	13,113,222.08
IV. Financial assets	(7)	4,859,110.90	4,211,534.61
V. Income tax receivables	(9)	125,312.24	0.00
VI. Receivables from limited partners	(19)	3,972,539.75	3,489,490.00
VII. Other receivables	(12)	1,133,750.69	1,194,550.17
VIII. Cash and cash equivalents	(13)	78,553.78	2,735,186.25
		70,057,743.29	61,296,554.52
		89,631,777.89	80,933,561.54

Equity and liabilities

		Note(s)	At March 31, 2013 EUR	At March 31, 2012 EUR
A.	**Equity**			
I.	Issued Capital	(14)	1,533,875.65	1,533,875.65
II.	Reserves	(15)	14,400,875.06	12,617,180.73
III.	Retained earnings	(15)	10,894,227.11	9,498,194.75
			26,828,977.82	23,649,251.13
B.	**Non-current liabilities**			
I.	Provisions	(16,17)	410,902.96	499,798.63
II.	Financial liabilities	(18)	29,766,703.95	29,388,023.79
			30,177,606.91	29,887,822.42
C.	**Current liabilities**			
I.	Financial liabilities	(18)	9,512,021.09	3,038,798.22
II.	Trade payables	(19)	14,355,775.05	14,449,052.91
III.	Income tax liabilities	(9)	362,053.03	2,163,710.00
IV.	Provisions	(17)	6,536,423.48	6,337,597.63
V.	Liabilities to limited partners	(19)	653,775.64	647,849.55
VI.	Other liabilities	(20)	1,205,144.87	759,479.68
			32,625,193.16	27,396,487.99
			89,631,777.89	80,933,561.54

Statement of Profit or Loss and Other Comprehensive Income of Bastei Lübbe GmbH & Co. KG, Cologne (now: Bastei Lübbe AG, Cologne)

for the period from April 1, 2012 to March 31, 2013

	Note(s)	April 1, 2012 to March 31, 2013 EUR	April 1, 2011 to March 31, 2012 EUR
1. Revenue	(21)	98,329,887.16	82,733,276.44
2. Changes in finished goods and work in progress	(22)	-1,339,025,35	2,581,535.00
3. Other operating income	(23)	627,988.32	1,900,554.56
4. Cost of materials	(24)		
a) Cost of raw materials, supplies and goods for resale		996,386.74	542,247.20
b) Cost of purchased services		25,231,178.15	23,223,896.57
c) Authors' fees and amortization charges and impairment losses on license agreements with authors		20,275,237.79	21,047,652.79
		46,502,802.68	44,813,796.56
5. Staff costs	(25)		
a) Wages and salaries		12,956,761.11	10,296,428.27
b) Social security contributions, pensions and other benefits		2,235,715.05	1,695,118.21
		15,192,476.16	11,991,546.48
6. Depreciation	(26)	1,650,994.10	929,710.84
7. Other operating expenses	(27)	23,289,258.79	18,894,710.94
8. Share of the profit of associates accounted for using the equity method	(28)	976,395.51	104,304.94
9. Earnings before interest and taxes (EBIT)		11,959,713.91	10,689,906.12
10. Finance result	(29)	-2,379,798.22	-1,465,348.43
11. Earnings before taxes (EBT)		9,579,915.69	9,224,557.69
12. Income taxes	(30)	1,664,095.56	1,646,539.06
13. Profit for the period = Total comprehensive income	(up to 21)	7,915,820.13	7,578,018.63
14. Profit brought forward from previous year		2,978,406.98	1,920,176.12
15. Retained earnings		10,894,227.11	9,498,194.75

Statement of Changes in Equity of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)
for fiscal years 2011/12 and 2012/13

	Issued capital EUR thousands	Reserves/ retained earnings EUR thousands	**Equity capital** EUR thousands
At 3/31/2011	**1,534**	**21,222**	**22,756**
Dividends paid/ allocations to partner accounts	0	-6,685	-6,685
	0	-6,685	-6,685
Net profit for the period	0	7,578	7,578
Total comprehensive income	0	7,578	7,578
At 3/31/2012	**1,534**	**22,115**	**23,649**
Dividends paid allocations to partner accounts	0	-4,736	-4,736
	0	-4,736	-4,736
Net profit for the period	0	7,916	7,916
Total comprehensive income	0	7,916	7,916
At 3/31/2013	**1,534**	**25,295**	**26,829**

Statement of Cash Flows of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)

for fiscal year 2012/13

		Note(s)	2012/13 EUR thousands	2011/12 EUR thousands
Profit for the period			7,916	7,578
+/-	Write-downs/write-ups of intangible assets and property, plant and equipment		1,651	930
+/-	Write-downs/write-ups of investments accounted for using the equity method		100	0
+/-	Increase/decrease in non-current provisions		-89	-172
+/-	Other non-cash expenses/income		268	990
+/-	Increase/decrease in current provisions		199	-955
-/+	Profit/loss on disposal of intangible assets and property, plant and equipment		150	22
-/+	Increase/decrease in income tax receivables and liabilities, including deferred tax assets and deferred tax liabilities		-1,437	1,231
-/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		-5,449	-8,668
+/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities		-1,432	4,569
Cash flow from operating activities		(31)	1,877	5,525
-	Acquisition of intangible assets		-558	-272
+	Proceeds from the sale of property, plant and equipment		59	129
-	Acquisition of property, plant and equipment		-1,021	-532
+	Proceeds from the sale of investments accounted for using the equity method		0	2
-	Acquisition of investments accounted for using the equity method		-3,761	-13,519
Cash flow from investing activity		(31)	-5,281	-14,192
+/-	Contributions/Cash payments to owners		-5,213	-6,094
+	Cash proceeds from issuing bonds and borrowings		6,129	28,660
-	Cash repayment of bonds and borrowings		-317	-11,185
Cash flow from financing activities		(31)	599	11,381
	Net change in cash and cash equivalents from operating, financing and investing activities		-2,805	2,714
+/-	Changes in cash and cash equivalents from merger/merger of partnerships by way of accrual		149	0
+	Cash and cash equivalents at the beginning of period		2,735	21
=	**Cash and cash equivalents at the end of period**	(31)	79	2,735

Notes to the Annual Financial Statements of Bastei Lübbe GmbH & Co. KG, Cologne (now: Bastei Lübbe AG, Cologne) for fiscal year 2012/13

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1. General Information

Bastei Lübbe GmbH & Co. KG (hereinafter “Bastei Lübbe KG” or “the Company”) has its registered office at Schanzenstraße 6 – 20, 51063 Cologne, Germany. The principal activities of Bastei Lübbe KG are explained in the notes to the segment reporting (Note 32).

A resolution was adopted on July 9, 2013, to transform Bastei Lübbe KG into Bastei Lübbe AG. The Company intends to go public in autumn 2013. The change in legal form was recorded in the commercial register on August 14, 2013. As a publicly traded stock corporation, the Company is required under Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (OJ EC No. L 243 p. 1) to prepare annual financial statements in conformity with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU) starting with the 2013/2014 fiscal year. As part of the process of going public, the present set of annual financial statements for the 2012/2013 fiscal year are already being prepared in conformity with IFRS. In order to determine IFRS-based comparative information for the prior-year income statement (period from 4/1/2011 to 3/31/2012), the opening IFRS balance sheet was prepared at April 1, 2011 (date of transition to IFRSs pursuant to IFRS 1, First-time Adoption of International Financial Reporting Standards).

2. Basis of Preparation

(a) Underlying accounting rules

The annual financial statements for the year ended March 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, as well as the Interpretations of the IFRS Interpretations Committee (IFRS IC) and Standing Interpretations Committee (SIC) of the International Accounting Standards Board (IASB), London, in effect at the closing date. In accordance with IFRS 1, assets and liabilities were recognized and measured for prior-year comparative purposes according to the IFRSs that were effective on March 31, 2013, the date as of which the annual financial statements were first prepared according to IFRS.

The differences between the carrying amounts of the assets and liabilities in the HGB financial statements at March 31, 2011 and their carrying amounts at the date of transition to IFRSs were recognized outside profit or loss in equity.

Management is expected to approve the 2012/2013 annual financial statements for publication on August 16, 2013.

The presentation currency and functional currency is the euro; unless otherwise indicated, all amounts are stated in thousands of euro (EUR thousands). Totals and percentages were calculated on the basis of the unrounded euro amounts and may vary from results obtained using the EUR thousands figures reported.

The Notes also include disclosures required under the German Commercial Code (HGB).

Details about events occurring between the end of the reporting period and August 16, 2013 (the date of management's approval of the annual financial statements) that may be material to a user's ability to evaluate the Company's financial position, financial performance and cash flows are provided in Note 43.

(b) Measurement of assets and liabilities

The financial statementshave been prepared using the historical cost convention, except where derivative financial instruments and financial instruments classified as available-for-sale are concerned. Each of those items is fair valued.

(c) Currency translation

Transactions in foreign currency are translated into euro at the spot exchange rate on the date of the transaction. Foreign-currency assets and foreign-currency liabilities are translated into euro at the average exchange rate on the reporting date. Gains and losses from the translation of currency are recognized in profit or loss.

(d) Use of assumptions and estimates

Preparation of the financial statements requires the use of estimates and assumptions that can have an impact on the recognition of assets and liabilities, the disclosure of contingent liabilities as of the reporting date, and the recognition of income and expense.

Estimates and assumptions are particularly uncertain when they relate to the discounted future cash flows used in impairment testing, purchase price allocations from acquisitions, anticipated product return rates used for provisioning purposes, and discount rates used for the measurement of obligations under early retirement arrangements. Please refer to the appropriate sections of the Notes for information concerning carrying amounts that were determined on the basis of estimates.

3. Accounting Policies

For the sake of clarity, some items in the statement of profit or loss and comprehensive income and statement of financial position have been aggregated. These aggregations are explained in the Notes. Assets and liabilities that will be settled within one year are considered current assets and liabilities. All other assets and liabilities are classified as non-current.

(a) Intangible assets

With the exception of the licensing agreements with authors presented in item (g), acquired intangible assets with a definite useful life are recognized at cost and amortized on a straight-line basis over their estimated useful lives. The following useful lives and amortization rates apply:

	Useful life years	Amortization rate %
Other intangible assets		
Software	3-5	20.00-33.33
Publishing rights and title rights	8-15	6.67-12.50

Goodwill and other indefinite-life intangible assets (e.g., trademark rights) are not amortized.

Impairment losses are recognized if impairment testing shows evidence of impairment. Impairment testing is done at least once a year in the case of goodwill; in the case of intangible assets that are amortized, it is done whenever there is an indication of impairment. If the reasons for an impairment cease to apply, the impairment loss is reversed to the appropriate extent, and the asset is written back up to an amount that may not exceed the carrying amount that would have been determined had the asset never been impaired in the first place.

Pursuant to the option codified in Section 15 and Appendix B of IFRS 1, goodwill from acquisitions made prior to April 1, 2011 will continue to be handled in accordance with previous law. In other words, the amortization and impairments recognized in previous periods will not be restated, and goodwill recognized outside profit or loss in equity will not be subsequently capitalized.

(b) Property, plant and equipment

In keeping with IAS 16 (Property, Plant and Equipment), property, plant and equipment is measured at cost and adjusted for prior-year and current-year depreciation charges and impairment losses. There were no borrowing costs within the meaning of IAS 23 (Borrowing Costs) to capitalize.

Expenses for the repair of property, plant and equipment are recognized in profit or loss. They are capitalized if, and only if, they enhance or significantly improve the asset.

Real property (buildings and structures) is depreciated on a straight-line basis over its expected useful life. This method is also used for the business's personal property. The residual value that assets have when they reach the end of their normal useful life is taken into account when determining depreciation charges.

When property, plant or equipment is sold or retired, the difference between the net proceeds and the carrying amount is recognized as a gain or loss in other operating income or expenses.

The following useful lives and depreciation rates apply:

	Useful life	Depreciation rate
	Years	%
Land and buildings		
Leasehold improvements	8-10	10.00-12.50
Plant and machinery	5-10	10.00-20.00
Miscellaneous equipment, furniture and fixtures		
Vehicle fleet	6-9	11.11-16.67
Operating equipment, office equipment and furniture	3-13	7.69 – 33.33
Low-value assets (up to 410 euro)	< 1 year	100.00

Impairment losses are recognized if impairment testing indicates that an asset is impaired. If the reasons for impairment cease to apply, the value of the asset is written back up to an appropriate amount.

(c) Impairment tests

At Bastei Lübbe, impairment testing is performed at least once annually at the end of the year or during the year when circumstances warrant. If an individual asset cannot be measured separately, the test is performed at the next higher level in the cash-generating unit (CGU) within the meaning of IAS 36 (Impairment of Assets).

(i) Definition of CGU

Bastei Lübbe assigns the goodwill and indefinite-life intangible assets it acquires as part of business combinations to the CGUs that are expected to benefit from the resulting synergy effects. These CGUs represent the lowest level at which these assets are monitored for corporate steering purposes. Typically, they correspond to individual divisions or publishing brands.

(ii) Conducting impairment tests

In an impairment test, the carrying amount of the individual cash-generating units is compared to their recoverable amount, which is the higher of their fair value less costs of

disposal and their value in use. The value in use regularly used at Bastei Lübbe is determined by discounting to present value the cash that Bastei Lübbe KG expects to receive in each of its divisions over the next three years, as reflected in current planning.

Impairment testing involves determining the value in use of the cash-generating units on the basis of estimated future cash flows derived from profit planning. The planning horizon is three years. However, the value in use of the CGUs is principally determined by their residual value. The factors affecting the residual value are not only the projected cash flow in the third year covered by the plan, but also the growth rate of the cash flows after the planning period and the discount rate. The cash flows following the three-year planning period are extrapolated using an individual, CGU-dependent growth rate of 0% to 1.0% that is at or below the average growth assumed for the market or industry.

The discount rate used to calculate the present value is determined using weighted capital costs; at March 31, 2013, it came to 7.98% before tax effects and 6.66% after taxes.

There is estimation uncertainty in the following assumptions underlying the calculation of the CGU's value in use:

- Profit planning: The planning is based on empirical values from the past and takes into account expectations of market growth that are business segment specific. For example, we assume that, in general, a higher rate of growth is achievable with cash flows from electronic media than print media.
- Discount rates: In addition to being based on average weighted costs of capital customary for the industry, the discount rates of the respective cash-generating units are also adjusted for risks identified in current market assessments.
- Growth rates: The growth rates are based on published market research about the industry. The strategic orientation of the individual divisions was considered when estimating the growth rates.

Impairment losses on assets are reversed if the recoverable amount of the assets exceeds their carrying amount due to changes in the estimates on which the measurements are based. However, the increased carrying amount resulting from the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods. Impairment losses recognized for goodwill are not reversed.

(d) Leases

The determination of whether an agreement contains a lease is made on the basis of the economic substance of the agreement at its inception date. The beneficial ownership of leased property, real or personal, is attributed to the party that bears substantially all of the risks and rewards associated with the leased property. If the lessor bears substantially all of the risks and rewards (operating lease), it recognizes the leased property in its statement of financial position. If the lessee bears substantially all of the risks and rewards incidental to ownership of the leased property (finance lease), then it recognizes the leased property in its statement of financial position.

Rented or leased property, plant and equipment that is to be viewed as economic property with long-term financing (finance leases) pursuant to IAS 17 (Leases) is recognized at the commencement of the lease term in an amount equal to the present value of the minimum lease payments, including any lump-sum payments, or the fair value of the leased property, whichever is lower. The property is depreciated over its normal useful life. If a subsequent transfer of title to the leased property is uncertain, it is depreciated over the shorter of its useful life and the lease term. Future lease payments are recorded as financial liabilities. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to achieve a constant rate of interest on the remaining balance of the liability over the lease's term. Finance charges are recognized in profit or loss under finance costs.

(e) Financial instruments

(i) Financial assets

Financial assets within the meaning of IAS 39 are classified as financial assets held for trading, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets are measured at fair value upon initial recognition. In the case of financial investments fair valued through profit or loss, transaction costs directly attributable to the acquisition of the asset are also included.

Financial assets are classified into the respective measurement categories upon initial recognition. Reclassifications, when permitted and necessary, are done at the beginning of the fiscal year.

All regular way purchases and sales of financial assets are recorded on the trade date, i.e., the day on which the Company enters into the obligation to buy or sell the asset. Regular way purchases and sales are purchases or sales of financial assets that require delivery of the assets within the time frame established by regulation or convention in the marketplace concerned.

(ii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and there is an impact of the loss event or events on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the context of impairments, financial assets for which there is a potential impairment are grouped together on the basis of similar credit risk characteristics and then tested for impairment and written down, if necessary, collectively. The estimate of the portfolio's expected future cash flows that this requires reflects the contractually agreed cash flows as well as historical loss experience.

The cash flows are discounted using the weighted average effective interest rate of the financial assets in the portfolio. The impairment loss for financial assets measured at amortized cost is measured as the difference between the asset’s carrying amount and the present value of the expected future cash flows. If the amount of an estimated impairment loss increases or decreases in a subsequent period due to an event occurring after the impairment was recognized, the previously recognized impairment loss is raised or lowered by adjusting the allowance account and recognizing the amount of the adjustment in profit or loss.

(iii) Derecognition of financial assets

A financial asset is derecognized when either of the following scenarios applies:

- The contractual rights to receive cash flows from the financial asset have expired.
- The Company retains the contractual rights to receive cash flows from the financial asset, but has assumed a contractual obligation for immediate payment of these cash flows to a third party as part of an arrangement that satisfies the conditions of IAS 39.19 (pass-through-arrangement), or the Company transferred its contractual rights to receive cash flows from the financial asset and in the process (a) transferred substantially all of the risks and rewards incidental to ownership of the financial asset or (b) neither transferred nor retained substantially all of the risks and rewards incidental to ownership of the financial asset, but did transfer control of the asset.

(iv) Cash and cash equivalents

The cash and cash equivalents reported in the statement of financial position consist of cash on hand, credit balances at banks and short-term deposits that mature in less than three months. Cash is recognized on receipt. Accordingly, checks are recognized when possession of them is obtained, and incoming transfers are recognized when they post to the bank account.

Cash is measured at amortized cost. Amounts in foreign currency are translated at the spot rate on the closing date of the reporting period. Currency translation differences are recognized in profit or loss.

(v) Financial assets held for trading

Financial assets are classified as held for trading if they are acquired with the intent that they be sold in the near term. The predominant portion of financial assets held for trading represent investments of capital and are recognized and derecognized when their purchase or sale is contractually agreed. They are measured at fair value upon initial recognition. Investments of capital that have been classified as held for trading are fair valued in subsequent periods. Changes in their value are recognized in profit or loss. The Company does not have any financial assets belonging to this category.

(vi) Loans and receivables

Trade receivables and other receivables and loans are measured at amortized cost, in some cases pursuant to the effective interest method, and adjusted for any impairment losses incurred. Impairment losses on individual assets take adequate account of anticipated credit risks; actual defaults lead to a derecognition of the relevant assets. In some cases, impairments of trade receivables are recognized through the use of an allowance account.

The decision to reflect a credit risk through the use of an allowance account or reduce the amount of the receivable directly depends on the degree of reliability of the risk assessment.

(vii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are measured at amortized cost since their fair value cannot be determined with sufficient reliability. Any impairments are recognized in profit or loss. Long-term equity investments in companies other than affiliates and associates are reported in this category.

(viii) Financial liabilities

The Company decides the classification of its financial liabilities at initial recognition. The only financial liabilities at the reporting date were loans and other liabilities (FLAC category). There were no liabilities designated as at fair value through profit or loss.

Financial liabilities are measured at fair value upon initial recognition. In the case of loans, the directly attributable transaction costs are also included. Subsequent measurement is done at amortized cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as in conjunction with their amortization using the effective interest method. The calculation of amortized cost includes all fees or costs that are an integral part of the effective interest rate. The amortization using the effective interest method is reflected on the statement of profit or loss and other comprehensive income in the line item finance costs. Financial liabilities are derecognized when the underlying obligation is discharged, cancelled or expires.

(f) Equity-accounted investees

The equity interests in affiliated and associated companies reported under investments accounted for using the equity method are recognized at the lower of cost or fair value in accordance with the provisions of IAS 27.38(a) as well as IAS 28.35 and IAS 36.

(g) License agreements with authors

The license agreements with authors reported on the statement of financial position relate to manuscripts over which Bastei Lübbe has acquired full control and use rights. They include advances paid to authors and are reported at amortized cost.

Based on expected book sales, the license agreements with authors are divided, usually half and half, into a hardcover portion and a trade paperback portion. When the book is published, the corresponding share of the guaranteed fee is recognized in cost of materials as an amortization charge on the license agreements. If the right that was purchased relates only to the publication of a trade paperback, the entire advance paid to the author is recognized in cost of materials as an amortization charge on the license agreements.

The portfolio of license agreements and the author advances paid are tested for impairment at least once a year (usually on the last day of the reporting period). The impairment test involves comparing the guaranteed fee against the expected net income before the fee, which is itself based on an estimate of future book sales. In cases where the guaranteed fee exceeds the expected net income before the fee, impairment losses are recognized and, if necessary, provisions for anticipated losses are formed. The resulting expenses are captured in the cost of materials.

All expenses relating to the license agreements with authors are reported in a separate line item within cost of materials because these expenses have a direct connection to the resulting revenue and warrant being reflected in gross profit.

(h) Inventories

Pursuant to IAS 2, inventories are measured at the lower of cost of purchase or cost of conversion and net realizable value. The cost of purchase is determined on the basis of a weighted average cost. The cost of conversion includes all direct material and printing costs, as well as fees and additional production overheads.

Net realizable value is the estimated selling price less costs incurred prior to sale. The net realizable value of work in progress is determined retrospectively from the net realizable value of finished goods, taking into account costs to completion.

If the reasons for an impairment of inventories cease to apply, the write-down is reversed to the appropriate extent.

(i) Employee benefits under early retirement arrangements

The actuarial measurement of early retirement arrangements is done in accordance with IAS 19 (Employee Benefits). When determining the present value of these benefits, both the salaries and anticipated future increases in salaries are considered. The “2005 G” mortality tables of Dr. Klaus Heubeck are used.
Actuarial gains and losses are recognized in profit or loss in the year they are incurred. The interest cost on pension provisions is presented in the finance result as finance costs.

The plan assets consist solely of reinsurance policies that have been pledged to the employees and, thus, are beyond the reach of creditors. Plan assets are measured at fair value.

(j) Other provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions are recognized for uncertain obligations if it is probable that a direct outflow of resources embodying future economic benefits will be required to settle a present obligation and the amount of that obligation, or the amount required to settle it, can be reliably determined, including in the form of an estimate. All known uncertain liabilities and risks relating to the fiscal year under review are taken into account at the settlement amount with the highest probability of occurrence. If a revised estimate indicates a reduction in the expected scope of the obligation, an appropriate portion of the provision is reversed.

In the case of non-current provisions, the portion that will flow out of the Company only after more than one year and for which a reliable estimate of the payment amounts or dates is possible, is recognized at its present value, as determined by applying a discount rate that is in keeping with market conditions and appropriate to the obligation's maturity.

(k) Income and expense recognition

Bastei Lübbe earns most of its revenue from the sale of goods and from licensing. Revenue is recognized, net of taxes, discounts and rebates, when the significant risks and rewards incidental to ownership of the goods are transferred to the buyer, the amount of the revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Sales revenue primarily includes the sale of pulp novels and puzzle booklets, books, audio books, gift merchandise and e-books to retailers. In the case of products the Company expects to be returned on the basis of past experience, revenue adjustments are made as a precaution.

Licensing revenue is earned by reselling rights that were previously purchased and used to licensees at home and abroad. The revenue is recognized in accordance with the provisions of the underlying agreement.

Other revenue is recognized when the economic benefits from the transaction can be reliably measured and flowed to the Company during the reporting period.

Operating expenses are recognized when they are incurred or when the corresponding service is used.

Finance income consists mostly of interest income and interest expense. Interest income and interest expense are recognized using the effective interest method. Interest expense includes interest expense on loans as well as the interest cost of non-current liabilities. The share of profit of investments accounted for using the equity methodcaptures dividends from and impairment losses on theinvestments accounted for using the equity method. Dividends are recognized in profit or loss when the right to receive payment is established. This corresponds to the time at which it becomes probable that the economic benefits associated

with the dividend will flow to the Company and the amount of the dividend income can be reliably determined.

(l) Income taxes

Tax expense comprises income taxes paid or accrued plus deferred taxes. The amount of current tax, including refund claims and liabilities, is determined on the basis of current legislation and regulations.

Deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the IFRS statement of financial position and their tax basis. Taxes are calculated using the company-specific tax rates that are expected to be in effect at the time the asset is realized or liability is settled. These are derived from the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized only to the extent that it appears sufficiently certain that the temporary differences will reverse.

Deferred tax that relates to items that are recognized directly in equity shall itself be recognized directly in equity. Otherwise, the amount is recognized in profit or loss.

(m) New and revised standards and interpretations applied for the first time in the reporting year

Since Bastei Lübbe prepared its first-ever IFRS financial statements for the 2012/2013 fiscal year and the prior-year figures provided for assets and liabilities were measured and recognized using the IFRSs with a mandatory effective date on or before March 31, 2013, the date as of which the annual financial statements were first prepared according to IFRS, there could be no changes resulting from the first-time application of standards.

(n) Standards and interpretations not applied (published, but not yet mandatory and not yet endorsed by the EU)

The IASB has issued a number of new accounting standards and interpretations as well as revisions to standards and interpretations that the Company is not required to start applying until April 1, 2013 or later, provided, that is, that they are adopted by the European Commission and relevant to Bastei Lübbe KG. None of these new standards, interpretations or revisions were early adopted for purposes of these financial statements.

Standard	Topic	Main provisions	Date of application
IAS 1	Presentation of Financial statements – Presentation of Items of Other Comprehensive Income	The amendments require entities to group items presented in other comprehensive income on the basis of whether or not they are recyclable into profit or loss. The amendments do not prescribe what items to report in other comprehensive income.	Annual periods beginning on or after July 1, 2012
IAS 19	Employee Benefits	These amendments eliminate the corridor method and require that finance costs be calculated on a net basis.	Annual periods beginning on or after January 1, 2013
IFRS 1	First-time Adoption of IFRS	The amendment addresses how first-time adopters of IFRS should account for government loans with below-market rates of interest. It adds a further exception to the retrospective application of IFRS. As a result, the same rules that applied to preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008 now apply to first-time adopters.	Annual periods beginning on or after January 1, 2013
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	The amendments require new disclosures that are meant to provide greater comparability between companies that prepare their financial statements in accordance with IFRS and those that prepare in accordance with US GAAP.	Annual periods beginning on or after January 1, 2013
IFRS 10, 11, 12	Transition guidance amendments	These amendments provide relief to first-time adopters by limiting the requirement to provide adjusted comparative information to only the immediately preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments eliminate the requirement to present comparative information for periods before IFRS 12 is first applied.	Annual periods beginning on or after January 1, 2013

Standard	Topic	Main provisions	Date of application
Annual Improvements 2011	IFRS 1 “First-time Adoption of IFRS,” IAS 1 “Presentation of FinancialStatements ,” IAS 16 “Property, Plant and Equipment,” IAS 32 “Financial Instruments: Presentation,” IAS 34 “Interim Financial Reporting”	Various changes were made to these standards.	Annual periods beginning on or after January 1, 2013
IFRS 9	Financial Instruments: Classification and Measurement	IFRS 9 is the first standard to be published as part of a comprehensive project to replace IAS 39. In the future, financial assets will be assigned to either the “fair value” or “amortized cost” measurement category upon initial recognition. Classification will depend on the entity’s business model as well as the contractual characteristics of the financial asset. The requirements of IAS 39 relating to the impairment of financial assets and hedge accounting will continue to apply.	Annual periods beginning on or after January 1, 2015
IFRS 10	Consolidated Financial Statements	At the heart of IFRS 10 is the introduction of a uniform consolidation model for all entities that is based on a parent company’s control of a subsidiary. The concept of control applies to both parent-subsidiary relationships based on voting rights as well as parent-subsidiary relationships based on other contractual arrangements. The concept of control is defined and made the basis for consolidation. The definition is supported by extensive application guidance that shows various ways a reporting company (investor) can control another entity (investee). The accounting requirements are presented.	Annual periods beginning on or after January 1, 2013

Standard	Topic	Main provisions	Date of application
IFRS 11	Joint Arrangements	IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Now there are two “types” of joint arrangements defined in the standard: joint operations and joint ventures. A joint arrangement is defined as an arrangement of which two or more parties have contractually agreed joint control. Joint control exists only when decisions about activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. The choice of proportionate consolidation has been removed.	Annual periods beginning on or after January 1, 2013
IFRS 12	Disclosures of Interests in Other Entities	IFRS 12 brings the revised disclosure requirements of IAS 27 as well as IFRS 10, IAS 31, IFRS 11 and IAS 28 together into one standard.	Annual periods beginning on or after January 1, 2013
IFRS 13	Fair Value Measurement	The purpose of IFRS 13 is to improve consistency and reduce complexity in the measurement of fair value. It describes how to define fair value, how to measure it and what disclosures to make. The result of efforts to increase convergence between IFRS and US GAAP, the standard’s provisions do not broaden the scope of fair value measurement, but explain how fair value is to be applied in cases where its use is already required or permitted by standards.	Annual periods beginning on or after January 1, 2013
IAS 27	Separate Financial Statements	IAS 27 (revised 2011) contains the provisions on separate financial statements that are left after the control provisions were incorporated into IFRS 10	Annual periods beginning on or after January 1, 2013
IAS 28	Investments in Associates and Joint Ventures	IAS 28 (revised 2011) contains the provisions on jointly controlled entities and associates that are measured at equity following the publication of IFRS 11.	Annual periods beginning on or after January 1, 2013

Standard	Topic	Main provisions	Date of application
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation addresses issues relating to the recognition and measurement of waste removal costs that are incurred in surface mining activity during the production phase of a mine. Entities must recognize predecessor stripping assets in opening retained earnings if there is no identifiable component of the ore body to which the predecessor stripping assets relate.	Annual periods beginning on or after January 1, 2013
IAS 32	Amendment to IAS 32 Financial Instruments: Presentation – Offsetting	The amendment clarifies some of the requirements for offsetting financial assets and financial liabilities.	Annual periods beginning on or after January 1, 2014

Below is a more detailed description of the most important changes and how they are expected to impact the financial statements of Bastei Lübbe KG.

Amendments to IAS 1 – Presentation of Financial Statements

The changes relate to the presentation of other comprehensive income. The main change is the requirement that, in the future, companies separate their items of comprehensive income into those that can be recycled into profit or loss and those that cannot. The changes do not address what constitutes other comprehensive income.

Amendments to IAS 19 – Employee Benefits

The changes relate to staff liabilities and essentially have the following effect: past service cost is recognized immediately, the interest cost and expected return on plan assets are determined on a net basis using the discount rate applicable to the defined benefit obligation. The anticipated impact could not be quantified.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, recognition and measurement of financial assets and financial liabilities and was published in November 2009 and October 2010. This standard replaces the sections of IAS 39 (“Financial Instruments: Recognition and Measurement”) that address the classification and measurement of financial instruments. In accordance with IFRS 9, financial assets are divided into two measurement categories: those measured at fair value and those measured at amortized cost. Entities decide how to classify their financial instruments at initial recognition, basing their decisions on their business model for managing them as well on the contractual cash flows associated with them. Most of the requirements for financial liabilities were carried forward from IAS 39. The main difference concerns the treatment of fair value changes attributable to an entity’s own credit risks. Entities choosing

to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in their own credit risk in other comprehensive income, rather than in profit or loss, unless doing so would be misleading. Bastei Lübbe expects to start applying IFRS 9 for the fiscal year beginning April 1, 2015. The other phases of IFRS 9 will be analyzed as soon as they are adopted by the IASB.

IFRS 10 – Consolidates Financial Statements

IFRS 10 builds on existing principles. At its heart is the introduction of a uniform consolidation model for all entities that is based on the control by a parent company of a subsidiary. Moreover, the standard gives additional guidance about how to determine when control is present. Bastei Lübbe has not yet completed its analysis of the impact of IFRS 10 and will first apply the standard in the 2013/2014 fiscal year.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 combines the revised disclosure requirements of IAS 27 as well as IFRS 10, IAS 31, IFRS 11 and IAS 28 in one standard. Bastei Lübbe has not yet analyzed the impact of IFRS 12 and will also first apply this standard in the 2013/2014 fiscal year.

IFRS 13 – Fair Value Measurement

This standard describes how to define fair value, how to measure it and what disclosures to make, which should improve consistency and reduce complexity. The result of efforts to increase convergence between IFRS and US GAAP in this area, the standard's provisions do not broaden the scope of fair value measurement, but explain how fair value is to be applied in cases where its use is already required or permitted by other standards.

All other standards and interpretations that are not yet effective are not expected to have any material impact on the annual financial statements.

4. Shareholdings

The equity interests in affiliated companies reported under investments accounted for using the equity method (equity interest greater than 50%) were as follows as of the reporting dates:

3/31/2012	Registered office	Equity interest
Bastei Lübbe Verwaltungs GmbH	Cologne	100%
Hartmut Räder Wohnzubehör GmbH & Co. KG	Bochum	100%
PMV Partner Medien Verlagsgesellschaft mbH	Munich	74%
Moravska Bastei MoBa s.r.o.	Brno/Czech Republic	90%
Hartmut Räder Wohnzubehör Verwaltungs GmbH	Bochum	100%

3/31/2013	Registered office	Equity interest
Bastei Lübbe Verwaltungs GmbH	Cologne	100%
Moravska Bastei MoBa s.r.o.	Brno/Czech Republic	90%
Bastei Media GmbH (formerly: Family Entertainment.tv GmbH)	Erfurt	100%

Gift merchandise manufacturer Hartmut Räder Wohnzubehör GmbH & Co. KG (hereinafter also “Räder”) transferred all of its assets and liabilities to Bastei Lübbe KG on June 25, 2012 through a merger of partnerships by way of accrual that became economically effective on July 1, 2012; Hartmut Räder Wohnzubehör Verwaltungs GmbH was merged into Bastei Lübbe Verwaltungs GmbH as of July 1, 2012.

The merger of partnerships by way of accrual of Hartmut Räder Wohnzubehör GmbH & Co. KG into Bastei Lübbe KG occurred at the following values. The gross amount of the acquired receivables corresponded in most cases to the fair value:

EUR thousands	Carrying amount prior to merger of partnerships by way of accrual	Adjustment	Carrying amount at merger of partnerships by way of accrual
Intangible assets	163	6,444	6,607
Property, plant and equipment	948		948
Trade receivables	779		779
Cash and cash equivalents	88		88
Other assets	4,127		4,127
Provisions and liabilities	-1,637		-1,637
Deferred tax liabilities	0	-25	-25
Net assets	4,468	6,419	10,887
Cost of the acquisition			12,184
Goodwill			**1,297**

The EUR 12,184 thousand in acquisition costs included the purchase price of EUR 11,974 thousand paid in 2012, as well as EUR 210 thousand in costs attributable to the acquisition. The carrying amounts were adjusted in accordance with the purchase price allocation that was performed. The acquisition was financed exclusively from own funds.

The goodwill that was recognized mostly reflects expected synergy effects from the stronger market position in the Non-Book segment.

The remaining 26% of the shares of puzzle booklet publisher PMV Partner Medien Verlagsgesellschaft mbH (hereinafter also "PMV") were acquired as of December 31, 2012. PMV Partner Medien Verlagsgesellschaft mbH was merged into Bastei Lübbe KG with economic effect as of January 1, 2013, pursuant to an agreement dated February 8, 2013.

EUR thousands	Carrying amount prior to merger	Adjustment	Carrying amount at merger
Intangible assets	0	1,331	1,331
Trade receivables	32		32
Cash and cash equivalents	60		60
Other assets	189		189
Provisions and liabilities	-199		-199
Deferred tax liabilities	0	-221	-221
Net assets	82	1,110	1,192
Cost of the acquisition			1,974
Goodwill			**782**

The EUR 1,974 thousand in total acquisition costs included the purchase price remitted in the 2011/2012 and 2012/2013 fiscal years (EUR 1,184 thousand being remitted in fiscal year 2011/2012), as well as costs attributable to the acquisition. The carrying amounts were adjusted in accordance with the purchase price allocation that was performed. This acquisition was also financed exclusively from own funds.

The goodwill that was recognized mostly reflects expected knowledge sharing in connection with the planned expansion of the puzzle booklets division.

The goodwill that arose in the context of the merger of partnerships by way of accrual and the traditional merger is completely tax-deductible.

Räder and PMV made the following contributions to Bastei Lübbe KG's revenue and earnings in the 2012/2013 fiscal year:

EUR thousands	Revenue	Earnings
Räder	10,051	956
PMV	742	-41

If the merger and merger of partnerships by way of accrual had happened by April 1, 2012, Bastei Lübbe would have had revenue of EUR 101,876 thousand and net profit of EUR 6,922 thousand for the 2012/2013 fiscal year (excluding the profit share of Investments accounted for using the equity methodRäder and PMV for 2012/2013) (pro forma figures):

The remaining subsidiaries are of secondary importance to the assessment of Bastei Lübbe KG's financial position and financial performance, both individually and as a whole. Altogether, they account for only about 2% of Bastei Lübbe KG's revenue and total assets. For this reason, no consolidated financial statementswere prepared for the 2012/2013 fiscal year.

All equity interests in affiliated companies were measured and reported at amortized cost in accordance with IAS 27.

Equity interests in associates (equity interest between 20% and 50%)

With economic effect as of October 1, 2012, Bastei Lübbe KG acquired 50% of the equity interests in PRÄSENTA PROMOTION INTERNATIONAL GmbH, Solingen, (hereinafter "PRÄSENTA") as well as 50% of the equity interests in PS Printservice GmbH, Haan, which was subsequently merged into PRÄSENTA PROMOTION INTERNATIONAL GmbH. The stakes cost EUR 2,361 thousand.

PRÄSENTA is considered an associate within the meaning of IAS 28 because Bastei Lübbe has significant influence over it. The following table presents the financial information to be disclosed for associates pursuant to IAS 28.37b:

EUR thousands	12/31/2012
Share in the assets and liabilities reported in the associate's statement of financial position:	
Current assets	4,535
Non-current assets	1,461
Current liabilities	-2,080
Non-current liabilities	-1,150
Net assets	2,766
Share of net assets (50%)	1,383
Carrying value PRÄSENTA	2,361

EUR thousands	2012

Share in the associate's revenue and earnings

Revenue	2,453
Earnings	6

All figures were taken from PRÄSENTA's annual financial statements for the year ended December 31, 2012. No interim financial statements were prepared as of the acquisition date (October 1, 2012) or Bastei Lübbe KG's reporting date (March 31, 2013).

The other long-term equity investments (equity interest less than 20%) reported under investments accounted for using the equity methodconsisted at both reporting dates of the equity investment in "Das Kind" Filmproduktion GmbH & Co. KG, Berlin, and various equity interests (each less than 5%) in wholesale media distribution companies, most of which are based in eastern Germany.

5. Intangible Assets

EUR thousands	Goodwill	Other Intangible assets	Advance payments	Total
Cost				
At 4/1/2011	0	3,050	0	3,050
Increase	35	196	40	271
Decrease	0	0	0	0
At 3/31/2012	**35**	**3,246**	**40**	**3,321**
Impairments				
At 4/1/2011	0	2,154	0	2,154
Increase	0	413	0	413
Decrease	0	0	0	0
At 3/31/2012	**0**	**2,567**	**0**	**2,567**
Carrying amount				
At 4/1/2011	0	896	0	896
At 3/31/2012	**35**	**679**	**40**	**754**
Cost				
At 4/1/2012	35	3,246	40	3,321
Increase from merger/merger of partnerships by way of accrual	2,079	7,570	69	9,718
Increase	0	544	14	558
Decrease	0	0	0	0
Reclassifications	0	110	-110	0
At 3/31/2013	**2,114**	**11,470**	**13**	**13,597**
Impairments				
At 4/1/2012	0	2,567	0	2,567
Increase from merger/merger of partnerships by way of accrual	0	191	0	191
Increase	0	657	0	657
Decrease	0	0	0	0
At 3/31/2013	**0**	**3,415**	**0**	**3,415**
Carrying amount				
At 4/1/2012	35	679	40	754
At 3/31/2013	**2,114**	**8,055**	**13**	**10,182**

There were no significant additions to intangible assets beyond the goodwill and intangible assets from the merger/merger of partnerships by way of accrual mentioned in Note 4.

The carrying amount of the goodwill was allocated among the segments as follows:

EUR thousands	3/31/2013	3/31/2012
Book	35	35
Non-Book	1,297	0
Pulp Novels & Puzzle Booklets	782	0
	2,114	35

The allocation among the corresponding cash-generating units was as follows:

EUR thousands	3/31/2013	3/31/2012
Räder	1,297	0
PMV	782	0
Eichborn	35	35
	2,114	35

The item other intangible assets includes EUR 4,864 thousand for the "Räder" brand, as identified during the purchase price allocation (and assigned to the Non-Book segment) (see Note 4). Since this asset has an indefinite useful life, it is not subject to amortization. Instead it is tested for impairment at least once annually like goodwill. The recoverable amounts determined during impairment testing for the CGUs to which the goodwill and brand have been assigned are based on the values in use.

Material assumptions made in the medium-term planning for Räder involve stagnating sales in "Räder Classic," but higher sales in the German-speaking realm for the newly created product group "House of Friends." The entire collection, i.e., both "Räder Classic" and "House of Friends," is due to become more international in scope, and higher international sales are planned for the future. The assumptions made reflect initial experiences from the increased sales and distribution activities, including, in particular, receipt of the first foreign orders (UK, US, Asia). On this basis, a growth rate of 1% after the detailed three-year planning phase and a discount rate of 7.98% are expected.

In addition, there was a total of EUR 2,718 thousand (previous year: EUR 0 thousand) in title and brand rights at the reporting data that are amortized over a useful life of eight to fifteen years. The remaining amounts relate primarily to software and licenses, which are amortized over three to five years.

There was no need to take an impairment charge to goodwill or any other intangible assets in either fiscal year. If such impairments had been taken, they would have been reported in the statement of profit or loss and comprehensive income in the line item “depreciation.”

6. Property, Plant and Equipment

EUR thousands	Land and buildings	Plant and machinery	Furniture and fixtures	Total
Cost				
At 4/1/2011	242	28	3,078	3,348
Increase	25	3	504	532
Decrease	0	0	-285	-285
At 3/31/2012	**267**	**31**	**3,297**	**3,595**
Impairments				
At 4/1/2011	16	4	1,082	1,102
Increase	22	3	492	517
Decrease	0	0	-134	-134
At 3/31/2012	**38**	**7**	**1,440**	**1,485**
Carrying amount				
At 4/1/2011	226	24	1,996	2,246
At 3/31/2012	**229**	**24**	**1,857**	**2,110**
Cost				
At 4/1/2012	267	31	3,297	3,595
Increase from merger/merger of partnerships by way of accrual	225	20	2,376	2,621
Increase	120	3	1,366	1,489
Decrease	0	0	-707	-707
At 3/31/2013	**612**	**54**	**6,332**	**6,998**
Impairments				
At 4/1/2012	38	7	1,440	1,485
Increase from merger/merger of partnerships by way of accrual	70	9	1,595	1,674
Increase	53	6	935	994
Decrease	0	0	-499	-499
At 3/31/2013	**161**	**22**	**3,471**	**3,654**
Carrying amount				
At 4/1/2012	229	24	1,857	2,110

At 3/31/2013	**451**	**32**	**2,861**	**3,344**

There are assets of EUR 1,094 thousand (previous year: EUR 998 thousand) in property, plant and equipment that are leased under agreements that qualify as finance leases under IFRS and are reportable, therefore, in the beneficial owner's statement of financial position. These assets are furniture and fixtures (office furniture and servers). Note 18 contains information about the corresponding liabilities.

Of the leased assets capitalized in property, plant and equipment in the reporting year, there were additions of EUR 468 thousand (previous year: EUR 0 thousand) and depreciation of EUR 168 thousand (previous year: EUR 165 thousand).

There were no impairments of property, plant and equipment in the year under review. All depreciation charges for property, plant and equipment are reported in the statement of profit or loss and other comprehensive income under "depreciation."

As in the previous year, property, plant and equipment is not used as collateral for the Company's own liabilities.

7. Financial Assets

EUR thousands	3/31/2013	3/31/2012
Non-current (Investments accounted for using the equity method)		
Equity interests in affiliated companies	542	13,605
Equity interests in associates	3,161	0
Other long-term equity investments	108	208
	3,811	**13,813**
Current		
Receivables from factoring	4,221	3,721
Receivable from Eichborn AG (in insolvency)	252	271
Receivables from affiliated companies	180	0
Supplier rebates	108	134
Receivables from associates	44	0
Creditors with debit balances	22	66
Receivables from employees	16	4
Other	16	16
	4,859	**4,212**

Of the equity interests in affiliated companies reported for the previous year, the sum of EUR 13,362 thousand relates to the companies that were merged into Bastei Lübbe KG, one as part of a merger of partnerships by way of accrual (see Note 4 for more information about this and the other investments accounted for using the equity method).

All receivables from the Book segment have been sold to Vereinigte Verlagsauslieferung arvato media GmbH (VVA), Gütersloh, under a factoring agreement. Because the arrangement is a recourse factoring arrangement (the risk of customer default does not pass to the factor), unpaid receivables are still treated as trade receivables. The receivables reported here represent amounts paid by customers, but not yet forwarded to Bastei Lübbe.

The receivables from factoring are one of several items of collateral pledged to three different banks under a collateral pooling agreement for overdraft facilities granted.

The receivable from Eichborn AG, which is in insolvency, concerns the redundancy scheme expenses that Bastei Lübbe prefinanced. Bastei Lübbe prefinanced the scheme so that its total amount, as decided in negotiations between the insolvency administrator and the works council of Eichborn AG, would be protected from the relative reduction contemplated in § 123 (2) of the German Insolvency Code, and employees would receive their severance immediately upon termination. In return, Bastei Lübbe KG assigned the employee's redundancy scheme claims against the insolvency administrator to itself.

None of the financial assets were past due or impaired as of the reporting dates. There are no indications of default risk with any of the financial assets.

Current financial assets are due within one year.

8. License Agreements with Authors

EUR thousands	License agreements with authors	Advances paid	Total
Cost			
At 4/1/2011	19,250	4,146	23,396
Increase	10,955	3,958	14,913
Decrease	-13,921	0	-13,921
Reclassifications	3,735	-3,735	0
At 3/31/2012	**20,019**	**4,369**	**24,388**
Impairments			
At 4/1/2011	5,534	352	5,886
Increase	12,159	0	12,159
Reversal	-201	-203	-404
Decrease	-13,921	0	-13,921
At 3/31/2012	**3,571**	**149**	**3,720**
Carrying amount			
At 4/1/2011	13,716	3,794	17,510
At 3/31/2012	**16,448**	**4,220**	**20,668**
Cost			
At 4/1/2012	20,019	4,369	24,388
Increase	6,885	7,502	14,387
Decrease	-7,298	0	-7,298
Reclassifications	7,574	-7,574	0
At 3/31/2013	**27,180**	**4,297**	**31,477**
Impairments			
At 4/1/2012	3,571	149	3,720
Increase	9,871	0	9,871
Reversal	0	-52	-52
Decrease	-7,298	0	-7,298
At 3/31/2013	**6,144**	**97**	**6,241**
Carrying amount			
At 4/1/2012	16,448	4,220	20,668
At 3/31/2013	**21,036**	**4,200**	**25,236**

All expenses relating to the license agreements with authors and author advances, including amortization charges and impairment losses, are reported within cost of materials as “authors’ fees and amortization charges and impairment losses on license agreements with authors”; write-ups and impairment reversals are reported under other operating income.

The license agreements with authors encompass two manuscripts (previous year: one) for yet to be published books by noted authors. Their carrying amounts were EUR 2,000 thousand and EUR 5,000 thousand (previous year’s manuscript: EUR 4,000 thousand). The anticipated amortization period in each case is between one and two years.

9. Income Tax Receivables and Liabilities

The following income tax receivables and income tax liabilities are reported separately in the statement of financial position:

EUR thousands	3/31/2013	3/31/2012
Deferred tax assets	1,029	1,519
Income tax receivables	125	0
Deferred tax liabilities	0	0
Income tax liabilities	-362	-2,164
Balance	**792**	**-645**

The current income tax refunds and tax liabilities relate almost exclusively to German trade tax (*Gewerbesteuer*).

The deferred taxes reported on the statement of financial position can be attributed to the individual items of the statement of financial position as follows:

EUR thousands	Deferred tax assets 3/31/2013	Deferred tax liabilities 3/31/2013	Deferred tax assets 3/31/2012	Deferred tax liabilities 3/31/2012
Intangible Assets		269		0
Property, plant and equipment	2	182		166
License agreements with authors		121		105
Trade receivables	25	102	38	76
Obligations under early retirement arrangements	34		61	
Other provisions	1		7	
Liabilities to limited partners		9		9
Financial liabilities	167	159	142	203
Supplementary tax accounts	1,642		1,830	
	1,871	842	2,078	559
Offsetting	-842	-842	-559	-559
	1,029	**0**	**1,519**	**0**

There were no deferred tax assets to be recognized from the carryforward of tax losses because there were no tax loss carryforwards.

Deferred tax liabilities and the corresponding deferred tax assets are offset in full because they relate to income taxes levied by the same taxation authority on the same taxable entity.

The changes in deferred tax assets and deferred tax liabilities can be reconciled to the deferred tax effects recognized in profit or loss as follows:

EUR thousands	2012/2013		2011/2012	
Deferred tax assets at April 1	1,519		1,961	
Deferred tax liabilities at April 1	0	1,519	0	1,961
Deferred tax assets at March 31	1,029		1,519	
Deferred tax liabilities at March 31	0	1,029	0	1,519
Change in the balance		-490		-442
Changes outside of profit or loss		246		0
Deferred tax effect in profit or loss		-244		-442

Please refer to the discussion of income tax expenses in Note 30 for additional information.

10. Inventories

EUR thousands	3/31/2013	3/31/2012
Raw materials and supplies	353	428
Work in progress	438	223
Finished goods	16,897	15,233
Prepayments on inventories	113	0
	17,801	**15,884**

Of the inventories reported, the sum of EUR 16,737 thousand (previous year: EUR 15,233 thousand) was carried at net realizable value.

The write-downs of inventories were EUR 16,134 thousand in the year under review (previous year: EUR 14,295 thousand).

Bastei Lübbe had pledged goods worth EUR 15,069 thousand in the previous year as one of several items of collateral pledged to three different banks under a collateral pooling agreement for overdraft facilities granted. The collateral pooling agreement was amended on July 13, 2012 to strike the use of these goods as collateral.

11. Trade Receivables

EUR thousands	3/31/2013	3/31/2012
Receivables from		
Third parties	18,274	14,833
less discounting of non-current receivables	-152	-230
less impairments	-63	-49
	18,059	**14,554**

The EUR 1,359 thousand in non-current receivables from one particular customer (previous year: EUR 1,671 thousand) has been discounted to a present value of EUR 1,207 thousand (previous year EUR 1,441 thousand), because there is no agreement with this customer on the payment of interest. All other trade receivables reported are due within one year and reported as current receivables.

Impairments were taken on EUR 80 thousand (previous year: EUR 59 thousand) in receivables. The impairments on trade receivables developed as follows:

EUR thousands	2012/2013	2011/2012
At April 1	49	128
Utilized	-3	-83
Reversals	-1	-2
Allocations	18	6
	63	**49**

At March 31, 2013, there was EUR 15,240 thousand in receivables that were neither impaired nor past due (previous year: EUR 13,656 thousand). As of the reporting date, there was no indication that these customers would fail to meet their payment obligations.

The trade receivables that were past due, but not impaired, as of the reporting date break down as follows:

EUR thousands	3/31/2013	3/31/2012
up to 30 days past due	1,449	581
31 to 90 days past due	1,084	73
91 to 180 days past due	168	84
181 days to 1 year past due	79	99
over 1 year past due	22	51
	2,802	**888**

Under a blanket assignment, Bastei Lübbe has pledged all of its trade receivables to a group of three banks as one of several items of collateral pledged under a collateral pooling agreement with these banks for overdraft facilities they granted.

Of the trade receivables reported, the sum of EUR 11,879 thousand (previous year: EUR 10,592 thousand) was sold under a factoring agreement with Vereinigte Verlagsauslieferung arvato media GmbH (VVA), Gütersloh. The receivables have not been removed from the statement of financial position, because it was only the contractual right to the cash flows that was sold, not the risk of default. VVA advanced a total of EUR 862 thousand (previous year: EUR 374 thousand) on receivables that have not been paid. This amount has been reported under other liabilities. The sum of EUR 4,221 thousand (previous year: EUR 3,721 thousand) has been reported under financial assets for amounts customers have paid to VVA, but which VVA has not yet forwarded to Lübbe under the parties' factoring agreement. Because these assets and liabilities are short term in nature, their carrying amounts equal their fair values. The assets' carrying amounts prior to transfer are the same as their carrying amounts after transfer.

12. Other Receivables
13.

EUR thousands	3/31/2013	3/31/2012
Miscellaneous prepaid expenses	313	336
VAT refund claims	810	851
Other	11	8
	1,134	**1,195**

All amounts are due within one year.

14. Cash and Cash Equivalents

EUR thousands	3/31/2013	3/31/2012
Credit balances at banks		
Demand deposits and certificates of deposits	63	2,723
Cash	16	12
	79	**2,735**

This item is not subject to any restrictions on ownership or disposal.

15. Capital Shares of the Limited Partners

The Company is organized as a commercial partnership (GmbH & Co. KG) in which the partners can obligate the Company to return their capital contributions and remit their share of the profit by exercising a statutory right to withdraw from the partnership. This right to withdraw from the partnership cannot be excluded by the partnership agreement.

The conditions the capital shares – as well as the reserves discussed below – must meet in order to qualify as equity capital pursuant to IAS 32 (Financial Instruments: Presentation), have been met.

The capital shares of Bastei Lübbe GmbH & Co. KG's limited partners have been fully paid in and were unchanged as of the reporting date at EUR 1,534 thousand.

Since the capital shares in a limited partnership, which can vary from each other in amount, are not comparable to a share of stock in a stock corporation, a meaningful (potentially comparable) calculation of “earnings per share” is not possible for a limited partnership and, therefore, will not be done here.

16. Reserves and Retained Earnings

The sum of reserves and retained earnings equals revenue reserves and includes the earnings that Bastei Lübbe KG puts into reserves pursuant to its operating agreement and the net retained profit, which consists of the net profit for the period and the profit brought forward. As in the previous year, the profit brought forward includes EUR 1,920 thousand from the remeasurements undertaken in the course of preparing the opening IFRS statement of financial position at April 1, 2011. It also captures the effects from differences in the way income and expense items are recognized through profit or loss under IFRS versus the way they had been recognized through profit or loss in prior years under the German Commercial Code (HGB).

Pursuant to a partner resolution dated April 10, 2013, the HGB net profit for the period (EUR 7,283 thousand) was credited in its entirety to the partner accounts.

17. Obligations under Early Retirement Arrangements

Bastei Lübbe entered into a collective agreement on an early retirement scheme with various employees that follows the block model. Under this model, employees work their full schedules for the first half of the early retirement scheme. Then, during the second half of the scheme, they are released from work, but continue to receive their early retirement pay (which includes top-up contributions).

The resulting obligations, which are limited to Germany, were calculated using the following inputs:

(% p.a.)	3/31/2013	3/31/2012
Discount rate	0.9	1.7
Future salary increases	2.0	2.0
Expected return on plan assets	3.9	4.3

The inputs for mortality, disability and marriage probability are based on the “2005 G” mortality tables of Dr. Klaus Heubeck.

Actuarial gains and losses are recognized immediately in profit or loss.

This net liability has changed as follows:

EUR thousands	3/31/2013	3/31/2012	4/1/2011
Present value of early retirement obligations	843	1,063	1,245
Fair value of plan assets	-519	-628	-667
	324	**435**	**578**

The present value of the early retirement obligations has changed as follows:

EUR thousands	2012/2013	2011/2012
At April 1	1,063	1,245
Service cost	121	146
Interest cost	15	21
Payments	-364	-362
Actuarial losses	8	13
At March 31	**843**	**1,063**

Expected payments in the 2013/2014 fiscal year are EUR 285 thousand (previous year: EUR 364 thousand).

The interest cost, offset against the net return on plan assets, is reported as finance costs. The other expenses, including actuarial losses, are reported as staff expenses.

The accrued liabilities are covered by a reinsurance policy, which has been pledged to the employees. The cash value of this reinsurance policy is accounted for as a plan asset pursuant to IAS 19.

The fair value of the plan assets has changed as follows:

EUR thousands	2012/2013	2011/2012
At April 1	628	667
Contributions	112	141
Payments	-240	-195
Net return	19	15
At March 31	**519**	**628**

The plan assets consist of reinsurance policies with a life insurance company. The contributions are made during the active phase of the early retirement arrangement. The payments are made during the passive phase of the early retirement arrangement. The money is invested in the life insurance company's general coverage pool. The restrictions

imposed by Germany's Federal Financial Supervisory Authority apply. The working time accounts are classic insurance policies without fund investments. The income from the reinsurance policies consists of the fixed-rate guaranteed interest (2.25% on all active policies) and the variable-rate profit share set annually by the insurance company on the basis of the risk or cost gains and the return on the underlying investments. The premiums charged by the life insurance company are offset against this amount.

18. Other Provisions

Outside of the early retirement obligations discussed in the previous Note, provisions changed as follows:

EUR thousands	At 4/1/2011	Amount used	Reversals	Allocations	At 3/31/2012
Non-current					
Archiving costs	94	29			65
Current					
Returns	5,809	5,809		6,002	6,002
Translator fees	1,067		1,067		0
Litigation	200			30	230
Individual risks relating to receivables from factoring	158		77		81
Anticipated losses on author fees	58		34		24
	7,292	5,809	1,178	6,032	6,337
	7,386	**5,838**	**1,178**	**6,032**	**6,402**

EUR thousands	At 4/1/2012	Amount used	Reversals	Allocations	At 3/31/2013
Non-current					
Archiving costs	65			22	87
Current					
Returns	6,002	6,002		5,988	5,988
Litigation	230		15	229	444
Individual risks relating to receivables from factoring	81			15	96
Anticipated losses on author	24		24		0
Other	0			8	8
	6,337	6,002	39	6,240	6,536
	6,402	**6,002**	**39**	**6,262**	**6,623**

The **provisions for returns** reflect the expectations regarding usage of the booksellers return program. Customers are issued a full credit for returned publications. Pulp novels are not sent back to the publisher because they are sold under the system whereby only the cover is returned for a credit. Only the related credit is issued. The amount provisioned for returns is based on the return rate of the previous fiscal year. The amounts for the various categories of publications are determined separately. The Company has been keeping statistical records of the timing of returns for many years and has found it to be stable over time. Therefore, it is possible to make a reliable estimate of the amount that should be provisioned. Most obligations under the return program are settled within the first eight months after the end of the reporting period. Experience has shown that returns are completed within 18 months.

Provisions for litigation are formed to the extent the associated risks can be appropriately estimated. The amounts set aside are based on information and cost estimates provided by counsel and cover all of the fees, legal costs and possible settlement expenses that the attorneys estimate.

The **provisions for individual risks relating to receivables from factoring** concern receivables from customers in collections or insolvency for which Bastei Lübbe has already received payment from the factor. Since the factoring arrangement is a recourse factoring arrangement, there is the risk that amounts paid will have to be refunded to the factor.

Provision for translator fees

Pursuant to the provisions of §§ 32, 32a and 36 of the German Copyright Act, translators are to receive a reasonable share of the revenue generated by the works they translate; this applies, in particular, to translators of best sellers. The issue of reasonable compensation has now been addressed in several supreme court decisions. Due to the exceptionally large claims asserted against Bastei Lübbe in the past by best-selling authors seeking additional compensation, the Company formed adequate provisions for this risk in the period up to March 31, 2011. Based on the Company's experiences over the last few fiscal years and

management's assessment of the situation, the likelihood of translators' asserting such claims is now considered to be very low. Therefore, the provision of EUR 1,067 thousand established for such claims was reversed as of March 31, 2012.

19. Financial Liabilities/Trade Liabilities

EUR thousands	At 3/31/2012			
		with a residual maturity of		
Liabilities (to / from)	**Total**	**up to 1 year**	**from 1 to 5 years**	**more than 5 years**
Bond	30.000	0	30.000	0
Processing fees, net	-1.224	0	-1.224	0
Coupon payments bond	874	874	0	0
Banks	26	26	0	0
Finance leases	855	243	612	0
Employees	1.752	1.752	0	0
Debtors with credit balances	101	101	0	0
Other	43	43	0	0
	32.427	**3.039**	**29.388**	**0**

EUR thousands	At 3/31/2013			
		with a residual maturity of		
Liabilities (to / from)	**Total**	**up to 1 year**	**from 1 to 5 years**	**more than 5 years**
Bond	30.000	0	30.000	0
Processing fees, net	-956	0	-956	0
Coupon payments bond	874	874	0	0
Banks	6.164	6.164	0	0
Finance leases	1.006	283	723	0
Employees	1.860	1.860	0	0
Debtors with credit balances	288	288	0	0
Other	43	43	0	0
	39.279	**9.512**	**29.767**	**0**

The Company issued a bond with a total face value of EUR 30 million on October 26, 2011. The bond consists of 30,000 individual bearer bonds with a face value of EUR 1,000.00 each. The bearer bonds carry a 6.75% coupon that is paid annually in arrears from October 26, 2011 to October 25, 2016. On October 26, 2016, the bonds will be redeemed at face value. The bond trades in the Open Market of the Düsseldorf and Frankfurt stock exchanges. On the Düsseldorf Stock Exchange, the bond is admitted to trading in the SME sub-segment “der mittelstandsmarkt.”

The EUR 1,340 thousand in total processing fees paid in 2011 is incorporated into the bond’s amortized cost and will be charged to profit or loss over the bond’s term (which ends October 26, 2016). At the end of 12 months, the sum of EUR 689 thousand (previous year: EUR 956 thousand) will be recognized in profit or loss.

The coupon payments on the bond represent the interest that is owed on the bond for the period beginning on the last payment date (October 26) and ending on the reporting date.

Liabilities to banks were EUR 6,113 thousand at the reporting date (previous year: EUR 0 thousand). Bastei Lübbe has furnished collateral for these liabilities. The interest rates on the overdraft facilities, which are exclusively short term, are 1.6% in the case of a limited, EUR 2,000 thousand fixed-rate facility expiring on December 21, 2013 and then variable rates based on EONIA and the 1-month EURIBOR plus a margin of between 1.8% and 2.6% in the case of the other facilities.

The banks were furnished collateral in the form of trade receivables and all the receivables from factoring. In the previous year, goods worth EUR 15,069 thousand had also been pledged as security. The collateral pooling agreement was amended on July 13, 2012 to strike the use of these goods as collateral.

Liabilities from finance leases are reported as liabilities if the leased property is capitalized under property, plant and equipment as the economic property of the Company (finance leases). They are stated at their present value.

One finance lease was terminated early as of May 1, 2012 and replaced by a new agreement. The early termination fee was incorporated into the lease payment under the new lease. Its payment was recognized in profit or loss in the 2012/2013 fiscal year.

The liabilities under leases break down by maturity as follows:

	Future minimum lease payments		Interest portion		Principal portion (= present value)	
EUR thousands	3/31/2013	3/31/2012	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Within one year	345	290	62	47	283	243
Between 1 and 5 years	837	740	114	128	723	612
In more than 5 years	0	0	0	0	0	0
	1,182	**1,030**	**176**	**175**	**1,006**	**855**

The original term of most finance leases is four to six years. If the lease contains renewal or purchase options that are considered favorable, the corresponding amounts are incorporated into the present value calculations.

Liabilities to employees predominantly include bonuses, vacation pay and credit for overtime.

Trade liabilities mainly comprise liabilities for fee payments to authors and agencies, liabilities to printing companies, liabilities from consulting services and rent.

20. Receivables from and Liabilities to limited Partners

EUR thousands	3/31/2013	3/31/2012
Receivables from limited partners		
Stefan Lübbe	3,399	2,850
Lübbe Beteiligungs GmbH	573	639
	3,972	**3,489**
Liabilities to the general partner		
Bastei Lübbe Verwaltungs GmbH	577	522
Liabilities to the limited partners		
Diana Roggen	77	126
	654	**648**

All receivables from and liabilities to limited partners are due within one year.

21. Other Liabilities

Liabilities (to/from)	3/31/2013	3/31/2012
Advance payments received	862	374
Other taxes	271	230
Contributions to the Artists' Social Security Fund	56	122
Other	16	34
	1,205	**760**

Unless otherwise indicated, these liabilities are recognized at amortized cost. All have a residual maturity of up to one year.

A substantial portion of trade receivables has been sold under a recourse factoring arrangement (see Note 11). To the extent the factor has paid the Company for receivables that the customers themselves have not yet paid, the corresponding amounts are reported under other liabilities as advance payments received.

The liabilities from other taxes include not only the Company's own tax liabilities, but also taxes withheld on behalf of third parties (payroll taxes and church taxes).

Notes to the Statement of Profit or Loss and Other Comprehensive Income

The statement of profit or loss and other comprehensive income has been prepared using the nature of expense format (total cost method). The previous fiscal year's figures (2011/2012) and those from 2012/2013 are only partly comparable since Hartmut Räder Wohnzubehör GmbH & Co. KG and PMV Partner Medien Verlagsgesellschaft mbH were merged into Bastei Lübbe KG (the former through a merger of partnerships by way of accrual as of 07/01/2012, the latter as of 01/01/2013), and their revenue, income and expenses have been included in the statement of profit or loss and other comprehensive income for the 2012/2013 fiscal year since the effective dates of the business combinations.

There were no items of other comprehensive income in either fiscal year, so the net profit for the period and total comprehensive income are equal.

22. Revenue

The net revenue – after discounts and rebates – breaks down by segment as follows:

EUR thousands	2012/2013	2011/2012
Book	79,132	74,053
Non-Book	10,542	175
Pulp Novels & Puzzle Booklets	8,656	8,505
	98,330	**82,733**

The breakdown of revenue by region is presented in the segment report.

23. Changes in Finished Goods and Work in Progress

	Amount in inventory		Change in inventory	
EUR thousands	3/31/2013	3/31/2012	2012/2013	2011/2012
Work in progress	438	223	215	-20
Finished goods	16,897	15,233	1,664	2,602
			1,879	2,582
Merger of partnerships by way of accrual/merger			-3,218	0
			-1,339	**2,582**

24. Other Operating Income

EUR thousands	2012/2013	2011/2012
Benefits in kind	232	202
Insurance benefits, compensation for damages	109	72
Income from the reversal of impairments on license agreements with authors and publishing licenses	53	203
Exchange gains	50	19
Income from the reversal of provisions	39	1,178
Rental income	35	40
Sales to employees and meal allowances	30	31
Income from the reversal of individual loss allowances	18	9
Income from previously written-off receivables	12	30
Income from the write-off of liabilities	0	37
Other	50	78
	628	**1,900**

See Note 17 for additional information about income from the reversal of provisions.

25. Cost of Materials

EUR thousands	2012/2013	2011/2012
Authors' fees and amortization charges and impairment losses on license agreements with authors	20,275	21,048
Printing, typesetting, reproduction, audio books	18,210	19,587
Purchase of "Räder" articles	2,998	0
Translation, proofing and editing	1,191	1,442
Image rights and artwork	1,008	845
Covers, bookbinding	792	751
External publications	665	258
Contributions to the Artists' Social Security Fund and fees to GEMA (German society for musical performance and mechanical reproduction rights)	657	599
Merchandise	332	284
Other purchased services	375	0
	46,503	**44,814**

See Note 8 for additional information on the amortization and impairment of license agreements with authors.

26. Staff costs

EUR thousands	2012/2013	2011/2012
Wages and salaries	12,527	9,781
Employer contributions to statutory pension fund	1,139	880
Other social security contributions	1,097	815
Termination benefits	129	122
Other	300	393
	15,192	**11,991**

27. Depreciation

EUR thousands	2012/2013	2011/2012
Depreciation		
Intangible Assets	657	413
Property, plant and equipment	994	517
	1,651	**930**

There were no impairments of intangible assets or property, plant and equipment identified during impairment testing or otherwise during the 2012/2013 fiscal year or previous year.

28. Other Operating Expenses

EUR thousands	2012/2013		2011/2012	
Operating overhead				
Rent and other office expenses	1,771		1,203	
Lease payments	60		76	
Maintenance costs	70	1,901	38	1,317
Administrative overhead				
Legal fees, consulting expenses and cost of preparing the financial statements	1,847		1,421	
Payment to Bastei Lübbe Verwaltungs GmbH for administrative costs	1,224		1,557	
Vehicle expenses	644		567	
External IT costs	627		347	
Phone, postage, Internet	531		477	
Other Staff costs	328		198	
Office supplies, newspapers	245		107	
Entertainment	123		130	
Fees for monetary transactions	31		24	
Insurance	80		50	
Other administrative overhead	389	6,069	104	4,982
Sales overhead				
Advertising and travel expenses	7,180		5,980	
Outbound freight, transportation and storage	6,162		5,884	
Commissions	1,195		386	
Other sales overhead	408	14,945	113	12,363
Non-operating expenses				
Write-downs of receivables	65		99	
Exchange losses	32		25	
Losses from the disposal of assets	150		22	
Charitable contributions	69		26	
Other tax expenses	14		36	
Other non-operating expenses	45	375	25	233
		23,290		**18,895**

The write-downs of receivables included in non-operating items captures individual loss allowances (especially on trade receivables) as well as the write-off of receivables.

The payment made to Bastei Lübbe Verwaltungs GmbH in its capacity as the general partner of Bastei Lübbe GmbH & Co. KG relates to management expenses it passes on.

Share of Profit of investments accounted for using the equity method

The share of profit of investments accounted for using the equity method comes from the following companies:

EUR thousands	2012/2013	2011/2012
Income from equity-accounted investees		
Hartmut Räder Wohnzubehör GmbH & Co. KG	905	0
MoBa GmbH, Brno, Czech Republic	87	74
Various media distribution companies	47	30
PMV Partner Medien Verlagsgesellschaft mbH	37	0
	1,076	104
Impairments of investments accounted for using the equity method	-	
“Das Kind” Filmproduktion	-	
GmbH & Co. KG	-100	0
	976	**104**

The impairments charged to the fair value of investments accounted for using the equity method due to insufficient income and liquidity prospects relate to the equity investment in “Das Kind” Filmproduktion GmbH & Co. KG, Berlin, which has been assigned to the Book segment. The stake in that company has been written down to zero.

29. Finance Result

EUR thousands	2012/2013		2011/2012	
Finance income	-	-		
Income from overnight deposits and certificates of deposit	8		9	
Income from accounts with overdraft protection	10		42	
Income from interest charged on non-current trade receivables	78		14	
Other	18	114	3	68
Finance costs				
Coupon payments on the bond	-2,025		-874	
Processing fees for the bond	-268		-115	
Interest cost on early retirement provisions	-15		-21	
Net interest income from the plan assets for early retirement obligations	13		15	
Interest portion of lease payments under finance leases	-77		-63	
Expenses from bank loans	0		-112	
Expenses from accounts with overdraft protection	-90		-335	
Other	-31	-2,493	-28	-1,533
Finance result		**-2,379**		**-1,465**

30. Income Tax Expenses

Since Bastei Lübbe KG is a partnership, its deferred taxes are computed solely on the basis of trade tax and the trade tax multiplier for the city of Cologne, which is 475%. The overall tax rate is 16.625%.

EUR thousands	2012/2013	2011/2012
Taxes paid or owed		
for the current year	1,168	1,136
for previous years	252	68
	1,420	1,204
Deferred tax		
on temporary differences	244	443
	1,664	**1,647**

See Note 9 for additional information about income taxes.

The reconciliation from expected tax expense to actual tax expense is as follows:

EUR thousands	2012/2013	2011/2012
Profit/loss before tax	9,580	9,225
Expected tax expense (16.625%)	1,593	1,534
Goodwill	-100	-7
Non-deductible business expenses / tax-exempt income / miscellaneous items	-22	-19
Prior-year taxes	251	67
Trade tax adjustments	-52	67
Other	-6	5
Actual income tax expense	**1,664**	**1,647**

Other Disclosures

31. Notes to the Statement of Cash Flows

The statement of cash flows was prepared using the indirect method. Pursuant to IAS 7 (Statement of Cash Flows), it shows how inflows and outflows of cash have changed the Company's cash and cash equivalents during the reporting period.

The statement of cash flows distinguishes between cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Cash comprises checks and cash on hand as well as bank deposits with a residual term of less than three months. The corresponding line item on the statement of financial position is "cash and cash equivalents."

The total amount (net) of income tax payments made in the first quarter was EUR 4,081 thousand (previous year: EUR 1,300 thousand). Interest payments were EUR 2,187 thousand (previous year: EUR 1,358 thousand).

The profit for the period increased by EUR 338 thousand compared to the previous year. However, the cash flow from operating activities was EUR 3,649 thousand less than the previous year because of the high volume of income tax payments and higher amount of cash tied up in capital employed.

There was a net outflow of EUR 5,281 thousand from investing activities in the reporting year (previous year: EUR 14,192 thousand). Outflows for the acquisition of intangible assets and property, plant and equipment may have increased by EUR 775 thousand, but investments in subsidiaries and associates decreased from EUR 13,519 thousand by EUR 9,758 thousand to EUR 3,761 thousand. The consideration paid for the acquired stakes was cash only.

There was a net cash inflow of EUR 599 thousand from financing activities in the year under review (previous year: EUR 11,381 thousand). The net effect from borrowings was EUR 5,812 thousand (previous year: EUR 17,475 thousand). The proceeds in the reporting year relate exclusively to short-term bank loans under overdraft agreements. In the previous year, there were proceeds of EUR 30,000 from the bond issued, less EUR 1,340 thousand in processing fees, and total repayments of EUR 11,185 thousand. Net cash payments to owners decreased by EUR 881 thousand to EUR 5,213 thousand.

There was a net decrease in cash and cash equivalents from operating, financing and investing activities of EUR 2,805 thousand in the year under review (previous year: net increase of EUR 2,714 thousand). The merger of two affiliated entities into the Company during the year under review, one being a merger of partnerships by way of accrual, resulted in a cash inflow of EUR 149 thousand.

See Note 4 for additional information about the assets acquired and liabilities assumed in these business combinations.

32. Segment Reporting

The segment reporting is organized in accordance with the Company’s internal management and reporting structures. For management purposes, the business of Bastei Lübbe KG is divided into units on the basis of products.

The Company distinguishes between the following segments:

- Book
- Non-Book
- Pulp Novels & Puzzle Booklets

Book

The Book segment consists mostly of hardcover books and trade paperbacks, but also includes mass market paperbacks as well as Bastei Lübbe's audio books and e-books. These items are sold in traditional retail bookstores and bookshops at train stations and airports. The digital products and audio products are sold via the appropriate platforms.

Non-Book

This segment covers merchandise, especially gift items sold under the Räder label. Items are sold via the traditional sales channels mentioned above, but also in furniture stores, card shops and gift shops.

Pulp Novels & Puzzle Booklets

This segment covers romance novels, thrillers and puzzle booklets. The traditional sales channel is wholesalers.

The segments performed as follows in the year under review:

	Book		Non-Book		Pulp Novels & Puzzle Booklets		Total	
EUR thousands	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Segment revenues	79,132	74,053	10,542	175	8,656	8,505	98,330	82,733
Intersegment revenues	0	0	0	0	0	0	0	0
Revenues from external customers	**79,132**	**74,053**	**10,542**	**175**	**8,656**	**8,505**	**98,330**	**82,733**
EBITDA *	**10,773**	**10,362**	**1,617**	**-50**	**1,220**	**1,308**	**13,610**	**11,620**
Share of profit of investments accounted for using the equity method	-56	94	905	0	127	10	976	104
Depreciation	1,008	837	483	1	160	92	1,651	930
EBIT	**9,765**	**9,525**	**1,134**	**-51**	**1,060**	**1,216**	**11,959**	**10,690**
Finance result							-2,379	-1,465
Earnings before taxes (EBT)							**9,580**	**9,225**
Income taxes							1,664	1,647
Profit for the period							**7,916**	**7,578**

* The EBITDA figure contains the amortization charges and impairment losses on license agreements with authors (see Notes 8 and 24).

The following table breaks down the total segment sales by region:

	Germany		Rest of world		Total	
EUR thousands	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Revenues from	83,963	73,725	14,367	9,008	98,330	82,733

external customers

Revenues are assigned to regions based on the location of the customer's registered office. Most sales outside of Germany are made in Austria and Switzerland.

Bastei Lübbe has two customers that each account for more than 10% of its revenue. The total revenue generated with these customers breaks down by segment as follows (all amounts in EUR thousands):

Book		Non-Book		Pulp Novels & Puzzle Booklets		Total	
2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
24,147	20,040	666	0	0	0	24,813	20,040

There is no breakdown of assets, liabilities and capital expenditures by operating segment since these figures are not used as performance indicators at segment level.

Bastei Lübbe does not maintain any permanent establishments outside Germany. Therefore, a breakdown of segment assets and liabilities by region would be superfluous.

33. Capital Management

The equity capital comprises the limited partners' capital shares, the reserves and the retained earnings.

As part of capital management, management endeavors to assure a strong equity base in order to strengthen the confidence existing investors, potential investors and business partners have in the viability of Bastei Lübbe's business activities and to guarantee the Company's further development.

So far there has been no plan to have employees participate in the Company in the form of an employee profit-sharing plan.

The steering system used by management is geared largely towards performance indicators. A paramount requirement in this regard is calculating the cost of all projects (including book projects, etc.) in advance. Appropriate tools are available to assist in this process. Projects can only be embarked upon if a minimum earnings before interest and taxes (EBIT) of more than 8% is achieved. Upon completion, all projects are subject to post-project costing and controlling.

In their meeting on April 10, 2013, the partners resolved to distribute the entire HGB net profit for the period of EUR 7,283 thousand.

34. Financial Instruments

Below is a list of financial instruments included in the annual financialstatements , classified in accordance with IAS 39.

EUR thousands	3/31/2013	3/31/2012
Assets		
Loans and receivables		
Cash and cash equivalents	79	2,735
Trade receivables	18,059	14,554
Receivables from limited partners	3,972	3,489
Other non-derivative financial assets	4,859	4,211
Available for sale		
Other long-term equity investments	108	208
Held to maturity		
Derivatives not designated as hedging instruments	0	1
	27,077	**25,198**
Equity and Liabilities		
Liabilities		
... trade payables	14,356	14,449
... from the bond issued	29,918	29,650
... to banks	6,164	26
... under finance leases	1,006	855
... to partners	654	648
Other non-derivative financial liabilities	2,191	1,896
	54,289	**47,524**

Except for derivatives and liabilities under leases, the financial instruments were measured at amortized cost.

The fair value of financial assets and financial liabilities is stated at the amount at which the respective instrument could be exchanged in a current transaction between willing parties.

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

- Cash and cash equivalents, trade receivables, other current assets, trade payables, current liabilities to banks and other current liabilities have a fair value that is very close to their carrying amount primarily because of their short maturities.

- The Company measures its non-current receivables using inputs like interest rates and credit quality. The carrying amounts of these receivables were the same as their fair values at the end of the respective reporting periods.

- The fair value of the publicly traded bond was based on market quotations on the closing dates of the respective reporting periods.

- The fair value of obligations under finance leases is estimated by discounting the future cash flows associated with the obligations using interest rates currently charged on loans that have comparable terms, default risks and residual maturities.

- The fair value of the other long-term equity investments held for sale is not estimated since there are no quoted prices from an active market and the fair value cannot be reliably determined. These available-for-sale financial assets represent strategic investments in media distribution companies. Their fair value is not determined due to the lack of market transactions and of insight into the factors that materially affect their fair value. At the moment, the Company does not intend to sell these assets.

Bastei Lübbe uses the following hierarchy for determining and disclosing fair value:

- Level 1: quoted (unadjusted) prices for similar assets or liabilities in active markets,

- Level 2: inputs, other than the Level 1 prices, that are observable for the asset or liability either directly or indirectly,

- Level 3: inputs for the measurement of the asset or liability that are not based on observable market data.

The fair value of all items presented on the face of the statement of financial position or in these notes is based either on Level 1 quoted prices (applies solely to the bond issued) or Level 2 information and inputs as described above. Since observable market parameters are used, the measurement does not deviate from general market assumptions. None of the Company's financial instruments are classified within Level 3 of the fair value hierarchy.

The fair value of the bond (before the offset of processing fees) was EUR 33,300 thousand at March 31, 2013 given that it was trading at 111.0% of face value (previous year: EUR 31,350 thousand based on its trading at 104.5% of face value).

The fair value of the liabilities under leases was EUR 1,019 thousand at March 31, 2013 (previous year: EUR 879 thousand).

The table below shows the net gains and losses (excluding interest and shares of profit ofinvestments accounted for using the equity method) by financial instrument type and category.

EUR thousands	3/31/2013	3/31/2012
Assets		
Loans and receivables		
Cash and cash equivalents	13	0
Trade receivables	-35	28
Receivables from limited partners	0	0
Other non-derivative financial assets	0	0
Available for sale		
Other long-term equity investments	0	0
Held to maturity		
Derivatives not designated as hedging instruments	-1	-10
	-23	**18**
Equity and Liabilities		
Liabilities		
... trade payables	5	13
... from the bond issued	0	0
... to banks	0	0
... under finance leases	0	0
	5	**13**

The net gains and losses presented under “loans and receivables” related predominantly to impairments.

The net result for “liabilities” was attributable to write-offs and the results from currency translation.

Currency translation differences were also recorded with cash.

The net gains and losses presented for the “held to maturity” category related predominantly to changes in the fair value of financial derivatives in this category.

The remeasurement of non-current trade receivables using the effective interest method resulted in interest income in the amount of EUR 78 thousand (previous year: EUR 14 thousand) being recognized in the interest result.

35. Financial Risk Management

Bastei Lübbe is subject to credit rating risk, liquidity risk, exchange rate risk and interest rate risk on its financial instruments. The task of financial risk management is to limit these risks through targeted measures.

Credit rating risk

Bastei Lübbe hedges against some of the credit risk in its trade receivables portfolio by using trade credit insurance. Receivables from the Book segment that are above EUR 50 thousand are insurable under a trade credit policy. Management decides whether to use credit insurance on a case-by-case basis. The observance of trade credit limits is monitored on a monthly basis. The Company essentially has one major customer in its Pulp Novel & Puzzle Booklets segment. The receivables from this customer are not covered by trade credit insurance. They are routinely monitored for observance of the agreed payment terms.

In addition, a large part of the books and merchandising items sold are delivered through VVA (a Bertelsmann subsidiary based in Gütersloh). Because of a recourse factoring arrangement, VVA also gives the Company cash for the receivables from its customers, most of whom are booksellers. VVA provides this service to a number of different publishing companies, including the Random House Group. VVA has its own risk management system that assesses the creditworthiness of individual customers on the basis of their overall payment history. VVA provides its clients, and therefore Bastei Lübbe, with regular reports on the payment practices of individual customers, giving prompt warning when those practices change for the worse. In consultation with Bastei Lübbe, these customers are then blocked from receiving further shipments.

That maximum credit risk on the Company’s financial assets is EUR 20,415 thousand (previous year: EUR 25,098 thousand).

Liquidity risk

Bastei Lübbe has secured most of its liquidity needs through the bond it issued in October 2011. In addition, it has an overdraft facility with its three principal banks that it is most likely to draw on only at the peak payment dates of March 31 and September 30. Daily cash flow planning ensures an ongoing overview of liquidity requirements. Moreover, actual liquidity needs are compared to target liquidity needs and any detected differences are analyzed.

The following analysis of the contractual maturity dates for trade payables and financial liabilities can be used to assess the liquidity risk:

EUR thousands	At 3/31/2012					
		Undiscounted outflows				
	Carrying amount	Total	up to 30 days	from 30 to 180 days	from 180 days to 1 year	more than 1 year
Trade payables	14.449	14.449	3.819	4.726	5.904	0
Bond, incl. coupon payments	30.874	42.150	0	874	1.151	40.125
Liabilities to banks	26	26	26	0	0	0
Finance leases	855	1.030	24	121	145	740
Liabilities to limited partners	648	648	112	536	0	0
Other non-derivative financial liabilities	1.896	1.896	94	1.592	210	0
	48.748	**60.199**	**4.075**	**7.849**	**7.410**	**40.865**

EUR thousands	At 3/31/2013					
		Undiscounted outflows				
	Carrying amount	Total	up to 30 days	from 30 to 180 days	from 180 days to 1 year	more than 1 year
Trade payables	14.356	14.356	4.855	4.897	4.604	0
Bond, incl. coupon payments	30.874	40.125	0	874	1.151	38.100
Liabilities to banks	6.164	6.164	6.164	0	0	0
Finance leases	1.006	1.183	29	144	173	837
Liabilities to limited partners	654	654	49	605	0	0
Other non-derivative financial liabilities	2.191	2.191	187	1.734	270	0
	55.245	**64.673**	**11.284**	**8.254**	**6.198**	**38.937**

In addition to capturing the carrying amounts of the liabilities, the gross inflows/outflows include, in particular, future interest/coupon payments. The processing fees offset against the cost of the bond are not presented here because the corresponding outflow has already occurred. There are currently no financial liabilities that mature at a date later than the bond's redemption date (October 26, 2016).

Exchange rate risk

The foreign currency receivables and foreign currency liabilities resulting from contracts are hedged with currency forwards entered into with financially sound banks.

In recent years, there has been no need to hedge foreign currency receivables, since nearly all transactions were done in euro or those that were in foreign currency were of minor importance.

On the liabilities side, currency forwards with optional settlement dates were used to hedge the risks of purchases made in US dollars. Without exception, the currency forward contracts entered into had a residual term of up to one year.

At March 31, 2013, Bastei Lübbe had one currency forward with an optional settlement date (by July 1, 2013) in the amount of USD 300 thousand/EUR 221 thousand.

Interest rate risk

Interest rate risks are addressed with suitable instruments from the derivatives market (e.g., the exchange of fixed interest rates for floating interest rates). Bastei Lübbe took out a money market loan on December 22, 2012 in the amount of EUR 2,000 thousand. This loan comes due on December 23, 2013 and bears interest at the fixed rate of 1.60%. The overdraft facility made available to the Company was reduced by this amount for the period mentioned.

Due to the remarkably low interest rates on the money market at this time, a floating interest rate has been accepted for a portion of the short-term draws on the overdraft facility.

36. Contingent Liabilities, Operating Leases and Other Financial Obligations

(a) Contingent liability from joint and several liability for guarantees and cash advances

There are liabilities from a directly enforceable guarantee and a co-debtor arrangement in the amount of EUR 1,500 thousand in respect of an investee's borrowings from two banks. There is no indication whatsoever at this time that the investee will be unable to meet its obligations to these banks. Therefore, the risk of the guarantees' being utilized is considered low.

(b) Operating leases

In addition to finance leases, which are treated as financial liabilities and were discussed previously (see Note 18), there are rental agreements and leases (on land, offices and buildings as well as cars, office equipment, furniture and fixtures) that qualify as operating leases based on their economic substance. The underlying lease agreements include

renewal and purchase options that are customary in the industry. Office furniture is rented for fixed commitments of up to eight years. In the case of one lease, there is an automatic renewal for two years if neither party objects to the renewal by nine months prior to the lease's expiration. Another lease can be renewed twice for five years after the original lease term.

Payments of EUR 1,607 thousand were made under these leases in the reporting year (previous year: EUR 1,287 thousand). The minimum lease payments under non-cancellable operating leases in effect as of the reporting date are due in the subsequent years as follows:

EUR thousands	3/31/2013	3/31/2012
Within one year	1,748	1,585
Between 1 and 5 years	5,466	4,165
In more than 5 years	2,690	3,668
	9,904	**9,418**

(c) Other financial liabilities

The due dates of the Company's other financial liabilities, especially liabilities under maintenance agreements, are as follows:

EUR thousands	3/31/2013	3/31/2012
Within one year	242	241
Between 1 and 5 years	394	577
In more than 5 years	0	13
	636	**831**

37. Related Party Disclosures

The principal equity holder of Bastei Lübbe KG is Mr. Stefan Lübbe. See Note 19 for information about receivables from limited partners and liabilities to limited partners. There were no transactions with these individuals. Of all of the partners, only the general partner has received compensation, EUR 38 thousand (previous year: EUR 34 thousand) for its assumption of liability and EUR 1,224 thousand (previous year: EUR 1,557 thousand) to cover its costs.

There were transactions with other related parties in the year under review. These were recognized in profit or loss as follows:

EUR thousands	3/31/2013	3/31/2012

Affiliated companies		
Purchases of goods	-2	0
Sales of goods	14	16
	12	16
Associated companies		
Purchases of goods	-17	0
Sales of goods	27	0
Services performed	30	0
Interest income	14	0
	54	0
Related parties of the principal equity holder		
Other operating expenses	-3	-3
Management and its related parties		
Other operating expenses	-362	-184
	-296	**-168**

The statement of financial position contained the following receivables from related parties and following liabilities to related parties at the reporting date.

EUR thousands	3/31/2013	3/31/2012
Affiliated companies		
Trade receivables	2	3
Other receivables	180	0
	182	3
Associated companies		
Trade receivables	36	0
Trade payables	0	0
Other receivables	8	0
	44	0
Related parties of the principal equity holder		
Other receivables	3	4
Management and its related parties		

Other liabilities	-57	-35
	172	**-28**

38. Disclosure Pursuant to § 285 No. 15 of the German Commercial Code (HGB)

The general partner is Bastei Lübbe Verwaltungs GmbH, Cologne. Its subscribed capital was EUR 55,000.00 at March 31, 2013 (March 31, 2012: EUR 55,000.00).

39. Management

The responsibility for managing the Company rests with its general partner, Bastei Lübbe Verwaltungs GmbH, which is represented by its managing directors:

- Stefan Lübbe, Bergisch Gladbach, Publisher (CEO)
- Thomas Schierack, Cologne, Attorney-at-Law
- Klaus Kluge, Cologne, Publishing Director
- Hartmut Räder, Bochum, Businessman (starting July 1, 2012)
- Bodo Horn-Rumold, Frankfurt am Main, Publishing Director (until November 30, 2012)
- Felix Rudloff, Cologne, Publishing Director (starting October 1, 2012)

The members of management received EUR 1,224 thousand in compensation in fiscal year 2012/2013 (previous year: EUR 1,557 thousand). This amount includes a variable compensation component in the amount of EUR 155 thousand (previous year: EUR 85 thousand).

Effective July 9, 2013, Bastei Lübbe Verwaltungs GmbH withdrew as the general partner of Bastei Lübbe KG and was replaced by DENUS Einhundertundneunzig Unternehmensverwaltungs GmbH (“DENUS GmbH”). The Managing Director of DENUS GmbH is Stefan Lübbe.

Through a resolution dated July 9, 2013, Bastei Lübbe GmbH & Co. KG was transformed into Bastei Lübbe AG. The transformation was recorded in the commercial register on August 14, 2013.

The founders appointed the Supervisory Board members to be elected by the shareholders. They are:

- Prof. Dr. Michael Nelles, Essen
- Prof. Dr. Gordian Hasselblatt, Cologne
- Dr. Friedrich Wehrle, Stuttgart

The following individuals were appointed to serve on the Management Board of Bastei Lübbe:

- Thomas Schierack, Cologne
- Klaus Kluge, Cologne
- Felix Rudloff, Cologne

40. Employees

The average number of employees was:

	2012/2013	2011/2012
Employees	242	184
	242	184

41. Auditor's Fees

The fees expensed to profit or loss in the year under review for the auditor, as such term is defined in § 319 (1) Sentences 1 and 2 of the German Commercial Code (HGB), break down as follows:

EUR thousands	2012/2013	2011/2012
Services provided in connection with preparation of the financial statements	56	68
Tax consulting	-	-
Other consulting	39	29
Miscellaneous services	-	14
	95	**111**

42. Notes Concerning the Transition to IFRS

As mentioned at the beginning of the Notes, the present financial statements are the first financial statementsprepared according to IFRS. Determining comparative information for the previous year required the preparation of an opening IFRS statement of financial position at April 1, 2011 that was based on the financial statements prepared in accordance with the German Commercial Code (HGB) as of March 31, 2011.

The following notes discuss the material impact of the transition to IFRSs for the pertinent items in the opening IFRS statement of financial position at April 1, 2011, the previous year's IFRS statement of financial position at March 31, 2012, and the income statement for the 2011/2012 fiscal year.

a) Pursuant to IFRS 3, goodwill from business combinations cannot be amortized from April 1, 2011 on. In addition, in accordance with IFRS 1, and in derogation of IFRS 3 on this point, even the amortization of goodwill from business combinations that occurred prior to the date of transition to IFRSs is being discontinued as of April 1, 2011. Instead of amortization, impairment tests will be performed at least once a year.

   During the impairment testing done as of April 1, 2011, the goodwill of the "Boje" CGU (Boje being a publisher of works for children and teens) was written down to zero (EUR 558 thousand) due to poor earnings prospects. This differs from the amount reported in the HGB financial statements. Since this impairment loss was recognized as of April 1, 2011, it was offset against reserves and is not reflected in the statement of profit or loss and other comprehensive income for 2011/2012. The elimination of the amortization charges recorded in the 2011/2012 HGB financial statementscaused goodwill to increase, and depreciation to decrease, by EUR 40 thousand each as of March 31, 2012.

b) Leases are generally evaluated in the HGB financial statements on the basis of the tax pronouncements concerning leases. For IFRS, IAS 17 governs the classification of leased property. With finance leases, it is the lessor [sic] who reports the leased property and lease payments discounted over the lease's term in its statement of financial position.

   Consequently, finance costs are reflected in IFRS profit or loss in the form of amortization charges and interest expense. In return, the rent and lease expenses reported in other operating expenses under HGB are eliminated from the IFRS financial statements.

   The carrying amounts of property, plant and equipment increased by EUR 1,163 thousand at April 1, 2011 and by EUR 998 thousand at March 31, 2012. Additional depreciation charges of EUR 165 thousand and interest expense of EUR 63 thousand were recognized in the finance result for the 2011/2012 fiscal year.

   By reporting the discounted lease payments as liabilities, financial liabilities (current and non-current combined) increased by EUR 1,082 thousand at April 1, 2011 and by EUR 855 thousand at March 31, 2012. Rent and lease payments of EUR 290 thousand were eliminated from other operating expenses in the 2011/2012 fiscal year.

c) The trade receivables with a term greater than one year from one customer are measurable at fair value when first recognized. Since these receivables do not carry

interest, they were discounted to present value on the basis of their estimated term. The receivables had not been discounted in the HGB financialstatements.

This caused receivables to decrease by EUR 90 thousand at April 1, 2011 and, since the receivables from this customer rose substantially in fiscal year 2011/2012, by EUR 229 thousand at March 31, 2012. There was interest income of EUR 14 thousand in fiscal year 2011/2012 from the interest charged on old receivables. Measuring the receivable at fair value upon initial recognition caused revenue to decrease by EUR 154 thousand in fiscal 2011/2012.

d) In the HGB financial statements, trade receivables sold to the factor under a recourse factoring arrangement were derecognized. In their place, a receivable from the factor was recognized under other assets that showed the balance of the contractual obligations. Under IFRS, the receivables cannot be derecognized because some of the risks, especially the credit risks, are not transferable to the factor pursuant to the factoring agreement.

   As a result, receivables that customers had not yet paid were reported as trade receivables in an amount of EUR 13,330 thousand at April 1, 2011 (March 31, 2012: EUR 10,592 thousand). The payments made by the factor for such receivables were presented under IFRS under other liabilities in an amount of EUR 361 thousand at April 1, 2011 (March 31, 2012: EUR 374 thousand). The amounts that the factor has already received from customers, but not yet forwarded to Bastei Lübbe, are captured in the IFRS financial statements under financial assets in an amount of EUR 455 thousand at April 1, 2011 (March 31, 2012: EUR 3,721 thousand).

   Since the reclassifications in this case only affected the statement of financial position, there was not impact on profit or loss.

e) In the HGB financial statements, credits for books returned by customers (returns) were deducted from trade receivables. This type of deduction was not possible under the applicable IFRS criteria. Therefore, these amounts were reported as provisions, just as expected returns were reported as provisions in the HGB financial statements. The provisions for returns were EUR 2,425 thousand at April 1, 2011 and EUR 2,462 thousand at March 31, 2012.

   This, too, was a reclassification that only affected the statement of financial position, with no resulting impact on profit or loss.

f) The general loss allowance (GLA) permitted for receivables under HGB is not allowed under IFRS. Since the requirements for recognizing a general allowance by pooling the receivables was not met, the GLA formed in the HGB financial statementswas eliminated.

   As of April 1, 2011, this led to an increase of EUR 465 thousand in license agreements with authors (March 31, 2012: EUR 633 thousand) and of EUR 395

thousand in trade receivables (March 31, 2012: EUR 457 thousand). The cost of materials, where the GLA on license agreements with authors was reported in the HGB financial statements, decreased by EUR 168 thousand, while other operating expenses, where the GLA on trade receivables was reported, decreased by EUR 62 thousand in fiscal year 2011/2012.

g) Under HGB, the processing fees incurred in fiscal 2011/2012 in connection with placement of the EUR 30,000 thousand bond were expensed to the income statement in full (EUR 1,340 thousand). Under IFRS, the fees are recognized in profit or loss on a pro-rate basis over the term of the bond, which matures in October 2016.

   Since this amount is considered part of the bond's cost, non-current financial liabilities decreased by EUR 1,225 thousand as of March 31, 2012, with the same amount credited to the finance result. There were no effects at April 1, 2011.

h) German GAAP and IFRS both require the recognition of provisions for obligations under early retirement arrangements. Differences between the amounts at which these provisions are stated under IFRS versus HGB/EStG (the German Income Tax Act) relate mostly to differences in the company-specific inputs and discount rates used under IFRS versus HGB.

   Non-current provisions increased by EUR 334 thousand at April 1, 2011 and by EUR 251 thousand at March 31, 2012 due to these differences.

   Staff costs for 2011/2012 were EUR 92 thousand lower under IFRS, but, in exchange for that, an additional EUR 21 thousand was recorded in the finance result.

i) The net profit for the period reported in the HGB financial statements was used in full, i.e., part was allocated to reserves and the remainder was credited to the partner accounts. However, since the corresponding partner resolution was not adopted until after the reporting date, the liability to the partners has not yet been incurred under IFRS. As a result, the appropriation of profit had to be reversed.

   The net profit under HGB of EUR 6,795 thousand for 2010/2011 and of EUR 6,520 thousand for 2011/2012, less the amounts already allocated to reserves of EUR 110 thousand (April 1, 2011) and EUR 1,784 (March 31, 2012), was added back to equity and subtracted from the partners' personal accounts in the amount of EUR 6,685 thousand (April 1, 2011) and EUR 4,736 thousand (March 31, 2012). This resulted in there being receivables against some partners in the amount of EUR 3,833 thousand (April 1, 2011) and EUR 3,490 thousand (March 31, 2012) rather than the liabilities to limited partners reported exclusively in the HGB financial statements.

   At no time were there any effects on profit or loss.

j) The aforementioned changes increased the deferred tax assets ("+") and deferred tax liabilities ("-") by the following amounts, based on a tax rate of 16.625%:

EUR thousands	see	3/31/2012	4/1/2011
Finance leases	b	-24	-14
Discounting of non-current trade receivables	c	38	15
GLA elimination	f	-181	-143
Processing fees for the bond	g	-203	0
Obligations under early retirement arrangements	h	61	71
HGB options	to follow	1,828	2,032
		1,519	**1,961**

The effect on profit or loss for 2011/2012 is an increase in income tax expense by EUR 442 thousand.

Entities preparing under HGB have the option of recognizing deferred tax assets. However, in IFRS, deferred taxes essentially have to be recognized for any temporary differences between the carrying amount of assets in the financial statementsand their tax basis. In addition, the definition of disregarded permanent differences is much narrower in IFRS. The deferred tax assets that had not been reported in the HGB financial statements because of exercise of the option therefore had to be reported in the IFRS financial statements.

k) The effect the aforementioned reconciliations had on equity at April 1,2011 and March 31, 2012 is presented in the following table.

EUR thousands	see	3/31/2012	4/1/2011
Equity under HGB		**15,935**	**14,151**
Goodwill	a	-518	-558
Finance leases	b	143	81
Discounting of non-current trade receivables	c	-230	-90
GLA elimination	f	1,090	860
Processing fees for the bond	g	1,225	0
Obligations under early retirement arrangements	h	-251	-334
Appropriation of profit	i	4,736	6,685
Deferred tax	j	1,519	1,961
Total of IFRS reconciliations		**7,714**	**8,605**

Equity under IFRS	**23,649**	**22,756**

The HGB equity reported above already reflects the reconciling item for capitalized own shares of general partner companies.

l) The table below shows the reconciliation of the net profit for 2011/2012 to IFRS:

EUR thousands	see	2011/2012
Net profit for the period under HGB		**6,520**
Goodwill	a	40
Finance leases	b	62
Discounting of non-current trade receivables	c	-140
GLA elimination	f	230
Processing fees for the bond	g	1,225
Obligations under early retirement arrangements	h	83
Deferred tax	j	-442
Total of IFRS reconciliations		**1,058**
Net profit for the period under IFRS		**7,578**

43. Events after the Close of the Reporting Period

Through a resolution dated July 9, 2013, Bastei Lübbe GmbH & Co. KG was transformed into Bastei Lübbe AG. The transformation took retroactive effect as of April 1, 2013 for tax purposes and was recorded in the commercial register on August 14, 2013. The Company will owe corporate income tax in addition to trade tax in subsequent fiscal years.

Family Entertainment.tv Filmproduktions GmbH was renamed Bastei Media GmbH in June 2013. Saxonia Filmproduktions Gesellschaft mbH of Leipzig has been granted an option to purchase 50% of the shares in Bastei Media GmbH. Saxonia's supervisory board (MDR and Bavaria) resolved at its meeting on June 14, 2013 to exercise the option sometime in 2013. To be valid, this resolution requires two additional resolution by the supervisory boards of Bavaria and MDR.

With the transformation of Bastei Lübbe GmbH & Co. KG into Bastei Lübbe AG, Mr. Stefan Lübbe and Mr. Hartmut Räder have resigned from their management positions at the Company. Due to age, Mr. Räder will withdraw completely over the course of the year. Mr. Lübbe will stay on as chief publisher.

Cologne, August 16, 2013

Bastei Lübbe AG, Cologne)
The Management Board

Thomas Schierack | Klaus Kluge | Felix Rudloff

Auditor's Report

We have audited the annual financial statements– consisting of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes – and the management report of **Bastei Lübbe GmbH & Co. KG, Cologne,** for the fiscal year from April 1, 2012 to March 31, 2013. The preparation of the annual financial statements and management report in accordance with IFRS, as adopted by the European Union, and the supplementary provisions of the partnership's operating agreement are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements and on the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statementspromulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that the misstatements materially affecting the presentation of net assets, financial position and results of operations in the annual financial statements in accordance with the applicable accounting standards and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the financial statements and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial report and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, in accordance with IFRS, as adopted by the European Union, and the supplementary provisions of the partnership's operating agreement. The management report is consistent with the annual financial statements and provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Cologne, August 16, 2013

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

/s/ Dr. Christian Janßen
German Public Auditor

/s/ Werner Metzen
German Public Auditor