

Statement of Financial Position of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)
at June 30, 2013

	June 30, 2013 EUR thousands	March 31, 2013 EUR thousands
Non-current assets		
Intangible assets	9,955	10,182
Property, plant and equipment	3,404	3,344
Investments accounted for using the equity method	3,811	3,812
Trade receivables	1,149	1,207
Deferred tax assets	976	1,029
	<u>19,295</u>	<u>19,574</u>
Current assets		
Inventories	16,585	17,801
License agreements with authors	23,078	25,236
Trade receivables	20,362	16,852
Financial assets	6,522	4,859
Income tax receivables	125	125
Receivables from limited partners	0	3,972
Other receivables	1,141	1,134
Cash and cash equivalents	110	79
	<u>67,923</u>	<u>70,058</u>
Total assets	<u><u>87,218</u></u>	<u><u>89,632</u></u>
Equity		
Issued capital	1,534	1,534
Reserves	14,401	14,401
Retained earnings	5,059	10,902
Net profit for the period	1,441	7,922
Accumulated other comprehensive income	-10	-8
Total equity	<u>20,984</u>	<u>26,829</u>
Liabilities		
Non-current liabilities		
Provisions	392	411
Financial liabilities	29,760	29,767
	<u>30,152</u>	<u>30,178</u>
Current liabilities		
Financial liabilities	12,977	9,512
Trade payables	12,810	14,356
Income tax liabilities	211	362
Provisions	6,567	6,536
Liabilities to limited partners	2,409	654
Other liabilities	1,108	1,205
	<u>36,082</u>	<u>32,625</u>
Total liabilities	<u>66,234</u>	<u>62,803</u>
Total equity and liabilities	<u><u>87,218</u></u>	<u><u>89,632</u></u>

**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 to June 30, 2013

	April 1 to June 30, 2013 EUR thousands	April 1 to June 30, 2012 EUR thousands
Revenue	28,598	15,508
Changes in finished goods and work in progress	-1,254	-2,141
Other operating income	128	76
Cost of materials		
a) Cost of raw materials, supplies and goods for resale	107	3
b) Cost of purchased services	7,650	3,412
c) Authors' fees and amortization charges and impairment losses on license agreements with authors	6,667	2,867
	<u>14,424</u>	<u>6,282</u>
Staff costs		
a) Wages and salaries	4,119	2,431
b) Social security contributions, pensions and other benefits	604	483
	<u>4,723</u>	<u>2,914</u>
Depreciation	431	209
Other operating expenses	5,672	4,778
Share of the profit of associates accounted for using the equity method	152	936
Earnings before interest and taxes (EBIT)	2,374	196
Financial result		
Income from other securities and loans included in financial assets		
Other interest and similar income	17	36
Interest and similar expense	618	616
	<u>-601</u>	<u>-580</u>
Profit/loss before tax	1,773	-384
Income taxes expense	332	101
Profit/loss for the period	1,441	-485
Other comprehensive income		
Actuarial losses from partial retirement obligations	-2	-2
Total comprehensive income	1,439	-487

Statement of Changes in Equity of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)
for the period ended June 30, 2013

	Issued capital	Reserves/ retained earnings	Accumulated other comprehensive income	Total Equity
	EUR thousands	EUR thousands	EUR thousands	EUR thousands
Balance at April 1, 2012	1,534	22,115	0	23,649
Dividends paid/allocations to partner accounts		-4,736		-4,736
Net loss for the period		-485		-485
Other gains and losses recognised directly in equity			-2	-2
Total comprehensive income		-485	-2	-487
Balance at June 30, 2012	1,534	16,894	-2	18,426
Balance at April 1, 2013	1,534	25,302	-8	26,828
Dividends paid/allocations to partner accounts		-7,283		-7,283
Net profit for the period		1,441		1,441
Other gains and losses recognised directly in equity			-2	-2
Total comprehensive income		1,441	-2	1,439
Balance at June 30, 2013	1,534	19,460	-10	20,984

Statement of Cash Flows of Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)
for the period ended June 30, 2013

	April 1 to June 30, 2013	April 1 to June 30, 2012
	<u>EUR thousands</u>	<u>EUR thousands</u>
Total comprehensive income	1,439	-487
+/- Write-downs/write-ups on intangible assets and property, plant and equipment	431	209
+/- Increase/decrease of non-current provisions	-19	-14
+/- Other non-cash expenses/income	573	573
+/- Increase/decrease of current provisions	31	215
-/+ Profit/loss on disposal of intangible assets and property, plant and equipment	-28	150
-/+ Increase/decrease of income tax receivables and liabilities, including deferred tax assets and deferred tax liabilities	-100	26
-/+ Increase/decrease of inventories, trade receivables and other assets not related to investing or financing activities	-1,748	2,545
+/- Increase/decrease of trade payables and other liabilities not related to investing or financing activities	<u>-1,419</u>	<u>-431</u>
Cash flow from operating activities	<u>-840</u>	<u>2,786</u>
- Purchase of intangible assets	-15	-12
+ Proceeds from disposals of property, plant and equipment	37	16
- Purchase of property, plant and equipment	<u>-258</u>	<u>-47</u>
Cash flow from investing activities	<u>-236</u>	<u>-43</u>
+/- Contributions/Cash payments to owners	-1,555	-2,029
+ Cash proceeds from issuing bonds and borrowings	2,731	51
- Cash repayments of bonds and borrowings	<u>-69</u>	<u>-116</u>
Cash flow from financing activities	<u>1,107</u>	<u>-2,094</u>
Net change in cash and cash equivalents from operating, financing and investing activities	31	649
+/- Changes in cash and cash equivalents from merger/merger of partnerships by way of accrual	0	0
+ Cash and cash equivalents at the beginning of period	<u>79</u>	<u>2,735</u>
= Cash and cash equivalents at the end of period	<u><u>110</u></u>	<u><u>3,384</u></u>

Bastei Lübbe GmbH & Co. KG, Cologne
(now: Bastei Lübbe AG, Cologne)
Condensed Notes to the Interim Financial Statements
for the Period ended June 30, 2013

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.

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 interim financial statements included here, as well as a set of annual financial statements for the 2012/2013 fiscal year, were prepared in conformity with IFRS. In order to determine IFRS-based prior-year comparative information for the statement of profit or loss and other comprehensive income, the opening IFRS statement of financial position was prepared at April 1, 2011 (date of transition to IFRSs pursuant to IFRS 1, First-time Adoption of International Financial Reporting Standards).

This interim financial report will not be audited or reviewed by the external auditors (§ 37w (5) of the German Securities Trading Act (WpHG)).

2. Basis of Preparation

The interim financial report as of June 30, 2013 has been prepared in accordance with IAS 34 Interim Financial Reporting and covers the period from April 1 to June 30, 2013.

With the exception of the differences noted below, which are the result of new or revised IFRS standards, the interim financial report was prepared in accordance with the same accounting policies, and the required assumptions and estimates underlying them made in accordance with the same principles and methodology that were used in preparing the IFRS financial statements for the 2012/2013 fiscal year.

IAS 1 – Presentation of Financial Statements

The changes relate to the presentation of other comprehensive income. The main change is the requirement that entities start to separate their items of comprehensive income into those

that may be reclassified to profit or loss in later periods if certain conditions are met and those that will never be reclassified to profit or loss.

IAS 19 – Employee Benefits

The changes relate to staff related liabilities (liabilities under early retirement arrangements) and essentially have the following effect: immediate recognition of past service cost; replacement of interest cost and expected return on plan assets with a net figure based on the discount rate used to measure the defined benefit obligation. Within the statement of profit or loss and other comprehensive income, actuarial gains and losses are no longer reported in profit or loss, but recognized outside profit or loss in other comprehensive income.

IFRS 13 - Fair Value Measurement

This standard describes how to define and measure fair value, as well as related disclosures. Upon application of the standard starting with fiscal year 2013/2014, there will be additional financial instrument disclosures during the fiscal year that were previously made only in the annual financial statements.

All IFRS standards first applicable in the 2013/2014 fiscal year have been adopted in full, but apart from their adoption have had no significant effect on the interim financial report.

A detailed description of these standards and the accounting policies used is available in the notes to the 2012/2013 financial statements.

3. Shareholdings

There were no changes in the equity interests held in other companies in the first quarter of the 2013/2014 fiscal year.

4. Notes to the Statement of Cash Flows

The total amount (net) of income tax payments made in the first quarter was EUR 533 thousand (previous year: EUR 126 thousand). Interest payments were EUR 63 thousand (previous year: EUR 45 thousand).

5. Segment Reporting

The segment reporting consists of the disclosures required by IAS 34.16A(g). The segments are identified on the basis of the Company's internal management and reporting, which is unchanged from March 31, 2013.

The segments performed as follows in the quarter under review:

EUR thousands	Book		Non-Book		Pulp Novels & Puzzle Booklets		Total	
	04 -06/2013	04 -06/2012	04 -06/2013	04 -06/2012	04 -06/2013	04 -06/2012	04 -06/2013	04 -06/2012
Segment revenue	24,348	13,350	1,644	119	2,606	2,039	28,598	15,508
Intersegment revenue	0	0	0	0	0	0	0	0
Revenue from external customers	24,348	13,350	1,644	119	2,606	2,039	28,598	15,508
EBITDA *	3,219	-795	-721	833	307	367	2,805	405
Share of the profit of associates accounted for using the equity method	69	0	0	905	83	31	152	936
Depreciation	166	191	249	0	16	18	431	209
EBIT	3,053	-986	-970	833	291	349	2,374	196
Financial result							-601	-580
Earnings before taxes (EBT)							1,773	-384
Income taxes							332	101
Profit/loss for the period							1,441	-485

6. Financial Instruments

Below are the financial instruments reported in the interim financial statements, classified in accordance with IAS 39.

EUR thousands	Carrying amount		Fair value	
	6/30/2013	3/31/2013	6/30/2013	3/31/2013
Assets				
Loans and receivables				
Cash and cash equivalents	110	79	110	79
Trade receivables	18,245	18,059	18,245	18,059
Other non-derivative financial assets	5,655	4,859	5,655	4,859
Available for sale				
Other long-term equity investments	108	108	108	108
Held to maturity				
Derivatives not designated as hedging instruments	0	0	0	0
	24,118	23,105	24,118	23,105
Equity and Liabilities				
Liabilities				
... trade payables	12,810	14,356	12,810	14,356
... from the bond issued	30,491	29,918	33,551	33,218
... to banks	8,887	6,164	8,887	6,164
... under finance leases	937	1,006	947	1,019
... to partners	2,544	654	2,544	654
Other non-derivative financial liabilities	2,422	2,191	2,422	2,191
	58,091	54,289	61,161	57,602

The methods and assumptions used to determine the fair value are the following:

- 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 their 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.

7. 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
- Felix Rudloff, Cologne, Publishing Director

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.

By 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.

8. Appropriation of Profit

Pursuant to a partner resolution dated April 10, 2013, all of the net profit for the period determined in accordance with the German Commercial Code (EUR 7,283 thousand) was credited to the partner accounts.

9. Events after the Close of the Reporting Period

There have been no events since June 30, 2013 that would have to be reported here, outside of the change in legal form mentioned in Note 7 and the related changes in the Company's governing bodies.

Cologne, August 19, 2013

Bastei Lübbe AG, Cologne
The Management Board

Thomas Schierack

Klaus Kluge

Felix Rudloff