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**Consolidated half-year report
1 April - 30 September 2014
Bastei Lübbe AG
Cologne**

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Consolidated interim management report of Bastei Lübbe AG for the first half of the 2014/2015 financial year to 30 September 2014

I. The Company and its operations

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

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

Bastei Lübbe acquired two majority shareholdings in the first quarter of the 2014/2015 financial year. Daedalic Entertainment GmbH, which is based in Hamburg, is considered to be one of the best game developers and publishers in Germany. BooxRix GmbH & Co. KG is one of the largest self-publishing platforms in Germany with considerable growth potential. In September 2014, the business of the successful online shopping platform beam-ebooks.de was acquired via a company established for this purpose (BEAM GmbH, Cologne). By investing in these three companies, Bastei Lübbe is consistently following its path towards the expansion of its high-growth digital sector and increased internationalisation. All three subsidiaries are being consolidated for the first time during the current financial year: the shareholding in Daedalic Entertainment GmbH in the **non-books** segment, and the shareholdings in BookRix GmbH & Co. KG and BEAM GmbH in the **books** segment.

For the first time, Bastei Lübbe is creating IFRS consolidated financial statements in which the majority shareholdings in Daedalic Entertainment GmbH and BookRix GmbH & Co. KG and the 100% shareholding in BEAM GmbH are consolidated. Due to the decisive influence exercised by Bastei Lübbe, Präsenza Promotion International GmbH is an associate in accordance with IAS 28 which is assigned to the “non-book” segment and valued on the consolidated balance sheet in accordance with the “equity method” (“at equity”) explained in IAS 28.

Bastei Lübbe also has shareholdings in the following non-consolidated companies in the reporting period: Moravská Bastei MOBA, s.r.o., Brno (Czech Republic) (90% shareholding), Bastei Media GmbH, Erfurt (100% shareholding), as well as a 100% shareholding in Bastei International Limited in Hong Kong, a 25% shareholding in HPR Bild & Ton GmbH, Cologne, a 100% shareholding in Siebter Himmel Bastei Lübbe GmbH (a bookshop in Cologne), a 100% shareholding in BookRix Verwaltungs GmbH, the *Komplementärin* [general partner] in BookRix GmbH & Co. KG, and a 75% shareholding in Daedalic Entertainment Studio West GmbH, Düsseldorf, a subsidiary of Daedalic Entertainment GmbH.

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

II. General conditions

1. Macroeconomic conditions

The unsteady progress of the global economy continues. While forecasts for the US economy released by the International Monetary Fund (IMF) remain positive, economists are expecting a slowdown in economy recovery in the Eurozone. The Eurozone's economic performance in 2014 is only expected to grow by 0.8% year-on-year. Originally, an increase of 1.1% was forecast. Experts at the IMF are expecting the Eurozone's economic performance to grow by 1.3% in 2015.

Once more, the IMF adjusted its estimation downwards this year. The risks for the global economy have grown again in recent months. One reason for this development is the risks associated with the political crisis in Ukraine. A lack of structural reforms and increasing public debt in the Eurozone's crisis countries have also contributed to this negative development.

The IMF expects Germany's GDP to grow by 1.4% in 2014. This value is 0.5 percentage points lower than the original forecast. According to current estimations, the German economy will grow by 1.4% in 2015. The leading economic research institutes have also gradually lowered forecasts for GDP growth in this year. They forecast GDP growth of 1.3% in their autumn reports, compared to 1.9% as originally forecast. Instead of growth of 2%, an increase of 1.2% is now forecast for 2015. Besides incoming orders in industry and production, exports also took a hit in the reporting period. They have reached their lowest level in five years. Imports also decreased slightly. The Ifo Business Climate Index fell to 104.7 points in September 2014, compared to 106.3 points in the previous month. Companies' expectations of the next six months are also at their lowest level since December 2012. On the other hand, the employment rate in Germany is expected to remain stable overall. A lack of stimuli from foreign trade, the effects of the Ukraine crisis and possible stagnation in the Eurozone are just some of the reasons for this development. Subdued domestic demand is also placing a damper on economic prospects in Germany.

According to experts at the IMF, global economic development in the coming months will also be primarily shaped by various geopolitical risks, the overheating of the financial markets, a lack of willingness to invest in the large economies, and possible stagnation in the Eurozone. As these factors affect individual states differently, an aggravation of the global economy's unstable development cannot be ruled out.

2. Industry environment

The German book industry was found to be in a better condition than expected in the first nine months of 2014. After the first half of 2014 was weak, with a decline in revenue of 3.3%, fixed bookstores' trade recovered quickly. Significant growth followed in August and September. According to Buchreport, the book-selling trade turned over approximately 2.7% more in September 2014 than in the same month of the previous year. From January to September, the cumulative Buchreport revenue trend was only 1.1% less than in the same period of the previous year.

The industry expects to reach the level of the previous year's sales by the end of the year. The foundation for this is strong Christmas trading, which promises to be good because of anticipated bestselling titles (including Ken Follett's "Kinder der Freiheit" from Bastei Lübbe).

The book market continues to be characterised by increasing digitalisation, the Internet increasingly gaining importance as a sales channel. eBooks are also becoming increasingly established on the book market. By comparison: Readers in Germany spent €1.2 billion on books on the Internet in 2009; this figure was almost €1.6 billion for 2013. According to the Börsenverein des Deutschen Buchhandels [German Booksellers' Association], sales of eBooks on the consumer market

(not including school books and specialist books) grew by around 13% in the first half of 2014. Sales of eBooks as a proportion of total book sales (approximately €10 billion in this year) were approximately 4.9% in the first half of 2014, and were thus at a relatively low level. The proportion accounted for by eBooks among sales on the consumer market was 4.2% in the first half of 2013. The proportion of sales of electronic books was 3.9% in 2013 overall. The strongest goods group in the first two quarters of 2014 was fiction, with a proportion of 82% of sales, followed by children's and young people's literature (7%) and "how-to" books (6%).

eBooks are increasingly replacing paperbacks. Domestic sales of paperbacks shrank by a good 7% in the first half of 2014. According to experts, there was also a slight decrease in online sales, the proportion of sales being approximately 16%, roughly 60% of which in turn being accounted for by Amazon.

3.9% of the total German population aged ten and older, thus 2.7 million people, bought eBooks in the first half of 2014. This is compared to only 2.2m people in the first half of 2013.

Bastei Lübbe AG will continue to expand the digital sector further and, because of the majority shareholding in the self-publishing platform BookRix GmbH & Co. KG and the acquisition of the online shopping platform beam-ebooks.de, is in a good position to benefit from readers' growing demand for eBooks.

In recent months, there has been a decrease in the overall sales of novel booklets by almost 7% compared to the same period of the previous year. There was positive development in the "*Heimat/Berg*" ["Homeland/Mountain"] and "*Arzt*" ["Medical"] subcategories of 4.8% and 4.4% respectively compared to the same period of the previous year. There was negative development on the puzzle market to a small extent. A decrease in sales of 6.2% was reported here compared to the same period of the previous year. However, the situation looks different in the subcategory in which Bastei Lübbe mainly operates. The "*Rätsel Allgemein Großformat*" ["General Large-Format Puzzles"] increased by almost 4.5% compared to the same period in the previous year. However, this development was attainable because of a significantly larger number of titles and issues.

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

While the market for gift items was still a growth market with a total volume of €10.4 billion in 2012 according to the industry report "*Geschenkartikel*" ["Gift Items"] by IFH Retail Consultants, whereby home and table accessories formed the main segment with a market share of 33%, it is actually more of a stagnant market at present. However, despite this trend, Räder held its ground in the reporting period with growth of almost 10%. The positive development of the Räder company is a direct result of increased marketing and sales efforts, which can be seen in particular in innovations, strong export growth and increasing proximity to customers, for example at national and international trade fairs.

The games industry relevant to Bastei Lübbe exhibited significant dynamism in the reporting period. According to the Bundesverband für Interaktive Unterhaltungssoftware e.V., the German market for computer and video games, including sales of gaming apps, extra virtual content and subscription fees, grew by approximately 6%, to €798m, in the first six months of this year (1st half of 2013: sales of €752m). Revenue from purchases of gaming apps and extra virtual content for smartphones and tablets increased by 133% in the first half of 2014 compared to the same period in the previous year. While €49m was still turned over in the first six months of 2013, this figure was approximately €114m in the same period in 2014. This strong increase is also associated with the increased number of gamers: approximately 20.6m people now play on smartphones and tablets in Germany. That is 23% more than in the first half of 2013. With a total sales volume of €229m, purchases of extra virtual content for games also exhibited significant growth of 149% in the first six months of 2014 compared to the same period in the previous year.

III. Business and financial performance

1. Overall appraisal of the reporting period

Bastei Lübbe attained group revenue of €49.2m in the first six months of the 2014/2015 financial year compared to €56.0m in the comparable period of the previous year. BookRix GmbH & Co. KG and Daedalic Entertainment GmbH contributed €0.5m and €2.1m, respectively, to group revenue. Sales by BEAM have not yet been reported. Group revenue is thus €6.8m less than the revenue of Bastei Lübbe AG in the comparable period in the previous year. This is due, among other things, to the fact that the worldwide bestseller by Dan Brown, "Inferno", was released in May 2013 and generated revenue of almost €9m in this period. The worldwide bestseller "Kinder der Freiheit" by Ken Follett was only released at the end of the quarter, i.e. on 16 September.

Group EBITDA was €3.0m in the first six months of 2014/2015, compared to €8.0m in the comparable period of the previous year; group EBIT was €1.6m, compared to €7.1m in the previous year. The operating result, which has declined compared to the previous year, is also due to the fact that three worldwide bestsellers - Ken Follett's hardback "Kinder der Freiheit", his paperback "Winter der Welt", and Dan Brown's "Inferno" - were released in the first half of the current financial year. In turn, this means that royalties of more than €3.3m were reported as material costs attributable to these three titles alone in the reporting period.

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

Bastei Lübbe had 419 employees at group level as at 30 September 2014.

Consolidated profit and loss account 1 April to 30 September 2014

KEUR	1 April - 30 September 2014	1 April - 30 September 2013	Change
Sales revenue	49,198	55,951	-6,753
Changes in inventory	2,595	1,161	1,434
Other operating income	589	242	347
Cost of materials	-27,447	-28,402	955
Personnel costs	-10,343	-9,353	-990
Depreciation/amortisation	-1,370	-830	-540
Other operating expenses	-11,801	-11,452	-349
Earnings from investments	195	-183	378
Earnings before interest and taxes (EBIT)	1,616	7,134	-5,518
Financial result	-1,084	-1,208	124
Earnings before taxes (EBT)	532	5,926	-5,394
Taxes on income and earnings	-317	-1,019	702
Earnings in the period	215	4,907	-4,692
Of which attributable to:			
shareholders of Bastei Lübbe AG	465	4,907	-4,442
Equity shares held by external shareholders	-250	0	-250
	215	4,907	-4,692

2. Sales trend

In the period from 1 April to 30 September 2014, Bastei Lübbe attained group revenue of €49.2m. €2.1m of revenue originated from Daedalic Entertainment GmbH and €0.5m from BookRix GmbH & Co. KG. BEAM did not contribute any revenue in this period. The revenue of Bastei Lübbe AG thus amounted to €46.6m. Revenue is lower than in the comparable period, which was €56.0m. As previously mentioned, the reasons for this are that more than €9m of revenue from Dan Brown was included in the comparable period, while the comparable title by Ken Follett, "Kinder der Freiheit", was only released in mid-September 2014.

The segments (books, non-books, novel booklets and puzzle magazines) developed as follows:

Sales in the books sector amounted to €35.8m, compared to €45.2m in the same period in the previous year. The decrease here is also due to the "Dan Brown effect". Sales in the "non-books" segment increased from €5.7m to €8.2m. The increase in sales was due to the consolidation of Daedalic Entertainment GmbH on the one hand, but also to increasing sales by Räder on the other hand. Sales of novel booklets and puzzle magazines increased from €5.1m to €5.2m.

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

Segment sales 1 April to 30 September 2014

	1 April - 30 September 2014		1 April - 30 September 2013		Change KEUR
	KEUR	in %	KEUR	in %	
Book	35,801	73%	45,171	81%	-9,370
- of which hardback	6,527	13%	15,193	27%	-8,666
- of which paperback	13,817	28%	13,819	25%	-2
- of which audio	4,587	9%	4,992	9%	4-05
- of which entertainment (digital media)	5,823	12%	6,467	12%	-644
- of which children's and young people's books	4,567	9%	4,678	8%	-111
- of which BookRix	461	1%	0	0%	461
- of which miscellaneous	19	0%	21	0%	-2
Non-books	8,219	17%	5,677	10%	2,542
- of which Räder	5,983	12%	5,558	10%	425
- of which Daedalic	2,132	4%	0	0%	2,132
- of which miscellaneous	104	0%	119	0%	-15
Novel booklets and puzzle magazines	5,178	11%	5,103	9%	75
- of which novel booklets	3,858	8%	3,776	7%	82
- of which puzzle magazines	1,320	3%	1,327	2%	-7
Total	49,198	100%	55,951	100%	-6,753

3. Developments in costs

Material costs decreased by €1.0m, from €28.4m in the comparable period of the previous year to €27.4m. Material costs include the expenses stated further above, including those of more than €3.3m attributable to the three top titles by Ken Follett (two titles) and Dan Brown.

Due to the subsidiaries that were consolidated for the first time, personnel costs increased from €9.4m to €10.3m. With regard to Bastei Lübbe AG, personnel costs remained roughly the same, at €9.4m. There is also the personnel costs of €0.7m attributable to Daedalic Entertainment GmbH and €0.2m attributable to BookRix GmbH & Co. KG.

Despite the expansion of the group of consolidated companies, the other operating expenses of €11.8m only increased slightly (same period in the previous year: €11.5m).

4. Developments in earnings

Operating earnings before interest, taxes and depreciation (EBITDA) of €3.0m were attained in the reporting period from 1 April 2014 to 30 September 2014, compared to €8.0m in the previous year. EBIT amounted to €1.6m, compared to €7.1m in the previous year. The decrease in earnings compared to the previous year is partly explained by Dan Brown's bestseller "Inferno", which was released in May 2013 and as such generated earnings in the first half of 2013/2014 and, in particular, in the second quarter of the first half of 2013.

The EBITDA of the "books" segment was €1.7m, compared to €7.7m in the same period in the comparable period of the previous year; the EBITDA of the "non-books" segment was €0.3m, compared to €-0.4m in the comparable period of the previous year; and the EBITDA of the "novel booklets and puzzle magazines" segment was €1.0m, compared to €0.7m in the same period in the comparable period of the previous year. EBIT for the books sector was €1.3m, compared to €7.4m in the same period in the previous year; €-0.6m in the "non-books" segment, compared to €-0.9m in the comparable period of the previous year; and €0.9m in the "novel booklets and puzzle magazines" segment, compared to €0.6m in the same period of the previous year.

The financial result (primarily interest expenses from bonds) was €1.1m, compared to €1.2m in the previous year.

The result after taxes for the period was €0.2m, compared to €4.9m in the previous year.

IV. Assets and financial position

1. Overall appraisal of the reporting period

The balance sheet result increased in the reporting period to €119.7m compared to 31 March 2014 (€107.6m). Cash flow from operating activities was €-4.1m in the reporting period, compared to €4.1m in the first half of 2013/2014. The negative cash flow is primarily due to the large amount of funds tied up by the increase in inventories by €2.8m and trade receivables by €9.6m compared to 31 March 2014.

2. Asset position

Balance sheet as at 30 September 2014

KEUR	30/09/2014	31/03/2014	Change
Non-current assets	60,677	47,111	13,566
Current assets	59,071	60,516	-1,445
Total assets	119,748	107,627	12,121
Equity	51,056	51,544	-488
Non-current liabilities	35,075	30,086	4,989
Current liabilities	33,617	25,997	7,620
Total liabilities	119,748	107,627	12,121

The balance sheet total of Bastei Lübbe AG increased by €12.1m compared to 31 March 2014 to €119.7m. This is particularly due to the increase in the item "non-current assets".

Non-current assets amount to €60.7m, compared to €47.1m as at 31 March 2014. In particular, there were changes here in the area of intangible assets, which increased from €11.1m to €24.2m. The reason for this is the additions to the assets, including goodwill, resulting from the acquisition of Daedalic Entertainment GmbH. There were only minor changes to the other items.

At €59.1m, **current assets** are at the same level as at 31 March 2014 (€60.5m). At €21.7m, inventories increased slightly by €2.8m (31 March 2014: €18.9m). At €23.9m, trade receivables increased by more than €10m (31 March 2014: €13.6m). On the one hand, the reason for this is that, unlike in the previous year, trade receivables were not offset against provisions for returns; on the other hand, however, this is due to an increase in receivables. Financial assets decreased from €15.2m as at 31 March 2014 to €8.3m. The reason for this is that one of the investments was utilised in the course of buying shares. Cash and cash equivalents decreased from €12.2m as at 31 March 2014 to €4.3m for the same reason.

At €51.1m, **equity** remained roughly the same (31 March 2014: €51.5m). The dividend distribution of €3.7m in total based on the resolution passed by the first ordinary general meeting of Bastei Lübbe AG on 17 September 2014 was very largely compensated for by the shares of the minority shareholders Daedalic and BookRix in group equity, which were reported for the first time, of €2.8m in total. The equity ratio is 42.6% (31 March 2014: 47.9%).

At €35.1m, **long-term liabilities** increased slightly (31 March 2014: €30.1m). Due to the consolidation, particularly of Daedalic Entertainment GmbH, other long-term liabilities have also been added. However, this item also predominantly results from the bond of €30.0m.

The **current liabilities** amount to €33.6m, compared to €26.0m as at 31 March 2014. Analogous to trade receivables, trade liabilities also increased by €5.6m to €18.7m (31 March 2014: €13.1m). The other items remained roughly the same.

3. Financial position

Due to the high level of capital commitment resulting from the increase in the balance sheet items “inventories” by €2.8m and “trade receivables”, cash flow from operating activities amounts to €-4.1m compared to €+4.1m as at 30 September 2013.

V. Opportunity and risk report

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

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

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

On 6 October 2014, Bastei Lübbe AG concluded a long-term agreement with the online company Amazon on the distribution of electronic books in Germany and on international markets, giving Bastei Lübbe direct access to eBook readers in more than 200 countries.

On 13 October 2014, publisher Stefan Lübbe died suddenly and unexpectedly when travelling abroad. The 57-year-old publisher and majority shareholder of Bastei Lübbe AG suffered a heart attack in Southern France. His wife Birgit Lübbe is taking over the publishing legacy and looking after the family’s commercial interests. The operational structure of Bastei Lübbe AG remains unchanged. Stefan Lübbe had already transferred operational management of the business to the Executive Board in 2013.

In October 2014, Bastei Lübbe AG also passed a resolution to buy back up to 100,000 of treasury shares (corresponding to approximately 0.75% of the Company’s share capital).

There were no events of particular significance for the Bastei Lübbe Group after the balance sheet date of 30 September 2014.

VII. Share price development

The mood on the share markets deteriorated significantly compared to the previous quarter. Concerns about the economy were a decisive factor in this deterioration. Among other things, signs that the Eurozone could slip back into recession grew stronger. Even Germany - recently the engine of economic growth in Europe - gave disappointing signals. The risk of a premature interest rate rebound in the USA for investors also reached Germany at the end of the reporting period. There were also political tensions, wars, and the Ebola epidemic in West Africa. While the German share index (DAX) was able to break through the 10,000 points mark for the first time in June, concerns about the economy and geopolitical influences curbed the bullish market at the end of the reporting period. The DAX opened at 9,602 points on 1 April 2014 and closed at 9,474 points on 30 September 2014. This corresponds to a decrease of 1.3%.

Shares in Bastei Lübbe AG performed significantly better in the first half of the 2014/2015 financial year compared to the market as a whole. Participation certificates opened the 2014/2015 financial year at a rate of €7.45, and were listed at €7.66 at the end of the reporting period on 30 September 2014. Shares thus exhibited an increase of 2.8% in the period from April to September 2014. In consideration of the dividend payment of €0.28 per share, overall performance was 6.6%. Bastei Lübbe shares achieved their 6 month high at €8.70 on 25 June 2014. They hit their lowest point in the first half of the 2014/2015 financial year on 8 August 2014, at €7.27.

As at 30 September 2014, the stock market value increased to €101.9m with 13,300,000 shares and a closing rate of €7.66m (all data based on Xetra rates). At the end of the 2013/2014 financial year on 31 March 2014, market capitalisation amounted to €99.1m. In the first half of the 2014/2015 financial year, the average daily trading volume of Bastei Lübbe trades was 30,977 shares (first quarter of 2014/2015: 29,932 shares).

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

Close Brothers Seydler Bank AG, Warburg Research and DZ Bank AG published research studies on the company in the reporting period. All of the studies issued buy recommendations for Bastei Lübbe shares with target prices from EUR 10.50 up to EUR 13.00. The complete research reports are available for download on the Bastei Lübbe AG homepage at http://www.luebbe.de/Investor-Relations/_investor_research_de.

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

VIII. Outlook

According to the Ifo study, the economic climate in Germany has received a worse evaluation than in the previous month for the sixth consecutive time. It remains to be seen how it will develop moving forward, and whether this development will also hit the business sector of Bastei Lübbe AG and its subsidiaries. It is conceivable that there will be completely different developments in the individual segments.

Christmas trade is coming along nicely. In the “books” segment, Bastei Lübbe is represented by numerous bestsellers in the Christmas programme this year. Particularly noteworthy are Ken Follett with “Kinder der Freiheit” in the hardback sector and Ken Follett with “Winter der Welt”, Dan Brown with “Inferno” and Timur Vermes “Er ist wieder da” in the paperback sector. The worldwide bestseller “Gregs Tagebuch Nummer 9” will also be released on 20 November 2014. Incoming orders are above target in the “non-books” segment. Christmas trading seems to be going well here too. There is also the fact that Daedalic Entertainment GmbH will release four new games in the fourth quarter of the financial year, which the Executive Board expects will still have a positive effect on the total result in the current financial year. The Executive Board continues to expect constant sales and earnings in the “novel booklets and puzzle magazines” segment.

Overall, the Executive Board considers the prospects for the 2014/2015 financial year to be positive. A slight increase in group revenue is expected compared to the previous year. The Executive Board expects EBIT in the current financial year to be slightly below that of the previous year. The reasons for this include early investment in digital internationalisation. Bastei Lübbe concluded two important agreements in this regard in the reporting period. One was the acquisition of the BEAM platform. The BEAM platform will be developed into one of the leading platforms in the world for the distribution of digital book series. There is also the conclusion of the joint venture agreement in America, which guarantees access to international authors (particularly in the series area).

As already mentioned in the annual report 2013/2014, the 2014/2015 financial year is a build up one for the Bastei Lübbe Group, in which the development to an international media company and, especially the digital internationalization, will continue to be a focus.

Sarah Vaughan

DIE ZUTATEN DES
GLÜCKS

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Consolidated interim financial statements

**Consolidated balance sheet of Bastei Lübbe AG, Cologne
as at 30 September 2014**

	30/09/2014 KEUR	31/03/2014 KEUR	Change KEUR
Non-current assets			
Intangible assets	24,178	11,080	13,098
Holdings of prepaid royalties	26,822	26,213	609
Property, plant and equipment	3,786	3,703	83
At-equity-accounted investments	1,762	1,841	-79
Financial investments	1,768	1,706	62
Trade receivables	1,259	1,257	2
Deferred tax claims	1,102	1,311	-209
	60,677	47,111	13,566
Current assets			
Inventories	21,683	18,884	2,799
Trade receivables	23,893	13,572	10,321
Financial assets	8,339	15,119	-6,780
Income tax receivables	38	197	-159
Other receivables and assets	793	581	212
Cash and cash equivalents	4,325	12,163	-7,838
	59,071	60,516	-1,445
Total assets	119,748	107,627	12,121
Equity			
Share of equity attributable to shareholders of the parent company:			
Subscribed capital	13,250	13,250	0
Capital reserves	26,172	26,170	2
Net profit	8,926	12,172	-3,246
Accumulated other income	-48	-48	0
	48,300	51,544	-3,244
Equity shares held by external shareholders	2,756	0	2,756
Total equity	51,056	51,544	-488
Non-current liabilities			
Provisions	349	354	-5
Deferred tax liabilities	2,331	0	2,331
Financial liabilities	31,045	29,732	1,313
Other liabilities	1,350	0	1,350
	35,075	30,086	4,989
Current liabilities			
Financial liabilities	5,018	4,047	971
Trade liabilities	18,725	13,105	5,620
Income tax liabilities	2,475	2,540	-65
Provisions	6,423	5,930	493
Other liabilities	976	375	601
	33,617	25,997	7,620
Total debts	68,692	56,083	12,609
Total liabilities	119,748	107,627	12,121

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

	2nd quarter 1 July - 30 September 2014 KEUR	2nd quarter 1 July - 30 September 2013 KEUR	Change KEUR	1st half of the year 1 April - 30 September 2014 KEUR	1st half of the year 1 April - 30 September 2013 KEUR	Change KEUR
Sales revenue	28,619	27,353	1,266	49,198	55,951	-6,753
Change in inventories of finished goods and work in progress	2,134	2,415	-281	2,595	1,161	1,434
Other operating income	155	114	41	589	242	347
Cost of materials						
a) Cost of raw materials and supplies and goods purchased for resale	-34	-256	222	-84	-363	279
b) Expenses for purchased services	-9,848	-7,689	-2,159	-15,772	-15,339	-433
c) Expenses for fees and depreciation to authoring licenses	-7,780	-6,033	-1,747	-11,591	-12,700	1,109
	-17,662	-13,978	-3,684	-27,447	-28,402	955
Personnel costs						
a) Wages and salaries	-4,574	-4,019	-555	-8,815	-8,139	-676
b) Social security contributions and expenses for pensions and benefits	-848	-611	-237	-1,528	-1,214	-314
	-5,422	-4,630	-792	-10,343	-9,353	-990
Depreciation/amortisation	-807	-399	-408	-1,370	-830	-540
Other operating expenses	-6,210	-5,780	-430	-11,801	-11,452	-349
Earnings from investments	260	-57	317	195	-183	378
Earnings before interest and taxes (EBIT)	1,067	5,038	-3,971	1,616	7,134	-5,518
Financial result	-612	-607	-5	-1,084	-1,208	124
Earnings before taxes (EBT)	455	4,431	-3,976	532	5,926	-5,394
Taxes on income and earnings	-171	-687	516	-317	-1,019	702
Net profit or loss for the period	284	3,744	-3,460	215	4,907	-4,692
Of which attributable to:						
shareholders of Bastei Lübbe AG	34	3,744	-3,710	465	4,907	-4,442
Equity shares held by external shareholders	-250	0	-250	-250	0	-250
	284	3,744	-3,460	215	4,907	-4,692
Earnings per share (with reference to the net period earnings attributable to shareholders of Bastei Lübbe AG)	0.00	0.37		0.04	0.49	
Average number of shares in circulation (in thousands of shares)	13,250	10,000		13,250	10,000	

**Consolidated statement of income of Bastei Lübbe AG, Cologne
for the period from 1 April to 30 September 2014**

	2nd quarter	2nd quarter		1st half of the year	1st half of the year	
	1 July - 30 September	1 July - 30 September	Change	1 April - 30 September	1 April - 30 September	Change
	2014	2013	KEUR	2014	2013	KEUR
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Net profit or loss for the period	284	3,744	-3,460	215	4,907	-4,692
Other profit/loss						
Actuarial losses						
from partial retirement obligations	0	-2	2	0	-4	4
- of which attributable to minority interests	0	0	0	0	0	0
Total earnings	284	3,742	-3,458	215	4,903	-4,688
Of which attributable to:						
shareholders of Bastei Lübbe AG	34	3,742	-3,708	465	4,903	-4,438
Equity shares held by external shareholders	-250	0	-250	-250	0	-250
	284	3,742	-3,458	215	4,903	-4,688

Consolidated statement of change in equity of Bastei Lübbe AG, Cologne, for the interim financial statements as at 30 September 2014

	Parent company				Shares held by other shareholders		Group equity
	Subscribed Share capital KEUR	Capital shares of limited partners KEUR	Capital reserves (previous year provisions) KEUR	Net profit KEUR	Accumulated other Result KEUR	Equity KEUR	
As at 1 April 2013	0	1,534	14,401	10,900	-6	26,829	26,829
Dividends paid/allocation to shareholder accounts				-7,283		-7,283	-7,283
Conversion to an <i>Aktiengesellschaft</i> [public limited company]	10,000	-1,534	-8,466			0	0
Other changes					-1	-1	-1
Net profit or loss for the period				4,907		4,907	4,907
Amounts recognised directly in equity					-4	-4	-4
Total earnings				4,907	-4	4,903	4,903
As at 30 September 2013	10,000	0	5,935	8,524	-11	24,448	24,448
As at 1 April 2014	13,250	0	26,170	12,172	-48	51,544	51,544
Dividends paid				-3,710		-3,710	-3,710
Changes in the group of consolidated companies						0	3,006
Transfer of shares held	0		2			2	2
Other changes				-1		-1	-1
Net profit or loss for the period				465		465	215
Amounts recognised directly in equity					0	0	0
Total earnings				465	0	465	215
As at 30 September 2014	13,250	0	26,172	8,926	-48	48,300	51,056

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

	1 April - 30 September 2014 KEUR	1 April - 30 September 2013 KEUR
Net profit or loss for the period	215	4,907
+/- Depreciation/appreciation of intangible assets and property, plant and equipment	1,370	830
+/- Other non-cash expenses/income	1,226	1,487
+/- Increase/decrease in provisions	488	-215
-/+ profit/loss from the disposal of intangible assets and plant, property and equipment	5	2
-/+ increase/decrease in income tax receivables and liabilities incl. deferred tax assets and liabilities	350	478
-/+ Increase/decrease in stocks, trade receivables and other assets not allocated to investment or financing activities	-12,231	-2,430
+/- Increase/decrease in trade liabilities and other liabilities not allocated to investment or financing activities	4,508	-969
Cash flow from current business	-4,069	4,090
- Outflow of funds for investments in intangible assets	-1,718	-47
+ Income from the disposal of property, plant and equipment	12	5
- Outflow of funds for investments in property, plant and equipment	-480	-602
- Outflow of funds for investments in financial assets	-63	0
- Outflow of funds for the acquisition of consolidated companies	-8,350	0
+/- Outflow of funds for financial assets as part of short-term financial planning	6,000	0
Cash flow from investment activities	-4,599	-644
- Disbursements to shareholders (dividends)	-3,710	0
+/- Contributions/withdrawals by former limited partnership shareholders	0	-3,026
+ Proceeds from the issuance of bonds and from borrowing	355	0
- Outflow of funds for the repayment of bonds and loans	-149	-363
Cash flow from financing activities	-3,504	-3,389
Changes in cash and cash equivalents with effect on payments	-12,172	57
+ Consolidation-related changes in cash and cash equivalents	4,334	0
+ Cash and cash equivalents at start of period	12,163	79
= Cash and cash equivalents at end of period	4,325	136

Bastei Lübbe AG, Cologne

Abridged Notes to consolidated interim financial statements as at 30 September 2014

1. General information

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

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

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

To facilitate a comparison with the figures in the previous year’s annual report, a balance sheet and a profit loss account, in which the current individual financial statements of Bastei Lübbe AG are compared with the corresponding previous year’s values, are annexed to these Notes.

The present consolidated interim financial statement is not being audited, nor is there any review in accordance with Section 37w subsection (5) of the German Securities Trading Act (*Wertpapierhandelsgesetz*, WpHG).

2. Accounting principles

The consolidated interim financial statements as of 30 September 2014 were produced in accordance with IAS 34 - Interim Financial Reporting, and cover the period from 1 April to 30 September 2014.

Compared to the IFRS-based individual financial statement for the financial year 2013/2014, no changes were made to the accounting and valuation methods when preparing the consolidated interim financial statement, with one exception: Even those IFRS standards are now applicable and being applied which exclusively relate to consolidated financial statements. The same applies to the principles and methods of the assumptions and estimates required for the consolidated interim financial statements.

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

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

3. Consolidation principles and cut-off date

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

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

At-equity-accounted investments are initially recognised at acquisition cost according to IAS 28. This also includes the transaction costs. Pursuant to the recognition made for the first time, the consolidated P&L includes the Group's share in the total earnings from shareholdings accounted for by the equity method. This recognition of investment will be continued accordingly until there is no longer any significant influence or joint control.

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

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

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

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

4. Shares held by the Group

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

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

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

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

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

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

The different factors that resulted in the accounting of the indicated goodwill in the non-books segment are indicated in the first paragraph of this section.

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

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

(KEUR)	Carrying amounts upon acquisition
Intangible assets	
and property, plant and equipment	7
Trade receivables	242
Cash and cash equivalents	27
Other assets	21
Trade liabilities	-156
Other current liabilities	-55
Deferred tax liabilities	0
Net assets	86
acquired interests included therein*	56
Acquisition costs	350
Positive difference	294

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

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

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

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

(KEUR)	Daedalic	BookRix
Sales revenue	2,132	461
Result	-339	-172

If these two companies had been consolidated at the beginning of the financial year (1 April 2014), these contributions would have been as follows (each in relation to 100% of the shares):

(KEUR)	Daedalic	BookRix
Sales revenue	3,168	516
Result	109	-212

In addition, BookRix GmbH & Co. KG acquired all the shares in its own general partner GmbH, that is BookRix Verwaltungs-GmbH, Munich, during the first six months of the financial year 2014/2015 at a purchase price of KEUR 25. Daedalic Entertainment GmbH, together with two other shareholders, established Daedalic Entertainment Studio West GmbH, based in Düsseldorf (Daedalic Entertainment GmbH's shareholding: 75%) in July 2014. BookRix Verwaltungs-GmbH and Daedalic Entertainment Studio West GmbH were not included in the consolidated financial statements as they are of subordinate importance.

Bastei Lübbe AG also established BEAM GmbH ("BEAM"), based in Cologne and with share capital of KEUR 25, in August 2014. BEAM GmbH acquired the successful online beam-ebooks.de shopping platform in September 2014.

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

5. Group of consolidated companies

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

	Headquarters	Ownership interest
Fully consolidated companies		
BEAM GmbH	Cologne	100%
Daedalic Entertainment GmbH	Hamburg	51%
BookRix GmbH & Co. KG	Munich	51%
At-equity-accounted investments		
Präsenta Promotion International GmbH	Solingen	50%

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

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

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

No interim financial statements were prepared as of the above mentioned acquisition cut-off date (1 October 2012).

There has also been no PPA so far. As a consequence, initial consolidation was executed in a simplified fashion, based on the balance sheet as of 31 December 2012, by calculating the pro rata equity, discounting the proportionate annual income calculated on a "pro rata temporis" basis in relation to the period of affiliation to the group (1 October - 31 December 2012).

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

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

In consideration of the proportionate earnings in relation to the period of affiliation to the group (KEUR -3), pro rata net assets as of the date of initial consolidation (1 October 2012) amount to KEUR 1,379, the positive difference from initial consolidation thus amounting to KEUR 982. The purchase price allocation for Präsenta has not yet been completed. The difference is therefore included unchanged in Präsenta's at-equity accounting.

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

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

6. Equity

Since the initial public offering in October 2013, the parent company's share capital has consisted of 13,300,000 no-par value shares with a calculated proportion of the share capital of EUR 1.00 each, thus totalling EUR 13,300,000.00.

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

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

7. Appropriation of earnings

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

8. Earnings per share

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

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

As mentioned above, the financial statements for the financial year 2014/2015 – and thus the interim financial statements that will need to be prepared until then – are the first consolidated financial statements prepared according to IFRS. To calculate the appropriate comparison figures, it was necessary to prepare an IFRS consolidated opening balance sheet as of 1 April 2013 based on the individual accounts of Bastei Lübbe AG as of 31 March 2013, which were also prepared in accordance with IFRS.

The only difference between the IFRS individual financial statements and the IFRS consolidated accounts up to and including 31 March 2014 lies in the reporting and valuation of the associated company Präsenta (see “5. Group of consolidated companies”).

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

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

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

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

(KEUR)	BL AG	Group	Changes
	31/03/2014	31/03/2014	31/03/2014
Assets			
At-equity-accounted investments	1,841	0	1,841
Financial investments	1,706	4,067	-2,361
	3,547	4,067	-520
Liabilities			
Retained earnings	3,508	3,618	-110
Net profit or loss for the period	8,664	9,074	-410
Net profit	12,172	12,692	-520

10. Notes on the cash flow statement

In the first half of the financial year, income tax of KEUR 33 was reimbursed on balance (previous year: income tax payments of KEUR 541). Interest payments amount to KEUR 42 (previous year: KEUR 110).

11. Segment Reporting

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

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

	Books		Non-books		Novels and puzzle magazines		Total	
	07-09/2014	07-09/2013	07-09/2014	07-09/2013	07-09/2014	07-09/2013	07-09/2014	07-09/2013
Segment sales revenue	20,369	20,823	5,545	4,033	2,710	2,497	28,624	27,353
Internal sales	0	0	5	0	0	0	5	0
External sales	20,369	20,823	5,540	4,033	2,710	2,497	28,619	27,353
EBITDA	1,074	4,494	223	573	577	370	1,874	5,437
Income from investments included therein	0	0	0	-61	260	4	260	-57
Depreciation/amortisation	193	131	573	217	41	51	807	399
EBIT	881	4,363	-350	356	536	319	1,067	5,038
Financial result							-612	-607
Earnings before taxes (EBT)							455	4,431
Taxes on income and earnings							171	687
Net profit for the period							284	3,744

The cumulative half-year figures for the segments are as follows:

	Books		Non-books		Novels and puzzle magazines		Total	
	04-09/2014	04-09/2013	04-09/2014	04-09/2013	04-09/2014	04-09/2013	04-09/2014	04-09/2013
Segment sales revenue	35,801	45,171	8,224	5,677	5,178	5,103	49,203	55,951
Internal sales	0	0	5	0	0	0	5	0
External sales	35,801	45,171	8,219	5,677	5,178	5,103	49,198	55,951
EBITDA	1,669	7,714	344	-427	973	677	2,986	7,964
Income from investments included therein	0	70	-79	-340	274	87	195	-183
Depreciation/amortisation	363	297	927	466	80	67	1,370	830
EBIT	1,306	7,417	-583	-893	893	610	1,616	7,134
Financial result							-1,084	-1,208
Earnings before taxes (EBT)							532	5,926
Taxes on income and earnings							317	1,019
Net profit for the period							215	4,907

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

(KEUR)	BookRix	Daedalic	BookRix	Daedalic
	(Books)	(Non-books)	(Books)	(Non-books)
	04-09/2014 (half-year)		07-09/2014 (Q2)	
Segment sales revenue	461	2,137	304	1,472
Internal sales	0	5	0	5
External sales	461	2,132	304	1,467
EBITDA	-170	332	-102	43
Income from investments included therein	0	0	0	0
Depreciation/amortisation	2	623	1	421
EBIT	-172	-291	-103	-378
Financial result	0	0	0	0
Earnings before taxes (EBT)	-172	-291	-103	-378
Taxes on income and earnings	0	48	0	28
Net profit or loss for the period	-172	-339	-103	-406

BEAM has not had any significant income or expenses since its foundation in August 2014.

12. Financial instruments

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

(KEUR)	Book value		Fair value	
	30/09/2014	31/03/2014	30/09/2014	31/03/2014
Assets				
Loans and receivables				
Cash and cash equivalents	4,325	12,163	4,325	12,163
Trade receivables	25,152	14,829	25,152	14,829
(Debenture) bonds	4,000	10,000	4,000	10,000
Other non-derivative financial assets	4,339	5,119	4,339	5,119
Available for sale				
Other equity investments	108	108	108	108
	37,924	42,219	37,924	42,219
Liabilities				
Trade				
liabilities	18,725	13,105	18,725	13,105
from the bond issued	31,332	30,185	34,182	32,960
to banks	355	0	355	0
from finance leases	575	724	577	728
Other non-derivative liabilities	3,801	2,870	3,801	2,870
	54,788	46,884	57,640	49,663

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

- Cash, trade receivables, other current assets, trade liabilities, current liabilities to banks and other current liabilities come very close to their carrying values, largely as a result of the short terms of these instruments.
- Non-current assets and receivables from debentures not traded on an active market are valued by the Company based on parameters such as interest rate and creditworthiness. The carrying values of these receivables do not differ from their fair values at the balance sheet dates.
- The fair value of publicly-listed bonds is based on price quotations at the reporting dates.
- The fair value of obligations from finance leases is estimated by discounting future cash flows while applying interest rates currently available for borrowings on comparable terms, default risks and residual terms.
- The fair value of other available-for-sale holdings is not calculated as no quoted market prices exist on an active market and the fair value cannot be reliably determined. These available-for-sale financial assets are strategic participations in press distribution companies. Due to the lack of market transactions and knowledge as to the parameters that exert a significant influence on the fair value of assets, the latter was not determined. The Company currently has no intention to sell the assets.

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

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

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

13. Changes to the Executive Board

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

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

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

On 6 October 2014, Bastei Lübbe AG concluded a long-term agreement with the online company Amazon on the distribution of electronic books in Germany and on international markets, giving Bastei Lübbe AG direct access to eBook readers in more than 200 countries.

The publisher and majority shareholder of Bastei Lübbe AG, Mr Stefan Lübbe, died suddenly and unexpectedly on 13 October 2014 while travelling abroad. He suffered a heart attack in Southern France. His wife Birgit Lübbe is taking over his publishing legacy and looking after the family's corporate interests. The operational structure of Bastei Lübbe AG remains unchanged.

In October 2014, Bastei Lübbe AG also passed a resolution to buy back up to 100,000 of its own shares.

No other events occurred after 30 September 2014 that need to be disclosed here.

Cologne, 11 November 2014

Bastei Lübbe AG

The Executive Board



Thomas Schierack



Klaus Kluge



Felix Rudloff



Jörg Plathner

**Balance sheet of Bastei Lübbe AG, Cologne
as at 30 September 2014 (individual financial statement)**

	30/09/2014 KEUR	31/03/2014 KEUR
Non-current assets		
Intangible assets	11,182	11,080
Holdings of prepaid royalties	26,822	26,213
Property, plant and equipment	3,741	3,703
At-equity-accounted investments	0	0
Financial investments	12,942	4,067
Trade receivables	1,259	1,257
Deferred tax claims	1,102	1,311
	57,048	47,631
Current assets		
Inventories	21,662	18,884
Trade receivables	22,922	13,572
Financial assets	8,600	15,119
Income tax receivables	38	197
Other receivables and assets	641	581
Cash and cash equivalents	404	12,163
	54,267	60,516
	111,315	108,147
Equity		
Share of equity attributable to shareholders of the parent company		
Subscribed capital	13,250	13,250
Capital reserves	26,172	26,170
Net profit	9,787	12,692
Accumulated other income	-48	-48
	49,161	52,064
Equity shares held by external shareholders	0	0
	49,161	52,064
Liabilities		
Non-current liabilities		
Provisions	349	354
Deferred tax liabilities	0	0
Financial liabilities	29,707	29,732
Other liabilities	0	0
	30,056	
	30,086	
Current liabilities		
Financial liabilities	4,858	4,047
Trade liabilities	17,946	13,105
Income tax liabilities	2,475	2,540
Provisions	6,417	5,930
Other liabilities	402	375
	32,098	25,997
	62,154	56,083
	111,315	108,147

**Profit and loss account of Bastei Lübbe AG, Cologne
for the period from 1 April 2014 to 30 September 2014
(individual financial statement)**

	1st half of the year		2nd quarter	
	1 April - 30 September 2014 KEUR	1 April - 30 September 2013 KEUR	1 July - 30 September 2014 KEUR	1 July - 30 September 2013 KEUR
Sales revenue	46,604	55,951	26,847	27,353
Change in inventories of finished goods and work in progress	2,595	1,161	2,134	2,415
Other operating income	571	242	149	114
Cost of materials				
a) Expenses for raw materials, supplies and purchased components	-84	-363	-34	-256
b) Expenses for purchased services	-14,936	-15,339	-9,117	-7,689
c) Expenses for fees and depreciation of royalties	-11,250	-12,700	-7,553	-6,033
	-26,270	-28,402	-16,704	-13,978
Personnel costs				
a) Wages and salaries	-8,104	-8,139	-4,067	-4,019
b) Social security contributions and expenses for pensions and benefits	-1,333	-1,214	-687	-611
	-9,437	-9,353	-4,754	-4,630
Depreciation/amortisation	-744	-830	-384	-399
Other operating expenses	-11,433	-11,452	-5,998	-5,780
Earnings from investments	274	157	260	4
Earnings before interest and taxes (EBIT)	2,160	7,474	1,550	5,099
Financial result	-1,084	-1,208	-612	-607
Earnings before taxes (EBT)	1,076	6,266	938	4,492
Taxes on income and earnings	-270	-1,019	-143	-687
Net profit or loss for the period	806	5,247	795	3,805
Of which attributable to:				
shareholders of Bastei Lübbe AG	806	5,247	795	3,805
Equity shares held by external shareholders	0	0	0	0
	806	5,247	795	3,805

Assurance by the legal representatives – statement of responsibility

We assure to the best of our knowledge that in accordance with the applicable accounting principles for interim reporting, the half-year financial statements of Bastei Lübbe AG, Cologne, as at 30 September 2014 convey a true image of the Group's assets, financial position and earnings, and that business performance, including trading results and the Group's position, are presented in the consolidated interim management report in such a way that a true image is conveyed and the significant opportunities and risks for the projected development of the Group are described.

Cologne, 11 November 2014

Bastei Lübbe AG

The Executive Board



Thomas Schierack



Klaus Kluge



Felix Rudloff



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Imprint

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The consolidated half-year report of
Bastei Lübbe AG
can be downloaded as a PDF file at
www.luebbe.de.

You can also find further corporate information
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SIE HABEN IHR ZIEL ERREICHT!

Missgeschicke, die passieren, wenn
Technik voll auf Blödheit trifft