# Condensed Interim Consolidated Financial Statements

## Consolidated Income Statement

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| Revenues | 7,846 | 7,354 |
| Other operating income | 289 | 360 |
| Changes in inventories | 200 | 144 |
| Own costs capitalized | 9 | 9 |
| Cost of materials | (2,861) | (2,701) |
| Royalty and license fees | (540) | (457) |
| Personnel costs | (2,524) | (2,396) |
| Amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment | (389) | (256) |
| Other operating expenses | (1,504) | (1,341) |
| Results from investments accounted for using the equity method | 25 | 9 |
| Reversals of impairment/Impairment on investments accounted for using the equity method | – | 70 |
| Results from financial assets | (3) | 9 |
| Results from disposals of investments | 6 | 8 |
| EBIT (earnings before interest and taxes) | 554 | 812 |
| | | |
| Interest income | 10 | 11 |
| Interest expenses | (58) | (96) |
| Other financial income | 7 | 16 |
| Other financial expenses | (84) | (89) |
| Financial result | (125) | (158) |
| | | |
| Earnings before taxes from continuing operations | 429 | 654 |
| Income taxes | (178) | (200) |
| Earnings after taxes from continuing operations | 251 | 454 |
| | | |
| Earnings after taxes from discontinued operations | 3 | (35) |
| | | |
| Group profit or loss | 254 | 419 |
| | | |
| attributable to: | | |
| Bertelsmann shareholders | | |
| Earnings from continuing operations | 118 | 341 |
| Earnings from discontinued operations | 3 | (35) |
| Earnings attributable to Bertelsmann shareholders | 121 | 306 |
| | | |
| Non-controlling interests | | |
| Earnings from continuing operations | 133 | 113 |
| Earnings from discontinued operations | – | – |
| Earnings attributable to non-controlling interests | 133 | 113 |

The adjustment of figures for H1 2013 relates to the first-time application of IFRS 11 Joint Arrangements.

## Consolidated Statement of Comprehensive Income

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| Group profit or loss | 254 | 419 |
| | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement component of defined benefit plans | (241) | 17 |
| | | |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met | | |
| Currency translation differences | | |
| – changes recognized in equity | 24 | (23) |
| – reclassification adjustments for gains (losses) included in profit or loss | (12) | (2) |
| Available-for-sale financial assets | | |
| – changes in fair value recognized in equity | (5) | 20 |
| – reclassification adjustments for gains (losses) included in profit or loss | – | – |
| Cash flow hedges | | |
| – changes in fair value recognized in equity | (2) | 5 |
| – reclassification adjustments for gains (losses) included in profit or loss | – | (3) |
| Share of other comprehensive income of investments accounted for using the equity method | 1 | (5) |
| | | |
| Other comprehensive income net of tax | (235) | 9 |
| | | |
| Group total comprehensive income | 19 | 428 |
| | | |
| attributable to: | | |
| Bertelsmann shareholders | (109) | 318 |
| Non-controlling interests | 128 | 110 |

The adjustment of figures for H1 2013 relates to the first-time application of IFRS 11 Joint Arrangements.

## Reconciliation to Operating EBITDA (Continuing Operations)

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| EBIT from continuing operations | 554 | 812 |
| Special items | | |
| Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations | 87 | 1 |
| Adjustment to carrying amounts on assets held for sale | – | – |
| Impairment on other financial assets | 11 | 1 |
| Reversals of impairment/Impairment on investments accounted for using the equity method | – | (70) |
| Results from disposals of investments | (6) | (8) |
| Fair value remeasurement of investments | (2) | (108) |
| Restructuring and other special items | 82 | 140 |
| Amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment | 389 | 256 |
| Adjustments on amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment included in special items | (100) | (13) |
| Operating EBITDA from continuing operations | 1,015 | 1,011 |

The adjustment of figures for H1 2013 relates to the first-time application of IFRS 11 Joint Arrangements.

## Consolidated Balance Sheet

| in € millions | 6/30/2014 | 12/31/2013 (adjusted) | 1/1/2013 (adjusted) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 6,932 | 6,953 | 6,039 |
| Other intangible assets | 2,125 | 2,053 | 565 |
| Property, plant and equipment | 1,687 | 1,700 | 1,751 |
| Investments accounted for using the equity method | 490 | 479 | 506 |
| Other financial assets | 276 | 286 | 428 |
| Trade and other receivables | 81 | 79 | 111 |
| Other non-financial assets | 478 | 405 | 220 |
| Deferred tax assets | 992 | 904 | 1,201 |
| | 13,061 | 12,859 | 10,821 |
| **Current assets** | | | |
| Inventories | 1,625 | 1,509 | 1,394 |
| Trade and other receivables | 3,263 | 3,473 | 3,239 |
| Other financial assets | 62 | 45 | 118 |
| Other non-financial assets | 688 | 628 | 495 |
| Current income tax receivable | 72 | 109 | 114 |
| Cash and cash equivalents | 1,171 | 2,705 | 2,623 |
| | 6,881 | 8,469 | 7,983 |
| Assets held for sale | – | 65 | 9 |
| | 19,942 | 21,393 | 18,813 |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Subscribed capital | 1,000 | 1,000 | 1,000 |
| Capital reserve | 2,345 | 2,345 | 2,345 |
| Retained earnings | 3,251 | 3,542 | 1,919 |
| Bertelsmann shareholders' equity | 6,596 | 6,887 | 5,264 |
| Non-controlling interests | 1,712 | 1,849 | 816 |
| | 8,308 | 8,736 | 6,080 |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar obligations | 2,257 | 1,941 | 2,143 |
| Other provisions | 109 | 104 | 122 |
| Deferred tax liabilities | 180 | 178 | 94 |
| Profit participation capital | 413 | 413 | 413 |
| Financial debt | 2,204 | 2,218 | 3,611 |
| Trade and other payables | 415 | 364 | 399 |
| Other non-financial liabilities | 307 | 280 | 253 |
| | 5,885 | 5,498 | 7,035 |
| **Current liabilities** | | | |
| Other provisions | 375 | 437 | 418 |
| Financial debt | 191 | 1,168 | 276 |
| Trade and other payables | 3,757 | 3,946 | 3,609 |
| Other non-financial liabilities | 1,357 | 1,436 | 1,284 |
| Current income tax payable | 68 | 129 | 110 |
| | 5,748 | 7,116 | 5,697 |
| Liabilities related to assets held for sale | 1 | 43 | 1 |
| | 19,942 | 21,393 | 18,813 |

The adjustment of the previous year's figures relates to the first-time application of IFRS 11 Joint Arrangements.

## Consolidated Cash Flow Statement

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| Group earnings before interest and taxes | 559 | 774 |
| Taxes paid | (206) | (119) |
| Depreciation and write-ups of non-current assets | 398 | 187 |
| Results from disposals of investments | (11) | 30 |
| Change in provisions for pensions and similar obligations | (58) | (45) |
| Change in other provisions | (72) | 4 |
| Change in net working capital | (229) | (105) |
| Fair value remeasurement of investments | (2) | (108) |
| Other effects | 26 | 40 |
| Cash flow from operating activities | 405 | 658 |
| – thereof from discontinued operations | – | – |
| Investments in: | | |
| – intangible assets | (142) | (201) |
| – property, plant and equipment | (143) | (133) |
| – financial assets | (77) | (54) |
| – purchase prices for consolidated investments (net of acquired cash) | (98) | (540) |
| Proceeds from/payments for disposal of subsidiaries and other business units | 66 | (14) |
| Proceeds from disposal of other fixed assets | 35 | 38 |
| Cash flow from investing activities | (359) | (904) |
| – thereof from discontinued operations | (4) | – |
| Redemption of bonds and promissory notes | (967) | (152) |
| Proceeds from/redemption of other financial debt | (55) | (571) |
| Interest paid | (139) | (136) |
| Interest received | 8 | 26 |
| Dividends to Bertelsmann shareholders | (180) | (180) |
| Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18b) | (265) | (274) |
| Change in equity | (2) | 1,269 |
| Payments for release of interest swaps | – | (8) |
| Cash flow from financing activities | (1,600) | (26) |
| – thereof from discontinued operations | – | – |
| Change in cash and cash equivalents | (1,554) | (272) |
| Currency effects and other changes in cash and cash equivalents | 10 | (1) |
| Cash and cash equivalents 1/1 | 2,715 | 2,625 |
| Cash and cash equivalents 6/30 | 1,171 | 2,352 |
| Less cash and cash equivalents included within assets held for sale | – | (2) |
| Cash and cash equivalents 6/30 (according to the Group balance sheet) | 1,171 | 2,350 |

The adjustment of figures for H1 2013 relates to the first-time application of IFRS 11 Joint Arrangements.

## Change in Net Financial Debt

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| Net financial debt at 1/1 | (681) | (1,264) |
| Cash flow from operating activities | 405 | 658 |
| Cash flow from investing activities | (359) | (904) |
| Interest, dividends and changes in equity, additional payments (IAS 32.18b) | (578) | 705 |
| Currency effects and other changes in net financial debt | (11) | (666) |
| Net financial debt at 6/30 | (1,224) | (1,471) |

The adjustment of figures for H1 2013 and the balance as of January 1, 2014, relates to the first-time application of IFRS 11 Joint Arrangements.
Net financial debt is the balance of the balance sheet positions “cash and cash equivalents” and “financial debt.”

## Consolidated Statement of Changes in Equity

| in € millions | Subscribed capital | Capital reserve | Retained earnings: Other retained earnings | Retained earnings: Cumulated other comprehensive income[1]: Currency translation differences | Retained earnings: Cumulated other comprehensive income[1]: Available-for-sale financial assets | Retained earnings: Cumulated other comprehensive income[1]: Cash flow hedges | Retained earnings: Cumulated other comprehensive income[1]: Share of other comprehensive income of investments accounted for using the equity method | Bertelsmann shareholders' equity | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as of 1/1/2013 | 1,000 | 2,345 | 2,050 | (197) | 42 | 17 | 10 | 5,267 | 816 | 6,083 |
| Adjustment | – | – | (3) | – | – | – | – | (3) | – | (3) |
| Balance as of 1/1/2013[2] | 1,000 | 2,345 | 2,047 | (197) | 42 | 17 | 10 | 5,264 | 816 | 6,080 |
| Group profit or loss | – | – | 306 | – | – | – | – | 306 | 113 | 419 |
| Other comprehensive income | – | – | 17 | (20) | 18 | 2 | (5) | 12 | (3) | 9 |
| Group total comprehensive income | – | – | 323 | (20) | 18 | 2 | (5) | 318 | 110 | 428 |
| Dividend distribution | – | – | (180) | – | – | – | – | (180) | (261) | (441) |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | – | – | 849 | 24 | (7) | (4) | – | 862 | 401 | 1,263 |
| Equity transactions with shareholders | – | – | 669 | 24 | (7) | (4) | – | 682 | 140 | 822 |
| Other changes | – | – | 6 | – | – | – | – | 6 | 5 | 11 |
| Balance as of 6/30/2013 | 1,000 | 2,345 | 3,045 | (193) | 53 | 15 | 5 | 6,270 | 1,071 | 7,341 |
| | | | | | | | | | | |
| Balance as of 1/1/2014 | 1,000 | 2,345 | 3,825 | (301) | 22 | (7) | 5 | 6,889 | 1,849 | 8,738 |
| Adjustment | – | – | (2) | – | – | – | – | (2) | – | (2) |
| Balance as of 1/1/2014[2] | 1,000 | 2,345 | 3,823 | (301) | 22 | (7) | 5 | 6,887 | 1,849 | 8,736 |
| Group profit or loss | – | – | 121 | – | – | – | – | 121 | 133 | 254 |
| Other comprehensive income | – | – | (232) | 6 | (4) | (1) | 1 | (230) | (5) | (235) |
| Group total comprehensive income | – | – | (111) | 6 | (4) | (1) | 1 | (109) | 128 | 19 |
| Dividend distribution | – | – | (180) | – | – | – | – | (180) | (263) | (443) |
| Changes in ownership interests in subsidiaries that do not result in a loss of control | – | – | – | – | – | – | – | – | 2 | 2 |
| Equity transactions with shareholders | – | – | (180) | – | – | – | – | (180) | (261) | (441) |
| Other changes | – | – | (2) | – | – | – | – | (2) | (4) | (6) |
| Balance as of 6/30/2014 | 1,000 | 2,345 | 3,530 | (295) | 18 | (8) | 6 | 6,596 | 1,712 | 8,308 |

1) Thereof, on June 30, 2014, a total of €1 million (June 30, 2013: €1 million) is attributable to assets classified as held for sale according to IFRS 5 which are carried at a value of zero in the balance sheet due to a complete impairment.
2) The adjustment to the balance on January 1, 2013, and January 1, 2014, relates to the first-time application of IFRS 11 Joint Arrangements.

## Segment Information (Continuing Operations)

| | RTL Group | | Penguin Random House | | Gruner + Jahr | | Arvato | |
|---|---|---|---|---|---|---|---|---|
| in € millions | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) |
| Revenues from external customers | 2,683 | 2,751 | 1,461 | 914 | 905 | 998 | 2,157 | 2,035 |
| Intersegment revenues | 4 | 4 | – | 1 | 3 | 3 | 73 | 78 |
| Divisional revenues | 2,687 | 2,755 | 1,461 | 915 | 908 | 1,001 | 2,230 | 2,113 |
| Operating EBITDA | 612 | 631 | 159 | 131 | 77 | 108 | 162 | 160 |
| EBITDA margin[1] | 22.8% | 22.9% | 10.9% | 14.3% | 8.5% | 10.8% | 7.3% | 7.6% |
| Scheduled depreciation and amortization | 97 | 86 | 38 | 14 | 18 | 22 | 84 | 76 |
| Impairment on intangible assets and property, plant and equipment[2] | 98 | 1 | – | – | – | – | – | 1 |
| Operating EBIT | 515 | 544 | 121 | 117 | 59 | 86 | 78 | 83 |
| Results from investments accounted for using the equity method | 24 | 19 | – | – | 4 | 4 | 4 | 4 |
| Additions to non-current assets[3] | 129 | 90 | 19 | 5 | 30 | 22 | 155 | 299 |
| Number of employees (closing date)[4] | 12,043 | 11,491 | 12,164 | 11,838 | 8,562 | 10,556 | 68,676 | 66,303 |
| Number of employees (average)[4] | 11,912 | 11,522 | 12,068 | 8,790 | 9,564 | 10,978 | 68,222 | 64,794 |

The adjustment of figures for H1 2013 relates to the first-time application of IFRS 11 Joint Arrangements.
1) Operating EBITDA as a percentage of revenues.
2) Including write-ups.
3) Additions to property, plant and equipment and intangible assets (including goodwill).
4) The number of employees in the prior period corresponds to the number on December 31, 2013 (adjusted by the first-time application of IFRS 11 Joint Arrangements).

# Selected Explanatory Notes

## Accounting Principles

The interim financial report for Bertelsmann SE & Co. KGaA has been prepared according to Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and has been subject to a limited review by the Group's auditor. It complies with the International Financial Reporting Standards (IFRS) applicable in the European Union (EU-IFRS) and contains condensed interim consolidated financial statements prepared in accordance with IAS 34 Interim Financial Reporting, including selected explanatory notes. This report was prepared using – with the exception of the financial reporting standards applied for the first time in the current financial year and changes in accounting and measurement policies – basically the same accounting and measurement policies as in the consolidated financial statements of December 31, 2013. A detailed description of these policies and the amended standards to be applied from 2014 can be found in the notes to the consolidated financial statements in the 2013 Annual Report.

With the exception of amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets for mandatory first-time application as of January 1, 2014, which were already applied by the Bertelsmann Group in the 2013 financial year, the following new or revised financial reporting standards and interpretations for which application has been mandatory since January 1, 2014, are applied for the first time in these financial statements:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amended version of IAS 27 Separate Financial Statements (as amended in 2011)
- Amended version of IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 39 Financial Instruments: Recognition

| Be Printers | | Other operating activities (Corporate Investments) | | Total Divisions | | Corporate Center | | Consolidation | | Continuing operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) | H1 2014 | H1 2013 (adjusted) |
| 401 | 436 | 239 | 220 | 7,846 | 7,354 | – | – | – | – | 7,846 | 7,354 |
| 81 | 76 | 15 | 15 | 176 | 177 | – | – | (176) | (177) | – | – |
| 482 | 512 | 254 | 235 | 8,022 | 7,531 | – | – | (176) | (177) | 7,846 | 7,354 |
| 25 | 29 | 16 | (10) | 1,051 | 1,049 | (37) | (36) | 1 | (2) | 1,015 | 1,011 |
| 5.2% | 5.6% | 6.3% | (4.3)% | 13.1% | 13.9% | – | – | – | – | 12.9% | 13.7% |
| 18 | 26 | 33 | 19 | 288 | 243 | 2 | 2 | – | – | 290 | 245 |
| – | 1 | – | 8 | 98 | 11 | – | – | 1 | – | 99 | 11 |
| 7 | 3 | (16) | (26) | 764 | 807 | (39) | (38) | 1 | (1) | 726 | 768 |
| – | – | (7) | (17) | 25 | 10 | – | – | – | (1) | 25 | 9 |
| 10 | 9 | 109 | 1,316 | 452 | 1,741 | 11 | 20 | – | (1) | 463 | 1,760 |
| 5,805 | 6,201 | 3,915 | 4,146 | 111,165 | 110,535 | 596 | 564 | – | – | 111,761 | 111,099 |
| 5,968 | 6,352 | 3,956 | 4,250 | 111,690 | 106,686 | 596 | 564 | – | – | 112,286 | 107,250 |

and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- Transition guidance amendments to IFRS 10, IFRS 11 and IFRS 12
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

IFRS 10, IFRS 11, IFRS 12 and IAS 27 (revised in 2011), as well as IAS 28 (revised 2011), which are to be applied for the first time in the financial year 2014, are the result of the IASB consolidation project and include new consolidation guidelines and disclosure requirements for the notes for Group companies. IFRS 10 contains a new, comprehensive definition of control including resulting assessment criteria. In addition, the new standard establishes principles for the presentation and preparation of consolidated financial statements and replaces the previously applicable requirements of IAS 27 and SIC-12; however, the regulations on consolidation steps, the presentation of non-controlling interests and accounting for changes in ownership interests without a loss of control remain mostly unchanged. The renamed IAS 27 (revised 2011) includes exclusively unchanged regulations to be applied to separate financial statements. IFRS 11 replaces the previously applicable IAS 31, incorporates the current regulations of SIC-13 in the standard text and removes proportionate consolidation for joint ventures with no replacement. The equity method is used to account for investments in joint ventures in accordance with the provisions of the renamed IAS 28 (revised 2011). IFRS 12 summarizes all of the disclosure requirements for all interests in subsidiaries, joint ventures, joint operations and associates as well as structured entities in a single standard. Compared to the previously existing regulations, the disclosure requirements for consolidated and unconsolidated entities have been expanded significantly. The first-time application of IFRS 10 did not result in any changes for the Bertelsmann Group with respect to the requirement to consolidate subsidiaries. As a result of the first-time application of IFRS 11, 30 (previous year: 34) previously proportionally consolidated joint ventures are now accounted for using the equity method.

Retrospective application of the new financial reporting standards had the following effects on the figures for the prior-year period or the respective opening/closing dates:

### Consolidated Income Statement

| in € millions | H1 2013 before adjustment | H1 2013 after adjustment | Adjustment |
|---|---|---|---|
| Revenues | 7,431 | 7,354 | (77) |
| Other operating income | 358 | 360 | 2 |
| Changes in inventories | 144 | 144 | – |
| Own costs capitalized | 9 | 9 | – |
| Cost of materials | (2,719) | (2,701) | 18 |
| Royalty and license fees | (460) | (457) | 3 |
| Personnel costs | (2,416) | (2,396) | 20 |
| Amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment | (264) | (256) | 8 |
| Other operating expenses | (1,364) | (1,341) | 23 |
| Results from investments accounted for using the equity method | 4 | 9 | 5 |
| Reversals of impairment/Impairment on investments accounted for using the equity method | 72 | 70 | (2) |
| Results from financial assets | 9 | 9 | – |
| Results from disposals of investments | 8 | 8 | – |
| EBIT (earnings before interest and taxes) | 812 | 812 | – |

The financial result, the earnings before and after taxes from continuing operations and the earnings after taxes from discontinued operations remained unchanged.

## Consolidated Balance Sheet

| in € millions | 1/1/2013 before adjustment[1)] | 1/1/2013 after adjustment | Adjustment |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 6,048 | 6,039 | (9) |
| Other intangible assets | 576 | 565 | (11) |
| Property, plant and equipment | 1,753 | 1,751 | (2) |
| Investments accounted for using the equity method | 456 | 506 | 50 |
| Other financial assets | 426 | 428 | 2 |
| Trade and other receivables | 111 | 111 | – |
| Other non-financial assets | 220 | 220 | – |
| Deferred tax assets | 1,205 | 1,201 | (4) |
| | 10,795 | 10,821 | 26 |
| **Current assets** | | | |
| Inventories | 1,404 | 1,394 | (10) |
| Trade and other receivables | 3,266 | 3,239 | (27) |
| Other financial assets | 119 | 118 | (1) |
| Other non-financial assets | 498 | 495 | (3) |
| Current income tax receivable | 115 | 114 | (1) |
| Cash and cash equivalents | 2,658 | 2,623 | (35) |
| | 8,060 | 7,983 | (77) |
| Assets held for sale | 9 | 9 | – |
| | 18,864 | 18,813 | (51) |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Subscribed capital | 1,000 | 1,000 | – |
| Capital reserve | 2,345 | 2,345 | – |
| Retained earnings | 1,922 | 1,919 | (3) |
| Bertelsmann shareholders' equity | 5,267 | 5,264 | (3) |
| Non-controlling interests | 816 | 816 | – |
| | 6,083 | 6,080 | (3) |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar obligations | 2,146 | 2,143 | (3) |
| Other provisions | 122 | 122 | – |
| Deferred tax liabilities | 94 | 94 | – |
| Profit participation capital | 413 | 413 | – |
| Financial debt | 3,612 | 3,611 | (1) |
| Trade and other payables | 402 | 399 | (3) |
| Other non-financial liabilities | 253 | 253 | – |
| | 7,042 | 7,035 | (7) |
| **Current liabilities** | | | |
| Other provisions | 419 | 418 | (1) |
| Financial debt | 264 | 276 | 12 |
| Trade and other payables | 3,645 | 3,609 | (36) |
| Other non-financial liabilities | 1,297 | 1,284 | (13) |
| Current income tax payable | 113 | 110 | (3) |
| | 5,738 | 5,697 | (41) |
| Liabilities related to assets held for sale | 1 | 1 | – |
| | 18,864 | 18,813 | (51) |

1) Figures on January 1, 2013, before adjustment correspond to figures on December 31, 2012, as reported in the 2013 Annual Report.

## Consolidated Balance Sheet

| in € millions | 12/31/2013 before adjustment | 12/31/2013 after adjustment | Adjustment |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 6,966 | 6,953 | (13) |
| Other intangible assets | 2,063 | 2,053 | (10) |
| Property, plant and equipment | 1,701 | 1,700 | (1) |
| Investments accounted for using the equity method | 435 | 479 | 44 |
| Other financial assets | 282 | 286 | 4 |
| Trade and other receivables | 79 | 79 | – |
| Other non-financial assets | 405 | 405 | – |
| Deferred tax assets | 908 | 904 | (4) |
| | 12,839 | 12,859 | 20 |
| **Current assets** | | | |
| Inventories | 1,520 | 1,509 | (11) |
| Trade and other receivables | 3,492 | 3,473 | (19) |
| Other financial assets | 46 | 45 | (1) |
| Other non-financial assets | 630 | 628 | (2) |
| Current income tax receivable | 111 | 109 | (2) |
| Cash and cash equivalents | 2,745 | 2,705 | (40) |
| | 8,544 | 8,469 | (75) |
| Assets held for sale | 65 | 65 | – |
| | 21,448 | 21,393 | (55) |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Subscribed capital | 1,000 | 1,000 | – |
| Capital reserve | 2,345 | 2,345 | – |
| Retained earnings | 3,544 | 3,542 | (2) |
| Bertelsmann shareholders' equity | 6,889 | 6,887 | (2) |
| Non-controlling interests | 1,849 | 1,849 | – |
| | 8,738 | 8,736 | (2) |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar obligations | 1,944 | 1,941 | (3) |
| Other provisions | 101 | 104 | 3 |
| Deferred tax liabilities | 178 | 178 | – |
| Profit participation capital | 413 | 413 | – |
| Financial debt | 2,219 | 2,218 | (1) |
| Trade and other payables | 367 | 364 | (3) |
| Other non-financial liabilities | 280 | 280 | – |
| | 5,502 | 5,498 | (4) |
| **Current liabilities** | | | |
| Other provisions | 438 | 437 | (1) |
| Financial debt | 1,162 | 1,168 | 6 |
| Trade and other payables | 3,985 | 3,946 | (39) |
| Other non-financial liabilities | 1,448 | 1,436 | (12) |
| Current income tax payable | 132 | 129 | (3) |
| | 7,165 | 7,116 | (49) |
| Liabilities related to assets held for sale | 43 | 43 | – |
| | 21,448 | 21,393 | (55) |

The further effects from the first-time application of the new accounting standards as of June 30, 2014, are not material for the Bertelsmann Group.

Furthermore, the IASB and the IFRS Interpretations Committee have issued the following new or amended financial reporting standards and interpretations, the application of which is not yet mandatory for the interim consolidated financial statements for financial year 2014:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

The new version of IFRS 9 includes requirements for the recognition and measurement, impairment and hedge accounting of financial instruments. The version which has now been published replaces all previous versions and is to be applied for the first time from 2018. IFRS 15, which is to be applied from 2017, includes new, comprehensive regulations on the recognition of revenue from contracts with customers and replaces the previous requirements of IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The new standard includes significantly more comprehensive application guidelines and disclosure requirements than the current regulations. The Bertelsmann Group is currently evaluating the effects of IFRS 9 and IFRS 15.

## Scope of Consolidation

The condensed interim consolidated financial statements as of June 30, 2014, include Bertelsmann SE & Co. KGaA and all material subsidiaries over which Bertelsmann SE & Co. KGaA is able to exercise control according to IFRS 10. Joint ventures and associates are accounted for using the equity method in accordance with IAS 28. As of June 30, 2014, Bertelsmann SE & Co. KGaA's scope of consolidation comprises 962 companies including 42 entries and 48 exits in the first half of 2014. As of June 30, 2014, 899 companies are fully consolidated.

## Acquisitions and Disposals

The consideration paid for acquisitions in the first half of 2014 less cash and cash equivalents acquired amounted to €98 million. The consideration transferred according to IFRS 3 for these acquisitions totaled €136 million.

On February 1, 2014, Arvato acquired major parts of the German Netrada Group's business operations and is combining both companies' e-commerce operations. As a result of the acquisition, Arvato has become one of the leading European service providers for integrated e-commerce services and at the same time benefits from Netrada's strong position in the growing fashion and lifestyle market segment. Its range of services includes the development and operation of web shops, financial services, transport and logistics as well as customer service. The consideration transferred totaled €39 million and was fully paid in cash. Based on the preliminary purchase price allocation, the negative difference of €1 million between the consideration transferred and the fair value of net assets on the acquisition date was the result of a purchase due to the financial difficulties of the Netrada Group and was recognized in other operating income. The transaction-related costs amounted to less than €1 million.

On February 28, 2014, BMG acquired 100 percent of the Dutch music publisher Talpa Music B.V. The acquisition makes BMG one of the leading publishers of local repertoire in the Benelux countries. The preliminary consideration transferred totals €31 million and includes a fix amount of cash of €28 million as well as variable and contingent components. The preliminary purchase price allocation resulted in goodwill of €5 million. In times of growing internationalization of music-publishing rights as well as increasing exploitation and monetization of various income sources, this value was the result of access to renowned international songwriters and reinforcement of the company's position in the Benelux countries. None of the goodwill is expected to be tax deductible. The transaction-related costs amounted to less than €1 million.

The purchase price allocations for Netrada and Talpa Music have not yet been concluded at the time of reporting, as the underlying financial information is still being prepared and audited. As a result, there may still be changes to the allocation of the purchase price to the individual assets and liabilities.

In addition, the Group made several acquisitions in the first half of 2014, none of which was material on a stand-alone basis. The impact on the Group's financial position and financial performance was also minor. The other acquisitions resulted in partly non-tax-deductible goodwill totaling €49 million, which reflects synergy potential and is mostly attributable to RTL Group's acquisitions. Furthermore, put options in the amount of €24 million were recognized in connection with business combinations. The transaction-related costs of the acquisitions amounted to less than €1 million.

The following table shows the fair values of the assets and liabilities of the acquisitions on their dates of initial consolidation:

## Effects of Acquisitions

| in € millions | Netrada | Talpa Music | Other | Total |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | – | 5 | 49 | 54 |
| Other intangible assets | 28 | 41 | 14 | 83 |
| Property, plant and equipment | 30 | – | 1 | 31 |
| Other non-current assets | – | 6 | – | 6 |
| **Current assets** | | | | |
| Inventories | – | – | 13 | 13 |
| Trade and other receivables | 1 | – | 18 | 19 |
| Other current assets | – | – | 1 | 1 |
| Cash and cash equivalents | – | 2 | 12 | 14 |
| | | | | |
| **Liabilities** | | | | |
| Financial debt | – | 6 | 3 | 9 |
| Sundry financial and non-financial liabilities | 19 | 17 | 35 | 71 |
| | | | | |
| Gains from business combinations | 1 | – | – | – |

Since initial consolidation, total new acquisitions under IFRS 3 have contributed €129 million to revenues and €12 million to Group profit or loss. If consolidated as of January 1, 2014, they would have contributed €157 million to revenues and €13 million to Group profit or loss.

As part of the implementation of its transformation strategy, Gruner + Jahr sold its printing business in the USA, Brown Printing Company, to Quad/Graphics, Inc. on May 30, 2014. The sale resulted in a gain of €2 million recognized in results from disposals of investments.

On March 31, 2014, Groupe M6, which belongs to RTL Group, disposed of 100 percent of its interests held in Mistergooddeal SA, with a resulting gain of €1 million to the Groupe Darty.

After considering the cash and cash equivalents disposed of, the Group generated cash flows totaling €66 million from disposals that were carried out in the first half of 2014 (H1 2013: €-14 million). The disposals led to income from deconsolidation of €4 million which was carried under results from disposals of investments.

## Effects of Disposals

| in € millions | Brown Printing | Other | 2014 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | – | 2 | 2 |
| Other intangible assets | – | 6 | 6 |
| Property, plant and equipment | 58 | – | 58 |
| Other non-current assets | – | 1 | 1 |
| **Current assets** | | | |
| Inventories | 14 | 18 | 32 |
| Other current assets | 38 | 23 | 61 |
| Cash and cash equivalents | 3 | 12 | 15 |
| | | | |
| **Liabilities** | | | |
| Sundry financial and non-financial liabilities | 49 | 40 | 89 |

## Assets Held for Sale and Liabilities Related to Assets Held for Sale

The carrying amounts of the assets classified as held for sale and related liabilities in the reporting period are attributable to the Arvato division (Nayoki Interactive Advertising GmbH) and Corporate Investments (Círculo de Lectores book club). The carrying amounts of the related asset are carried at a value of zero in the balance sheet due to a full impairment.

It was announced in June 2014 that the Spanish publisher Grupo Planeta, which had already acquired half of the shares in the Spanish book club Círculo de Lectores in 2010, was also acquiring the remaining 50 percent. Círculo de Lectores is therefore classified as being held for sale as of June 30, 2014. Following the approval of the responsible antitrust authority, the sale took place at the end of July 2014.

Earnings after taxes from discontinued operations of €3 million (H1 2013: €-35 million) comprise follow-on effects related to the disposal of the former Direct Group division.

## Additional Disclosures on Financial Instruments

The principles and methods used for the fair value measurement remain unchanged compared to the previous year. Further information about the additional information and disclosure on financial instruments is presented in the notes to the consolidated financial statements in the 2013 Annual Report. Only disclosures on financial instruments that are significant to an understanding of the changes in financial position and performance since the end of the last annual reporting period are explained below.

The following hierarchy is used to determine the fair value of financial instruments.

Level 1:
The fair value of the existing financial instruments is determined on the basis of stock exchange listings at the balance sheet date.

Level 2:
To determine the fair values of unlisted derivatives, Bertelsmann uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted as of the balance sheet date based on the respective market interest rates and interest-rate structure curves on the balance sheet date.
The fair value of forward exchange transactions is calculated using the average spot prices as of the balance sheet date and taking into account forward markdowns and markups for the remaining term of the transactions.
The fair value of interest rate derivatives is calculated on the basis of the respective market rates and interest-rate structure curves on the balance sheet date.
The fair value of forward commodity transactions is derived from the stock exchange listings published on the balance sheet date. Any incongruities to the standardized stock exchange contracts are reflected through interpolation or additions.

Level 3:
Cash-flow-based valuation methods were mostly used to determine the fair values for which no observable market data was available.

The valuation of financial assets and financial liabilities according to level 2 and level 3 requires management to make certain assumptions about the model inputs including cash flows, discount rate and credit risk. In the first half of 2014, no reclassifications were performed between levels 1, 2 and 3.

There were no changes to the financial assets allocated to level 3 in H1 2014.

The option offered in IFRS 13.48 (net risk position) is used to measure the fair value of financial derivatives. In order to identify the credit exposure from financial derivatives, the respective net position of the fair values with the contractual partners is used as a basis as these are managed based on a net position in view of their market or credit default risks.

Other investments that are classified as available for sale within financial assets are measured at cost of €172 million. These financial assets are measured at cost, as they do not have a quoted price in an active market and thus a reliable estimate of the fair value is not possible. No proposal has been made to sell or derecognize significant holdings of the other available-for-sale investments reported as of June 30, 2014, in the near future. No significant holdings valued at cost were sold in the first half of 2014. The market value of the 2001 profit participation certificates with a closing rate of 300.00 percent on the last day of trading in the first half of 2014 on the Frankfurt Stock Exchange totaled €853 million (December 31, 2013: €788 million with a rate of 277.25 percent) and, correspondingly, €35 million for the 1992 profit participation certificates with a rate of 203.20 percent (December 31, 2013: €34 million with a rate of 200.50 percent). The market values are based on level 1 of the fair-value hierarchy. On June 30, 2014, the cumulative fair value of the listed bonds totaled €2,103 million (December 31, 2013: €2,812 million) with a nominal volume of €1,966 million (December 31, 2013: €2,716 million) and a carrying amount of €1,954 million (December 31, 2013: €2,703 million). The stock market prices are based on level 1 of the fair-value hierarchy. On June 30, 2014, the total carrying amount for private placements and the promissory note loans totaled €158 million (December 31, 2013: €375 million) and the total market value was €182 million (December 31, 2013: €387 million). The fair values of private placements and promissory note loans are determined using actuarial methods based on yield curves adjusted for the Group's credit margin. This credit margin results from the market price for credit-default swaps at the end of the respective reporting periods. Fair value is determined on the basis of discount rates ranging from 0.52 percent to 2.97 percent. Determining the fair value of the private placements and promissory note loans is to be allocated to level 2 of the fair-value hierarchy. For all other financial assets and financial liabilities, the carrying amount represents a reasonable approximation of fair value.

### Fair Values of Financial Assets Categorized Using the Fair Value Measurement Hierarchy

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Balance as of 6/30/2014 |
|---|---|---|---|---|
| Financial assets initially recognized at fair value through profit or loss | – | 6 | – | 6 |
| Available-for-sale financial assets | 10 | 1 | 35 | 46 |
| Financial assets held for trading | – | 13 | – | 13 |
| Derivatives with hedge relation | – | 15 | – | 15 |
| | 10 | 35 | 35 | 80 |

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Balance as of 12/31/2013 |
|---|---|---|---|---|
| Financial assets initially recognized at fair value through profit or loss | – | 8 | – | 8 |
| Available-for-sale financial assets | 14 | 2 | 35 | 51 |
| Financial assets held for trading | – | 10 | – | 10 |
| Derivatives with hedge relation | – | 23 | – | 23 |
| | 14 | 43 | 35 | 92 |

### Fair Values of Financial Liabilities Categorized Using the Fair Value Measurement Hierarchy

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Balance as of 6/30/2014 |
|---|---|---|---|---|
| Financial liabilities held for trading | – | 25 | – | 25 |
| Derivatives with hedge relation | – | 22 | – | 22 |
| | – | 47 | – | 47 |

| in € millions | Level 1: Quoted prices in active markets | Level 2: Observable market data | Level 3: Unobservable market data | Balance as of 12/31/2013 |
|---|---|---|---|---|
| Financial liabilities held for trading | – | 15 | – | 15 |
| Derivatives with hedge relation | – | 39 | – | 39 |
| | – | 54 | – | 54 |

## Income Taxes

Tax expenses for the first half of 2014 were calculated in line with IAS 34 using the average annual tax rate expected for the whole of 2014. The estimated average annual tax rate for 2014 is 33.4 percent before discrete effects.

## Other Information

As a result of seasonal influences on the divisions, higher revenues and a higher operating result tend to be expected in the second half of the year compared to the first half of the year. The higher revenues in the second half of the year are due to the increasing demand during the year-end holiday season, in particular in advertising-driven companies as well as Arvato's customer-oriented services. A comparison with the previous period is only possible to a limited extent due to portfolio expansions undertaken in the previous year, such as the Penguin Random House merger, the acquisition of the financial service provider Gothia and the full acquisition of the music rights company BMG.

Due to a lack of economic perspectives, a decision was made in June 2014 to gradually terminate the activities of the German-language club businesses, reported under Corporate Investments, by the end of 2015.

On June 2, 2014, a new advertising tax was submitted to the Hungarian Parliament and was subsequently adopted via an accelerated procedure on June 11, 2014. On July 4, 2014, the Hungarian Parliament adopted several amendments to the tax. The new, revised tax came into force on August 15, 2014, with the first payments, in two equal installments, under this new regime to be made on August 20 and November 20, 2014, respectively. The tax is steeply progressive, with rates between 0 and 40 percent, and is calculated, in general, on the net revenues derived from advertising plus the margins which the sales houses affiliated with the taxpayers charge to their customers. The tax base will be calculated by aggregating the tax bases of affiliated undertakings. As a result, entities belonging to a group of companies are taxed at higher tax rates than independent legal entities. RTL Group's management is determined to pursue all options to protect the Hungarian assets against the effects of this new regulation. Nevertheless, in accordance with IFRS guidance, it is assumed that the impact of this new advertising tax on the RTL Group's Hungarian business continues throughout the planning period is assumed. It is also assumed that the Hungarian business is a going concern. The recoverable amount of the Hungarian-language cable channels and M-RTL has been determined at a non-significant amount at June 30, 2014, on the basis of the value in use. The calculation based on the following assumptions: a discount rate of 13.4 percent (December 31, 2013: 12.9 percent) and a growth rate of 2.0 percent (December 31, 2013: 2.0 percent). Consequently, a full impairment of the goodwill for an amount of €77 million has been recorded and as well as additional impairment losses on non-current intangible assets of €11 million, of which €9 million relates to assets identified in connection with the primary purchase price allocations. After impairment, the carrying amount is €65 million. The remaining non-current assets, mainly composed of property plant and equipment and software licenses and amounting to approximately €10 million, have not been impaired as their fair value less costs of disposal were considered as being above or at least equal to their carrying value. The other current assets in the amount of €86 million, mainly composed of inventories and financial assets, have been valued in accordance with the relevant applicable IFRS standard and accordingly no additional impairment was required. Further analysis will be conducted on the practical implications of the new advertising tax in Hungary. This might lead to further operating losses.

Due to continuing pressure on the production and distribution business as a result of lower volumes and pricing, the company's internal forecasts for the cash-generating unit Fremantle Media, which belongs to RTL Group, have been updated taking into account the latest available information, primarily on the USA. The recoverable amount was determined using the value in use on the basis of the discounted cash flow method with a long-term growth rate of 3.0 percent (December 31, 2013: 3.0 percent) and a discount rate of 7.7 percent (December 31, 2013: 7.7 percent). After recalculation, the recoverable amount is equivalent to the carrying amount. In the event of an increase in the discount rate for the cash-generating unit Fremantle Media by 1.0 percentage points, an impairment of goodwill of €205 million would be required. In the event of a reduction in the annual revenue growth rate of 1.0 percentage points, an impairment of goodwill of €161 million would be required.

In the first half of 2014, BMG acquired the music rights catalogs of Hal David and Montana for a total of €39 million.

The bonds due in January 2014 for the amount of €750 million, as well as the promissory note loans due in February and March 2014 for €187 million and €30 million, were paid when they matured. Part of cash and cash equivalents was used in this regard.

RTL Group's ownership in Atresmedia decreased from 20.5 percent as of December 31, 2013, to 19.2 percent as of June 30, 2014, as a result of the partial novation on February 19, 2014, of the Integration Agreement executed with the shareholder La Sexta on December 14, 2011, and the reduction of the number of treasury shares. Significant influence remains even after the reduction in the number of treasury shares. The transaction resulted in a dilution of interest generating a loss of €4.5 million.

The increase in provisions for pensions and similar obligations is primarily attributable to a decreased interest level.

## Segment Reporting

Segment reporting continues to present five operating reportable segments (RTL Group, Penguin Random House, Gruner + Jahr, Arvato and Be Printers) as well as other operating activities (Corporate Investments). The figures from the first half of the previous year have been adjusted due to the first-time application of IFRS 11 Joint Arrangements. In view of the Bertelsmann Group's growth strategy and the associated expansion of its investment activity, the operating EBITDA has been used as a central performance indicator since the start of the 2014 financial year for determining the operating earnings power.

## Reconciliation of Segments' EBIT to the Group Profit or Loss

| in € millions | H1 2014 | H1 2013 (adjusted) |
|---|---|---|
| Operating EBITDA of divisions | 1,051 | 1,049 |
| Corporate Center | (37) | (36) |
| Consolidation | 1 | (2) |
| Amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment | (389) | (256) |
| Adjustments on amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment included in special items | 100 | 13 |
| Operating EBIT | 726 | 768 |
| Special items | (172) | 44 |
| EBIT from continuing operations | 554 | 812 |
| Financial result | (125) | (158) |
| Earnings before taxes from continuing operations | 429 | 654 |
| Income taxes | (178) | (200) |
| Earnings after taxes from continuing operations | 251 | 454 |
| Earnings after taxes from discontinued operations | 3 | (35) |
| Group profit or loss | 254 | 419 |

### Events after the Reporting Date

On July 1, 2014, Penguin Random House completed its full acquisition of the publishing group Santillana Ediciones Generales from the Spanish media company Prisa, announced in March 2014. The acquisition of Santillana's book business in Brazil, also announced in this context, is to be formally completed by the end of September 2014. The acquired publishing group will be merged with the activities of Penguin Random House in Spain, Portugal and Latin America, greatly enhancing growth potential, in particular in Latin America. The transaction will be accounted for as a business combination in accordance with IFRS 3. The consideration transferred totaled €56 million and was fully paid in cash. As a result of the early stage of the preliminary purchase price allocation, it is not possible to provide any quantitative or any other information required by IFRS 3 on the acquisition of the publishing group.

On July 31, 2014, RTL Group announced its acquisition of a 65 percent stake in SpotXchange, a leading programmatic video advertising platform. RTL Group's initial investment amounts to €108 million. The parties have agreed on an earn-out component which could increase the initial consideration depending on the future performance of SpotXchange. RTL Group also has an option to acquire the remaining shareholding in the future. The transaction is subject to US competition authority approval and is expected to close by the end of August 2014. The transaction will be accounted for as a business combination in the sense of IFRS 3.

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Gütersloh, August 27, 2014

Bertelsmann SE & Co. KGaA
represented by:
Bertelsmann Management SE, the general partner
The Executive Board

| | | |
|---|---|---|
| Dr. Thomas Rabe | Achim Berg | Markus Dohle |
| Dr. Judith Hartmann | Anke Schäferkordt | |

# Auditor's Review Report

To Bertelsmann SE & Co. KGaA

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and the statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and selected explanatory notes – and the interim group management report of Bertelsmann SE & Co. KGaA, Gütersloh, for the period from January 1 to June 30, 2014, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Executive Board of the personally liable partner Bertelsmann Management SE. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Bielefeld, August 27, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Werner Ballhaus
Wirtschaftsprüfer
(German Public Auditor)

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Wirtschaftsprüfer
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