Balance Sheet of Bastei Lübbe GmbH & Co. KG, Cologne

at March 31, 2012

A s s e t s

		Balance at March 31, 2012 EUR	Balance at March 31, 2011 EUR
A.	**Fixed assets**		
I.	Intangible fixed assets		
1.	Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	678,628.00	895,204.00
2.	Goodwill	552,782.00	557,697.00
3.	Prepayments	40,427.57	0.00
		1,271,837.57	1,452,901.00
II.	Tangible fixed assets		
1.	Land, land rights and buildings including buildings on third-party land	229,384.00	225,974.00
2.	Technical equipment and machinery	23,386.00	23,725.00
3.	Other equipment, operating and office equipment	859,159.32	832,967.32
		1,111,929.32	1,082,666.32
III.	Long-term financial assets		
1.	Shares in affiliated companies	13,605,078.15	186,561.73
2.	Other long-term equity investments	207,832.47	109,332.47
		13,812,910.62	295,894.20
		16,196,677.51	2,831,461.52
B.	**Current assets**		
I.	Inventories		
1.	Manuscripts	16,020,228.81	13,368,414.91
2.	Prepayments on manuscripts	4,015,231.39	3,676,900.33
3.	Raw materials, consumables and supplies	428,523.05	199,428.29
4.	Work in progress	222,730.00	243,005.00
5.	Finished goods	15,233,089.00	12,631,279.00
6.	Other prepayments	0.00	5,850.00
		35,919,802.25	30,124,877.53
II.	Receivables and other assets		
1.	Trade receivables	2,574,565.37	1,116,859.98
2.	Receivables from related parties	3,508.12	2,960.59
3.	Other assets	13,982,230.13	12,735,583.38
		16,560,303.62	13,855,403.95
III.	Cash-in-hand, central bank balances, bank balances and checks	2,735,186.25	21,008.59
		55,215,292.12	44,001,290.07
C.	**Prepaid expenses**	336,340.26	309,546.27
		71,748,309.89	47,142,297.86

Equity and Liabilities

		Balance at March 31, 2012 EUR	Balance at March 31, 2011 EUR
A.	**Equity**		
I.	Share capital of the limited partners	1,533,875.65	1,533,875.65
II.	Reserves	14,345,875.06	12,562,180.73
III.	Net retained profits	0.00	0.00
		15,879,750.71	14,096,056.38
B.	**Adjustments for capitalized treasury shares**	55,000.00	55,000.00
C.	**Provisions**		
1.	Provisions for taxes	2,163,710.00	1,375,044.00
2.	Other provisions	8,335,504.93	9,020,343.40
		10,499,214.93	10,395,387.40
D.	**Liabilities**		
1.	Bonds	30,000,000.00	0.00
2.	Liabilities to banks	25,693.94	10,983,541.02
3.	Trade payables	11,933,486.82	7,881,989.55
4.	Liabilities to limited partners	1,894,452.99	3,251,658.29
5.	Other liabilities - thereof taxes: EUR 230,425.01 (previous year EUR 227,131.44) - thereof relating to social security and similar obligations: EUR 1,717.75 (previous year EUR 0.00)	1,460,710.50	478,665.22
		45,314,344.25	22,595,854.08
		71,748,309.89	47,142,297.86

Income Statement

of Bastei Lübbe GmbH & Co. KG, Cologne

for the period April 1, 2011 to March 31, 2012

	April 1, 2011 to March 31, 2012 EUR	April 1, 2010 to March 31, 2011 EUR
1. Revenue	82,887,033.17	74,525,338.35
2. Increase in finished goods and work in progress	2,581,535.00	865,845.00
3. Other operating income	1,900,554.56	2,984,037.19
4. Cost of materials		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	542,247.20	882,482.71
b) Cost of purchased services	44,439,449.04	39,574,293.70
	44,981,696.24	40,456,776.41
5. Staff costs		
a) Wages and salaries	10,388,364.37	9,345,901.78
b) Social security, post-employment and other employee benefit costs	1,695,118.21	1,571,586.22
	12,083,482.58	10,917,488.00
6. Amortization and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets	805,022.38	697,289.41
7. Other operating expenses	20,550,539.18	18,414,852.89
8. Income from long-term equity investments	104,304.94	108,980.87
- thereof from affiliated companies: EUR 73,690.10 (previous year EUR 84,498.65)		
9. Other interest and similar income	56,094.76	32,028.84
10. Interest and similar expenses	1,348,613.99	678,812.65
11. Result from ordinary activities	7,760,168.06	7,351,010.89
12. Extraordinary income = extraordinary result	0.00	445,509.87
13. Income taxes	1,204,167.00	1,016,000.00
14. Other taxes (previous year: other taxes refunded)	36,213.29	-14,825.89
15. Net income	6,519,787.77	6,795,346.65
16. Allocations to reserves	-1,783,694.33	-110,314.46
17. Credit to personal accounts of the limited partners	-4,736,093.44	-6,685,032.19
18. Net retained profits	0.00	0.00

Notes to the Financial Statements of
Bastei Lübbe GmbH & Co. KG, Cologne
for Fiscal Year 2011/12

I. Accounting policies

Items were recognized and measured in accordance with the provisions of the German Commercial Code for limited partnerships as defined in § 264 a HGB.

The income statement was prepared using the total cost (nature of expense) format.

The recognition, measurement and depreciation/amortization methods that were used take into account all identifiable risks; they are described individually in the explanations of the balance sheet items.

II. Balance sheet disclosures

Fixed assets

The costs of and write-downs on fixed assets in fiscal year 2011/12 are presented in the fixed asset schedule.

Tangible and intangible fixed assets

Purchased intangible assets are carried at cost and amortized over a maximum of five years (software) or 15 years (publication rights). Tangible assets are carried at cost and reduced by depreciation based on their useful lives. They are impaired if recognition at a lower amount is necessary.

Technical equipment and machinery is depreciated over a maximum of 10 years, while other equipment and office furniture is mainly depreciated over five years, vehicles are depreciated over six years. As of January 1, 2011, additions to fixed assets are depreciated only using the straight-line method (whereas in the prior year, the declining balance method was partially used). The depreciation is prorated in the year of the addition. Use is made of the ability to switch from declining-balance to the straight-line method to the extent that the latter results in a higher amount of depreciation.

From January 1, 2008 to December 31, 2009, additions of low-value items between EUR 150 and EUR 1,000 were carried at cost in one collective item that is written off every fiscal year at one-fifth of its cost. Beginning January 1, 2010, low-value items (up to EUR 410) were again fully written off at year end. Low-value items up to a value of EUR 60 are expensed.

Long-term financial assets

The Company's investments as of March 31, 2012 are the following:

	Subscribed capital of the investee	Percentage ownership		Equity	Carrying amount	Net income
	TEUR	TEUR	%		EUR	2011/12
Shares in affiliated companies						
MoBa GmbH, Brünn/ Czech Republic 1)	15	14	89.7	CZK 420,000	161,954.75	CZK 3,945
Bastei Lübbe Verwaltungs GmbH, Cologne	55	55	100	TEUR 256	55,000.00	TEUR 29
Partner Medien Verlagsgesellschaft mbH, Munich	25	19	74	TEUR 209	1,184,000.00	2)
Hartmut Räder Wohnzubehör GmbH & Co.KG, Bochum 3)	52	52	100	TEUR 4,322	12,178,123.40	TEUR 1,229
Hartmut Räder Wohnzubehör Verwaltungs GmbH, Bochum 3)	26	26	100	TEUR 86	26,000.00	TEUR 4

1) Disclosures according to annual financial statements as of December 31, 2011
2) No information for fiscal year 2011 is yet available.
3) Disclosures according to annual financial statements as of June 30, 2011

Current assets

Inventories

Purchased manuscripts are measured at cost. Manuscripts are written down in line with the sale of the books; appropriate allowances are also taken on the basis of sales expectations. Prepayments made on these manuscripts are measured at their nominal amount. Allowances are also taken on the prepayments.

Raw materials, consumables and supplies are measured at cost, less any discounts taken. Write-offs for inventory risks resulting from length of storage or reduced marketability were taken to an appropriate and sufficient extent.

Finished goods and work in progress are measured at cost. These include the direct costs of materials and printing costs as well as fee expenses. The overhead costs (e.g. editing costs) are recognized by corresponding increases in the cost of printing. Sufficient reductions have been made on outstanding amounts of remitted publishing products that are included in the finished products to account for reduced marketability.

Overstock was identified using a coverage analysis and appropriate deductions were taken. The process for coverage analysis was applied in accordance with the findings of the tax audit.

Other prepayments are carried at their nominal amount.

Receivables and other assets

Receivables and other assets are generally recognized at their nominal values, although general allowances were taken on trade receivables in addition to the necessary specific allowances. The percentage for the general allowance is 5% for advertisement receivables related to Germany and 3% for all other German and foreign claims. Foreign currency receivables are carried at the exchange rate prevailing on the date of the transaction or at lower exchange rate on the balance sheet date.

All receivables from the book segment were sold to Vereinigte Verlagsauslieferung arvato media GmbH (VVA), Gütersloh, pursuant to a factoring agreement. The claims against VVA under this agreement are shown under other assets.

Trade receivables include receivables with a remaining period of more than one year in the amount of EUR 1,670,500.91.

Other provisions

Other provisions primarily include provisions for returns (EUR 3,541 thousand) for merchandise that has been delivered but is expected to be returned. The Company gives customers credit in the full amount of the invoice. The provision for returns as of March 31, 2012 relates to credits for merchandise delivered and invoiced in fiscal year 2011/12 that customers will return in the following fiscal year.

Pulp novels are not returned to the publisher because they are sold under the system whereby only the cover is returned for a credit. Only the related credit is issued.

Provisions for returns are based on the return rate of the previous fiscal year, taking into account the actual returns at the beginning of the following year. Due to the return right customers can always offset the publisher's receivables against returns. As of March 31,2012 the pulp novel returns in the period from April 1 to April 30,2012 and the book returns in the period from April 1 to May 15, 2012 were offset against receivables (in the pulp novel segment) or the other assets (in the book segment).

Other provisions also include outstanding contributions for workers' compensation insurance, outstanding authors' fees, annual report costs, other HR contributions (severance payments, continued salary payments, outstanding vacation, additional compensation, management bonuses and obligations regarding partial employment for staff approaching retirement), not yet settled customer rebates and advertising cost subsidies, future archiving costs, outstanding purchase invoices and litigation costs. They cover all uncertain liabilities, losses and risks identifiable as of the balance sheet date to the extent that they relate to the past fiscal year.

Assets that are exempt from attachment by all other creditors and that serve exclusively to settle liabilities from post-employment benefit obligations or similar long-term liabilities were offset against such liabilities pursuant to Section 246 (2) sentence 2 of the German Commercial Code.

Disclosures on offsets against plan assets under Section 246 (2) sentence 2 of the German Commercial Code:

	March 31, 2012 EUR
Pension benefit obligations (PBO) for workers taking partial retirement	812.403,86
Plan assets (fair value)	628.511,37
Provision for partial retirement	183.892,49
Plan assets (cost)	628.511,37
Interest expense on pension benefit obligations for workers taking partial retireme	12.792,05
Income from plan assets	15.004,05
Interest income	-2.212,00

Liabilities

Liabilities are carried at their settlement amounts.

Foreign currency liabilities are carried at the exchange rate prevailing on the date of the transaction or at the exchange rate on the balance sheet date, if it is lower.

The term to maturity of the liabilities and the collateral furnished is shown in the maturity structure of liabilities.

III. Income statement disclosures

Revenue

Sales are distributed among the segments Book and Pulp Novels as follows:

	Book TEUR	Licenses TEUR	Pulp novels TEUR	Total TEUR
Net revenue	74,859	3,028	8,294	86,181
Discounts and rebates	-3,294			-3,294
	71,565	**3,028**	**8,294**	**82,887**

Other operating income

Other operating income is made up by:

- Sales to personnel (EUR 21 thousand)
- Income from exchange rate gains (EUR 19 thousand)
- Income from noncash benefits (EUR 202 thousand)
- Rental income (EUR 40 thousand)
- Income from recovery of damages (EUR 65)
- Income from reversal of provisions (EUR 1,215 thousand)
- Income from reversals of allowances on receivables (EUR 212 thousand)
- Other (EUR 126 thousand)

Cost of materials

Cost of materials include not only the cost of raw materials, consumables and supplies and cost of purchased goods but also cost of purchased services in the form of fee expenses and printing costs.

Cost of purchased services

Authors' fees are carried in accordance with the information from the most recent tax audit. The guaranteed fees are expensed for hardcovers and trade paperbacks (usually 50%/50%) when the hardcover or the paperback title is published, depending on the title's share of the guaranteed fee.

Staff cost

Staff cost relate to wages and salaries, social security and in-kind benefits, as well as severance payments to employees who leave the company.

The social security costs include the employer's social security contribution and workers' compensation insurance.

Amortization and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets

For depreciation and amortization on individual intangible and tangible fixed assets, please see the Statement of Changes in Fixed Assets.

Other operating expenses

Other operating expenses include expenses for management, distribution, advertising, maintenance and rent as well as non-operating items.

Income from long-term equity investments

This income relates to distributions from investees received during the fiscal year.

Exchange gains and losses

Other operating income includes exchange gains from currency translation of EUR 19 thousand (prior year: EUR 51 thousand). Other operating expenses include exchange losses from currency translation in the amount of EUR 25 thousand (previous year: EUR 16 thousand).

IV. Disclosures of contingent liabilities and other financial obligations

Contingent liabilities

Liabilities due to warranty agreements

Bastei Lübbe GmbH & Co. KG has entered into a factoring agreement with VVA Vereinigte Verlagsauslieferung arvato media GmbH, Gütersloh, whereby it has guaranteed to VVA that it will take responsibility for all uncollectible receivables from customers.

Other financial obligations

The other financial obligations as of March 31, 2012 consisted of the following:

	TEUR
Various operating lease agreements (until December 31, 2021)	11,254
Various finance lease agreements (2012 to 2015)	1,597

V. Other disclosures

Disclosure pursuant to § 285 (15) of the German Commercial Code (HGB)

The general partner is Bastei Lübbe Verwaltungs GmbH, Cologne. Its subscribed capital amounts to EUR 55,000 on March 31, 2012 (previous year: EUR 55,000).

Employees

Average number of employees:

	2011/12	2010/11
Employees	184	170
	184	170

Management

Bastei Lübbe Verwaltungs GmbH, represented by its managing directors:

Stefan Lübbe, Publisher (CEO)
Thomas Schierack, Attorney
Klaus Kluge, Publishing director
Bodo Horn-Rumold, Publishing director
Silvia Kuttny-Walser, Publishing director (from April 1, 2011 - November 4, 2011)

The total compensation of the members of management for fiscal year 2011/12 amounted to EUR 1,557,200.76.

Fees for auditor's services

The auditor's fees in fiscal year 2011/12 amounted to EUR 111 thousand. They break down as follows:

	2011/12 TEUR
Financial statement audit	68
Other audits	29
Tax consulting services	-
Other services	14
	111

Cologne, June 21, 2012

Bastei Lübbe Verwaltungs GmbH
Management

Stefan Lübbe Bodo Horn-Rumold Klaus Kluge Thomas Schierack

Statement of Changes in Fixed Assets of Bastei Lübbe GmbH & Co. KG, Cologne

Fiscal Year 2011/12

		Cost			
		Balance at April 1, 2011 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2012 EUR
I.	**Intangible fixed assets**				
1.	Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	3,049,796.96	196,201.72	0.00	3,245,998.68
2.	Goodwill	587,050.00	35,000.00	0.00	622,050.00
3.	Prepayments	0.00	40,427.57	0.00	40,427.57
		3,636,846.96	271,629.29	0.00	3,908,476.25
II.	**Tangible fixed assets**				
1.	Land, land rights and buildings including buildings on third-party land	242,072.35	24,824.23	0.00	266,896.58
2.	Technical equipment and machinery	27,581.02	3,000.00	0.00	30,581.02
3.	Other equipment, operating and office equipment	1,701,964.82	504,226.43	284,867.09	1,921,324.16
		1,971,618.19	532,050.66	284,867.09	2,218,801.76
III.	**Long-term financial investments**				
1.	Shares in affiliated companies	186,561.73	13,418,516.42	0.00	13,605,078.15
2.	Other long-term equity investments	109,332.47	100,000.00	1,500.00	207,832.47
		295,894.20	13,518,516.42	1,500.00	13,812,910.62
		5,904,359.35	14,322,196.37	286,367.09	19,940,188.63

Cumulative depreciation, amortization and write-downs				Carrying amounts	
Balance at April 1, 2011 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2012 EUR	Balance at March 31, 2012 EUR	Balance at March 31, 2011 EUR
2,154,592.96	412,777.72	0.00	2,567,370.68	678,628.00	895,204.00
29,353.00	39,915.00	0.00	69,268.00	552,782.00	557,697.00
0.00	0.00	0.00	0.00	40,427.57	0.00
2,183,945.96	452,692.72	0.00	2,636,638.68	1,271,837.57	1,452,901.00
16,098.35	21,414.23	0.00	37,512.58	229,384.00	225,974.00
3,856.02	3,339.00	0.00	7,195.02	23,386.00	23,725.00
868,997.50	327,576.43	134,409.09	1,062,164.84	859,159.32	832,967.32
888,951.87	352,329.66	134,409.09	1,106,872.44	1,111,929.32	1,082,666.32
0.00	0.00	0.00	0.00	13,605,078.15	186,561.73
0.00	0.00	0.00	0.00	207,832.47	109,332.47
0.00	0.00	0.00	0.00	13,812,910.62	295,894.20
3,072,897.83	805,022.38	134,409.09	3,743,511.12	16,196,677.51	2,831,461.52

Statement of Liabilities of Bastei Lübbe GmbH & Co. KG, Cologne

at March 31, 2012

	Total amount EUR	Remaining time to maturity: up to 1 year EUR	1-5 years EUR	more than 5 years EUR
Bonds	30,000,000.00	0.00	30,000,000.00	0.00
(previous year)	*(0.00)*	*(0.00)*	*(0.00)*	*(0.00)*
Liabilities to banks*	25,693.94	25,693.94	0.00	0.00
(previous year)	*(10,983,541.02)*	*(6,008,541.02)*	*(4,975,000.00)*	*(0.00)*
Trade payables	11,933,486.82	11,933,486.82		
(previous year)	*(7,881,989.55)*	*(7,881,989.55)*		
Liabilities to limited partners	1,894,452.99	1,894,452.99		
(previous year)	*(3,251,658.29)*	*(3,251,658.29)*		
Other liabilities	1,460,710.50	1,460,710.50		
(previous year)	*(478,665.22)*	*(478,665.22)*		
	45,314,344.25	15,314,344.25	30,000,000.00	0.00
	(22,595,854.08)	*(17,620,854.08)*	*(4,975,000.00)*	*(0.00)*

*of which secured by assignment of claims, pledging assets as collateral, negative pledge of author's rights, creation of liens: EUR 25,693.94
(previous year EUR 10,983,541.02)

BASTEI LÜBBE

Management Report of Bastei Lübbe GmbH & Co. KG, Cologne

for fiscal year 2011/2012

I. Business Performance

1. The Business

The business of Bastei Lübbe GmbH & Co. KG in the period from April 1, 2012 to September 30, 2012 related to the publishing and distribution of periodicals in the form of pulp novels, puzzle booklets, fiction and nonfiction books and audio books. E-books and merchandising articles were also sold during the reporting period.

2. Business growth and market

The book industry in the Federal Republic of Germany, Austria and Switzerland continued to weaken in calendar year 2011. According to the Börsenverein, sales decreased by 1.4%. This trend continued in the first three months of calendar year 2012.

Contrary to this general trend, sales at Bastei Lübbe GmbH & Co. KG and profits again increased in the fiscal year. Both sales and profits were significantly above target.

3. Sales trend

Total sales of Bastei Lübbe GmbH & Co. KG amounted to EUR 82.9 million and were thus more than EUR 8 million higher than last year and were significantly above target. Sales were particularly driven by the segment of books for children and young people. Sales were up by more than 500% in the e-book segment (from 0.5 to EUR 3 million). The pulp novel segment remains stable. Trade paperbacks performed worse than expected.

II. Position of the Company

1. Financial Position

Total assets were just under EUR 72 million and thus significantly higher than in the previous year. The increase in total assets is particularly attributable to the fact that the Company placed a bond with a volume of EUR 30 million at a nominal interest rate of 6.75% on the "mid-size company" market of the Düsseldorf Stock Exchange. The proceeds of this bond were used to repay a long-term liability in the amount of EUR 5 million. The Company also acquired a 100% stake in Hartmut Räder Wohnzubehör GmbH & Co. KG for EUR 12 million and a 74% stake in PMV Partner Medien Verlagsgesellschaft mbH for almost EUR 1.2 million. Hartmut Räder Wohnzubehör GmbH & Co. KG does business in the non-book segment and produces and distributes gift items and arts and crafts items, while PMV Partner Medien Verlagsgesellschaft mbH is one of the leading publishers of puzzles in Germany. Inventories and finished goods in total were EUR 5 million higher than last year. Accordingly, trade liabilities also increased. The Company's equity amounted to EUR 15.9 million at the balance sheet date as of March 31,

2012. The equity was increased by a nominal amount of approximately EUR 1.8 million, as 30% of the net profit was allocated to reserves. Due to the increase of total assets, the equity ratio fell from approximately 30% to 22%.

2. Earnings

EBIT of EUR 9 million was generated in the fiscal year. This is approximately EUR 700 thousand higher than last year's figure and approximately EUR 4.4 million above the targeted EBIT. The return on sales at almost 11% was at the same level as last year and is higher than the industry average. We are pleased to report that almost all segments of Bastei Lübbe GmbH & Co. KG contributed to this result.
In November 2011 the Company acquired the rights to the trademark "Eichborn" from the receiver for the insolvent Eichborn AG i. I. and entered into a contract to distribute Eichborn's backlist. The brand will be continued by Bastei Lübbe as its own label.

III. Future development and risks of future development

The planning for fiscal year 2012/13 is complete. The investees acquired in fiscal year 2011/12 will be integrated into Bastei Lübbe KG in the coming fiscal year. Hartmut Räder Wohnzubehör GmbH & Co. KG is to be merged with and into Bastei Lübbe GmbH & Co. KG as of July 1, 2012. In addition, the wholly-owned subsidiary PMV GmbH is to be merged with and into Bastei Lübbe GmbH & Co. KG as of January 1, 2013. A basic line of books under the "Eichborn" label will be published in spring 2012. Then, beginning in autumn/winter 2012/13, a complete Eichborn product line will be published by Bastei Lübbe.

Accordingly, based on its planning, the Company expects a considerable increase in sales and a higher EBIT for fiscal year 2012/13.

Sales are expected to amount to approximately EUR 102 million in fiscal year 2012/13, with EBIT at approximately EUR 10.5 million. The planning takes account of the somewhat negative trends in the classic bookstore business. For the first time, non-books will contribute to the Company's success as an independent segment. The broader product assortment will help to diversify risk. It is worth mentioning that the second volume in the Ken Follett trilogy will be published in fiscal year 2012/13 under the title "Winter der Welt." The first volume, "Sturz der Titanen," was a successful bestseller.

The planning also calls for significant growth in the e-book segment, which has performed particularly well in the past weeks and months. In June 2012 the Company's first digital content is to be marketed internationally. This is also expected to generate significant sales in the next few years.

However, in the first two months of the new fiscal year 2012/13, sales were under target. One reason for this is that growth, particularly in the retail book trade, continued to shrink, and another reason is that certain trade paperback titles did not sell as well as planned. Sales fell short of target by EUR 1.7 million or approximately 16% in the first two months. This trend will probably continue in the next two to three months. Due to unusually strong lineup of new books for the autumn and the strong growth in the e-book segment, Management expects that revenue shortfall will be made up for in the course of the fiscal year.

In fiscal year 2012/13 the Company will also continue its strategy of being a multimedia publisher, that exploits its rights to the maximum. Part of this is the internationalization of the e-book segment.

IV. Significant events after the balance sheet date

There were no significant events after the end of fiscal year on March 31, 2012.

Cologne, June 21, 2012

Bastei Lübbe-Verwaltung-GmbH
Management

Stefan Lübbe   Klaus Kluge   Bodo Horn-Rumold   Thomas Schierack

Audit Report

We have audited the annual financial statements - consisting of the balance sheet, income statement and notes - together with the bookkeeping system and the management report of **Bastei Lübbe GmbH & Co. KG, Cologne,** for the fiscal year from April 1, 2011 to March 31, 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report, based on our audit.

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

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

Cologne, June 21, 2012

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

/s/ Dr. Christian Janßen
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