

SNOWMAN ENTERPRISES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018



SNOWMAN ENTERPRISES LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018 STRATEGIC REPORT

The directors present their Strategic Report of Snowman Enterprises Limited ("the company") for the year ended 31 December 2018.

Principal activities

The company is a subsidiary of Penguin Books Limited (PBL"), which is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"), a company registered in England and Wales. The company is UK domiciled and registered in England and Wales. The principal activity of the company continues to be the exploitation of the media rights to the original Snowman film.

Review of the business

The results and financial position of the company are set out in the attached financial statements. Operating profit for the year was £113,000 (2017: £398,000).

Key Performance Indicators ("KPIs")

The company monitors progress and performance during the year and historical trend data which is set out in the following KPI's:

- Turnover for the year was £469,000 (2017: £498,000)


Principal Risks and Uncertainties

The company is subject to risk management procedures and an annual risk assessment implemented by the ultimate parent company, Bertelsmann SE & Co KGaA. The company has procedures in place to make the directors aware of the various risks to the company's business. The risks are monitored and reported to management. The marketplace is dominated by large players such as Disney who have the majority of licensed intellectual property within the Children's market. Retailers are increasingly becoming risk averse with increasing pressure for immediate success at mass market level and fewer wanting to invest in new intellectual property.

General

The company is presenting the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

On behalf of the Board



M GARDINER
Director

18 September 2019

SNOWMAN ENTERPRISES LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018 DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the company for the year ended 31 December 2018.

Future developments

Looking ahead, the market remains challenging and the economic backdrop remains similarly tough. The company will continue to exploit the media rights to the original Snowman film. The directors do not anticipate any significant changes in the activities of the company.

Results and dividends

No dividends were paid during 2018 (2017 £500,000) and the company reported a profit for the financial year of £93,000 (2017: £322,000).

Financial instruments

It is the company's policy to implement financial risk management objectives and policies for each major type of transaction. The directors consider the entity's exposure to price risk, credit risk, liquidity risk and cash flow risk as not significant.

Directors

The directors who held office during the year and up to the date of this report were as follows:

Francesca Dow
Mark Gardiner
Thomas Weldon

Sinead Martin (Company Secretary)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and applicable law.)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SNOWMAN ENTERPRISES LIMITED

**FOR THE YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT (continued)**

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M Gardiner', with a long horizontal flourish extending to the right.

M GARDINER
Director

16 September 2019

Independent auditors' report to the members of Snowman Enterprises Limited

Report on the audit of the financial statements

Opinion

In our opinion, Snowman Enterprises Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2018, the *Income Statement and Statement of Comprehensive Income for the year then ended* and the *Statement of Changes in Equity for the year then ended*; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Snowman Enterprises Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Snowman Enterprises Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 September 2019

SNOWMAN ENTERPRISES LIMITED**INCOME STATEMENT**

For the year ended:

31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	4	469	498
Cost of sales		(266)	(71)
Gross profit		203	427
Administrative expenses		(90)	(29)
Operating profit	5	113	398
Interest receivable and similar income	7	2	1
Profit before taxation		115	399
Tax on profit	8	(22)	(77)
Profit for the financial year		93	322

The notes on pages 11 to 16 form part of these financial statements.

SNOWMAN ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

**For the year ended:
31 December 2018**

	2018	2017
	£'000	£'000
Profit for the financial year	93	322
Other comprehensive income for the year	-	-
Total comprehensive income for the year	93	322

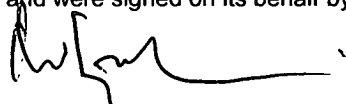
The notes on pages 11 to 16 form part of these financial statements.

SNOWMAN ENTERPRISES LIMITED**BALANCE SHEET**
As at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	9	-	-
		-	-
Current assets			
Debtors	10	1,104	770
		1,104	770
Creditors: amounts falling due within one year	11	(502)	(261)
Net current assets		602	509
Total assets less current liabilities		602	509
Net assets		602	509
Capital and Reserves			
Called up share capital	12	-	-
Retained earnings		602	509
Total equity		602	509

The notes on pages 11 to 16 form part of these financial statements.

These financial statements on pages 7 to 16 were authorised for issue by the board of directors on 18 September 2019 and were signed on its behalf by:



M GARDINER
Director
Snowman Enterprises Limited

SNOWMAN ENTERPRISES LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the year ended:

31 December 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2017	-	687	687
Changes in equity			
Dividends		(500)	(500)
Total comprehensive income	-	322	322
Balance as at 31 December 2017	-	509	509
Changes in equity			
Total comprehensive income	-	93	93
Balance as at 31 December 2018	-	602	602

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended:

31 December 2018

1

GENERAL INFORMATION

Snowman Enterprises Limited ("the company") exploits the media rights to the original Snowman film. The company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA.

2

STATEMENT OF COMPLIANCE

The individual financial statements of Snowman Enterprises Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Management has not involved a higher degree of judgement or complexity, or agrees whole assumptions and estimates are significant to the financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, change in accounting estimates and errors' (requirement for the disclosure of information when entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'
 - The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The company is exempt, by virtue of s400 of the Companies Act 2006, from the requirement to prepare group financial statements as it is included in the consolidated financial statements of Bertelsmann SE & Co KGaA, which are publicly available. These financial statements present information about the company as an individual undertaking and not about the group.

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2018

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate in light of the company's current trading performance. This has been considered for at least the next twelve months from the date of approval of these financial statements.

New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. Neither accounting standard has had a material impact on the company. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2018 which have had a material impact on the company.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is also the functional currency of the company.

Transactions and balances

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement.

Turnover

Turnover consists of merchandise income and TV or film income. Merchandise income and TV or film income is recognised when the invoice is raised if the brand is managed in-house. If the brand is managed by an external agent the turnover is recognised monthly based upon reports from external agents.

Income from sub rights

Fees charged for the use of rights granted by the agreement and related services are recognised as revenue as the rights are used and the right to receive payment is established.

Taxation

The tax expense for the year comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Investments

Investments in subsidiaries are stated at cost less a provision for impairment. At the year-end management reviewed the investments in order to determine whether there was any objective evidence present that in accordance with IAS 36 would lead to impairment. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date, if there have been favourable events or changes in circumstances, since the impairment loss was recognised that would indicate that the impairment loss no longer exists or might have decreased.

Trade debtors and amounts owed by group undertakings

Trade debtors and amounts owed by group undertakings are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method after provision for bad and doubtful debts. Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. Balances owed by group undertakings are unsecured, interest free and repayable on demand.

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2018

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade creditors and amounts owed to group undertakings

Trade creditors and amounts owed to group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4

TURNOVER

	2018 £'000	2017 £'000
Analysis of turnover by geography:		
UK and The Republic of Ireland	403	398
Rest of the World	66	100
Total	469	498

Turnover includes supplies made to geographical locations worldwide. The products sold, means of selling and commercial terms are similar across the various markets and, in the opinion of the directors, the geographical markets supplied are not substantially different from each other.

Geographical analysis is based on the region in which the order is received. It would not be materially different if based on the country in which the customer is located.

5

OPERATING PROFIT

Auditors' remuneration for the statutory audit of the company was borne by The Random House Group Limited and recharged to Snowman Enterprises Limited as part of a management recharge. This amounted to £7,297 (2017: £7,297). No other services were provided by the company's auditors.

No staff were employed by the company in 2018 (2017: none). Administration expenses includes £18,267 (2017: £18,452) for directors' emoluments in respect of their services to the company. See note 6 for further detail.

6

EMPLOYEES AND DIRECTORS

Employees

All employees are employed by Penguin Books Limited ("PBL") and therefore all staff costs are borne by them. PBL then recoups this through the management recharge.

Directors

Although the directors of the company have service contracts with PBL and The Random House Group Limited ("RHG"), the proportion of their time and efforts relating to Snowman Enterprises Limited, and therefore their emoluments, have been included in these financial statements.

The Directors' emoluments were as follows:

	2018 £'000	2017 £'000
Aggregate emoluments	15	15
Amounts receivable under long term incentives	2	2
Company pension contributions to money purchase schemes	1	1

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2018

6

EMPLOYEES AND DIRECTORS (continued)

Administration expenses include the above remuneration to directors of the company in respect of their services to the company.

The highest paid directors' emoluments were as follows:

	2018 £'000	2017 £'000
Emoluments	8	8
Amounts receivable under long term incentives	1	1
Defined benefit pension scheme accrued at the end of the year	1	1

Two directors were paid by PBL and the other director is paid by RHG as follows:

Director	Paid by
T Weldon	Penguin Books Limited
F Dow	Penguin Books Limited
M Gardiner	The Random House Group Limited

7

INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable on cash pooling with group undertakings	2	1
	2	1

8

TAX ON PROFIT

	2018 £'000	2017 £'000
<i>Current tax:</i>		
UK corporation tax on profit for the year	22	77
Total current tax	22	77
Tax charge on profit on ordinary activities	22	77
UK standard effective rate of corporation tax (%)	19.00	19.25

The tax assessed for the year is the same as (2017: the same as) the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%).

The current year tax charge credit represents amounts payable to fellow UK subsidiaries of the Bertelsmann SE & Co KGaA group in respect of current year tax losses surrendered in the UK.

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly the company's profits are taxed at an effective rate of 19.00% (2017: 19.25%). The tax rate will reduce to 17.00% with effect from 1 April 2020.

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2018

9

INVESTMENTS

Snowman Enterprises Limited is the immediate parent undertaking of Snowdog Enterprises Limited, the value of the investment is £100 (2017: £100).

Details of subsidiary undertakings:

					2018	2017
Subsidiary	Principal activity	Class of shares held	Country of incorporation	Address	% owned	% owned
Snowdog Enterprises Limited	Publishing & distribution	Ordinary	England	20 Vauxhall Bridge Road, London SW1V 2SA	100.00%	100.00%

An impairment test was carried out in accordance with International Accounting Standard 36. The carrying amount and the equity value of the investment has been compared to ascertain if impairment is necessary. In the opinion of the Directors, the value of the investment in Snowdog Enterprises Limited is not materially less than the amount at which it is stated in the balance sheet and therefore no impairment considered necessary.

10

DEBTORS

	2018 £'000	2017 £'000
Amounts owed by group undertakings	1,026	344
Other debtors	78	426
Total debtors	1,104	770

Amounts owed by group undertakings are unsecured and repayable on demand. The balances are interest free, except for £327,000 (2017: £49,000) in respect of cash pooling agreements with the company's intermediate parent entity, Penguin Random House Limited. Interest is charged on these amounts on a monthly basis; the average interest rate for the year was 0.55% (2017: 0.21%). There is no provision value on these assets (2017: nil).

Other debtors consist of accrued income as at 31 December 2018.

11

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	163	34
Trade creditors	295	1
Group relief payable	22	77
Other creditors	-	12
Accruals and deferred income	22	137
Total	502	261

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

SNOWMAN ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2018

12

CALLED UP SHARE CAPITAL

	2018		2017	
	£'000		£'000	
Total share capital	-		-	
	2018	2017	2018	2017
Ordinary share £1 each	No.	No.	£'000	£'000
Allotted and fully paid	100	100	-	-

13

DIVIDENDS PAID

	2018		2017	
	£'000		£'000	
	2018	2017	2018	2017
	£ per share	£ per share	£'000	£'000
Equity - Ordinary	-	5,000	-	500

14

RELATED PARTY DISCLOSURE

The immediate parent undertaking is Penguin Books Limited ("PBL").

PBL is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was owned by Bertelsmann UK Limited (75%) and Pearson PRH Holdings Limited (25%). The company's ultimate parent company is Bertelsmann SE & Co KGaA, which is incorporated in Germany. Copies of Bertelsmann SE & Co KGaA's consolidated financial statements (the smallest and largest financial statements in which the company is consolidated) can be obtained from:

Bertelsmann SE & Co KGaA
Corporate Communications
Carl Bertelsmann Strasse 270
33311 Gütersloh
Germany

As the company is a wholly owned subsidiary of PRHL the company is exempt from the requirement, under International Accounting Standard 24 'Related party disclosures', to disclose transactions with entities that are wholly owned by this company. The company has taken advantage of this exemption.