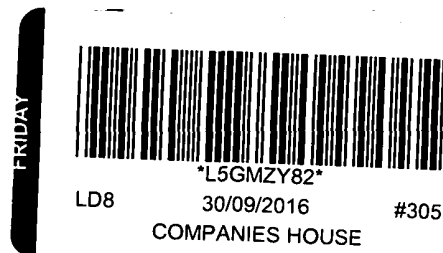


Company no: 3185285

BERTELSMANN UK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



BERTELSMANN UK LIMITED

STRATEGIC REPORT **FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their Strategic Report for the year ended 31 December 2015.

Principal activities

The company is a subsidiary of Bertelsmann SE & Co KGaA, a company registered in Germany. The company acts as the intermediate holding company for some of the UK based subsidiaries of Bertelsmann SE & Co KGaA.

Review of the business

The results and financial position of the company are set out in the attached financial statements and in the Report of the Directors.

During the year the company increased its investments in Arvato Financial Services Limited by £4,000,000 and Penguin Random House Limited by £26,517,378. The percentages of ownership were not affected.

The company has a facility and cash pooling agreement with its parent company whereby the company's borrowings under the agreement are not repayable until 31 March 2017. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion and terminate the facility at its discretion with 14 days' notice.

As a result of the amounts written off investments during the year the company made a loss for the current financial year of £4,274,454 (2014: profit of £17,501,836).

Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

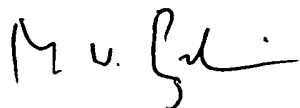
Principal risks and uncertainties

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's only significant risk is that the results of its subsidiaries might deteriorate with the consequent need for the company to impair its investments. There is a similar risk with the company's loans to group undertakings.

General

The company is now presenting the financial statements in accordance with Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). The transition from old UK GAAP has not had any effect on the company's financial position or financial performance.

On behalf of the Board



M GARDINER
Director

30 September 2016

BERTELSMANN UK LIMITED

DIRECTORS REPORT **FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Future developments

The directors do not anticipate any significant changes in the activities of the company.

Dividends

No dividend was paid during the year (2014: £nil). No final dividend is proposed (2014: £nil).

Financial instruments

It is the company's policy to implement financial risk management objectives and policies, for each major type of forecasted transaction for which hedge accounting is used. The directors consider the entity's exposure to price risk, credit risk, liquidity risk and cash flow risk.

Directors

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

M Beisheim
M Gardiner
R Grant

Post balance sheet events

In the opinion of the directors', there are no post balance sheet events to disclose since the year end.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 these 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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 present 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.

BERTELSMANN UK LIMITED

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)

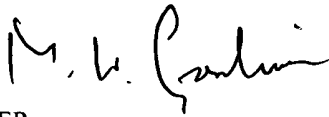
Disclosure of information to auditors

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 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, Pricewaterhouse Coopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the Board



M GARDINER
Director

One Fleet Place
LONDON
EC4M 7WS

30 September 2016

BERTELSMANN UK LIMITED

INDEPENDENT AUDITORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 2015**

Independent auditors' report to the members of Bertelsmann UK Limited

Report on the financial statements

Our opinion

In our opinion, Bertelsmann UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2015;
- the Income Statement for the year then ended;
- the Other Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

BERTELSMANN UK LIMITED
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

September 2016

30

BERTELSMANN UK LIMITED

PROFIT AND LOSS for the year ended 31 December 2015

| | Note | 2015 £ | 2014 £ |
|--|------|--------------------|-------------------|
| Administrative expenses | 4 | (1,466,441) | (735,167) |
| Operating loss | | (1,466,441) | (735,167) |
| Amounts written off investments | 8 | (45,424,000) | (1,292,000) |
| Income from shares in group undertaking | | 40,888,027 | 17,884,872 |
| (Loss)/ Profit on ordinary activities before interest and tax | | (6,002,414) | 15,857,705 |
| Interest receivable and similar income | 5 | 6,858,332 | 6,365,735 |
| Interest payable and similar charges | 5 | (4,668,046) | (4,385,201) |
| (Loss)/ Profit on ordinary activities before taxation | | (3,812,128) | 17,838,239 |
| Tax on (loss)/profit on ordinary activities | 7 | (462,326) | (336,403) |
| (Loss)/ Profit for the financial year | | (4,274,454) | 17,501,836 |

The notes on pages 10 to 28 are an integrated part of these financial statements.

BERTELSMANN UK LIMITED

OTHER COMPREHENSIVE INCOME for the year ended 31 December 2015

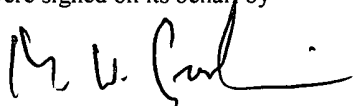
| | 2015 £ | 2014 £ |
|--|--------------------|-------------------|
| Profit for the financial year | (4,274,454) | 17,501,836 |
| Other Comprehensive income | - | - |
| Total Comprehensive income for the year | (4,274,454) | 17,501,836 |

The notes on pages 10 to 28 are an integrated part of these financial statements.

BERTELSMANN UK LIMITED**BALANCE SHEET**
As at 31 December 2015

| | Note | 2015 £ | 2014 £ |
|--|------|---------------------------|---------------------------|
| Fixed Assets | | | |
| Investments | 8 | 684,254,735 | 699,161,357 |
| Current assets | | | |
| Debtors | 9 | 447,530,691 | 346,847,917 |
| | | <u>447,530,691</u> | <u>346,847,917</u> |
| Creditors: amounts falling due within one year | 10 | (352,761,289) | (262,710,682) |
| Net current assets | | <u>94,769,403</u> | <u>84,137,235</u> |
| Total assets less current liabilities | | <u><u>779,024,138</u></u> | <u><u>783,298,592</u></u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 370,000,003 | 370,000,003 |
| Share premium account | | 77,654,527 | 77,654,527 |
| Retained earnings | | 331,369,608 | 335,644,062 |
| Total equity | | <u><u>779,024,138</u></u> | <u><u>783,298,592</u></u> |

These financial statements on pages 6 to 28 were authorised for issue by the board of directors on 30 September 2016 and were signed on its behalf by



M GARDINER
Director

BERTELSMANN UK LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

| | Called up share capital | Share premium account | Retained earnings | Total equity |
|---------------------------------------|----------------------------|-----------------------------|----------------------|-----------------|
| | £ | £ | £ | £ |
| Balance as at 1 January 2014 | 180,000,003 | 77,654,527 | 318,142,226 | 575,796,756 |
| Changes in equity | | | | |
| Share issue | 190,000,000 | - | - | 190,000,000 |
| Profit for the year | - | - | 17,501,836 | 17,501,836 |
| Balance as at 31 December 2014 | 370,000,003 | 77,654,527 | 335,644,062 | 783,298,592 |
| Changes in equity | | | | |
| Profit for the year | - | - | (4,274,454) | (4,274,454) |
| Balance as at 31 December 2015 | 370,000,003 | 77,654,527 | 331,369,608 | 779,024,138 |

The notes on pages 10 to 28 are an integrated part of these financial statements.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015**

1 STATEMENT OF COMPLIENCE

The individual financial statements of Bertelsmann UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2 GENERAL INFORMATION

Bertelsmann UK Limited is a company limited by shares, incorporated in England and Wales. Its registered office is One Fleet Place, London, EC4M 7WS. The company's principle place of business is at Penguin Random House, 20 Vauxhall Bridge Road, London, SW1V 2SA.

3 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. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 14.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The company is exempt, by virtue of s400 of the Companies Act 2006, from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about the group.

Going concern

The financial statements are prepared on a going concern basis. The company has a borrowing facility from its parent company, Bertelsmann SE & Co KGaA. The company has a facility and cash pooling agreement with its parent company for £400,000,000 of which £343,040,651 was drawn down as at 31 December 2015. The final maturity date is 31 March 2017. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion and terminate the facility at its discretion with 14 days' notice. The company's parent company has indicated its intention continue to support the company to enable it to meet all its financial obligations for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the directors believe the going concern basis to be appropriate.

Exemption for qualifying entities under FRS 102

The company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that its ultimate parent company, Bertelsmann SE & Co KGaA, has prepared consolidated financial statements which are publicly available and include a consolidated cash flow statement.
- ii) from disclosing related party transactions with wholly owned subsidiaries within the group.

Taxation

Taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

3 ACCOUNTING POLICIES (continued)

Investments

i) Investments in subsidiary company

The company has taken advantage of the transition exemption in relation to the measurement of investments in subsidiaries. Investments are stated at cost and a provision is made for impairment. Investments are tested for a triggering event and reflect changes in circumstances that indicate the carrying value may not be recoverable. For the purposes of assessing the impairment of investments, the company performs discounted cash flows to compare the carrying amount of the investment value to the equity value.

ii) Investments in associate

Investments in associate are held at cost less accumulated impairment losses.

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 financial statements are presented sterling, which is 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. Currency translation differences 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 profit and loss statement.

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| 4 OPERATING LOSS | | |
| The operating loss is stated after charging: | | |
| Auditors' remuneration: | | |
| Audit | 6,725 | 7,154 |
| Audit fees paid on behalf of group company | - | 16,375 |
| | <hr/> | <hr/> |
| 5 NET INTEREST | | |
| Interest receivable and similar income: | | |
| Interest on loans to group undertakings | 6,858,332 | 6,300,014 |
| Other interest | - | 65,721 |
| | <hr/> | <hr/> |
| | 6,858,332 | 6,365,735 |
| | <hr/> | <hr/> |
| Interest payable and similar charges: | | |
| Interest on loans from group undertakings | 4,668,046 | 4,385,201 |
| | <hr/> | <hr/> |
| | 4,668,046 | 4,385,201 |
| | <hr/> | <hr/> |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

6 EMPLOYEES AND DIRECTORS

The company had no employees during 2015 (2014: nil).

Directors' services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company that employs them. Accordingly, the detail above includes no emoluments in respect of the directors.

| | 2015 £ | 2014 £ |
|---|--------------------|-------------------|
| 7 TAX ON PROFIT ON ORDINARY ACTIVITIES | | |
| (a) Analysis of tax charge for the year | | |
| Amount payable for UK group relief | 404,281 | 310,752 |
| Adjustments in respect of prior years | 58,046 | 25,651 |
| | <u>462,326</u> | <u>336,403</u> |
| (b) The tax assessment for the year is higher (2014: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.50%). Factors affecting the tax charge for the year: | | |
| (Loss)/ Profit on ordinary activities before tax | <u>(3,812,128)</u> | <u>17,838,239</u> |
| Corporation tax at standard rate of 20.25% (2014 - 21.5%) | (771,956) | 3,835,221 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 9,456,062 | 320,780 |
| Income not taxable | (8,279,825) | (3,845,249) |
| Adjustments in respect of prior years | 58,046 | 25,651 |
| Total tax charge for year | <u>462,326</u> | <u>336,403</u> |

Current tax

The standard rate of corporation tax in the United Kingdom changed from 23% to 21% with effect from 1 April 2015. Accordingly the company's profits / losses are taxed at an effective rate of 20.25%.

Deferred tax

During 2015 changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The temporary differences that give rise to deferred tax are expected to reverse after 1 April 2017 but before 1 April 2020 and therefore have been provided for at 19%.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

| | | |
|---|---------------------------|-----------------------------------|
| 8 | INVESTMENTS | Shares in group undertakings £ |
| | Cost: | |
| | At 1 January 2015 | 706,622,607 |
| | Additions | 30,517,378 |
| | At 31 December 2015 | 737,139,985 |
| | Provision for impairment: | |
| | At 1 January 2015 | 7,461,250 |
| | Charge for the year | 45,424,000 |
| | at 31 December 2015 | 52,885,250 |
| | Net book value: | |
| | at 31 December 2015 | 684,254,735 |
| | at 31 December 2014 | 699,161,357 |

The company's investments in group undertakings are listed in note 15.

An impairment test was carried out in accordance with Financial Reporting Standard 102. The carrying amount and the equity value of each investment have been compared to ascertain if impairment is required. The investments in Arvato Ltd and BCW Group Limited have been partially impaired as a consequence of the impairment tests.

Included in additions is an increase in the investment in Penguin Random House Limited by £26,500,000. The percentages of ownership were not affected.

| | | |
|---|------------------------------------|-------------|
| | 2015 £ | 2014 £ |
| 9 | DEBTORS | |
| | Amounts owed by group undertakings | 442,003,469 |
| | Group relief receivable | 5,527,222 |
| | | 447,530,691 |
| | | 340,539,016 |
| | | 6,308,901 |
| | | 346,847,917 |

Amounts owed by group undertakings are unsecured, repayable on demand and incur interest. £439,228,351 (2014: £332,984,009) of the balance owed falls under cash pooling where the average interest rate charged was 1.88%. £2,735,000 (2014: £7,480,050) falls under loan agreements where the average interest was 3.91%.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

| | 2015 £ | 2014 £ |
|---|--------------------|--------------------|
| 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Amounts owed to group undertakings | 345,553,327 | 254,807,506 |
| Group relief payable | 5,856,506 | 6,619,665 |
| Accruals and deferred income | 575,401 | 217,914 |
| Other creditors | 776,055 | 1,065,597 |
| | <u>352,761,289</u> | <u>262,710,682</u> |

Included within amounts owed to group undertakings is £343,040,651 (2014: £214,710,650) in respect of the loan facility from Bertelsmann SE & Co KGaA. Interest was charged at an average rate of 1.73%. The final maturity date is 31 March 2017. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion and terminate the facility at its discretion with 14 days' notice. Also included within amounts owed to group undertakings is £2,484,942 (2014: £36,892,470) in relation to cash pooling payables where the average interest was 1.88%.

11 FINANCIAL INSTRUMENTS

The company has the following basic financial instruments:

| | notes | 2015 £ | 2014 £ |
|--|-------|--------------------|--------------------|
| Financial assets that are debt instruments measured at amortised cost | | | |
| - Amounts owed by group undertakings | 9 | 442,003,469 | 340,539,016 |
| | | <u>442,003,469</u> | <u>340,539,016</u> |
| Financial liabilities measured at amortised cost | | | |
| - Amounts owed to group undertakings | 10 | 345,553,327 | 254,807,506 |
| - Accruals and deferred income | 10 | 575,401 | 217,914 |
| - Other creditors | 10 | 776,055 | 1,065,597 |
| | | <u>346,904,783</u> | <u>256,091,017</u> |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

| | 2015 £ | 2014 £ |
|---|-------------|-------------|
| 12 CALLED UP SHARE CAPITAL | | |
| Authorised, allotted, called up and fully paid: | | |
| Balance at 1 January | 370,000,003 | 180,000,003 |
| Issued during the year: | | |
| Ordinary shares of £1 each | - | 190,000,000 |
| Balance at 31 December | 370,000,003 | 370,000,003 |
| Allotted, called up and fully paid: | | |
| Ordinary shares of £1 each | 370,000,003 | 370,000,003 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13 RELATED PARTIES

The company's parent company, and ultimate parent company, is Bertelsmann SE & Co KGaA, which is incorporated in Germany, copies of whose 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 Bertelsmann SE & Co KGaA the company is exempt from the requirement, under Financial Reporting Standard 102, to disclose transactions with entities that are wholly owned by the group. The company has taken advantage of this exemption.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

13 RELATED PARTIES (continued)

During the year the company entered into the following transactions with related parties not wholly owned by the group:

| | 2015 £ | 2014 £ |
|---------------------------------------|------------|--------------|
| Administrative expenses: | | |
| RTL Group Support Services Limited | 69,900 | 56,300 |
| The Random House Group Limited | 341,630 | 315,308 |
| Interest income: | | |
| arvato Government Services Limited | 159,079 | 158,236 |
| arvato Public Sector Services Limited | 59,025 | 151,381 |
| Penguin Random House Limited | - | 54,717 |
| Dividend received: | | |
| Penguin Random House Limited | 37,568,336 | 17,884,872 |
| Debtors: | | |
| arvato Government Services Limited | 2,775,118 | 3,524,971 |
| arvato Public Sector Services Limited | - | 4,030,037 |
| Creditors: | | |
| RTL Group Support Services Limited | 35,000 | 18,500 |
| The Random House Group Limited | 27,734 | 27,616 |
| Penguin Random House Limited | - | 3,176,770.00 |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

14 TRANSITION TO FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

| Reconciliation of Equity 1 January 2014 (Date of Transition to FRS 102) | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|---|---------------------------|--|---------------------------|
| Fixed Assets | | | |
| Investments | 643,656,360 | - | 643,656,360 |
| Current assets | | | |
| Debtors | 83,397,793 | - | 83,397,793 |
| | <u>83,397,793</u> | <u>-</u> | <u>83,397,793</u> |
| Creditors: amounts falling due within one year | (151,257,397) | - | (151,257,397) |
| Net current liabilities | <u>(67,859,604)</u> | <u>-</u> | <u>(67,859,604)</u> |
| | 575,796,756 | - | 575,796,756 |
| Total assets less current liabilities | <u><u>575,796,756</u></u> | <u><u>-</u></u> | <u><u>575,796,756</u></u> |
| Capital and reserves | | | |
| Called up share capital | 180,000,003 | - | 180,000,003 |
| Share premium account | 77,654,527 | - | 77,654,527 |
| Retained earnings | 318,142,226 | - | 318,142,226 |
| Total equity | <u><u>575,796,756</u></u> | <u><u>-</u></u> | <u><u>575,796,756</u></u> |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

14 TRANSITION TO FRS 102 - continued

Reconciliation of Equity - continued
31 December 2014

| | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|--|---------------------------|--|---------------------------|
| Fixed Assets | | | |
| Investments | 699,161,357 | - | 699,161,357 |
| Current assets | | | |
| Debtors | 346,847,917 | - | 346,847,917 |
| | <u>346,847,917</u> | <u>-</u> | <u>346,847,917</u> |
| Creditors: amounts falling due within one year | (262,710,682) | - | (262,710,682) |
| Net current assets | <u>84,137,235</u> | <u>-</u> | <u>84,137,235</u> |
| | 783,298,592 | - | 783,298,592 |
| Total assets less current liabilities | <u><u>783,298,592</u></u> | <u><u>-</u></u> | <u><u>783,298,592</u></u> |
| Capital and reserves | | | |
| Called up share capital | 370,000,003 | - | 370,000,003 |
| Share premium account | 77,654,527 | - | 77,654,527 |
| Retained earnings | 335,644,062 | - | 335,644,062 |
| Total equity | <u><u>783,298,592</u></u> | <u><u>-</u></u> | <u><u>783,298,592</u></u> |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

(continued)

14 TRANSITION TO FRS 102 - continued

| Reconciliation of Profit 31 December 2014 | UK GAAP £ | Effect of transition to FRS 102 £ | FRS 102 £ |
|--|-------------------|--|-------------------|
| Administrative expenses | (735,167) | - | (735,167) |
| Operating loss | (735,167) | - | (735,167) |
| Amounts written off investments | (1,292,000) | - | (1,292,000) |
| Income from shares in group undertaking | 17,884,872 | - | 17,884,872 |
| Profit on ordinary activities before interest and tax | 15,857,705 | - | 15,857,705 |
| Interest receivable and similar income | 6,365,735 | - | 6,365,735 |
| Interest payable and similar charges | (4,385,201) | - | (4,385,201) |
| Profit on ordinary activities before taxation | 17,838,239 | - | 17,838,239 |
| Tax on profit on ordinary activities | (336,403) | - | (336,403) |
| Profit for the financial year | 17,501,836 | - | 17,501,836 |

15 INVESTMENTS IN GROUP UNDERTAKINGS

Refer to the following table for the company's investments at 31 December 2015.

The Group maintains an interest in undertakings which would normally be classified as associate and joint venture undertakings. These undertakings are listed under "Indirect Investments" in the table on the following pages.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** **(continued)**

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|--|---------|-----------------|--|
| <u>Subsidiary undertakings</u> | | | | |
| arvato Financial Solutions Limited | Consumer and Commercial Debt Collection | 100 | Ordinary | 24 George Square, Glasgow, United Kingdom, G2 1EG |
| arvato limited | Distribution and Support Services | 100 | Ordinary | One Fleet Place, London, United Kingdom, EC4M 7WS |
| arvato systems UK & Ireland Limited | Computer Consulting Services | 100 | Ordinary | 16 Churchill Way, Cardiff, United Kingdom, CF10 2DX |
| BCW Group (Gothia) Limited | Non-Trading Entity | 100 | Ordinary | Ground floor Ridgeworth House, Liverpool Gardens, Worthing, West Sussex, United Kingdom, BN11 1RS |
| BMG RIGHTS MANAGEMENT (UK) Limited | Management of music composition & recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Penguin Random House Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Sonopress (UK) Limited | Importing and Distribution of Electronic Media | 100 | Ordinary | First Floor Landchard House Victoria Street, West Bromwich, West Midlands, United Kingdom, B70 8HY |
| STOK UK Limited | Logistical Bespoke Service | 100 | Ordinary | Highland House, Mayflower Close, Chandlers Ford, Eastleigh, Hampshire, United Kingdom, SO53 4AR |
| <u>Indirect subsidiary undertakings</u> | | | | |
| Kyboside Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| 360 Music Limited | Management of music composition | 50.10 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Aguilar, Altea, Taurus, Alfaguara S.A. de Ediciones | Book Publishing | 53 | Ordinary | Avenida Leandro N. Alem 720, Buenos Aires, Argentina, C1053CABA |
| Air Management Services Limited | Management of recording rights | 100 | Ordinary / | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Air Records Limited | Dormant Entity | 100 | Deferred | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Allen Lane The Penguin Press Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Arrow Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|--|---|---------|-----------------|--|
| arvato Credit Solutions Limited | Debt Relationship Management | 100 | Ordinary | Capella Court, Brighton Road, Purley, Surrey, United Kingdom, CR8 2PG |
| arvato Financial Solutions (Ireland) Limited | Consumer and Commercial Debt Collection / Specialist Long-Term Business Process Outsourcing | 100 | Ordinary | BCW House, Block & Blanchardstown Corporate Park, Ballycoolin, Dublin, Ireland, 15 |
| arvato government services (ERYC) Limited | Public Sector Outsourcing | 100 | Ordinary | One Fleet Place, London, United Kingdom, EC4M 7WS |
| arvato government services Limited | Public Sector Outsourcing | 80.10 | Ordinary | The Hall, Lairgate, East Yorkshire (Beverley), United Kingdom, HU17 8 HL |
| arvato Public Sector Services Limited | Public Sector Outsourcing | 80.10 | Ordinary | The Hall Lairgate, East Humberside (Beverley), United Kingdom, HU17 8HL |
| Bantam Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Barrie & Jenkins Limited | Dormant Entity | 52 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Bartlett Bliss Productions Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Bellew & Higon Publishers Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| BMG 10 Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| BMG FM Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| BMG VM Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| BMG VM Songs Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Bug Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Business Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Carousel Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Cavalcade Records Limited | Management of music composition & recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Century Benham Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Century Hutchinson Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Century Hutchinson Publishing Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|--|---------------------------------|---------|-----------------|--|
| Century Publishing Co. Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Chatto and Windus Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Children's Character Books Limited | Book Publishing | 40 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Chrysalis Copyrights Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Group Limited | Investment holding company | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Holdings Limited | Dormant | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Investments Limited | Dormant | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Music Publishing Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Chrysalis Songs Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Corgi Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA Capella Court, Brighton Road, Purley, Surrey, United Kingdom, CR8 2PG |
| Credit Solutions Limited | Debt Relationship Management | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Creole Records Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Direct Group Grandes Obras, S.L. | Holding Company | 53 | Ordinary | Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021 Aut. Medellin KM 1.7 Terrapuerto Industrial el Dorado BG 4, Cota (Cundinamarca), Columbia |
| Distribuidora Penguin Random House S.A.S. | Distribution Services | 53 | Nominal | 80 Strand, London, United Kingdom, WC2R 0RL |
| Dorling Kindersley Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Dorling Kindersley Publishers (South Africa) Pty Limited | Dormant Entity | 53 | Ordinary | Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193 7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana |
| Dorling Kindersley Publishing Private Limited | Book Publishing | 53 | Ordinary | Arnulfstraße 124, München, Germany, 80636 |
| Dorling Kindersley Verlag GmbH | Book Publishing | 53 | Ordinary | Arnulfstraße 124, München, Germany, 80636 |
| Dorling Kindersley Vision Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|---------------------------------|---------|-----------------------|--|
| Editorial Sudamericana Uruguay S.A. | Book Publishing | 53 | Ordinary Preference | Yaguaron 1568, Montevideo, Uruguay |
| Frederick Warne & Co Limited | Book Publishing | 53 | & Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Funfax Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| G.W. Mills Limited | Dormant Entity | 100 | Ordinary & Non-Voting | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Grantham Book Services Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Hamish Hamilton Children's Books Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Hamish Hamilton Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Hammond, Hammond and Company, Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Herbert Jenkins Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Hugo's Language Books Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Hurst & Blackett Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Hutchinson & Co. (Publishers) Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Hutchinson Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Hutchinson Childrens Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Infectious Music Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Jackdaw Publications Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Jonathan Cape Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Ladybird Books Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Loaded Records Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Macrocom (984) Limited | Dormant Entity | 100 | Ordinary | 24 George Square, Glasgow, United Kingdom, G2 1EG |
| Mainstream Publishing Company (Edinburgh) Limited | Book Publishing | 53 | Ordinary | 54-66 Frederick Street, Edinburgh, United Kingdom, EH2 1LS |
| Martin Secker and Warburg Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Men From The North Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Michael Joseph Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Minder Music Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015 (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|--------------------------------|---------|-----------------|---|
| Mute Records Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Oxford Street Studios Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Pelham Books Limited | Dormant Entity | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Penguin (Beijing) Culture Development Co., Limited | Publishing Services | 53 | Ordinary | Room 1211, Tower D, Beijing Global Trade Centre, 36 North Third Ring Road East, Dongchang District, Beijing, China |
| Penguin Australia Pty Limited | Book Publishing | 53 | Ordinary | 707 Collins St, Melbourne, Australia, 3008 |
| Penguin Books Benelux B.V. | Book Publishing | 53 | Nominal | Herengracht 418 2, Amsterdam, Netherland, 1017BZ |
| Penguin Books Deutschland Gesellschaft mit beschränkter Haftung | Sales and Marketing Services | 53 | Ordinary | Arnulfstraße 124, München, Germany, 80636 |
| Penguin Books Hellas Limited i.L. | Liquidated | 53 | Ordinary | 3a Fragoklisias str & Granicou, Athen, Greece, 151 25 |
| Penguin Books Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Penguin Books Malaysia Sdn Bhd | Sales and Marketing Services | 53 | Ordinary | Level 1, Tower 2A, avenue 5, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia |
| Penguin Books S.A. | Book Distribution | 53 | Ordinary | 9 Glorieta de Quevedo, 7th Floor, Madrid, Spain, 28015 |
| Penguin Group (Hongkong) Limited | Holding Company | 53 | Ordinary | Suite 3313, Tower One, Times Square, 1 Matheson Street, Causeway Bay, HK |
| Penguin New Zealand Pty Limited | Book Publishing | 53 | Ordinary | 67 Apollo Drive, Rosedale, Auckland, New Zealand, 0632 |
| Penguin Random House Canada Limited | Book Publishing | 53 | Ordinary | 1 Toronto Street, Suite 300, Toronto, Canada, M5C2V6 |
| Penguin Random House Grupo Editorial S.A. | Book Publishing | 53 | Ordinary | Calle Humberto Primo 545, Buenos Aires, Argentina, C1103ACK |
| Penguin Random House Grupo Editorial S.A. | Book Publishing | 53 | Ordinary | Av. Ricardo Palma 341, Of. 601, Miraflores, Lima, Peru |
| Penguin Random House Grupo Editorial S.A.S. | Book Publishing | 53 | Ordinary | Terrapuerto Industrial El Dorado Bodega No. 4, Autopista Medellin Km 1.7 Entrada Parque La Florida, Cota (Cundinamarca), Columbia |
| Penguin Random House Grupo Editorial, S.A. | Book Distribution | 53 | Ordinary | Merced 280, 6th Floor, Santiago de Chile, Chile, 8320128 |
| Penguin Random House Grupo Editorial, S.A. | Book Distribution | 53 | Ordinary | Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021 |
| Penguin Random House Grupo Editorial, S.A. | Book Distribution | 53 | Ordinary | Av. Venezuela, Edificio Atrium, piso 3, oficina única. Urb. El Rosal, Caracas, Venezuela, 1060 |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|--------------------------------|---------|-----------------|--|
| Penguin Random House Grupo Editorial, S.A. de C.V. | Book Publishing | 53 | Ordinary | Miguel de Cervantes Saavedra 301, piso 1, col. Granada, del. Miguel Hidalgo, Mexiko-Stadt, Mexico, 11520 |
| Penguin Random House Grupo Editorial, Unipessoal Lda. | Book Publishing | 53 | Ordinary | Praca Marques de Pombal, numero 1, 8º planta, Lissabon, Portugal, 1250-160 |
| Penguin Random House Pte. Limited | Sales and Marketing Services | 53 | Ordinary | 9 North Buona Vista Drive, #13-01, The Metropolis Tower One, Singapore, Singapore, 138588 |
| Penguin Random House South Africa (Pty) Limited | Book Publishing | 53 | Ordinary | Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193 |
| Plane Tree Publishers Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Power2contact Limited | Debt Relationship Management | 100 | Ordinary | Capella Court, Brighton Road, Purley, Surrey, United Kingdom, CR8 2PG |
| Random House Australia Pty Limited | Book Publishing | 53 | Ordinary | Level 3 100 Pacific Highway, North Sydney, Australia, NSW 2060 |
| Random House Holdings Limited | Holding Company | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Random House New Zealand Limited | Book Publishing | 53 | Ordinary | 67 Apollo Drive, Rosedale, Auckland, New Zealand, 0632 |
| Random House Properties Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Random House Publishers India Private Limited | Book Publishing | 53 | Ordinary | 7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana |
| Random House Publishing Group Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Random House Struik Proprietary Limited | Book Publishing | 53 | Ordinary | The Estuaries No 4, Oxbow Crescent, Century Avenue, Century City, Cape Town, South Africa, 8000 |
| Random House UK Ventures Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| RHA Holdings Pty Limited | Dormant Entity | 53 | Ordinary | 16 Dalmore Drive, Scoresby (Melbourne), Victoria 3179, Australia, 3179 |
| Ridgeworth Fairmile Recoveries LLP | Dormant Entity | 99 | Not applicable | 1st Floor Ridgeworth House, Liverpool Gardens, Worthing, West Sussex, United Kingdom, BN11 1RS |
| Rock Music Company Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Salspot Limited | Merchandising | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|--|-----------------------------------|---------|-----------------|--|
| Sanctuary Copyrights Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Sanctuary Records Group Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Sanctuary Visual Entertainment Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Sinclair - Stevenson Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Skint Records Limited | Dormant | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Smashing Ideas UK Limited | Book Publishing | 53 | Ordinary | 7-15 Pink Lane, Newcastle upon Tyne, United Kingdom, NE1-5DW |
| Snowdog Enterprises Limited | Merchandising | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Snowman Enterprises Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Stage Three Music (Catalogues) Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Stage Three Music Publishing Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Stanley Paul & Company Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| T. Werner Laurie, Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Tamarind Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Bodley Head Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Book Service Limited | Distribution and Support Services | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Cresset Press Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Echo Label Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| The Harvill Press Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Hogarth Press Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Random House Group Limited | Book Publishing | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| The Rough Guides Limited | Book Publishing | 53 | Ordinary / | 80 Strand, London, United Kingdom, WC2R 0RL |
| Tom Jones (Enterprises) Limited | Dormant Entity | 99 | Non-voting | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Transworld Publishers Ireland Limited | Editorial services | 53 | Ordinary | c/o EUGENE F. COLLINS Solicitors, Temple Chambers, 3 Burlington Road, Dublin, Ireland, 4 |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|---------------------------------|---------|-----------------|--|
| Transworld Publishers Limited | Book Publishing | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Trojan Recordings Limited | Dormant Entity | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Tundra Books of Northern New York, Inc. | Book Publishing | 53 | Common | 18 Cornelia Street, Plattsburgh, County of Clinton, State of New York, USA, 12901 |
| Union Square Music Holdings Limited | Investment holding company | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Union Square Music Limited | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Union Square Music Publishing Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Union Square Music Songs Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| USM Copyrights | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| USM Copyrights | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| USM Copyrights | Management of recording rights | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Utility Management Services (BCW Group) Limited | Dormant Entity | 100 | Ordinary | Unit 5B Olympic Park Way, Birchwood, Warrington, Cheshire, United Kingdom, WA2 0YL |
| Ventura Publishing Limited | Book Publishing | 53 | Ordinary | 80 Strand, London, United Kingdom, WC2R 0RL |
| Virgin Books Limited | Book Publishing | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| WH Allen General Books Limited | Dormant Entity | 53 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Windswept Music (London) Limited | Management of music composition | 100 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Woodlands Books Limited | Book Publishing | 45 | Ordinary | 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA |
| Penguin Books India Private Limited | Book Publishing | 53.00 | Ordinary | 7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana |
| Distribuidora Digital de Libros, S.A. | Ebook Distribution | 28.26 | Ordinary | Via Augusta, 48-50, Barcelona, Spain, 08006 |
| Market Self S.A. | Distribution Services | 26.50 | Ordinary | Av. Paseo Colón 221, 6th Floor, Buenos Aires, Argentina, C1063ACC |
| <u>Indirect investments</u> | | | | |
| Bounce! Sales & Marketing Limited | Book Sales and Marketing | 15.90 | Ordinary | Hathaway House, Popes Drive, London, N3 1QF |

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2015** (continued)

15 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

| Name | Principle Activity | Holding | Class of shares | Registered Address |
|---|---------------------------------|---------|-----------------|--|
| Centro de Exportacion de Libros Espanoles, S.A. | Distribution Services | 3.48 | Ordinary | Calle Moratines, 11, 1B, Madrid, Spain, 28005 |
| Editora Fontanar, Ltda. | Book Publishing | 23.75 | Ordinary | Rua Cosme Velho, No. 103, Rio de Janeiro, Brazil, 22241-090 |
| Editora Objetiva, Ltda | Book Publishing | 23.85 | Ordinary | Rua Cosme Velho, No. 89 and 103, Rio de Janeiro, Brazil, 22241-090 |
| Editora Schwarcz S.A. | Book Publishing | 23.85 | Common | Rua Djalma Dutra, no. 192, Luz, Sao Paulo, Brazil, 01103-010 |
| Ooberstock Limited | Wholesale Services | 8.16 | Ordinary | 9 Queens Square, Ascot Business Park, Ascot, Berkshire, United Kingdom, SL5 9FE |
| Phrased Differently Music Limited | Management of music composition | 50 | Ordinary | C/O C C Young & Co. 2nd Floor, 13/14 Margaret Street, London, United Kingdom, W1W 8RN |
| Redemption Songs Limited | Management of music composition | 50 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |
| Redpoint Music Limited | Management of music composition | 50 | Ordinary | 5 Merchant Square, London, United Kingdom, W2 1AS |