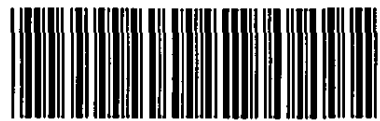


arvato logistics services Limited
Director's report and financial
statements
Registered number 3148084
31 December 2009

WEDNESDAY



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Director's report

The director presents his annual report and financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the company is that of a holding company

Financial risks

The director monitors the financial risks to the company on an ongoing basis. The risk to the company during both the current and prior year was minimal.

Results and dividends

The company made a profit after taxation of £5,000 (2008: Loss £68,000)

A dividend of £3,971,000 was paid in the year (2008: £Nil)

Directors

The directors who held office during the year were as follows

Matthias Mierisch

Ralf Bierfischer

resigned 25 June 2009

Disclosure of information to auditors

The director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


Matthias Mierisch
Director

Date 16 JULY 2010

The Hall
Lairgate
Beverley
East Yorkshire
HU17 8HL

Statement of director's responsibilities in respect of the Director's report and the financial statements

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) and applicable laws.

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 estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of arvato logistics services Limited

We have audited the financial statements of arvato logistics services Limited for the year ended 31 December 2009 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the director's responsibilities statement set out on page 2, the director is 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Ian Goalen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 Princes Parade

Liverpool

L3 1QH

Date

27th July 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Administrative expenses		(3)	(15,828)
Interest receivable and similar income	4	8	15,787
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation	2	5	(41)
Tax on profit/(loss) on ordinary activities	5	-	(27)
		<hr/>	<hr/>
Profit/(Loss) for the financial year		5	(68)
		<hr/>	<hr/>

The operating loss for the current and previous year derives from discontinuing operations

There are no other recognised gains and losses in the current or preceding year other than those recognised in the profit and loss account, therefore no separate statement of total recognised gains and losses has been prepared

The notes on pages 7 to 10 form part of the financial statements

Balance sheet
at 31 December 2009

	Note	2009 £000	2008 £000
Current assets			
Debtors	6	-	4,020
Creditors: amounts falling due within one year	7	-	(54)
Net current assets		-	3,966
Net assets		-	3,966
Capital and reserves			
Called up share capital	8	-	6,000
Profit and loss account	9	-	(2,034)
Shareholders funds		-	3,966

The financial statements of arvato logistics services Limited (registered number 3148084) were approved by the board of directors on 16 JULY 2010 and were signed on its behalf by


M. Mierisch
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009

	2009 £000	2008 £000
Profit/(Loss) for the financial year	5	(68)
Dividend on shares classified in shareholders funds	(3,971)	-
Reduction in share capital – called up share capital	(6,000)	-
Reduction in share capital – profit and loss account	6,000	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(3,966)	(68)
Opening shareholders' funds	3,966	4,034
	<hr/>	<hr/>
Closing shareholders' funds	-	3,966
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Bertelsmann AG the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Bertelsmann AG, within which this company is included, can be obtained from the address given in note 10

Going concern

The financial statements have been prepared on a non-going concern basis, which the director believes to be appropriate as the company has ceased to trade The board of the company's ultimate parent undertaking, Bertelsmann AG, has committed to provide financial support to the company to meet its liabilities as they fall due for payment for at least 12 months from the date of finalising these financial statements The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Investments

Investments in subsidiary undertakings are stated at cost less any amounts written off for impairment

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover is recognised when the right to consideration is earned net of value added tax of goods sold and services provided to customers

Notes (continued)

2 Expenses and auditors' remuneration

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Impairment on investment in subsidiary undertakings	-	15,647
	<u>2009 £000</u>	<u>2008 £000</u>
Auditors' remuneration		
Audit of these financial statements	-	6
Amounts receivable by the auditors and their associates in respect of		
Services relating to corporate finance transactions entered into by or on behalf of the company or the company's subsidiaries	-	63
	<u>2009 £000</u>	<u>2008 £000</u>

In the current year, the cost of auditors' remuneration has been borne by another group company

3 Directors remuneration

No directors received remuneration from the company in the current or prior year

4 Interest receivable and similar income

	2009 £000	2008 £000
Amounts receivable on loans to group undertakings	8	140
Dividends receivable from group undertakings	-	15,647
	<u>2009 £000</u>	<u>2008 £000</u>
	8	15,787

Notes (continued)

5 Taxation

	2009 £000	2008 £000
UK corporation tax – current taxation	-	27
Tax on profit on ordinary activities	-	27

No deferred taxation has arisen in either the current or prior year

Factors affecting the tax charge

The current tax charge for the year is lower (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

Tax reconciliation	2009 £000	2008 £000
Profit/(Loss) on ordinary activities before taxation	5	(41)
Current tax charge/(credit) at 28% (2008 28.5%)	1	(12)
<i>Effects of</i>		
Group relief for no consideration	(1)	-
Income / expenses not deductible for tax purposes	-	39
Exempt UK dividend	-	(4,459)
Impairment on investment	-	4,459
Total current tax charge (see above)	-	27

6 Debtors

	2009 £000	2008 £000
<i>Due within one year</i>		
Amounts owed by group undertakings	-	4,020

7 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	-	27
Accruals and deferred income	-	27
	-	54

Notes (continued)

8 Called up share capital

	£1 ordinary shares		£1 redeemable ordinary shares	
	No 000	£000	No 000	£000
Authorised				
At beginning and end of the year	5,000	5,000	10,000	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Called up, issued and fully paid				
At 1 January 2009	4,000	4,000	2,000	2,000
Reduction in share capital	(4,000)	(4,000)	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

On 30 November 2009 the company's called up share capital was reduced from four million £1 ordinary shares and two million £1 redeemable ordinary shares to one £1 ordinary share

9 Reserves

	Profit and loss Account £000
At 1 January 2009	(2,034)
Profit for the year	5
Reduction in share capital	6,000
Dividends paid	(3,971)
	<hr/>
At 31 December 2009	-
	<hr/>

10 Ultimate parent company and controlling party

The immediate parent company is Bertelsmann UK Limited, a company incorporated in the United Kingdom

The ultimate parent company and ultimate controlling party is Bertelsmann AG, a company incorporated and registered in Germany. The consolidated financial statements of this group is available to the public and may be obtained from Bertelsmann AG, Carl Bertelsmann Strasse 270, Postfach 111, D-33311, Gutersloh, Germany

No other group financial statements include the results of the company