



Building A New Bertelsmann

Interim Report 2015

BERTELSMANN

At a Glance

Key Figures (IFRS)

in € millions	H1 2015	H1 2014
Business Development (continuing operations)		
Group revenues	8,040	7,846
attributable to:		
– RTL Group	2,788	2,687
– Penguin Random House	1,697	1,461
– Gruner + Jahr	752	908
– Arvato	2,313	2,230
– Be Printers	362	482
Operating EBITDA	1,063	1,018
EBITDA margin in percent ¹⁾	13.2	13.0
Group profit	398	257
Investments ²⁾	514	460
	6/30/2015	12/31/2014
Consolidated Balance Sheet		
Equity	8,840	8,380
Equity ratio in percent	39.5	38.9
Total assets	22,397	21,560
Economic debt ³⁾	5,867	6,039
Employees (in absolute numbers)		
Germany	46,634	40,846
Other countries	72,385	71,191
Total	119,019	112,037

Figures adjusted for H1 2014 and total assets and equity as of December 31, 2014.

1) Operating EBITDA as a percentage of revenues.

2) Taking into account the financial debt assumed, investments amounted to €515 million (H1 2014: €469 million).

3) Net financial debt less 50 percent of the par value of the hybrid bonds plus pension provisions, profit participation capital and present value of operating leases.

Highlights of the First Six Months



- Stronger together: RTL Group pools its key online video companies, such as BroadbandTV, StyleHaul and SpotXchange, in “RTL Digital Hub.”
- Produced by Fremantle Media for RTL Television, sold internationally, hailed by critics: “Deutschland 83” celebrates its debut in the US; six countries follow.
- The second season of “Sing meinen Song” generates excellent viewer ratings, a huge social-media buzz and chart successes for VOX in Germany.
www.rtlgroup.com

Penguin
Random
House

- Paula Hawkins’s debut novel “The Girl on the Train” sells over 4.5 million copies – more than any other bestseller during the first half of the year.
- “Grey,” the new book by E. L. James, enjoys record sales, surpassing 3.5 million print, audio and e-book copies sold in the US and UK in its first two publication weeks.
- The legendary Penguin Classics imprint is launched in Spain and Latin America as Penguin Clásicos.
www.penguinrandomhouse.com



- Portfolio expansion: G+J launches the innovative new titles “Walden,” “Stern Crime” and “National Geographic Traveler.”
- Digital business strengthens with the purchase of holdings in the online shop Danato and the food vertical Delinero, and a partnership with the publishing platform Blendle.
- G+J provides 50 million euros of investment funds and media services for startups, especially in the Living, Food & Family and Ad Tech sectors.
www.guj.com

arvato
BERTELSMANN

- Arvato enters the attractive Latin American market for financial services by buying a stake in the Brazilian financial-services provider Intervalor.
- The e-commerce growth platform expands internationally.
- New digital services are introduced to further improve customer communications.
www.arvato.com



- State-of-the-art offset technology at Prinovis Dresden allows for an extended range of services, such as short runs in top print quality.
- Prinovis in Liverpool is awarded the international quality label in Bronze by “Investors in People.”
- Be Printers renews key printing contracts with major customers.
www.bepinters.com

Corporate Investments
Corporate Center

- BMG continues its expansion course through acquisitions and new service offerings.
- The education business expands with the acquisition of Alliant International University and other education investments in Brazil and the US.
- New investments in growth markets: Bertelsmann banks on burgeoning enthusiasm for e-commerce in India and Brazil’s high demand for education.
www.bertelsmann.com

Interactive Interim Report

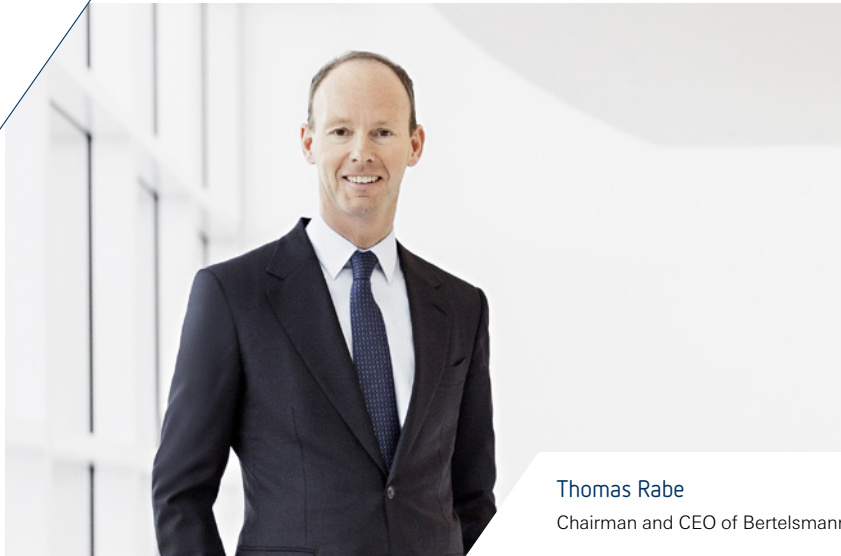
The Bertelsmann Interim Report 2015 can also be accessed online at:
ir2015.bertelsmann.com

Together with the latest Annual Report, from 2014, the online report offers lots of extra features, including several videos and extracts.

The Annual Report and Interim Report are also available as a joint free app on the Apple App Store and in Google Play.

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Thomas Rabe
Chairman and CEO of Bertelsmann

Dear Readers, Dear Friends of Bertelsmann,

Our company has had a very gratifying first half of 2015. For the first time since 2007, our Group revenues exceeded eight billion euros. Operating EBITDA reached a record high at nearly 1.1 billion euros. We also improved our Group net income by more than 50 percent, to 398 million euros.

This positive business development is owed especially to our strategic measures of recent years. Our major revenue drivers – apart from Mediengruppe RTL Deutschland – were Penguin Random House’s book business in the US, RTL Group’s digital activities in online video (StyleHaul, BroadbandTV) and automated advertising sales (SpotXchange), Arvato’s financial services, our music company BMG, and our new education business. So many of our core and growth businesses, which we have systematically strengthened and expanded in recent years, already make a significant contribution to Bertelsmann’s growth – and to the reality that our company is becoming more digital and more international.

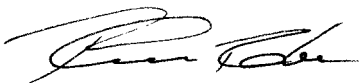
We will continue to build on this. That is why, during the first half of the present fiscal year, we continued to work intensively on the implementation of our strategy, which comprises four strategic thrusts:

- The **strengthening of our core businesses** is exemplified by the strong performance of our television and book businesses. We also further advanced the integration of Penguin Random House. Gruner + Jahr launched new titles, including “Walden,” “Stern Crime” and “National Geographic Traveler” in Germany. At the same time, we have structurally declining businesses: e.g. with the disposal of Be Printers’ Spanish printing plants and the scheduled dismantling of our club and direct-marketing activities. Beyond this, we have implemented initial measures to improve the earnings from our core businesses.

- The **digital transformation** of our businesses continues to make good progress. RTL Group acquired the French online company Oxygem and set up the RTL Digital Hub, which unites businesses including StyleHaul, BroadbandTV and SpotXchange. While SpotXchange recently expanded its activities to Europe, RTL Group's online video sites collectively generated 42.5 billion views in the first six months of the year – a 171 percent increase over the same period last year. Concurrently, Penguin Random House expanded its e-book catalog to more than 100,000 titles, thereby solidifying its market leadership in this segment. And Gruner + Jahr expanded its digital business, both organically and through acquisitions, by fully taking over Delinero and acquiring Danato, and by setting up a media fund endowed with 50 million euros to invest in startups.
- By acquiring a holding in the Brazilian financial services provider Intervalor, Arvato also contributed to the expansion of one of our **growth platforms**. One focus for this strategic priority during the first six months of the year was on expansion in the education sector. Following last year's acquisition of the e-learning provider Relias Learning, in February, we expanded our portfolio by acquiring Alliant International University. A month later, we increased our stake in the educational services provider Synergis Education. As a result, Bertelsmann now has significant operations in all market segments that are relevant for us. In the medium term we want to build up our activities in the education sector into our company's third mainstay of business alongside media content and services. We also successfully further developed our music business in the first half: BMG grew its revenues and acquired the US rock label Rise Records, as well as several rights catalogs.
- BMG also succeeded in entering the Chinese market thanks to an extensive distribution agreement with Alibaba. And Bertelsmann expanded its presence in the **growth regions** beyond this endeavor: Also in China, our Bertelsmann Asia Investments fund (BAI) invested in more companies than ever before, while again recording high increases in the value of its holdings. In Brazil, we significantly expanded our education business with a stake in Affero Lab, the market leader in corporate training, and by joining a new fund whose investments are focused on medical education. In India, we increased our holdings in the online marketplace Pepperfry and the music streaming service Saavn.

These gratifying developments of the first six months signify that our strategic measures are paying off. And it highlights the contours of a new Bertelsmann that we will continue to sharpen. We have the necessary financial flexibility to do this, which we further increased in April by successful issuing two hybrid bonds with a total volume of 1.25 billion euros. We also have a variety of strategic options. One signal of this is the greater entrepreneurial independence we have granted Arvato's business units in early July under the new leadership of Fernando Carro. Many other examples and all other information regarding our performance for the first half of the year can be found on the following pages.

Yours sincerely,

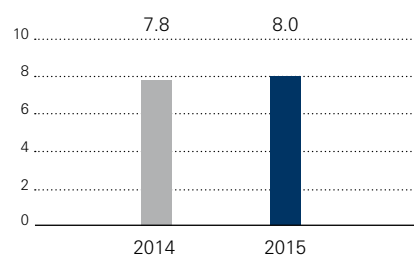


Thomas Rabe

Group Interim Management Report

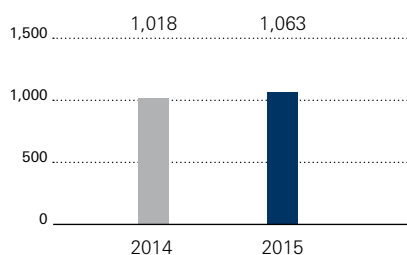
Bertelsmann has recorded a successful first half of 2015 and has continued its transformation into a faster-growing, more digital and more international Group. The implementation of strategic measures had a positive effect on business development in the reporting period. Consolidated revenues increased by 2.5 percent to €8.0 billion. The book-publishing business in the United States achieved strong revenue growth, benefiting from solid bestseller performance and positive exchange rate effects. Other contributors to growth were the German TV operations, the continued expansion of the digital businesses and the music business and the expansion of the education business. Offsetting this was the planned withdrawal from structurally declining businesses. At €1,063 million, operating EBITDA was 4.4 percent above the previous year's high figure. The increase in earnings was primarily due to a greater contribution from the US book-publishing business as well as positive developments in the German television business, services businesses, the e-learning provider Relias Learning and BMG. This was counteracted by start-up losses for new businesses. Group profit increased from €257 million to €398 million. This significant improvement compared to the previous year's figure is attributable to the higher operating earnings, lower charges from special items and a lower tax expense. For 2015, Bertelsmann anticipates continued positive business performance.

Revenues in € billions¹⁾



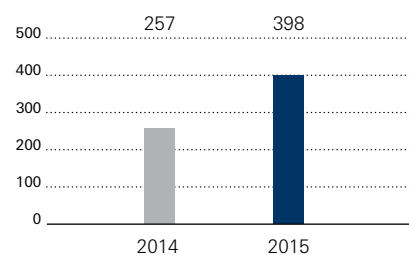
- Revenue growth of 2.5 percent
- Revenue growth in core businesses and through expansion of the digital businesses and growth platforms
- Withdrawal from structurally declining businesses

Operating EBITDA in € millions¹⁾



- Increase in operating EBITDA of 4.4 percent to €1,063 million
- Earnings growth primarily in the US book-publishing business and in the German television business
- EBITDA margin of 13.2 percent, from 13.0 percent in the same period in the previous year

Group Profit in € millions



- Significant increase in Group profit to €398 million
- Improvement compared to previous year's figure due to higher operating earnings, lower charges from special items and lower tax expense

1) Figures adjusted for H1 2014.

Fundamental Information about the Group

Corporate Profile

Bertelsmann is a media, services and education company that operates in about 50 countries worldwide. The geographic core markets are Western Europe, in particular Germany, France and the UK, as well as the United States. In addition, Bertelsmann is strengthening its involvement in growth regions such as Brazil, China and India. Bertelsmann's divisions are the TV broadcaster RTL Group, the book-publishing group Penguin Random House, the magazine publisher Gruner + Jahr, the international service provider Arvato and the printing group Be Printers. Bertelsmann's remaining businesses are grouped under Corporate Investments. These include the music company BMG, the e-learning provider Relias Learning and the remaining club and direct-marketing businesses. In addition, the funds Bertelsmann Digital Media Investments (BDMI) and Bertelsmann Asia Investments (BAI) as well as other investments in the growth regions are allocated to Corporate Investments.

Bertelsmann SE & Co. KGaA is a capital-market-oriented but unlisted partnership limited by shares. As a Group holding company, it exercises central corporate functions. Internal corporate management and reporting follow the Group's organizational structure, which consists of the operating divisions plus Corporate Investments and the Corporate Center.

Three foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung and BVG-Stiftung) indirectly hold 80.9 percent of Bertelsmann SE & Co. KGaA shares, with the remaining 19.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE.

Strategy

Bertelsmann's primary objective is continuous growth of the company's value through a sustained increase in profitability (see the "Value-Oriented Management System" section).

Bertelsmann aims to achieve a faster-growing, more digital and more international Group portfolio. The Group strategy comprises four strategic priorities: strengthening the core businesses, driving the digital transformation forward, developing growth platforms, and expanding into growth regions.

In the first half of 2015 and the following two months, Bertelsmann continued to restructure the Group and was successful in all strategic directions. The core businesses were strengthened by the progress in the implementation of the Group-wide profitability improvement program, and the scale-back of structurally declining businesses continued. Following the sale of the Italian and South American printing businesses in 2014, Be Printers also sold its Spanish printing businesses, and the club and direct-marketing businesses were scaled back further or closed. The digital transformation was continued in the core businesses and through acquisitions. In addition to increased video views and a growing e-book offering, these included acquisitions such as the French online company Oxygem, by the RTL Group subsidiary Groupe M6. The growth platforms were expanded further and included Arvato acquiring a holding in the Brazilian financial-services provider Intervalor. In addition, Bertelsmann expanded its involvement in the education business with the US academic institution Alliant International University and increased its holding in the US education provider Synergis Education. BMG strengthened its music business with acquisitions including the US rock music label Rise Records. The company's presence in the growth regions was also expanded. The BDMI and BAI funds acquired several new investments in the education and services businesses. In Brazil, Bertelsmann and Bozano Investimentos jointly set up a new fund. Bertelsmann also invested in the Brazilian market leader in further education, Affero Lab. In China, BMG concluded a comprehensive distribution contract with the e-commerce company Alibaba and in India, the shareholding in Pepperfry, the leading online marketplace for furniture, was increased.

Value-Oriented Management System

In order to manage and control the Group, Bertelsmann uses revenue, operating EBITDA and Bertelsmann Value Added (BVA) as strictly defined key performance indicators to directly assess business development; these correspondingly form the basis of the outlook.

Revenue as a growth indicator of businesses increased in the first half of 2015 by 2.5 percent to €8.0 billion (H1 2014: €7.8 billion). Operating EBITDA is determined as earnings before interest, tax, depreciation and amortization and is

adjusted for special items. This makes it a meaningful key performance indicator for determining a sustainable operating result. Operating EBITDA of €1,063 million during the reporting period was above the previous year's figure (H1 2014: €1,018 million).

The central performance indicator for assessing the profitability from operations and return on invested capital is BVA. BVA measures the profit realized above and beyond the appropriate return on invested capital. This form of value orientation is reflected in strategic investment, portfolio planning and the management of Group operations and is the basis for management compensation. BVA is calculated as the difference between net operating profit after tax (NOPAT) and the cost of capital. The starting point for the calculation of NOPAT is operating EBITDA. Depreciation, amortization and impairment losses are deducted and adjustments made for special items. Then, after modifications and deduction of a flat 33-percent tax, the result is the NOPAT used to calculate BVA. Cost of capital is the product of the weighted average cost of capital (WACC) and the level of capital invested. The uniform WACC after taxes is 8 percent. Invested capital is calculated on the basis of the Group's operating assets less non-interest-bearing operating liabilities. The present value of operating leases is also taken into account when calculating the invested capital. In the first half of 2015, BVA decreased to €-21 million (H1 2014: €6 million) despite the overall improvement in the operating results. This development is primarily due to the acquisitions which led to an increase in the invested capital.

Bertelsmann's financial management and controlling system is defined by the internal financial targets outlined under "Net Assets and Financial Position." The Group is managed and controlled on the basis of these financing principles; they form part of the value-oriented management system in the broader sense of the term, along with the EBITDA margin, the cash conversion rate and non-financial performance indicators.

Report on Economic Position

Corporate Environment

Overall Economic Developments

The global economy continued to grow in the first half of 2015; however, it did lose some momentum in the advanced economies and the emerging countries.

The economic recovery in the euro zone stabilized in the first few months of the current financial year and benefited from

continued low energy prices, low inflation, the weaker euro and the accommodative monetary measures of the European Central Bank. According to the Statistical Office of the European Union, real gross domestic product (GDP) in the euro zone rose by 0.4 percent in the first quarter of 2015 compared to the previous quarter; in the second quarter it rose by 0.3 percent.

In Germany the economy continued to grow, albeit at a slower rate than at the end of 2014. The key stimuli for growth were the favorable consumer climate and the construction sector. According to the Federal Statistical Office, real GDP rose by 0.3 percent in the first quarter of 2015 compared to the previous quarter; in the second quarter it rose by 0.4 percent.

After a strong start to the year in France, the economic recovery stagnated. According to Insee, the French Statistical Office, real GDP rose by 0.7 percent in the first quarter of 2015 compared to the previous quarter; in the second quarter the French economy recorded zero growth. In the UK, following a slight weakness at the beginning of 2015, robust economic growth resumed. Real GDP increased by 0.4 percent in the first quarter and by 0.7 percent in the second quarter of 2015.

In the United States, due to the harsh winter, real GDP increased in the first quarter of 2015 at a projected annual rate of 0.6 percent. According to the Bureau of Economics, the expected annualized growth rate for the second quarter will increase significantly, to 2.3 percent.

So far, the overall economic developments are within the current-year trend anticipated in the 2014 combined management report.

Development in Relevant Markets

The European TV advertising markets experienced uneven growth in the first six months of 2015. The TV advertising markets in Germany recorded moderate growth and in France there was slight growth. The Spanish TV advertising market grew strongly. While the Croatian, Belgian and Hungarian markets remained stable or weakened slightly, the TV advertising market in the Netherlands declined significantly.

The physical book market grew moderately in the UK. The markets in the United States and Spain remained stable or grew slightly. In Germany, the physical book market declined slightly. E-book sales continued to grow worldwide, but at a slightly slower rate.

The magazine markets in Germany and France were characterized during the reporting period by sharply falling advertising business and slightly declining circulation business.

The service markets relevant to Arvato experienced moderate to significant growth in the first half of 2015.

The European print markets for magazines, catalogs and promotional materials continued to shrink and were dogged by persistent price and volume pressure.

The global music publishing markets showed slight growth, whereas the markets for recorded music stabilized.

The education markets in the United States grew strongly in the first half of 2015 in the segments where Bertelsmann is involved.

So far, the developments in the relevant markets are essentially within the current-year trend anticipated in the 2014 combined management report.

Significant Events in the Current Financial Year

Effective January 1, 2015, the Board-level human resources function was established. Immanuel Hermreck was appointed to the Bertelsmann Executive Board with responsibility for this area.

In April 2015, Bertelsmann placed two hybrid bonds with a total volume of €1.25 billion. Both subordinated bonds, each with a term of 60 years and with redemption options of eight and twelve years respectively, increase the financial flexibility of Bertelsmann in view of the Group's ongoing strategic transformation.

On May 5, 2015, the General Meeting of Bertelsmann SE & Co. KGaA elected Gigi Levy-Weiss to the company's Supervisory Board. Hartmut Ostrowski and Lars Rebien Sørensen left the Board.

Results of Operations

Revenue Breakdown

At €8,040 million, consolidated revenues in the first half of 2015 were 2.5 percent above the previous year's figure (H1 2014: €7,846 million). Adjusted for exchange rate effects of 4.9 percent and portfolio and other effects of -1.9 percent, there was an organic decline in revenues of -0.5 percent.

Revenues of RTL Group increased compared with the same period in the previous year. This was primarily due to good business at Mediengruppe RTL Deutschland, the expansion of the digital activities and favorable exchange rate effects. Penguin Random House achieved a significant increase in

revenues due to exchange rate effects. At Gruner + Jahr, revenues fell compared with the same period in the previous year, primarily due to the sale of the printing business in the United States in May 2014. The digital activities' rising revenues could only partly compensate for further decline in the advertising business. Compared to the previous year, Arvato achieved higher revenues in the business units Customer Relationship Management, Financial Solutions and IT Solutions. Revenues at Be Printers were affected by the decline of the print businesses, particularly in gravure printing, and also by the sale of the Italian, Spanish and South American print businesses. Revenues at Corporate Investments increased significantly compared with the same period in the previous year. While the education and music fields recorded significant revenue growth due to acquisitions, the club and direct-marketing businesses were scaled back further.

Due to the continued strategic transformation and the weakness in the euro, there were changes in the geographical breakdown of revenues compared to the same period in the previous year. Revenue share in Germany was 34.0 percent, compared to 35.2 percent in the first half of 2014. The revenue share generated by France amounted to 14.0 percent (H1 2014: 15.2 percent). In the UK, revenue share was 5.9 percent (H1 2014: 5.7 percent), while other European countries achieved a lower revenue share of 17.8 percent (H1 2014: 18.8 percent). The share of total revenues generated in the United States rose to 21.5 percent (H1 2014: 18.9 percent); other countries accounted for a share of 6.8 percent (H1 2014: 6.2 percent). With these, the total share of revenues represented by foreign business increased slightly, from 64.8 percent in the first half of 2014 to 66.0 percent. The ratio of the four revenue streams (products and merchandise, advertising and services as well as rights and licenses) to one another remained mostly unchanged compared to the first half of 2014.

Operating EBITDA

Bertelsmann achieved operating EBITDA of €1,063 million during the reporting period (H1 2014: €1,018 million). The EBITDA margin of 13.2 percent was above the level of 13.0 percent in the same period last year.

The operating earnings of RTL Group improved compared to the first half of 2014. The increase is mainly attributable to the positive development of Mediengruppe RTL Deutschland. Penguin Random House also recorded an increase in operating EBITDA. This was primarily due to the higher earnings contributions of the book-publishing business in the United States and UK, mainly caused by exchange rate effects. The operating EBITDA of Gruner + Jahr was below the previous year's figure, due to lower revenues in the German and international

advertising business. Operating earnings of Arvato increased compared to the same period last year. Declining volumes and price pressure at Be Printers led to a decline in earnings. The significantly increased operating EBITDA of Corporate Investments primarily reflects positive development in the music business as well as a higher earnings contribution from the investment funds and the education business.

Special Items

The special items came to a total of €-101 million, compared to €-172 million in the same period last year. They consisted of impairment losses and reversals of impairment losses totaling €-5 million (H1 2014: €-98 million), fair value remeasurement of investments of €5 million (H1 2014: €2 million), results from disposals of investments of €17 million (H1 2014: €6 million), restructuring expenses and other special items totaling €-118 million (H1 2014: €-82 million).

EBIT

Adjusting operating EBITDA for special items totaling €-101 million (H1 2014: €-172 million) and the amortization, depreciation, impairments and reversals of impairments on intangible assets and property, plant and equipment totaling €-1 million (H1 2014: €-100 million), which were not included in special items, EBIT amounted to €670 million in the reporting period (H1 2014: 557 million).

Group Profit or Loss

The financial result was €-119 million (H1 2014: €-125 million). Tax expenses were €-156 million, compared to €-178 million in the same period last year. The reduced tax expense is mainly attributable to the recognition of prior-period taxes and special items in connection with the measurement of loss carry-forwards. Earnings after taxes from continuing operations were thus €395 million (H1 2014: €254 million). Earnings after taxes from discontinued operations were €3 million (H1 2014: €3 million). The Group profit increased to €398 million (H1 2014: €257 million). The share of Group profit held by Bertelsmann shareholders was €217 million (H1 2014: €124 million). The non-controlling interests in the Group profit came to €181 million (H1 2014: €133 million).

Net Assets and Financial Position

Financial Guidelines

The primary objective of Bertelsmann's financial policy is to achieve a balance between financial security, return on equity and growth. For this, Bertelsmann bases its financing

policy on the requirements of a "Baa1/BBB+" credit rating and the associated qualitative and quantitative criteria. Credit ratings and capital-market transparency make a considerable contribution to the Group's financial security and independence.

In accordance with the Group structure, the capital allocation is made centrally by Bertelsmann SE & Co. KGaA, which provides the Group companies with liquidity and manages the issuance of guarantees and letters of comfort for them. The Group consists largely of a single financial unit, thereby optimizing capital procurement and investment opportunities.

Bertelsmann utilizes a financial-control system that employs quantitative financial targets concerning the Group's economic debt and, to a lesser extent, its capital structure. One key financial target is a dynamic leverage factor, calculated as the ratio of economic debt to operating EBITDA over a 12-month period and limited to a maximum of 2.5. In determining the leverage factor, the hybrid bonds are accounted for at 50 percent. Economic debt is defined as net financial debt less the 50 percent par value component of the hybrid bonds plus provisions for pensions, profit participation capital and the net present value of operating leases. Like operating EBITDA, economic debt is modified for calculation purposes. The economic debt as of June 30, 2015, was €5,867 million (December 31, 2014: €6,039 million). As of June 30, 2015, the leverage factor was 2.6 (December 31, 2014: 2.7).

The net financial debt increased to €2,683 million compared to €1,689 million as of December 31, 2014. The increase is partly attributable to dividend payments to shareholders and non-controlling interests, most of which are made during the first half of the year. In addition, net financial debt increased due to a voluntary funding of €400 million from the plan assets held under the trusteeship of Bertelsmann Pension Trust e.V.

Financing Activities

In the reporting period, the capital resources of the Group were strengthened through the issuance of two hybrid bonds with a total volume of €1.25 billion. The subordinated bonds with a term of 60 years were issued by Bertelsmann in two tranches with early redemption options. The first tranche has a volume of €650 million, carries a coupon of 3.0 percent and contains an early redemption option for the first time after eight years. The second tranche has a volume of €600 million, carries a coupon of 3.5 percent and contains an early redemption option for the first time after 12 years.

The bonds listed in Luxembourg were rated by the rating agencies Moody's and Standard & Poor's (S&P) with instrument ratings of "Baa3" and "BBB-," respectively. Both bonds are classified by the rating agencies as 50 percent equity and thus improve the financial key figures which are relevant for Bertelsmann's credit rating.

Rating

Bertelsmann has issuer ratings from Moody's and S&P. Bertelsmann is rated by Moody's as "Baa1" (outlook: stable) and by S&P as "BBB+" (outlook: stable). Both credit ratings are in the investment grade category and meet Bertelsmann's target rating. Bertelsmann's short-term credit-quality rating is "P-2" from Moody's and "A-2" from S&P.

Cash Flow Statement

Total Group earnings before interest and taxes are the starting parameter for preparing the Bertelsmann cash flow statement. In the reporting period, Bertelsmann generated cash flow from operating activities of €343 million (H1 2014: €405 million). The Group's long-term operating free cash flow adjusted for non-recurring items was €434 million (H1 2014: €521 million). The decline mainly resulted from increased net working capital. At €-817 million, cash flow from investing activities was above the level for the first half of the previous year (H1 2014: €-359 million), primarily due to the endowment of €400 million from the plan assets held under the trusteeship of Bertelsmann Pension Trust e.V. The cash flow from financing activities was €595 million (H1 2014: €-1,600 million). The positive contribution is primarily attributable to proceeds from bonds in the reporting period. This increased the cash and cash equivalents as of June 30, 2015, to €1,507 million (December 31, 2014: €1,329 million).

Group Cash Flow Statement (Summary)

in € millions	H1 2015	H1 2014 (adjusted)
Cash flow from operating activities	343	405
Cash flow from investing activities	(817)	(359)
Cash flow from financing activities	595	(1,600)
Change in cash and cash equivalents	121	(1,554)
Currency effects and other changes in cash and cash equivalents	55	10
Cash and cash equivalents as of January 1	1,331	2,715
Cash and cash equivalents as of June 30	1,507	1,171
Less cash and cash equivalents included within assets held for sale	-	-
Cash and cash equivalents as of June 30 (according to the Group balance sheet)	1,507	1,171

Investments

In the first half of 2015, according to the cash flow statement, the investments were €514 million (H1 2014: €460 million). As in the same period last year, a large portion of the investments in property, plant and equipment, totaling €150 million (H1 2014: €143 million), stemmed from Arvato. Investments in intangible assets came to €126 million (H1 2014: €142 million) and were attributable primarily to RTL Group for investments in film rights and to BMG for the acquisition of music catalogs. The sum of €165 million was invested in financial assets (H1 2014: €77 million). Purchase price payments for consolidated investments (less acquired cash and cash equivalents) totaled €73 million in the reporting period (H1 2014: €98 million).

Consolidated Balance Sheet

Total assets came to €22.4 billion as of June 30, 2015 (December 31, 2014: €21.6 billion). The increase is primarily attributable to the taking up of financial liabilities. Equity was €8.8 billion compared to €8.4 billion as of December 31, 2014. This resulted in an equity ratio of 39.5 percent (December 31, 2014: 38.9 percent). As a result of the funding of €400 million from the plan assets held under the trusteeship of Bertelsmann Pension Trust e.V. and an adjustment of the discount rate, pension provisions decreased to €2.1 billion (December 31, 2014: €2.7 billion). Cash and cash equivalents increased to €1,507 million as of June 30, 2015, from €1,329 million as of December 31, 2014.

Employees

As of June 30, 2015, Bertelsmann had 119,019 employees worldwide (December 31, 2014: 112,037).

Performance of the Group Divisions

RTL Group

The leading European entertainment network recorded a positive first-half performance. RTL Group's revenues increased by 3.8 percent to €2.8 billion (H1 2014: €2.7 billion), thanks to strongly increasing revenue at Mediengruppe RTL Deutschland, growing digital revenue and favorable exchange rate effects. Operating EBITDA increased by 2.3 percent to €626 million (H1 2014: €612 million), mainly driven by higher earnings contributions from Mediengruppe RTL Deutschland as well as from RTL Hungary. The earnings development at RTL Hungary includes a positive effect from the partial reclaim of taxes paid on advertising revenues in 2014.

Europe's TV advertising markets presented a mixed picture during the reporting period. Most of RTL Group's families of TV channels outperformed their respective markets. RTL Group defended its leading positions in viewer markets in the core countries. Mediengruppe RTL Deutschland's audience share decreased slightly in the main commercial target group. However, RTL Television remained the clear number one in the 14-to-59 demographic. In France, the flagship channel M6 recorded a slightly lower audience share. Meanwhile, the digital channel 6ter continued its positive development. The Dutch family of channels around the main flagship RTL 4 was able to increase its audience share in prime time.

RTL Group's content production arm, Fremantle Media, generated slightly higher revenues in the first half of the year, mainly due to positive exchange rate effects. Its operating result was down, mainly due to lower earnings contributions from Germany and the "American Idol" format.

In the digital domain, RTL Group continued its dynamic growth thanks to its online platforms, mobile applications and YouTube activities. The total number of online video views reached 42.5 billion – a 171 percent increase compared to the first half of 2014. The companies bundled in the RTL Digital Hub, founded in June – BroadbandTV, StyleHaul and SpotXchange – each reported high double-digit revenue growth rates.

Penguin Random House

For Penguin Random House, the first half of 2015 was characterized by a strong fiscal performance, bolstered by a diverse lineup of bestselling titles. The merging of structures, processes and functions of the Penguin and Random House businesses, which combined on July 1, 2013, also continued

on course during this period. Bertelsmann holds a 53 percent stake in the world's leading trade book publisher; Pearson owns 47 percent of the shares.

Including Verlagsgruppe Random House in Germany, which is wholly owned by Bertelsmann, the book group's revenues during the reporting period totaled €1.7 billion (H1 2014: €1.5 billion), representing an increase of 16.2 percent, mainly due to exchange rate effects. Operating EBITDA was €207 million, an increase of 30.2 percent over the previous year (H1 2014: €159 million). With more than 4.5 million copies sold, Paula Hawkins's debut novel "The Girl on the Train" was the half-year's top-selling title. "Grey," a new volume in E. L. James's "Fifty Shades" series, was the fastest-debuting trade paperback ever in the US and UK, selling more than 3.5 million copies in the first two weeks after its release.

In the US, Penguin Random House placed 306 titles on the "New York Times" bestseller lists during the first half of the year, 38 of them at number one. In addition to "The Girl on the Train" and "Grey," top-selling Young Readers titles for the company included "Paper Towns" and other works by John Green, "Wonder" by R. J. Palacio, as well as books from Dr. Seuss, B. J. Novak, and James Dashner.

In the UK, 38 percent of the titles on the "Sunday Times" bestseller lists were published by Penguin Random House's UK imprints. The publishing group's bestselling book was "Grey"; other leading bestsellers included "To Kill a Mockingbird" by Harper Lee and "Diary of a Wimpy Kid: The Long Haul" by Jeff Kinney.

At Penguin Random House Grupo Editorial, an excellent performance in Latin America and double-digit growth in e-book sales more than offset the ongoing challenges in the Spanish book market. Substantial progress was made on integrating the Spanish- and Portuguese-language publishing activities of Santillana Ediciones Generales, acquired last year.

Verlagsgruppe Random House in Germany recorded a near-stable first half in 2015, placing 212 titles on the "Spiegel" bestseller lists.

All of Penguin Random House's divisions also invested in increasing the reach of their digital content through digital marketing and a variety of other outlets, platforms and partnerships.

Several of the group's books won prestigious literary awards, including the Pulitzer Prize for Biography: "The Pope and Mussolini" by David I. Kertzer.

Gruner + Jahr

Gruner + Jahr continued its strategic transformation. Due to divestitures during the same period last year – including Brown Printing in the US and the Entertainment Media publishing company in Germany – as well as the general development of the advertising market, G+J's first-half revenues decreased by -17.2 percent to €752 million in 2015 (H1 2014: €908 million). Meanwhile, Gruner + Jahr increased its revenues from digital activities in the core markets of Germany and France. As a result of overall declining revenues and continued high expenses for the digital transformation, operating EBITDA decreased by -28.6 percent to €55 million (H1 2014: €77 million).

Lower advertising revenues in the print sector, along with changes to its portfolio, caused a revenue decline at G+J Germany. However, circulation revenues and the digital business both developed positively. G+J invested in the expansion of its magazine portfolio ("Walden," "Stern Crime," "National Geographic Traveler") as well as in digital activities. For instance, the company acquired the specialized gift-ideas e-commerce provider Danato, fully acquired the food platform Delinero, and provided €50 million of investment funds and media performance for future startups. G+J also signed an exclusive strategic partnership with the Dutch startup Blendle to develop new mobile products for innovative publishing opportunities. Motor Presse Stuttgart improved its results, thanks to cost-cutting measures and higher advertising revenues in Germany. Dresdner Druck- und Verlagshaus recorded higher revenues thanks to good ad sales and successful additional businesses, such as travel and trade fairs. However, the result was lower.

The international businesses saw an overall dip year-on-year. In Austria, Spain and China, revenues and earnings were down – partly due to changes in the consolidation scope. In France, G+J managed to keep its revenues stable. Prisma Media's digital business in France grew significantly, fueled by – among other factors – the successful performance of the video marketer Advideum. G+J further expanded its digital activities by acquiring the software

provider Recatch. On July 1, 2015, G+J withdrew from the Italian market due to lack of strategic prospects, selling back its 50 percent stake in the joint venture Gruner + Jahr / Mondadori.

Arvato

Arvato improved its revenues as well as its operating result. The international service provider's revenues increased by 3.7 percent year on year to €2.3 billion (H1 2014: €2.2 billion), and operating EBITDA was €171 million, up by 5.6 percent compared to the first half of 2014 (H1 2014: €162 million).

The financial services operations bundled at Arvato Financial Solutions achieved profitable growth during the reporting period. This was supported mainly by a positive business development in Scandinavia and German-speaking countries. As a result of the 40 percent stake in the Brazilian financial services provider Intervalor completed on June 1, 2015, Arvato entered the Latin American financial services market.

The services businesses in the area of Arvato CRM also contributed to the increase in sales and earnings due to higher volumes with existing customers and an improved cost structure. Apart from traditional telephone advisory services, the focus was primarily on the expansion of digital communication channels and self-service solutions, where customers are able to independently seek advice and support.

The logistics services businesses at Arvato SCM were able to expand existing national and international customer relations, and projects with new customers were implemented. Sales and earnings were stable.

The IT services business provider Arvato Systems recorded a constantly high demand for solutions in relation to application development and system integration. Revenues improved, while earnings development was impacted by start-up losses for a large project. Arvato's print businesses were almost stable in the first half. Especially Mohn Media, Europe's leading offset print business, continued to expand its operations as the company was awarded two large magazine contracts. The production capacities and the range of services offered were expanded. Meanwhile, revenues from storage media replication continue to decline as expected.

Be Printers

The Be Printers division, in which Bertelsmann has pooled its European gravure printing activities and international offset and digital printers, recorded a -24.9 percent decline in revenues to €362 million (H1 2014: €482 million). Besides the sale of the Italian printing business on September 30, 2014, and the Spanish printing activities on April 30, 2015, the decrease also resulted from declining print runs and continuing price pressure. First-half operating EBITDA halved to €12 million, after €25 million the previous year.

The European gravure printing company Prinovis expanded its range of services to accommodate lower print runs, additional formats and short-notice deadlines by putting two offset printing presses into operation in Dresden. In addition, the company was able to renew several print contracts with key customers. However, due to lower order volumes overall, Prinovis recorded significant year-on-year declines in revenues and earnings.

Be Printers' US printing plants benefited from a stable order situation in book printing and were also able to increase their revenues by expanding the business with innovative print products for other sectors.

During the reporting period, Be Printers also pressed ahead with focusing the business on the company's core markets. At the end of April 2015, the company sold the two Spanish printers, Rotocobrhi in Madrid and Eurohueco in Barcelona, to the British print investor Walstead Capital.

Corporate Investments/Corporate Center

Corporate Investments saw a distinctly positive development in the first half of 2015. Revenues increased by 17.3 percent to €298 million (H1 2014: €254 million) and operating EBITDA by 31.6 percent to €25 million (H1 2014: €19 million). The continued expansion of the music company BMG contributed to this, as well as the expansion of the education business on the revenues side.

BMG expanded its publishing and recording business and enhanced the management of audiovisual rights as its third mainstay. The company acquired Rise Records, a label specializing in rock and metal, the Verse Music Group and the Buddy Holly catalog in the US, as well as the publishers Minder Music in the UK and Tipping Music in France. BMG

signed new contracts with renowned artists, including Dave Stewart, Janet Jackson and Marco Mengoni. In China, BMG signed an extensive distribution agreement with the digital division of the Alibaba e-commerce group.

In education, at the beginning of the year, Bertelsmann invested in Alliant International University – with campuses in the US, Mexico and Asia – with a view to gradually building a network of universities in the fields of medicine and human sciences. In Brazil, the company invested in Affero Lab, the country's market leader in corporate training; in the United States it increased its shareholding in the university-services provider Synergis Education.

The investment fund BDMI, which invests in digital companies mainly in the US, and the BAI fund, which specializes in promising companies in China, bought several new holdings. In Brazil, Bertelsmann and Bozano Investimentos jointly set up a new fund focused on high-growth education companies. In India, the group expanded its shareholding in Pepperfry, the leading online marketplace for furniture.

The last branches of Der Club Bertelsmann closed their doors in March 2015. The club business in the German-speaking territories will be entirely discontinued by the end of the year.

The Corporate Center supported the implementation of the corporate strategy in Bertelsmann's growth markets and growth platforms. In addition, it worked with the divisions to advance the multiyear Operational Excellence program to optimize business support processes in the areas of HR, finance/accounting, IT and sourcing. Among other things, the creation of a global network of Accounting Shared Services Centers was agreed.

Significant Events After the Balance Sheet Date

On July 9, 2015, the Bertelsmann Supervisory Board appointed Fernando Carro de Prada to the Bertelsmann Executive Board as CEO of Arvato. He succeeds Achim Berg, who left the Bertelsmann Executive Board. The appointment is related to the further development of the Arvato division, which leads to greater entrepreneurial independence for the individual Arvato business units and accelerates decision processes. The further development will have no impact on Group management. As part of this change, the Arvato Executive Board is to be disbanded and replaced by a company management.

Risks and Opportunities

Risk Management System

Please refer to the 2014 combined management report for a description of Bertelsmann's risk management system (RMS) and the accounting-related RMS and internal control system (ICS).

Significant Changes in Risks since the 2014 Combined Management Report

Please refer to the 2014 combined management report for a presentation of the key risks to the Bertelsmann Group. The following significant changes have been identified as part of the risk report of June 30, 2015. Overall, after the first half-year, the same Group risks are considered material as those existing as of December 31, 2014. However, the significance of individual types of risk in terms of Bertelsmann's future business development has changed. Whereas the financial market risks that were classified as low as of December 31, 2014, are now assessed as moderate, the remaining risks from the Penguin Random House merger can be classified as low due to the successful ongoing integration. In the previous year, these risks were classified as moderate. The most significant risk in the Group remains the pricing and discounting risk.

Strategic and Operational Risks

A continuation of the economic recovery is expected in the euro zone. However, certain risks remain for the global recovery. For Bertelsmann, this primarily results in risks to businesses that depend on the advertising market.

The strategic and operational risk position for the Group remains essentially unchanged from that depicted in the 2014 combined management report.

Legal and Regulatory Risks

Please refer to the 2014 combined management report for details of the legal and regulatory risks. No significant changes have been identified.

Financial Market Risks

Compared to the situation in the 2014 combined management report, the financial market risks have grown to a moderate level due to increased market volatility.

Overall Risk

The overall risk position has increased slightly compared with the previous year. No risks endangering Bertelsmann's continued existence were identified as of June 30, 2015. Neither are there any substantial risks discernible from the current perspective that could threaten the continued existence of the Group.

Opportunities

The assessment of opportunities has not changed substantially compared to the information presented in the 2014 combined management report.

Outlook

For the global economy in 2015, growth is expected in line with the previous year's level. This is supported by the overall accommodative monetary policy and the sharp fall in energy prices. In the emerging countries, average growth is again expected to weaken slightly. The economic estimates by the Kiel Institute for the World Economy (IfW) concerning global development are 3.4 percent for 2015, which is slightly below previous expectations.

A continuation of the economic recovery is expected in the euro zone. The IfW expects real GDP to grow by 1.5 percent in 2015. In the view of the IfW, the pace of growth in Germany will be maintained in 2015 and real GDP will increase by 1.8 percent. Real GDP in France is predicted to grow by 1.1 percent in 2015. According to the IfW estimates, the real growth rate in the UK will be 2.5 percent. For the United States, following a weak first quarter, expectations for the development of the economy have been lowered. The IfW expects real GDP in the United States to grow by 2.2 percent.

These expectations remain subject to a high level of uncertainty due to difficulties in forecasting economic developments. Certain risks remain for the global recovery. Geopolitical crises, government deficits or currency turbulence could interfere with economic development. In addition, high volatility in the financial markets is creating uncertainty. The resulting developments could adversely impact the economic situation, which is a key factor influencing Bertelsmann's business development.

In view of the business performance in the reporting period and significantly improved exchange rates as of June 30, 2015, in particular in the US book-publishing business, the Group outlook for 2015 has been raised. For the current financial year, Bertelsmann now expects a slight increase in Group revenues and a moderate increase in operating EBITDA (forecast details from the 2014 combined management report: stable revenues/slight increase in operating EBITDA). Due to the full-year consolidation of the acquisitions, Bertelsmann assumes a further increase in invested capital for financial year 2015. Due to the growth profile of the acquired businesses, compensating effects from the earnings contributions are expected with a time delay. Against this backdrop, a strong fall in BVA is still expected.

These forecasts are based on Bertelsmann's current business strategy, as outlined in the "Company Profile" section. In general, the forecasts reflect careful consideration of risks and opportunities and are based on operational planning and the medium-term outlook for the corporate divisions. All statements concerning potential economic and business developments represent opinions advanced on the basis of the information that is currently available. Should underlying suppositions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Condensed Interim Consolidated Financial Statements

Consolidated Income Statement

in € millions	H1 2015	H1 2014 (adjusted)
Revenues	8,040	7,846
Other operating income	251	289
Changes in inventories	183	200
Own costs capitalized	15	9
Cost of materials	(2,723)	(2,861)
Royalty and license fees	(666)	(540)
Personnel costs	(2,663)	(2,524)
Amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment	(293)	(389)
Other operating expenses	(1,501)	(1,504)
Results from investments accounted for using the equity method	4	28
Impairment and reversals of impairment on investments accounted for using the equity method	–	–
Results from financial assets	6	(3)
Results from disposals of investments	17	6
EBIT (earnings before interest and taxes)	670	557
Interest income	9	10
Interest expenses	(66)	(58)
Other financial income	6	7
Other financial expenses	(68)	(84)
Financial result	(119)	(125)
Earnings before taxes from continuing operations	551	432
Income taxes	(156)	(178)
Earnings after taxes from continuing operations	395	254
Earnings after taxes from discontinued operations	3	3
Group profit or loss	398	257
attributable to:		
Bertelsmann shareholders		
Earnings from continuing operations	214	121
Earnings from discontinued operations	3	3
Earnings attributable to Bertelsmann shareholders	217	124
Non-controlling interests		
Earnings from continuing operations	181	133
Earnings from discontinued operations	–	–
Earnings attributable to non-controlling interests	181	133

The adjustment of figures for H1 2014 relates to the at-equity adjustment of investment entities. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

Consolidated Statement of Comprehensive Income

in € millions	H1 2015	H1 2014 (adjusted)
Group profit or loss	398	257
Items that will not be reclassified subsequently to profit or loss		
Remeasurement component of defined benefit plans	176	(241)
Share of other comprehensive income of investments accounted for using the equity method	–	–
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Currency translation differences		
– changes recognized in equity	281	24
– reclassification adjustments for gains (losses) included in profit or loss	(2)	(12)
Available-for-sale financial assets		
– changes in fair value recognized in equity	1	(5)
– reclassification adjustments for gains (losses) included in profit or loss	–	–
Cash flow hedges		
– changes in fair value recognized in equity	16	(2)
– reclassification adjustments for gains (losses) included in profit or loss	(9)	–
Share of other comprehensive income of investments accounted for using the equity method	3	2
Other comprehensive income net of tax	466	(234)
Group total comprehensive income	864	23
attributable to:		
Bertelsmann shareholders	627	(105)
Non-controlling interests	237	128

The adjustment of figures for H1 2014 relates to the at-equity adjustment of investment entities. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

Reconciliation to Operating EBITDA (Continuing Operations)

in € millions	H1 2015	H1 2014 (adjusted)
EBIT from continuing operations	670	557
Special items		
Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	–	87
Impairment on other financial assets	5	11
Results from disposals of investments	(17)	(6)
Fair value remeasurement of investments	(5)	(2)
Restructuring and other special items	118	82
Amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment	293	389
Adjustments on amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment included in special items	(1)	(100)
Operating EBITDA from continuing operations	1,063	1,018

The adjustment of figures for H1 2014 relates to the at-equity adjustment of investment entities. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

Consolidated Balance Sheet

in € millions	6/30/2015	12/31/2014 (adjusted)
Assets		
Non-current assets		
Goodwill	7,819	7,615
Other intangible assets	2,425	2,299
Property, plant and equipment	1,601	1,584
Investments accounted for using the equity method	674	592
Other financial assets	384	331
Trade and other receivables	98	145
Other non-financial assets	607	544
Deferred tax assets	970	1,076
	14,578	14,186
Current assets		
Inventories	1,715	1,590
Trade and other receivables	3,513	3,475
Other financial assets	86	108
Other non-financial assets	815	704
Current income tax receivable	183	126
Cash and cash equivalents	1,507	1,329
	7,819	7,332
Assets held for sale	–	42
	22,397	21,560
Equity and Liabilities		
Equity		
Subscribed capital	1,000	1,000
Capital reserve	2,345	2,345
Retained earnings	3,625	3,189
Bertelsmann shareholders' equity	6,970	6,534
Non-controlling interests	1,870	1,846
	8,840	8,380
Non-current liabilities		
Provisions for pensions and similar obligations	2,069	2,698
Other provisions	129	143
Deferred tax liabilities	159	157
Profit participation capital	413	413
Financial debt	3,594	2,364
Trade and other payables	374	381
Other non-financial liabilities	333	331
	7,071	6,487
Current liabilities		
Other provisions	328	411
Financial debt	596	654
Trade and other payables	4,108	4,126
Other non-financial liabilities	1,376	1,377
Current income tax payable	78	84
	6,486	6,652
Liabilities related to assets held for sale	–	41
	22,397	21,560

The adjustment of the previous year's figures relates to the completion of the SpotXchange and StyleHaul business combinations.

Consolidated Cash Flow Statement

in € millions	H1 2015	H1 2014 (adjusted)
Group earnings before interest and taxes	673	562
Taxes paid	(163)	(206)
Depreciation and write-ups of non-current assets	298	398
Results from disposals of investments	(20)	(11)
Change in provisions for pensions and similar obligations	(42)	(58)
Change in other provisions	(108)	(72)
Change in net working capital	(327)	(229)
Fair value remeasurement of investments	(5)	(2)
Other effects	37	23
Cash flow from operating activities	343	405
– thereof discontinued operations	–	–
Investments in:		
– intangible assets	(126)	(142)
– property, plant and equipment	(150)	(143)
– financial assets	(165)	(77)
– purchase prices for consolidated investments (net of acquired cash)	(73)	(98)
Payments for disposal of subsidiaries and other business units (net of acquired cash)	(5)	66
Cash receipts from disposal of other fixed assets	102	35
Contribution to/withdrawals from defined benefit plans	(400)	–
Cash flow from investing activities	(817)	(359)
– thereof discontinued operations	–	(4)
Proceeds from bonds and promissory notes	1,241	–
Redemption of bonds and promissory notes	–	(967)
Proceeds from/redemption of other financial debt	(178)	(55)
Interest paid	(62)	(139)
Interest received	8	8
Dividends to Bertelsmann shareholders	(180)	(180)
Dividends to non-controlling interests and payments to partners in partnerships (IAS 32.18b)	(239)	(265)
Change in equity	5	(2)
Cash flow from financing activities	595	(1,600)
– thereof discontinued operations	–	–
Change in cash and cash equivalents	121	(1,554)
Currency effects and other changes in cash and cash equivalents	55	10
Cash and cash equivalents 1/1	1,331	2,715
Cash and cash equivalents 6/30	1,507	1,171
Less cash and cash equivalents included within assets held for sale	–	–
Cash and cash equivalents 6/30 (according to the Group balance sheet)	1,507	1,171

The adjustment of figures for H1 2014 relates to the at-equity adjustment of investment entities. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

Change in Net Financial Debt

in € millions	H1 2015	H1 2014
Net financial debt at 1/1	(1,689)	(681)
Cash flow from operating activities	343	405
Cash flow from investing activities	(817)	(359)
Interest, dividends and changes in equity, additional payments (IAS 32.18b)	(468)	(578)
Currency effects and other changes in net financial debt	(52)	(11)
Net financial debt at 6/30	(2,683)	(1,224)

Net financial debt is the balance of the balance sheet positions "cash and cash equivalents" and "financial debt."

Consolidated Statement of Changes in Equity

	Sub- scribed capital	Capital reserve	Retained earnings					Bertels- mann share- holders' equity	Non- controlling interests	Total
			Other retained earnings	Cumulated other comprehensive income ¹⁾						
				Currency transla- tion dif- ferences	Available- for-sale financial assets	Cash flow hedges	Share of other compre- hensive income of invest- ments accounted for using the equity method			
in € millions										
Balance as of 1/1/2014	1,000	2,345	3,823	(301)	22	(7)	5	6,887	1,849	8,736
Adjustment	-	-	24	-	-	-	1	25	-	25
Balance as of 1/1/2014 ²⁾	1,000	2,345	3,847	(301)	22	(7)	6	6,912	1,849	8,761
Group profit or loss	-	-	124	-	-	-	-	124	133	257
Other comprehensive income	-	-	(232)	6	(4)	(1)	2	(229)	(5)	(234)
Group total comprehensive income	-	-	(108)	6	(4)	(1)	2	(105)	128	23
Dividend distributions	-	-	(180)	-	-	-	-	(180)	(263)	(443)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	2	2
Equity transactions with shareholders	-	-	(180)	-	-	-	-	(180)	(261)	(441)
Other changes	-	-	(2)	-	-	-	-	(2)	(4)	(6)
Balance as of 6/30/2014	1,000	2,345	3,557	(295)	18	(8)	8	6,625	1,712	8,337
Balance as of 1/1/2015	1,000	2,345	3,257	(117)	16	21	13	6,535	1,846	8,381
Adjustment	-	-	(1)	-	-	-	-	(1)	-	(1)
Balance as of 1/1/2015 ²⁾	1,000	2,345	3,256	(117)	16	21	13	6,534	1,846	8,380
Group profit or loss	-	-	217	-	-	-	-	217	181	398
Other comprehensive income	-	-	174	224	1	8	3	410	56	466
Group total comprehensive income	-	-	391	224	1	8	3	627	237	864
Dividend distributions	-	-	(180)	-	-	-	-	(180)	(250)	(430)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	(18)	-	-	-	-	(18)	23	5
Equity transactions with shareholders	-	-	(198)	-	-	-	-	(198)	(227)	(425)
Other changes	-	-	7	-	-	-	-	7	14	21
Balance as of 6/30/2015	1,000	2,345	3,456	107	17	29	16	6,970	1,870	8,840

1) Thereof, on June 30, 2015, no assets classified as held for sale according to IFRS 5 were affected. On June 30, 2014, a total of €1 million was attributable to assets classified as held for sale according to IFRS 5, which are carried at a value of zero in the balance sheet due to a complete impairment.

2) The adjustment to the balance on January 1, 2014, relates to the at-equity adjustment of investment entities. The adjustment on January 1, 2015, relates to completion of the SpotXchange business combination. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

Segment Information (Continuing Operations)

in € millions	RTL Group		Penguin Random House		Gruner + Jahr		Arvato	
	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Revenues from external customers	2,786	2,683	1,697	1,461	749	905	2,244	2,157
Intersegment revenues	2	4	–	–	3	3	69	73
Divisional revenues	2,788	2,687	1,697	1,461	752	908	2,313	2,230
Operating EBITDA	626	612	207	159	55	77	171	162
EBITDA margin ¹⁾	22.4%	22.8%	12.2%	10.9%	7.4%	8.5%	7.4%	7.3%
Scheduled depreciation and amortization	100	97	44	38	13	18	85	84
Impairment and reversals of impairment on intangible assets and property, plant and equipment ²⁾	(8)	98	–	–	–	–	–	–
Results from investments accounted for using the equity method	29	24	(1)	–	–	4	5	4
Additions to non-current assets ³⁾	128	129	21	19	22	30	86	155
Number of employees (closing date) ⁴⁾	12,277	11,768	12,381	12,812	13,603	8,168	71,899	70,653
Number of employees (average) ⁴⁾	12,314	11,810	12,376	12,414	13,616	8,968	71,485	69,153

The adjustment of figures for H1 2014 relates to the at-equity adjustment of investment entities. Further information is presented in the consolidated financial statements in the 2014 Annual Report.

1) Operating EBITDA as a percentage of revenues.

2) Including write-ups.

3) Additions to property, plant and equipment and intangible assets (including goodwill).

4) The number of employees in the prior period corresponds to the number on December 31, 2014.

Selected Explanatory Notes

Accounting Principles

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

reporting standards and interpretations to be applied from 2015 is presented in the notes to the consolidated financial statements in the 2014 Annual Report.

As of June 30, 2015, the following financial reporting standards have been applied for the first time:

- IFRIC 21 Levies
- Improvements to IFRS 2011–2013 (issued in December 2013)

The effects from the first-time application of the new accounting standards are not material for the Bertelsmann Group. The Bertelsmann Group has not opted for further early adoption of any additional standards, interpretations or amendments that have been issued but are not yet mandatory.

Be Printers		Other operating activities (Corporate Investments)		Total Divisions		Corporate Center		Consolidation		Continuing operations	
H1 2015	H1 2014	H1 2015	H1 2014 (adjusted)	H1 2015	H1 2014 (adjusted)	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014 (adjusted)
279	401	284	239	8,039	7,846	1	-	-	-	8,040	7,846
83	81	14	15	171	176	6	-	(177)	(176)	-	-
362	482	298	254	8,210	8,022	7	-	(177)	(176)	8,040	7,846
12	25	25	19	1,096	1,054	(31)	(37)	(2)	1	1,063	1,018
3.4%	5.2%	8.6%	7.5%	13.3%	13.1%	-	-	-	-	13.2%	13.0%
7	18	49	33	298	288	2	2	1	-	301	290
-	-	-	-	(8)	98	-	-	-	1	(8)	99
-	-	(30)	(4)	3	28	-	-	1	-	4	28
7	10	92	109	356	452	1	11	-	-	357	463
3,501	4,108	4,692	3,908	118,353	111,417	666	620	-	-	119,019	112,037
3,786	5,130	4,735	3,904	118,312	111,379	655	603	-	-	118,967	111,982

Scope of Consolidation

The condensed interim consolidated financial statements as of June 30, 2015, include Bertelsmann SE & Co. KGaA and all material subsidiaries over which Bertelsmann SE & Co. KGaA is able to exercise control according to IFRS 10. Joint ventures and associates are accounted for using the equity method in accordance with IAS 28. As of June 30, 2015, the scope of consolidation including Bertelsmann SE & Co. KGaA consists of 964 (December 31, 2014: 955) companies with 45 entries and 36 exits in the first half of 2015. This includes 900 (December 31, 2014: 896) fully consolidated companies, of

which 771 (December 31, 2014: 771) are wholly-owned subsidiaries. In addition, investments in 28 (December 31, 2014: 29) joint ventures and 36 (December 31, 2014: 30) associates are accounted for using the equity method in the consolidated financial statements. A total of 229 (December 31, 2014: 240) affiliated companies without significant business operations are excluded from consolidation due to their negligible importance for the financial position and financial performance of the Bertelsmann Group.

Acquisitions and Disposals

The Group made several acquisitions in the first half of 2015, none of which was material on a stand-alone basis. In total, the impact on the Group's financial position and financial performance was also minor. The consideration paid for these acquisitions, less cash and cash equivalents acquired,

amounted to €73 million. The consideration transferred in the sense of IFRS 3 totaled €73 million. The acquisitions resulted in partly non-tax-deductible goodwill totaling €56 million, which reflects synergy potential. The transaction-related costs of the acquisitions amounted to €3 million.

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

consolidation based on the currently still preliminary purchase price allocations:

Effects of Acquisitions

in € millions	Total
Non-current assets	
Goodwill	56
Other intangible assets	37
Property, plant and equipment	7
Trade and other receivables	5
Other non-current assets	11
Current assets	
Inventories	–
Trade and other receivables	6
Other current assets	3
Cash and cash equivalents	20
Liabilities	
Provisions for pensions and similar obligations	–
Financial debt	14
Sundry financial and non-financial liabilities	57
Gains from business combinations	–
Non-controlling interests	(1)

Since initial consolidation, all acquisitions under IFRS 3 have contributed €33 million to revenues and €-2 million to Group profit or loss. If consolidated as of January 1, 2015, they would have contributed €40 million to revenues and €-8 million to Group profit or loss.

The purchase price allocations of the business combinations SpotXchange and StyleHaul in 2014 have been finalized in the reporting period. The following table shows the slightly adjusted final fair values of the assets and liabilities on their dates of initial consolidation:

in € millions	SpotXchange	StyleHaul
Non-current assets		
Goodwill	99	99
Other intangible assets	10	4
Property, plant and equipment	3	–
Trade and other receivables	–	–
Other non-current assets	5	12
Current assets		
Inventories	–	–
Trade and other receivables	32	5
Other current assets	–	–
Cash and cash equivalents	4	1
Liabilities		
Provisions for pensions and similar obligations	–	–
Financial debt	2	4
Sundry financial and non-financial liabilities	29	5
Non-controlling interests	(5)	–

After considering the cash and cash equivalents disposed of, the Group generated cash flows totaling €-5 million from disposals that were carried out in the first half of 2015.

The disposals led to income from deconsolidation of €1 million, which was carried under results from disposals of investments.

Effects of Disposals

in € millions	Total
Non-current assets	
Goodwill	2
Other intangible assets	14
Property, plant and equipment	16
Other non-current assets	1
Current assets	
Inventories	8
Other current assets	67
Cash and cash equivalents	14
Liabilities	
Provisions for pensions and similar obligations	2
Financial debt	7
Sundry financial and non-financial liabilities	44

Currency Translation

The following euro exchange rates were used to translate the currencies that are most significant to the Bertelsmann Group.

Foreign currency unit per €1		Average rate		Closing rate		
		H1 2015	H1 2014	6/30/2015	12/31/2014	6/30/2014
Australian dollar	AUD	1.4258	1.4987	1.4550	1.4829	1.4537
Canadian dollar	CAD	1.3768	1.5032	1.3839	1.4063	1.4589
Chinese renminbi	CNY	6.9378	8.4536	6.9366	7.5358	8.4722
British pound	GBP	0.7324	0.8214	0.7114	0.7789	0.8015
US dollar	USD	1.1152	1.3707	1.1189	1.2141	1.3658

Additional Disclosures on Financial Instruments

The principles and methods used for the fair value measurement remain unchanged compared to the previous year. Further information about the additional information and disclosure on financial instruments is presented in the notes to the consolidated financial statements in the 2014 Annual Report. Only disclosures on financial instruments that are significant to an understanding of the changes in financial position and performance since the end of the last annual reporting period are explained below.

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

Level 1:

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

Level 2:

To determine the fair values of unlisted derivatives, Bertelsmann uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted as of the balance sheet date based on the respective market interest rates and interest-rate structure curves on the balance sheet date.

The fair value of forward exchange transactions is calculated using the average spot prices as of the balance sheet date and taking into account forward markdowns and markups for the remaining term of the transactions. The fair value of interest rate derivatives is calculated on the basis of the respective market rates and interest-rate structure curves on the balance sheet date. The fair value of forward commodity transactions is derived from the stock exchange listings published on the balance sheet date. Any incongruities to the standardized stock exchange contracts are reflected through interpolation or additions.

Level 3:

If no observable market data is available, the fair values are mostly determined based on cash flow-based valuation methods.

The valuation of financial assets and financial liabilities according to level 2 and level 3 requires management to make certain assumptions about the model inputs including cash flows, discount rate and credit risk. In the first half of 2015, no reclassifications were performed between levels 1, 2 and 3.

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

Investments in affiliates and other investments that are classified as available-for-sale within financial assets are measured at cost of €243 million (December 31, 2014: €221 million). These financial assets are measured at cost, as they do not have a quoted price in an active market and a reliable estimate of the fair value is not possible. No plan has been made to sell significant holdings of the other available-for-sale investments reported as of June 30, 2015, in the near future. No significant holdings valued at cost were sold in the first half of 2015.

The market value of the 2001 profit participation certificates with a closing rate of 300.1 percent on the last day of trading in the first half of 2015 on the Frankfurt Stock Exchange totaled €853 million (December 31, 2014: €856 million with

a rate of 301.0 percent) and, correspondingly, €28 million for the 1992 profit participation certificates with a rate of 164.0 percent (December 31, 2014: €34 million with a rate of 200.0 percent). The market values are based on level 1 of the fair value hierarchy.

In April 2015, Bertelsmann SE & Co. KGaA issued two subordinated hybrid bonds totaling a volume of €1,250 million. The first bond, with a nominal volume of €650 million, has a term of 60 years and a 3.0 percent coupon for the first eight years. Afterwards, interest rates will be reset every five years based on the five-year swap rate. This bond can be called by Bertelsmann for the first time in 2023 and redeemed at its nominal value. The second bond with a nominal volume of €600 million also has a term of 60 years and a 3.5 percent coupon for the first twelve years. Afterwards, interest rates will be reset every five years based on the five-year swap rate. Bertelsmann can first call this bond in 2027 and redeem it at its nominal value. Interest for the two bonds may be deferred depending on a dividend payment to the owners of Bertelsmann SE & Co. KGaA.

On June 30, 2015, the cumulative fair value of the listed bonds totaled €3,747 million (December 31, 2014: €2,635 million) with a nominal volume of €3,716 million (December 31, 2014: €2,466 million) and a carrying amount of €3,694 million (December 31, 2014: €2,452 million). The stock market prices are based on level 1 of the fair value hierarchy. On June 30, 2015, the total carrying amount for private placements and the promissory note loans totaled €258 million (December 31, 2014: €258 million) and the total market value was €288 million (December 31, 2014: €297 million). The fair values of private placements and promissory note loans are determined using actuarial methods based on yield curves adjusted for the Group's credit margin. This credit margin results from the market price for credit-default swaps at the end of the respective reporting periods. The fair value is determined on the basis of discount rates ranging from 0.10 percent to 2.24 percent. The fair value of the private placements and promissory note loans is to be allocated to level 2 of the fair value hierarchy. For all other financial assets and financial liabilities, the carrying amount represents a reasonable approximation of fair value.

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

in € millions	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	Balance as of 6/30/2015
Financial assets initially recognized at fair value through profit or loss	–	9	–	9
Available-for-sale financial assets	11	1	32	44
Primary and derivative financial assets held for trading	–	45	–	45
Derivatives with hedge relation	–	75	–	75
	11	130	32	173

Financial Assets Measured at Fair Value Based on Level 3

in € millions	Financial assets initially recognized at fair value through profit or loss	Available-for-sale financial assets	Primary and derivative financial assets held for trading	Derivatives with hedge relation	Total
Balance as of 1/1/2015	–	34	–	–	34
Total gain or loss	–	(2)	–	–	(2)
– in profit or loss	–	–	–	–	–
– in other comprehensive income	–	(2)	–	–	(2)
Transfers from "Investments accounted for using the equity method"	–	–	–	–	–
Purchases	–	–	–	–	–
Issues	–	–	–	–	–
Sales/settlements	–	–	–	–	–
Transfers out of/into level 3	–	–	–	–	–
Balance as of 6/30/2015	–	32	–	–	32
Gain (+) or loss (-) for assets still held at the end of the reporting period	–	–	–	–	–

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

in € millions	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	Balance as of 6/30/2015
Financial liabilities initially recognized at fair value through profit or loss	–	–	29	29
Primary and derivative financial liabilities held for trading	–	47	–	47
Derivatives with hedge relation	–	14	–	14
	–	61	29	90

Financial Liabilities Measured at Fair Value Based on Level 3

in € millions	Financial liabilities initially recognized at fair value through profit or loss	Primary and derivative financial liabilities held for trading	Derivatives with hedge relation	Total
Balance as of 1/1/2015	43	–	–	43
Total gain or loss	–	–	–	–
– in profit or loss	1	–	–	1
– in other comprehensive income	(1)	–	–	(1)
Purchases	–	–	–	–
Issues	–	–	–	–
Settlements	(14)	–	–	(14)
Transfers out of/into level 3	–	–	–	–
Balance as of 6/30/2015	29	–	–	29
Gain (+) or loss (-) for liabilities still held at the end of the reporting period	1	–	–	1

Income Taxes

Tax expenses for the first half of 2015 were calculated in line with IAS 34 using the average annual tax rate expected for the whole of 2015, which is calculated at 34.6 percent according to

Bertelsmann management's current estimation. In addition, current tax and deferred tax of prior periods have been recognized, which resulted in a lower tax rate in the income statement.

Other Information

As a result of seasonal influences on the divisions, higher revenues and a higher operating result tend to be expected in the second half of the year compared to the first half of the year. The higher revenues in the second half of the year are due to the increasing demand during the year-end holiday season, in particular in advertising-driven companies as well as Arvato's customer-oriented services.

Due to continuing pressure on the production and distribution business as a result of lower volumes and pricing, the company's internal forecasts for the cash-generating unit

Fremantle Media, which belongs to RTL Group, have been updated taking into account the latest available information, primarily on the United States. The recoverable amount was determined using the value in use on the basis of the discounted cash flow method with a long-term growth rate of 2.5 percent (December 31, 2014: 2.5 percent) and a discount rate of 7.5 percent (December 31, 2014: 7.7 percent). As of June 30, 2015, the recoverable amount exceeds the carrying amount by €64 million (December 31, 2014: €124 million). In the event of an increase in the discount rate by 0.3 percentage points, a reduction in the annual revenue growth rate by

0.4 percentage points or a reduction in the EBITDA margin by 0.4 percentage points, the recoverable amount would fall below the carrying amount for the first time.

A new advertising tax was adopted by the Hungarian parliament on June 11, 2014. On July 4, 2014, the Hungarian parliament adopted several amendments, which came into force on August 15, 2014. The tax is steeply progressive, with rates between zero and 40 percent, and is calculated, in general, on the net revenues derived from advertising plus the margins which the sales houses affiliated with the taxpayers charge to their customers. The tax base is calculated by aggregating the tax bases of subsidiaries. As a result, entities belonging to a group of companies are taxed at higher tax rates than group independent legal entities. On November 18, 2014, the Hungarian parliament adopted an amendment by which the highest applicable tax rate was increased from 40 to 50 percent. This amendment entered into force on January 1, 2015. As of June 30, 2014, RTL Group's management has recognized a full impairment of the goodwill for an amount of €77 million and additional impairment losses on non-current intangible assets of €11 million, of which €9 million is related to assets identified in connection with the preliminary purchase price allocations. Furthermore, as of December 31, 2014, a valuation allowance on current program rights has been recorded for an amount of €7 million. On May 27, 2015, the Hungarian parliament amended retrospectively the advertising tax. The tax rate was changed into a flat rate of 5.3 percent for a tax base above HUF100 million and zero percent under HUF100 million. The retrospective impact resulted in a one-off positive impact of €4.5 million reported in the position "Other operating expenses." In addition, as of June 30, 2015, RTL Group's management re-assessed the fair value of the non-current intangible assets identified in connection with the initial purchase price allocations and fully reversed the remaining impairment for an amount of €7 million. In addition, the re-assessment of the net realizable value of the current program rights resulted in the recognition of a reversal of the valuation allowance of €3 million.

Segment Reporting

Segment reporting continues to present five operating reportable segments (RTL Group, Penguin Random House, Gruner + Jahr, Arvato and Be Printers) as well as other operating activities (Corporate Investments).

Together with the investment company Bozano Investimentos and other partners, Bertelsmann invested in a fund that will invest in educational companies in Brazil, such as in the field of medical education. There are contribution obligations to this fund in the amount of €90 million. The increase in the balance sheet position "Investments accounted for using the equity method" to €674 million mainly results from several acquisitions, including Affero Lab, Brazil's largest corporate training and e-learning company in the amount of €27 million, and the Chinese company Bigo, one of the leading global free mobile VoIP call and instant-messaging service providers, in the amount of €27 million.

The ownership of RTL Group in Atresmedia decreased from 19.2 percent at December 31, 2014, to 18.6 percent at June 30, 2015. A capital gain of €10 million was generated from this transaction. Considering the ongoing representation of RTL Group at the Board of Directors and other governing bodies of Atresmedia, RTL Group's management considers that this does not change the significant influence of RTL Group in Atresmedia.

The provisions for pensions were reduced by a funding in the amount of €400 million to the plan assets managed by Bertelsmann Pension Trust e.V. and by an adjustment of the discount rate. The increase in the discount rate for the measurement of the pension provisions resulted in actuarial gains being recognized in the amount of €237 million under "Remeasurement component of defined benefit plans." The discount rate determination for the Eurozone was modified regarding the data selection in the current year. Further refinements were also implemented. If the discount rate at June 30, 2015, had been determined without these changes, the discount rate would have been around 10 basis points higher. The actuarial gains attributable thereto would have reduced the pension provisions by €62 million.

Earnings after taxes from discontinued operations of €3 million (H1 2014: €3 million) comprise follow-on effects related to the disposal of the former Direct Group division.

Reconciliation of Segments' EBIT to the Group Profit or Loss

in € millions	H1 2015	H1 2014 (adjusted)
Operating EBITDA of divisions	1,096	1,054
Corporate Center	(31)	(37)
Consolidation	(2)	1
Amortization/depreciation, impairment losses and reversals of intangible assets and property, plant and equipment	(293)	(389)
Adjustments on amortization/depreciation, impairment charges and reversals of intangible assets and property, plant and equipment included in special items	1	100
Special items	(101)	(172)
EBIT from continuing operations	670	557
Financial result	(119)	(125)
Earnings before taxes from continuing operations	551	432
Income taxes	(156)	(178)
Earnings after taxes from continuing operations	395	254
Earnings after taxes from discontinued operations	3	3
Group profit or loss	398	257

Events after the Reporting Date

No events of special importance occurred after the balance sheet date that could have a material impact on the financial position and results of operations of the Bertelsmann Group.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim

management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Gütersloh, August 27, 2015

Bertelsmann SE & Co. KGaA

represented by:

Bertelsmann Management SE, the general partner

The Executive Board

Dr. Thomas Rabe

Fernando Carro de Prada

Markus Dohle

Dr. Immanuel Hermreck

Anke Schäferkordt

Auditor's Review Report

To Bertelsmann SE & Co. KGaA

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and the statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and selected explanatory notes – and the interim group management report of Bertelsmann SE & Co. KGaA, Gütersloh, for the period from January 1 to June 30, 2015, which are part of the half-year financial report pursuant to § (Article) 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Executive Board of the personally liable partner Bertelsmann Management SE. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors

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

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

Bielefeld, August 28, 2015

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