

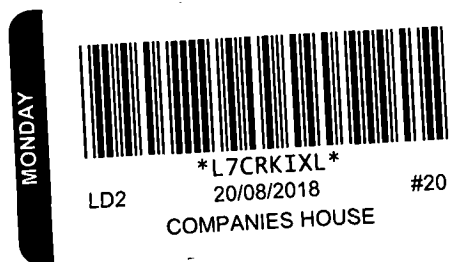
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**BAUER CONSUMER MEDIA LIMITED**

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**Annual Report and Financial Statements**

**For the Year Ended 31 December 2017**



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**BAUER CONSUMER MEDIA LIMITED**

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**Company Information**

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**Directors** P Keenan  
S Vickery  
R Munro-Hall (appointed 19 January 2017)

**Company secretary** Bauer Group Secretariat Limited

**Registered number** 01176085

**Registered office** Media House  
Peterborough Business Park  
Lynch Wood  
Peterborough  
PE2 6EA

**Independent auditor** KPMG LLP  
Statutory Auditor & Chartered Accountants  
15 Canada Square  
Canary Wharf  
E14 5GL

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**BAUER CONSUMER MEDIA LIMITED**

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## **BAUER CONSUMER MEDIA LIMITED**

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### **Strategic Report For the Year Ended 31 December 2017**

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#### **Introduction**

The directors present their strategic report for the year ended 31 December 2017.

#### **Business review**

The Company is a multimedia business with a portfolio of influential consumer media brands including many of the best known magazines, websites and events in the UK, which deliver excellent content to our audiences whenever, however and wherever they want. This provides an excellent platform for customers to reach their target audience through effective advertising campaigns.

In line with the market, the Company has seen continued structural decline in its magazine print business, with newsstand and subscription sales falling in aggregate during the year. Advertising revenue and volumes also declined (see note 4). However the Company outperformed the market on all of these measures.

Operating profit was £9,462,000 (2016: £11,583,000). This was impacted by the loss on impairment of intangible assets of £18,172,000 (2016: £13,082,000). Excluding this loss, the underlying profitability of the Company was £27,634,000 (2016: £24,665,000), an increase of 12%. This reflects management's tight control of costs.

At the year end the Company's net assets increased to £165,030,000 (2016: £156,801,000).

No change in the nature of the Company's activities is anticipated to occur in the future.

#### **Principal risks and uncertainties**

The Company is exposed to risks associated with continual structural change in the consumer magazine market, fluctuations in advertising spend, the maintenance of key relationships through the UK magazine supply chain, changing paper prices and changes in search algorithms adversely affecting site traffic.

The impact of Brexit has been, and is expected to be minimal to the Group given the majority of revenues and costs are incurred within the UK or outside the EU.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

Although the Company operates wholly within the UK, its overseas assets and liabilities are exposed to fluctuations of foreign currency exchange. The Company seeks to minimise this risk with the support from the Company's parent.

#### **Financial key performance indicators**

The key financial performance indicators are Turnover of £128,758,000 (2016: £140,882,000) and Operating profit before losses on impairment of intangible assets of £27,634,000 (2016: £24,665,000).

#### **Other key performance indicators**

The key non-financial performance indicators include the number of staff employed by the Company (Note 8), the gender pay gap, newsstand and subscription copy sales, as published by the Audit Bureau of Circulation on a six monthly or annual basis and advertising market share.

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**BAUER CONSUMER MEDIA LIMITED**

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**Strategic Report (continued)**  
**For the Year Ended 31 December 2017**

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This report was approved by the board on 20 August 2018 and signed on its behalf.

  
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**S Vickery**  
Director

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## **BAUER CONSUMER MEDIA LIMITED**

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### **Directors' Report For the Year Ended 31 December 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £8,229,000 (2016: £12,840,000).

An interim dividend of £NIL was paid during the year (2016: £20,000,000). The directors do not recommend the payment of a final dividend (2016: £NIL).

#### **Directors**

The directors who served during the year were:

P Keenan  
G M Beddard (resigned 19 May 2017)  
S Vickery  
R Munro-Hall (appointed 19 January 2017)

#### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2016: £NIL).

#### **Future developments**

The external commercial environment remains competitive in 2018 and beyond in all sectors. Future emphasis will continue on investing in existing products and developing new products and services for consumers and customers. The directors believe that with our strong brands the business is well positioned to face the fast-changing and challenging media environment of 2018 and beyond.

#### **Employee involvement**

The directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Information is communicated through Bauer's Intranet - Media Vine - and periodic discussions take place to keep people informed and seek out their ideas and opinions.

#### **Disabled employees**

Disabled employees are given the same consideration as others and, depending on their skills and abilities, will enjoy the same training, development and prospects as other staff. Employees who become disabled during their employment with the Company will be retained wherever possible and encouraged to develop their careers.

#### **Matters covered in the strategic report**

A business review and details of the principal risks and uncertainties faced by the Company has been included in the Strategic Report on pages 1 - 2.

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**BAUER CONSUMER MEDIA LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2017**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

On 9 February 2018 the Company acquired the entire share capital of Fishface Promotions Limited, an exhibition company.

**Auditor**

KPMG LLP was appointed as auditor for the year ending 31 December 2017.

KPMG LLP has indicated its willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 20 August 2018 and signed on its behalf.

  
S Vickery  
Director

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## BAUER CONSUMER MEDIA LIMITED

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### **Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements For the Year Ended 31 December 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



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## Independent Auditor's Report to the Members of Bauer Consumer Media Limited

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### Opinion

We have audited the financial statements of Bauer Consumer Media Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic report and Directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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## **Independent Auditor's Report to the Members of Bauer Consumer Media Limited**

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### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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

Adrian Wilcox (Senior Statutory Auditor)

for and on behalf of

**KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
Canary Wharf  
E14 5GL

20 August 2018

**BAUER CONSUMER MEDIA LIMITED**

**Statement of Income and Retained Earnings  
For the Year Ended 31 December 2017**

	Note	2017 £000	2016 £000
Turnover	4	128,758	140,882
Cost of sales		(43,742)	(50,028)
<b>Gross profit</b>		<b>85,016</b>	<b>90,854</b>
Distribution costs		(10,043)	(10,524)
Administrative expenses - other	12	(58,174)	(66,036)
Administrative expenses - loss from impairment of intangible assets	12	(18,172)	(13,082)
Other operating income	5	10,835	10,371
<b>Operating profit</b>	6	<b>9,462</b>	<b>11,583</b>
Income from shares in group undertakings	23	900	-
Income from participating interests		-	3,000
Interest receivable and similar income	9	344	835
<b>Profit before tax</b>		<b>10,706</b>	<b>15,418</b>
Tax on profit	10	(2,477)	(2,578)
<b>Profit after tax</b>		<b>8,229</b>	<b>12,840</b>
Retained earnings at the beginning of the year		37,244	44,404
Profit for the year		8,229	12,840
Dividends declared and paid	11	-	(20,000)
<b>Retained earnings at the end of the year</b>		<b>45,473</b>	<b>37,244</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.


The notes on pages 10 to 32 form part of these financial statements.

**BAUER CONSUMER MEDIA LIMITED**  
Registered number:01176085

**Balance Sheet**  
**As at 31 December 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	13	50,333	75,077
Tangible assets	14	145	312
Investments	15	16,516	16,666
		<u>66,994</u>	<u>92,055</u>
<b>Current assets</b>			
Stocks	16	710	1,084
Debtors: amounts falling due after more than one year	17	16	216
Debtors: amounts falling due within one year	17	24,982	53,096
Cash at bank and in hand		89,405	35,286
		<u>115,113</u>	<u>89,682</u>
Creditors: amounts falling due within one year	18	(17,077)	(23,313)
<b>Net current assets</b>		<u>98,036</u>	<u>66,369</u>
<b>Total assets less current liabilities</b>		<u>165,030</u>	<u>158,424</u>
<b>Provisions for liabilities</b>			
Other provisions	20	-	(1,623)
		<u>-</u>	<u>(1,623)</u>
<b>Net assets</b>		<u>165,030</u>	<u>156,801</u>
<b>Capital and reserves</b>			
Called up share capital	21	424	424
Share premium account		119,133	119,133
Profit and loss account		45,473	37,244
		<u>165,030</u>	<u>156,801</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2018.

  
 .....  
**S Vickery**  
 Director

The notes on pages 10 to 32 form part of these financial statements.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. General information

Bauer Consumer Media Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 01176085 and the registered address is Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

The Company is a multimedia business managing a portfolio of influential media brands, including many of the best known magazines, websites and events in the UK.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Heinrich Bauer Verlag KG as at 31 December 2017 and these financial statements may be obtained from Burchardstraße 11, 20077 Hamburg, Germany.

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

##### 2.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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## 2. Accounting policies (continued)

### 2.4 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the future funding requirements of the business, and based on management forecasts have concluded that the Company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due, for a period of at least 12 months from the date of these financial statements.

### 2.5 Revenue

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Magazine news stand circulation revenue is recognised according to the on-sale date of publication. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Advertising revenue is recognised net of discounts/ rebates, according to the on-sale date of publication.

Event income is recognised when the event has taken place.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 2. Accounting policies (continued)

##### 2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The range of useful economic life for existing intangible assets is between 3 and 50 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

##### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short term leasehold property	- Over the period of the lease
Office equipment and vehicles	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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## 2. Accounting policies (continued)

### 2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 2. Accounting policies (continued)

##### 2.15 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

##### 2.16 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 2.18 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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## 2. Accounting policies (continued)

### 2.19 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.20 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**2. Accounting policies (continued)**

**2.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on:

- the differences between the fair values of assets acquired and the future tax deductions available for them; and
- the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## BAUER CONSUMER MEDIA LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. These are continually assessed based on factors such as historical experience and likely outcome of future events. The following judgment and estimates have had the most significant effect on amounts recognised in the financial statements.

##### (a) Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or services provided at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration.

Magazine news stand circulation and advertising revenue are recognised according to the on-sale date of publication. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

Event income is recognised when the event has taken place.

##### (b) Useful economic lives and impairment of intangible assets

The annual amortisation charge and any impairment of intangible assets are sensitive to changes in the estimated useful economic lives and carrying values of these assets. These are reviewed annually and amended when necessary to reflect the current estimates based on current and future net licensing income and business activities.

##### (c) Impairment of debtors

The Company makes an estimate of the recoverable values of trade and other debtors. The current credit rating of the debtor, the ageing of the debt and historical experience of debtors are used by management in assessing impairment of trade and other debtors.

##### (d) Sale or return provision

A provision is deducted from circulation revenue for expected returns, based on previous experience, which is adjusted for actual returns when this is known.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**4. Turnover**

	2017 £000	2016 £000
Advertising	43,364	48,161
News stand and subscriptions	74,988	82,270
Other	10,406	10,451
	<u>128,758</u>	<u>140,882</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	122,334	134,224
Rest of the world	6,424	6,658
	<u>128,758</u>	<u>140,882</u>

**5. Other operating income**

	2017 £000	2016 £000
Royalty and licensing income	8,564	12,095
Profit on disposal of internally generated intangibles	2,145	511
Profit/ (loss) on disposal of other intangible assets	126	(2,235)
	<u>10,835</u>	<u>10,371</u>

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**6. Operating profit**

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	106	153
Amortisation of intangible assets	6,572	7,983
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	90	98
Exchange differences	(2,282)	(3,344)
Other operating lease rentals	1,721	2,655
Defined contribution pension cost	917	914

Some operating leases refer to car leases and there are no commitments at the period end for future rentals.

**7. Auditor's remuneration**

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	90	98
	90	98

There were no non-audit fees paid to the Company's auditor.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**8. Employees**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>23,704</b>	25,786
Social security costs	<b>2,479</b>	2,696
Cost of defined contribution scheme	<b>917</b>	914
	<b>27,100</b>	29,396

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Sales	<b>216</b>	229
Editorial	<b>368</b>	399
Administrative	<b>69</b>	68
	<b>653</b>	696

The directors of the Company are considered its key management personnel.

During the year, no director received any emoluments (2016: £NIL).

**9. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	<b>166</b>	658
Other interest receivable	<b>178</b>	177
	<b>344</b>	835

**BAUER CONSUMER MEDIA LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**10. Taxation**

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	2,087	2,675
Adjustments in respect of previous periods	404	(104)
	<u>2,491</u>	<u>2,571</u>
<b>Total current tax</b>	<u>2,491</u>	<u>2,571</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	265	(2)
Adjustments in respect of previous periods	(279)	-
Changes to tax rates	-	9
<b>Total deferred tax</b>	<u>(14)</u>	<u>7</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,477</u>	<u>2,578</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>10,706</u>	<u>15,418</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	2,061	3,084
<b>Effects of:</b>		
Non-tax deductible impairment	29	32
Expenses not deductible for tax purposes, other than impairment	485	711
Adjustments to tax charge in respect of prior periods	125	(121)
Dividends from UK companies	(173)	(600)
Tax rate changes	(34)	7
Transfer pricing adjustments	(16)	(535)
<b>Total tax charge for the year</b>	<u>2,477</u>	<u>2,578</u>



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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**10. Taxation (continued)****Factors that may affect future tax charges**

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1st April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26th October 2015. An additional reduction to 17% (effective 1st April 2020) was substantively enacted on 6th September 2016. This will reduce the Company's future current tax charge accordingly.

**11. Dividends**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interim dividend	-	20,000
	<hr/>	<hr/>
	-	20,000
	<hr/>	<hr/>

**12. Administrative expenses**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Administrative expenses - other	58,174	66,036
Administrative expenses - loss from impairment of intangible assets	18,172	13,082
	<hr/>	<hr/>
	76,346	79,118
	<hr/>	<hr/>

The Company incurred charges of £18,172,000 (2016: £13,082,000) in respect of a provision for the impairment of intangible assets (see note 13).

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**13. Intangible assets**

	<b>Trademarks £000</b>
<b>Cost</b>	
At 1 January 2017	186,253
Disposals	(2,115)
At 31 December 2017	<u>184,138</u>
<b>Amortisation</b>	
At 1 January 2017	111,176
Charge for the year	6,572
On disposals	(2,115)
Impairment charge	18,172
At 31 December 2017	<u>133,805</u>
<b>Net book value</b>	
At 31 December 2017	<u>50,333</u>
At 31 December 2016	<u>75,077</u>

**Impairment tests for intangible assets**

At 31 December 2017, the Directors considered there to be an indication of impairment relating to the expected future royalty stream in respect of the carrying amount of certain trademarks, and therefore tested for impairment at 31 December 2017. The impairment test resulted in an impairment charge of £18,172,000.

Changes to royalty rates, the underlying performance of licensees' business and exchange rate fluctuations may affect the estimate of recoverable amounts.

Other assumptions that influence estimated recoverable amounts at 31 December 2017 are set out below:

Growth rate to perpetuity: -7%  
Post-tax discount rate: 5.88%

**Sensitivity of recoverable amounts**

At 31 December 2017 the analysis of the recoverable amounts gave rise to the following assessments of sensitivity:

If the growth rate to perpetuity was 100 basis points lower a further £2,031,000 impairment would be required. If the post-tax discount rate was 100 basis points higher a further £2,247,000 impairment would be required.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**14. Tangible fixed assets**

	Short term leasehold property £000	Office equipment and vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	1,080	3,619	4,699
Additions	-	92	92
Disposals	-	(2,842)	(2,842)
At 31 December 2017	<u>1,080</u>	<u>869</u>	<u>1,949</u>
<b>Depreciation</b>			
At 1 January 2017	1,078	3,309	4,387
Charge for the year on owned assets	2	104	106
Disposals	-	(2,689)	(2,689)
At 31 December 2017	<u>1,080</u>	<u>724</u>	<u>1,804</u>
<b>Net book value</b>			
At 31 December 2017	<u>-</u>	<u>145</u>	<u>145</u>
At 31 December 2016	<u>2</u>	<u>310</u>	<u>312</u>

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**15. Fixed asset investments**

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	26,302	45	26,347
At 31 December 2017	<u>26,302</u>	<u>45</u>	<u>26,347</u>
<b>Impairment</b>			
At 1 January 2017	9,636	45	9,681
Charge for the period	150	-	150
At 31 December 2017	<u>9,786</u>	<u>45</u>	<u>9,831</u>
<b>Net book value</b>			
At 31 December 2017	<u>16,516</u>	<u>-</u>	<u>16,516</u>
At 31 December 2016	<u>16,666</u>	<u>-</u>	<u>16,666</u>

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**15. Fixed asset investments (continued)****Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Bauer Active Limited	Ordinary	100 %	Dormant
Bauer Automotive Limited	Ordinary	100 %	Dormant
Bauer East Limited	Ordinary	100 %	Dormant
Bauer London Lifestyle Limited	Ordinary	100 %	Dormant
Bauer Esprit Limited	Ordinary	100 %	Dormant
Bauer Pop Limited	Ordinary	100 %	Dormant
Horse Deals Limited	Ordinary	100 %	Publishing
Classiccarsforsale Limited	Ordinary	100 %	Website trading
Frontline Publishing Services Limited	Ordinary	100 %	Agency
Frontline Limited	Ordinary (various classes)	72 %	Sales, marketing and distribution

**Indirect Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Seymour International Limited	Ordinary	72 %	Sales, marketing and distribution
Seymour Distribution Limited	Ordinary	72 %	Sales, marketing and distribution
USM Magazine Distribution Limited	Ordinary	100 %	Dormant
Routes to Retail Limited	Ordinary	72 %	Sales, marketing and distribution
Gold Key Media Limited	Ordinary	72 %	Sales, marketing and distribution

Apart from the holding in Routes to Retail Limited and Gold Key Media Limited, which are new in 2017, there were no changes in the holding percentage of investments between the prior and current year.

The registered office of all Direct subsidiary undertakings and Indirect subsidiary undertakings is the same as the Company: Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**15. Fixed asset investments (continued)****Participating interests****Joint ventures**

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
The Box Plus Network Limited	England	Ordinary	50%	Television broadcasting

The Box Plus Network Limited reported profit for the financial year ending 31 Dec 2017 of £715,000 (2016: £5,170,000), our profit share is in line with our shareholding.

**Impairment tests for investments**

At 31 December 2017, the Directors considered there to be indicators of impairment in respect of Bauer London Lifestyle Limited because the entity is no longer trading, and therefore tested for impairment at 31 December 2017. The Directors prepared detailed impairment assessments and concluded that a provision for impairment of £150,000 was considered necessary at 31 December 2017 (2016: £NIL).

Trends in the economic and technical environment, competition, or changes in consumer behaviour in response to the economic or technical environment may affect the estimate of recoverable amounts.

Other assumptions that influence estimated recoverable amounts at 31 December 2017 are set out below:

Growth rate to perpetuity - 0%  
Pre-tax discount rate - 6.11%

In the opinion of the directors the value of investments is not less than the aggregate amount at which they are stated in the balance sheet.

**16. Stocks**

	<b>2017 £000</b>	<b>2016 £000</b>
Raw materials and consumables	<b>682</b>	886
Finished goods and goods for resale	<b>28</b>	198
	<b>710</b>	1,084

In the opinion of the directors, the replacement value of stocks at 31 December 2017 and 31 December 2016 are not materially different from their book values at those dates.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**17. Debtors**

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Due after more than one year</b>		
Other debtors	<b>16</b>	216
	<u><b>16</b></u>	<u>216</u>
	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Due within one year</b>		
Trade debtors	<b>9,152</b>	11,174
Amounts owed by group undertakings	<b>5,357</b>	26,172
Other debtors	<b>6,819</b>	12,086
Prepayments and accrued income	<b>3,483</b>	3,507
Deferred taxation	<b>171</b>	157
	<u><b>24,982</b></u>	<u>53,096</u>

Included in amounts owed by group undertakings in 2016 was a loan of £17,580,000 that was unsecured, interest at 4% per annum and repayable on demand. This loan was repaid in full on 31 March 2017.

All other amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

**18. Creditors: Amounts falling due within one year**

	<b>2017</b>	2016
	<b>£000</b>	£000
Payments received on account	<b>8,108</b>	8,241
Trade creditors	<b>991</b>	1,661
Other taxation and social security	<b>738</b>	678
Other creditors	<b>326</b>	992
Accruals and deferred income	<b>6,914</b>	11,741
	<u><b>17,077</b></u>	<u>23,313</u>

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**19. Deferred taxation**

	<b>2017 £000</b>	2016 £000
At beginning of year	<b>157</b>	164
Charged to profit or loss	<b>14</b>	(7)
<b>At end of year</b>	<b>171</b>	157

The deferred tax asset is made up as follows:

	<b>2017 £000</b>	2016 £000
Depreciation in advance of capital allowances	<b>171</b>	145
Short term timing differences	-	12
	<b>171</b>	157

The deferred tax asset is not expected to reverse in 2018.

**20. Provisions**

	<b>Property provision £000</b>
At 1 January 2017	<b>1,623</b>
Charged to profit or loss	<b>(1,339)</b>
Utilised in year	<b>(284)</b>
<b>At 31 December 2017</b>	<b>-</b>

During the year all liabilities regarding properties no longer occupied by the Company were resolved and concluded.



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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**21. Called up share capital**

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
423,931 ordinary shares of £1 each	<b>424</b>	424
	<u>424</u>	<u>424</u>

There is a single class of ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There are no restrictions on the distribution of dividends and the repayment of capital.

**22. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Land and buildings</b>		
Not later than 1 year	<b>664</b>	732
Later than 1 year and not later than 5 years	<b>2,416</b>	2,504
Later than 5 years	<b>139</b>	741
	<u><b>3,219</b></u>	<u>3,977</u>
	<u><b>3,219</b></u>	<u>3,977</u>
	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Other</b>		
Not later than 1 year	<b>224</b>	188
Later than 1 year and not later than 5 years	<b>370</b>	109
	<u><b>594</b></u>	<u>297</u>
	<u><b>594</b></u>	<u>297</u>

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**23. Related party transactions**

The Company owns a 50% joint interest in The Box Plus Network Limited (Box TV).

During the year, the Company received a dividend of £NIL (2016: £3,000,000). The Company's total revenue arising from Box TV was £2,208,000 (2016: £2,175,000) consisting of advertising revenue, commission on the sale of television advertising and brand royalties.

	2017 £000	2016 £000
<b>Included in debtors</b>		
Balances with Box TV	497	379

The distribution of the Company's magazines is carried out by Frontline group undertakings consisting of Frontline Limited, a 72% subsidiary of the Company and Seymour International Limited, a 100% subsidiary of Frontline Limited.

The Company received a dividend of £900,000 from Frontline Limited (2016: £NIL). During the year, the Company paid carriage and net sundry costs of £1,766,000 (2016: £1,926,000) to Frontline Limited, and £130,000 (2016: £165,000) to Seymour International Limited.

	2017 £000	2016 £000
<b>Included in debtors</b>		
Frontline Limited	4,954	5,632
Seymour International Limited	3,234	2,840

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

**24. Post balance sheet events**

On 9 February 2018 the Company acquired the entire share capital of Fishface Promotions Limited, an exhibition company.

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**BAUER CONSUMER MEDIA LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**25. Controlling party**

The immediate parent undertaking is HBVB, registered at Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

Heinrich Bauer Verlag KG, established at Burchardstraße 11, 20077 Hamburg, Germany, is regarded by the directors as the Company's ultimate controlling party.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag KG, registered in Germany. Copies of Heinrich Bauer Verlag KG accounts are publicly available from Burchardstraße 11, 20077 Hamburg, Germany.

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH

HAMBURG

DISCLOSURE COPY

OF THE GROUP ACCOUNTS AS AT 31 DECEMBER 2017 AND  
THE GROUP MANAGEMENT REPORT FOR THE 2017 FINANCIAL YEAR

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(The following English language report on the examination of the financial statements is a translation from the preceding German language report. This report was prepared applying Germany accounting principles for use in that country only. Likewise, the following translation is designed for use in Germany only, since adjustments, if any, which would be necessary to conform the financial statements to accounting practices used in countries other than Germany have not been made.)

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HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG  
GROUP BALANCE SHEET AS AT 31 DECEMBER 2017

ASSETS	31.12.2017 EUR	31.12.2016 EUR	LIABILITIES	31.12.2017 EUR	31.12.2016 EUR
<b>A. NON-CURRENT ASSETS</b>			<b>A. EQUITY</b>		
I. Intangible assets:			I. Subscribed capital	2,607,589	2,607,589
1. Concessions, industrial property rights and similar rights and values plus licences			II. Capital reserve	1,718,588,541	1,808,820,874
to such rights and values	168,715,752	289,044,819	III. Adjustment item for minority interests	3,191,821	1,055,442
2. Goodwill	168,390,430	157,472,569	IV. Equity difference from currency conversion	-30,911,853	-9,314,890
3. Payments in advance	3,348,858	3,149,741	V. Group net earnings	-679,810,785	-714,834,383
	<u>340,455,040</u>	<u>449,667,129</u>		<u>1,013,665,313</u>	<u>1,088,334,631</u>
II. Property, plant and equipment			<b>B. RESERVES</b>		
1. Land, land rights and buildings including			1. Reserves for pensions and similar obligations	1,100,388	794,928
buildings on third-party land	42,646,853	44,087,378	2. Tax reserves	24,432,324	16,162,025
2. Technical equipment and machinery	12,009,612	12,815,784	3. Other reserves	131,481,124	144,530,384
3. Other plant, operating and office equipment	17,963,590	11,948,609		<u>157,013,836</u>	<u>161,487,337</u>
4. Payments in advance and plants under construction	394,829	455,090			
	<u>73,014,884</u>	<u>69,306,861</u>	<b>C. LIABILITIES</b>		
III. Financial assets			1. Advance payments received	1,938,692	1,856,470
1. Shares in affiliated companies	26,532,929	71,693,130	- of these, those with a remaining term up to a year: EUR 1,177,983		
2. Loans to affiliated companies	7,785,135	7,360,308	(Previous year: EUR 1,055,817 )		
3. Shares in associated companies	4,255,479	4,184,559	2. Trade liabilities	85,493,956	85,663,208
4. Holdings	5,869,709	20,820,111	- of these, those with a remaining term up to a year: EUR 85,493,472		
5. Long-term securities	7,371,565	12,916,298	(Previous year: EUR 85,662,067)		
6. Other loans	171,256	186,527	3. Liabilities to affiliated companies	4,416,470	60,886,215
	<u>51,988,073</u>	<u>117,160,563</u>	- of these, those with a remaining term up to a year: EUR 4,405,200		
	<u>465,455,997</u>	<u>636,134,953</u>	(Previous year: EUR 60,873,380)		
<b>B. CURRENT ASSETS</b>			4. Liabilities to companies with whom there is a holding relationship	6,774	179,402
I. Inventories			- of these, those with a remaining term up to a year: EUR 6,774		
1. Raw materials and supplies	13,688,351	15,691,186	(Previous year: EUR 179,402)		
2. Unfinished goods and services	4,780,841	3,024,899	5. Other liabilities	39,339,692	35,817,492
3. Finished products and goods	1,181,143	1,133,471	- of these, those with a remaining term up to a year: EUR 38,941,495		
4. Payments in advance	165,417	38,060	(Previous year: EUR 34,112,021)		
	<u>19,823,752</u>	<u>19,887,616</u>	- of these, taxes: EUR 12,671,847 (Previous year: EUR 12,189,585)		
II. Receivables and other assets			- of these, social security obligations: EUR 8,301,719		
1. Trade receivables	236,846,049	250,762,583	(Previous year: EUR 5,300,075)		
2. Receivables from affiliated companies	83,088,829	3,621,651		<u>131,195,584</u>	<u>184,402,786</u>
3. Receivables from associated companies	0	23,565	<b>D. DEFERRED INCOME</b>	<u>44,766,067</u>	<u>47,457,497</u>
4. Receivables from companies with whom			<b>E. DEFERRED TAX LIABILITIES</b>	<u>1,826,804</u>	<u>5,428,952</u>
there is a holding relationship	733,831	746,158			
5. Other assets	20,891,551	31,782,380			
	<u>341,560,260</u>	<u>286,936,337</u>			
III. Securities					
Other securities	6,980,873	91,077,612			
IV. Cash and credit at banks	486,605,675	423,590,841			
	<u>854,970,560</u>	<u>821,492,406</u>			
<b>C. PREPAID EXPENSES AND DEFERRED CHARGES</b>	<u>28,041,047</u>	<u>29,483,844</u>			
	<u>1,348,467,604</u>	<u>1,487,111,203</u>		<u>1,348,467,604</u>	<u>1,487,111,203</u>

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

GROUP INCOME STATEMENT

FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2017

	1.1. - 31.12.2017 EUR	1.1. - 31.12.2016 EUR
1. Sales revenues	1,605,240,719	1,463,404,724
2. Increase/reduction in the stock of finished and unfinished products	1,811,614	189,848
3. Other operating income	72,167,674	31,856,731
- of this, from currency conversion: EUR 26,202,253 (Previous year: EUR 20,931,256)		
4. Material expenditures:		
a) Expenditures for raw materials and supplies and goods bought for resale	-284,344,451	-164,321,726
b) Expenditures for purchased services	-426,457,106	-419,615,788
	-710,801,557	-583,937,514
5. Personnel expenditures		
a) Wages and salaries	-301,265,904	-303,447,362
b) Social security payments and expenditures for retirement pensions and benefits	-46,831,145	-44,506,824
- of this, for retirement pensions: EUR 14,187,499 (Previous year: EUR 15,045,121)		
	-348,097,049	-347,954,186
6. Depreciations on intangible and tangible assets	-216,921,378	-241,904,733
7. Other operating expenditures	-289,882,106	-322,765,447
- of this, from currency conversion: EUR 24,410,411 (Previous year: EUR 57,911,249)		
8. Revenues from holdings	7,128,788	13,596,820
- of this, from affiliated companies: EUR 3,827,550 (Previous year: EUR 10,447,297)		
9. Revenues from associated companies	723,843	3,283,566
10. Revenues from other long-term securities	5,674,491	1,835,970
11. Other interests and similar revenues	2,921,855	5,708,243
- of this, from affiliated companies: EUR 460,332 (Previous year: EUR 420,532)		
12. Depreciations on financial assets and securities held as current assets	-3,996,434	-4,947,185
- of this, from affiliated companies: EUR 40,000 (Previous year: EUR 71,843)		
13. Interests and similar expenditures	-371,365	-2,259,572
- of this, to affiliated companies: EUR 67 (Previous year: EUR 0)		
- of this, from compounding: EUR 67 (Previous year: EUR 0)		
14. Taxes on income	-51,238,224	-15,149,780
- EUR 3,602,149 (Previous year: EUR 34,400,134)		
15. Income after taxes	74,360,871	957,485
16. Other taxes	-10,744,075	-11,625,197
17. Profits received under profit transfer agreements	1,268,597	0
18. Profits transferred under profit transfer agreements	-62,865,599	-327,272,327
19. Annual group loss	2,019,794	-337,940,039
20. Minority shares	-4,993,646	618,199
21. Group share in annual loss	-2,973,852	-337,321,840

**Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg**  
**Notes to the Group Financial Statements for the 2017 Financial Year**

**1. General notes**

The company is based in Hamburg and registered in the commercial register of the local court there in department B under the number HRB 32176.

The group financial statements and the group management report of Heinrich Bauer Verlag Beteiligungs GmbH as at 31 December 2017 have been prepared in accordance with the accounting regulations of the HGB [German Commercial Code].

The affiliated companies not included in the group financial statements are companies whose influence on the group's assets, financial and revenue situation both individually and as a whole is of minor importance. They have therefore not been included in the group financial statements under Art. 296 Para. 2 HGB. In the case of associated companies of minor significance, no equity valuation is carried out in accordance with Art. 311 Para. 2 HGB.

Use is made of the protective clause of Art. 313 Para. 3 HGB in the case of two affiliated companies.

The income statement is prepared according to the nature of expense method.

In the financial year under review, goodwill from the capital consolidation of the previous year was reclassified (TEUR 36,135). The proportional depreciation for 2016 was made up in the year under review (TEUR 2,258).

**2. Consolidation principles**

The companies' financial statements included in the consolidation were prepared in accordance with the statutory regulations on a standardised basis as at 31 December 2017.

Until the 2009 financial year, the capital consolidation was carried out according to the book value method by offsetting the holding book values with the equity shares recorded at the subsidiaries at the time of acquisition or initial consolidation, with allocation to the underlying hidden reserves or charges. Initial consolidation was carried out since the 2010 financial year basically with the values assumed at the time at which the companies became subsidiaries, using the revaluation method (Art. 301 HGB). Here, the valuation base of the shares belonging to the parent company is offset against the subsidiary's amount of equity attributed to these shares. Any difference remaining after offsetting is shown as goodwill if on the assets side; and if it arises on the liabilities side, it is shown under "Differences arising from capital consolidation" after equity.

For holdings in associated companies which are valued according to the equity method, the book value method is used. The holdings are included in the group with the proportionate book value of the equity. The accounting and valuation methods presented in the following section are also used for associated companies. There has been no presentation of a consolidated balance sheet and an income statement for associated companies due to their minor significance.

Changes in the equity of the subsidiaries due solely to changes in exchange rates are assigned to the capital without any effect on income.

Receivables, liabilities, intra-group sales, expenses and income as well as interim results between the consolidated companies which are included are eliminated.

In the year under review, the following companies were included for the first time due to new establishment or acquisition or due to materiality criteria:

<b>Company</b>	<b>Registered office</b>
Bauer Publishing AB	Stockholm
Elephant Orchestra s.r.o.	Prague
ePojisteni.cz s.r.o.	Prague
Gold Key Media Limited	Peterborough
NetBrokers Holding a.s.	Prague
ProfiSMS s.r.o.	Prague
Srovnejto a.s.	Prague
Superpoistenie s.r.o.	Bratislava
Tarifomat s.r.o.	Prague
Zapakatel.cz agregator s.r.o.	Prague
Zmarta General Partner AB	Angelholm
Zmarta Sweden Group Kommanditbolag	Angelholm

In the 2017 financial year, the items of the group financial statements changed as follows due to the initial consolidations in connection with the acquisition of the Czech Net Brokers Holding group middle of December 2016:

	<u>TEUR</u>
<b>ASSETS</b>	
Non-current assets	29,610
Current assets	4,524
<b>LIABILITIES</b>	
Reserves	685
Liabilities	3,715
<b>Income statement items</b>	
Sales revenues	22,455
Material expenditures	3,318
Personnel expenditures	3,389

In the course of the 2017 financial year, the following companies were eliminated from the group of consolidated companies due liquidation or merger:

<b>Company</b>	<b>Registered office</b>	
Bauer Consolidated Media Asia Pte. Ltd.	Singapore	in liquidation
Bauer Media Digital ApS	Skovlunde	closed as of 16/11/2017
Bauer Media Entertainment Magazines Pty Ltd.	Sydney	eliminated 23/2/2017
Bauer Media Hong Kong Ltd.	North Point	in liquidation
Bauer One GmbH (formely: Zmarta GmbH)	Hamburg	sold 17/11/2017
Eskilstuna Bauer Radio AB	Stockholm	sold 19/10/2017



### **3. Accounting and valuation principles**

For drawing up the group financial statements, the following accounting and valuation methods were essentially authoritative without any change. Accounting and valuation options were exercised unchanged versus the previous year's financial statements.

Intangible assets are shown at purchase costs minus planned depreciation over their probable term of use. If there is a corresponding value adjustment requirement, unscheduled depreciation is carried out beyond the planned depreciation.

Acquired goodwill – including goodwill from initial consolidation of shares (Art. 309 Para. 1 HGB) – is capitalised at cost of acquisition and depreciated according to plan over the probable term of use of four to ten years and/or subjected to unscheduled depreciation where there is a probable sustained value reduction. The term of use is based on the usability of the underlying licences and broadcasting rights.

Property, plant and equipment is shown at cost of acquisition or production costs minus planned usage-related depreciation and if necessary unscheduled depreciation. Special tax depreciations were eliminated.

Shares in non-consolidated affiliated companies and holdings are shown at cost of acquisition or at lower fair values. Additions regarding shares in associated companies include – in addition to acquired shares – capital contributions and prorated annual net profits. Under disposals are recorded prorated annual net losses and sold shares.

Securities held as fixed assets are stated at acquisition cost or at low attributable values.

Loans are entered with the nominal amount or the lower cash value.

Items in the inventory were valued in consideration of the lowest value principle at cost of acquisition or production costs or depreciated to a lower market value.

Unfinished and finished products are valued at production costs on the basis of individual calculations, where manufacturing and material overhead were taken into account – in addition to directly attributable individual material costs and production wages. All cases were valued loss-free.

All identifiable risks in inventories resulting from above-average storage duration and reduced usability are taken into consideration through appropriate write-downs.

Receivables and other assets are basically shown at the nominal value. Risks are taken into consideration through appropriate individual or lump-sum value adjustments.

Securities of current assets were stated at acquisition cost or at low attributable values.

Cash on hand and credit balances with banks are shown at the nominal value.

Reserves for pensions and similar obligations are shown with the part-values and/or cash values for ongoing pensions which are determined using actuarial principles (projected unit credit method). Discounting is carried out at the average market rate based on an assumed term of 15 years. In addition, increases in wages and salaries are also taken into account. The disclosure of the difference regarding Art. 253 Para. 6 sentence 1 HGB is waived because of insignificance – i.e. the difference between the reserves for pension obligations in accordance with the corresponding average market interest rate from the past ten financial years and the reserves in accordance with the corresponding average market interest rate from the past seven financial years.

Tax reserves are created in the sum of the probable tax charge.

Other reserves are listed in the sum of the repayment amount – i.e. including future costs and price increases – which is necessary on the basis of a reasonable commercial assessment to take into account all contingent losses at the balance sheet date on pending transactions and uncertain liabilities.

Liabilities are shown with their repayment amount.

Foreign currency receivables and liabilities are entered with the relevant transaction rate and valued subsequently at the mean spot exchange rate. Exchange rate losses arising until the balance sheet date through the realisation or valuation at the mean spot exchange rate on the financial statement date are taken into account as affecting profit or loss. Non-realised exchange rate profits from currency conversion are only considered to affect profit or loss in the case of remaining terms of up to one year.

#### **4. Currency conversion of foreign currency financial statements by included subsidiaries**

The modified reporting date method is used for the conversion of individual financial statements prepared in foreign currency. In this case, all balance sheet items of the included foreign subsidiaries were converted into euros at the respective mean rate of exchange – except for equity which was converted at historical rates. The differences from the conversion of equity resulting from the change of exchange rates versus the previous year were entered, without any effect on income, into the equity difference from currency conversion.

Expenditures and revenues were converted at the average rate. The annual result of the converted income statement was adopted to the balance sheet and the difference was entered, without any effect on income, into the equity difference from currency conversion.

Differences due to the mutual offsetting of receivables and liabilities between the companies included in the group financial statements due to currency conversion were entered as affecting profit and loss within the framework of debt consolidation.

#### **5. Notes on the balance sheet**

The development and breakdown of assets is shown in the analysis of assets.

##### **Intangible assets**

The Goodwill item contains capitalised differences arising from capital consolidation according to Art. 301 Para. 3 HGB as goodwill:

	<u>TEUR</u>
Position 1 January 2017	149,613
+ Difference from additions, disposals (including exchange rate differences)	78,481
- Depreciations (including exchange rate differences)	<u>-67,044</u>
Position 31 December 2017	<u><u>161,050</u></u>

Initial consolidations in 2017 resulted overall in a difference in the amount of TEUR 87,681 capitalised as goodwill.

The goodwill shown in addition in the group balance sheet does not result from capital consolidation.

##### **Financial assets**

The shares shown in affiliated companies are companies which are of minor importance overall for the group or which are in liquidation and were not consolidated. According to the equity method, 3 (previous year: 4) associated companies are consolidated.

### Receivables and other assets

Trade receivables shown in the balance sheet have, despite of TEUR 225 (previous year: TEUR 57), a remaining term of less than a year. Receivables from affiliated companies have, in the amount of TEUR 286 (previous year: TEUR 0), a remaining term of more than a year; receivables from companies with whom there is a holding relationship, in the amount of TEUR 0 (previous year: TEUR 392). Other assets contain TEUR 929 (previous year: TEUR 1,606) with a remaining term of more than a year, which are based among others on sureties.

The receivables from affiliated companies contain receivables from the sole shareholder Heinrich Bauer Verlag KG, Hamburg in the amount of TEUR 79,208 (previous year: TEUR 0). They contain trade receivables in the amount of TEUR 32,274 (previous year: TEUR 1,235) as well as receivables from the profit transfer agreement and finance apportionments of TEUR 81,236 (previous year: TEUR 0).

### Deferred taxes

In the consolidated financial statements, reported separately in the balance sheet were deferred tax assets and liabilities arising from temporary differences between balance of trade and tax accounts, in particular from differences in fixed assets and provisions, and from tax loss carryforwards.

Moreover, deferred taxes were formed on consolidation measures in accordance with Articles 300 to 307 HGB, in particular for the deferred tax liabilities within the framework of capital consolidation on the basis of the values assumed for publishing rights and licenses for broadcasting rights, and deferred tax assets were taken into account due to differences in the balance sheet and tax loss carryforwards. The company's individual tax rate was taken as the basis here which is expected at the point in time of reduction of the differences. Deferred taxes from the year-end financial statements of the included subsidiaries were calculated using the tax rates for the individual company in question.

Deferred tax liabilities in the amount of TEUR 21,017 (previous year: TEUR 37,785) result from the capital consolidation (tax rate of the subsidiaries concerned, on average 20.4 % (previous year: 20,6 %)).

Deferred tax assets and liabilities were balanced out and the surplus is shown separately on the liabilities side of the group balance sheet.

In the financial year 2017 the deferred tax liabilities developed as follows:

	2017 TEUR	2016 TEUR
Position 1 January 2017	5,429	25,560
+ deferred tax liabilities form capital consolidation	0	14,269
- effective change in the financial year	-3,602	-34,400
Position 31 December 2017	1,827	5,429

### Subscribed capital

The share capital registered in the Commercial Register amounts to DM 5,100,000.00 (EUR 2,607,588.61).

### Other reserves

The other reserves are essentially obligations to accept returns, advertising rebates, obligations in the area of HR and resulting from legal disputes and outstanding invoices received.

## Liabilities

The maturity of liabilities results from the following analysis of liabilities:

	Liabilities total EUR	Remaining term up to 1 year EUR	Remaining term 1 to 5 years EUR	Remaining term > 5 years EUR
Advance payments received	1,938,692 (prev yr 1,856,471)	1,177,983 (prev yr 1,055,817)	760,709 (prev yr 259,704)	0 (prev yr 540,949)
Trade liabilities	85,493,956 (prev yr 85,663,209)	85,493,472 (prev yr 85,662,067)	484 (prev yr 1,142)	0 (prev yr 0)
Liabilities to affiliated companies	4,416,470 (prev yr 60,886,215)	4,405,200 (prev yr 60,873,380)	11,270 (prev yr 0)	0 (prev yr 12,835)
Liabilities to companies with whom there is a holding relationship	6,774 (prev yr 179,402)	6,774 (prev yr 179,402)	0 (prev yr 0)	0 (prev yr 0)
Other liabilities	39,339,692 (prev yr 35,817,492)	38,941,495 (prev yr 34,112,021)	398,197 (prev yr 1,705,471)	0 (prev yr 0)
	<u>131,195,584</u> (prev yr 184,402,789)	<u>130,024,924</u> (prev yr 181,882,687)	<u>1,170,660</u> (prev yr 1,966,317)	<u>0</u> (prev yr 553,785)

Liabilities to affiliated companies do not contain liabilities to the sole shareholder Heinrich Bauer Verlag KG, Hamburg (previous year: TEUR 53,368). They do not include liabilities from the profit-and-loss transfer agreement (previous year: TEUR 57,929) and from financial transactions.

## 6. Contingent liabilities and other financial obligations

### Contingent liabilities

On the balance sheet date, there were contingent liabilities out of guarantees in the amount of TEUR 2,099 (previous year: TEUR 0). Additionally, two letters of comfort exist for one subsidiary in Great Britain and one in Australia.

### Other financial obligations

On the balance sheet date, there were rental and leasing obligations of TEUR 101,060 in total (previous year: TEUR 136,131); thereof to affiliated companies TEUR 3,281 (previous year: TEUR 3,786).

Furthermore, there are financial obligations due to printing contracts to the extent normal in the trade.

## **7. Notes on the income statement**

### **Sales revenues after reductions:**

#### **Breakdown by division**

	2017 TEUR	2016 TEUR
Distribution	728,202	643,577
Radio	418,456	415,826
Advertising	174,339	205,219
Digital	192,447	119,893
Printing	29,431	32,809
Other revenues from publishing business	62,366	46,081
	<u>1,605,241</u>	<u>1,463,405</u>

#### **Breakdown by region**

	2017 TEUR	2016 TEUR
Germany	10,829	11,851
Europe	1,191,025	997,321
North America	160,982	162,379
Asia/Pacific	242,405	291,854
	<u>1,605,241</u>	<u>1,463,405</u>

#### **Unscheduled depreciations**

Unscheduled depreciations of intangible assets were done in the amount of TEUR 22,772 (previous year: TEUR 18,523) mainly due to discontinuation of magazines.

#### **Income unrelated to accounting period**

Other operating income includes income from the reversal of reserves in the amount of TEUR 5,133 (previous year: TEUR 1,897).

## **8. Notes on the group cash flow statement**

The group cash flow statement was prepared according to DRS 21.

Financial resources include cash on hand and check, credit at banks available at short notice, as well as securities of current assets and receivables out of cash pooling against the Heinrich Bauer Verlag KG.

## 9. Other information

### Number of employees on average over the year by sex and region

		2017	2016
Germany		0	2
	female	1	1
	male	0	1
Europe		5,774	5,154
	female	3,081	2,699
	male	2,693	2,455
North America		304	301
	female	227	223
	male	77	78
Asia/Pacific		1,233	1,509
	female	899	1,072
	male	334	437
Total		7,311	6,966
	female	4,208	3,995
	male	3,104	2,971

### Information regarding the auditor's fee

	2017 TEUR
A Year-end accounts auditing	1,179
B Other confirmatory services	33
C Tax advisory services	37
D Other services	24
	<u>1,273</u>

### Composition and remuneration of the Board of Directors

In the financial year, the Board of Directors of Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg, was made up as follows:

- Mr Heinz H. Bauer, Hamburg, publisher
- Ms Yvonne Bauer, Hamburg, director
- Mr Hubert Böhle, Norwood, New Jersey/USA, director (until 2 February 2017)
- Ms Petra Gasser, West New York, New Jersey/USA, director (as of 2 February 2017)
- Mr Steven Kotok, New York, New York/USA, director (as of 2 February 2017)
- Mr Andreas Schoo, Hamburg, director (until 30 September 2017)
- Mr Harald Jessen, Hamburg, director (as of 1 October 2017)
- Mr Jörg Hausendorf, Ammersbek, director (as of 1 October 2017)
- Mr Richard Joseph Teehan, Fairfield, New Jersey/USA, director (until 2 February 2017)
- Mr Witold Wozniak, Warsaw/Poland, director (until 30 May 2018)
- Mr Veit Dengler, Zollikon, Switzerland, director (as of 3 April 2018)

Disclosure of remunerations of the Board of Directors is waived according to Art. 314 Para. 3 HGB in conjunction with Art. 286 HGB.

**Controlling and profit & loss transfer agreement**

There is a profit & loss transfer agreement between the sole shareholder Heinrich Bauer Verlag KG, Hamburg, and Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg.

**Membership of the group**

All company shares are held by Heinrich Bauer Verlag KG, Hamburg. As the group controlling company, Heinrich Bauer Verlag KG prepares group financial statements according to the provisions of the German Disclosure Act. These are published in the electronic Federal Gazette.

**Supplementary report**

During January and May 2018, capital contributions were made into the Bauer Zmaria Beteiligungs GmbH.

Other significant events that occurred after the balance sheet date are not recorded.

## DEVELOPMENT OF ASSETS IN THE 2017 FINANCIAL YEAR

	PURCHASE AND PRODUCTION COSTS						ACCUMULATED DEPRECIATIONS						NET BOOK VALUES				
	1 Jan 2017	Differences in exchange rates	Additions	Disposals	Transfers	Changes in the consolidation scope	31 Dec 2017	1 Jan 2017	Differences in exchange rates	Additions	Retirements	Changes in the consolidation scope	Appreciations	Transfers	31 Dec 2017	31 Dec 2017	31 Dec 2016
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. INTANGIBLE ASSETS</b>																	
1. Concessions, industrial property rights and similar rights and values plus licences to such rights and values	1,217,562,892	-6,765,406	5,707,968	-3,631,33	374,937	289,274	1,213,534,332	928,518,073	-4,263,043	123,777,584	-3,400,209	192,242	0	-6,067	1,044,818,580	168,715,732	289,044,819
2. Goodwill	475,778,238	-9,695,227	87,681,160	0	-109,569	4,571,038	558,225,640	318,305,669	-9,689,805	80,228,811	0	1,100,104	0	-109,569	389,835,210	168,390,430	157,472,569
3. Payments in advance	3,149,741	154,995	702,411	-779,392	-378,892	0	3,349,859	0	0	0	0	0	0	0	3,349,859	3,149,741	0
	1,696,490,871	-16,309,638	64,091,539	-3,910,730	-113,524	4,860,312	1,775,108,830	1,246,823,742	-13,952,849	204,006,395	-3,400,209	1,292,346	0	115,616	1,434,653,790	340,455,040	449,667,129
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>																	
1. Land, land rights and buildings including buildings on third-party land	82,636,648	-159,583	768,039	-247,371	120,559	447,719	83,666,011	38,549,270	119,322	2,420,191	-130,584	56,759	0	-6,600	-41,019,158	42,646,833	44,087,378
2. Technical equipment and machinery	81,308,382	3,656,520	3,861,210	-1,970,671	-63,815	133,084	87,652,340	68,492,598	3,194,066	5,087,865	-1,901,247	105,631	0	63,815	75,042,728	12,009,612	12,815,784
3. Other plant, operating and office equipment	76,060,960	-2,797,754	11,738,875	-8,108,672	378,604	34,748	77,205,761	64,112,351	-2,354,667	5,406,927	-7,930,548	21,273	0	12,145	59,243,171	17,963,590	11,948,609
4. Payments in advance and plants under construction	455,090	13,473	831,683	-706,596	-608,821	0	364,829	0	0	0	0	0	0	0	364,829	455,090	0
	240,461,080	-712,655	17,199,807	-10,723,310	54,157	618,551	268,319,941	171,156,219	-958,701	12,916,993	-9,962,779	183,663	0	-58,270	175,305,657	73,014,894	69,306,861
<b>III. FINANCIAL ASSETS</b>																	
1. Shares in affiliated companies	98,195,925	919,715	7,197,576	-5,431,938	0	-44,761,599	56,619,690	25,502,796	0	3,583,965	0	0	0	30,088,761	26,532,929	71,693,130	0
2. Loans to affiliated companies	7,360,308	424,627	0	0	0	0	7,785,135	0	0	0	0	0	0	0	7,785,135	7,360,308	0
3. Shares in associated companies	4,184,559	-141,689	384,135	0	0	-171,565	4,355,479	0	0	0	0	0	0	0	4,255,479	4,184,559	0
4. Holdings	25,922,364	228,110	145,694	-18,759,545	0	0	8,536,623	5,102,253	-3,282	0	0	0	-4,438,591	0	668,914	5,869,705	20,820,111
5. Long-term securities	12,816,298	-379,549	0	-4,745,184	0	0	7,771,565	0	0	400,000	0	0	0	0	400,000	7,771,565	12,816,298
6. Other loans	431,592	-5,458	970	-255,813	0	0	171,256	245,050	-5,458	0	-239,502	0	0	0	0	171,256	186,557
	159,011,052	-1,045,938	7,778,514	-20,212,530	0	-44,632,164	83,179,749	31,820,093	-2,746	3,983,965	-239,502	0	-4,438,591	0	31,153,675	51,886,073	117,160,963
	2,085,963,003	-18,551,056	119,019,760	-44,846,530	-59,367	-38,952,701	2,105,568,518	1,468,623,839	-11,994,793	220,905,343	-11,600,530	1,476,009	-4,438,591	59,366	1,641,112,521	465,455,997	626,134,952



## Schedule of share ownership

### A. Notes on the schedule of share ownership and the scope of consolidation

In 2017, a total of 256 companies (previous year: 276 companies) formed part of the share ownership of the HBBH group.

The group financial statements as at 31 December 2017 covered, in addition to Heinrich Bauer Verlag Beteiligungs GmbH (parent company), a total of 202 (previous year: 202) German and foreign companies (direct and indirect holdings) and 3 (previous year: 4) associated companies.

Two (previous year: 3) companies are included without a voting rights majority by way of full consolidation since the parent company has the possibility of control pursuant to Art. 290 HGB.

For two affiliated companies, use is made of the exception rule in Art. 313 Para. 3 HGB.

The companies listed in Section D are not included in the group financial statements due to materiality criteria according to Art. 296 Para. 2 HGB. This covers a total of 49 (previous year: 67) German and foreign companies, including nine (previous year: twelve) associated companies.

### B. Scope of consolidation

Companies included in the 2017 group financial statements in addition to Heinrich Bauer Verlag Beteiligungs GmbH

#### Direct holdings

Company	Registered office	Shares in group ownership in %
Bauer Ausland 1 GmbH	Hamburg	100
Bauer Ausland 2 GmbH	Hamburg	100
Bauer Media (NZ) Ltd.	Auckland	100
Bauer Media Austria Beteiligungsgesellschaft m.b.H.	Vienna	100
Bauer Media Austria GmbH & Co. KG	Vienna	100
Bauer Media France SNC	Paris	95
Bauer Media Group (NZ) LP	Auckland	100
Bauer Media Group USA, LLC	Englewood Cliffs	100
Bauer Media Invest GmbH	Hamburg	100
BAUER MEDIA v.o.s.	Prague	100
Bauer Mexiko Beteiligungs GmbH	Hamburg	100
Bauer Ost Holding GmbH	Hamburg	100
Bauer Polen Invest GmbH	Hamburg	100
Bauer Print Ciechanów Sp. z o.o.	Warsaw	100
Bauer Rumänien Beteiligungs GmbH	Hamburg	100
Bauer Russland Beteiligungs GmbH	Hamburg	100
Bauer Slowakei Beteiligungs GmbH	Hamburg	100
Bauer Sp. z o.o.	Warsaw	100
Bauer Sp. z o.o. Polska Sp.k.	Warsaw	100
Bauer Zmarta Beteiligungs GmbH	Hamburg	100
Ceratiidae II AB (publ)	Ångelholm	100
Digital Lottery Sp. z o.o.	Warsaw	100
H. Bauer Publishing	London	100
H. Bauer Publishing Limited	London	99,992
HBVB	Peterborough	100
HBVB Management Limited	Peterborough	100
HEINRICH BAUER EDICIONES SL S EN C	Madrid	99,99908
PL Invest Beteiligungs GmbH	Hamburg	100

## Indirect holdings

Company	Registered office	Shares in group ownership in %
3N Radiot Oy	Helsinki	100
ABC Finansgruppen AS	Oslo	100
Absolute Radio Limited	Peterborough	100
ACP Custodians Pty Ltd.	Sydney	50
ACP Masthead Nominees Pty Ltd.	Sydney	100
ACP Mastheads Pty Ltd.	Sydney	100
AIDA S.A.	Wroclaw	77,82
Artefakt Sp. z o.o.	Warsaw	100
Artefakt Sp. z o.o., Sp.k.	Wroclaw	100
Australian Consolidated Press Pty Limited	Sydney	100
B Ankjo AB	Ångelholm	100
Bauer Active Ltd.	Peterborough	100
Bauer AR Digital Radio Limited	Peterborough	100
Bauer AR Holdings Limited	Peterborough	100
Bauer Automotive Ltd.	Peterborough	100
Bauer Consolidated Media Asia Pte. Ltd.	Singapur	100
Bauer Consumer Media Ltd.	Peterborough	100
Bauer Digital Radio Ltd.	Peterborough	100
Bauer Digital Sp. z o.o.	Warsaw	100
Bauer East Ltd.	Peterborough	100
Bauer Esprit Ltd.	Peterborough	100
Bauer Golden Square Limited	Peterborough	100
Bauer Group Secretariat Ltd.	Peterborough	100
Bauer Inc.	Englewood Cliffs	100
Bauer London Lifestyle Ltd.	Peterborough	100
Bauer Magazine L.P.	Englewood Cliffs	100
Bauer Media Action Sports Pty Ltd.	Sydney	100
Bauer Media ApS	Skovlunde	100
Bauer Media As	Bergen	100
Bauer Media Australia LP	Sydney	100
Bauer Media Australia Pty Ltd.	Sydney	100
Bauer Media Digital ApS	Skovlunde	100
Bauer Media Entertainment Magazines Pty Ltd.	Sydney	100
Bauer Media Group AB	Stockholm	100
Bauer Media Group HNV AB	Stockholm	100
Bauer Media Group Sweden AB	Stockholm	100
Bauer Media Group Sweden Holding AB	Stockholm	100
Bauer Media Holding Oy	Helsinki	100
Bauer Media Hong Kong Ltd.	North Point	100
Bauer Media Oy	Helsinki	100
BAUER MEDIA PRAHA v.o.s.	Prague	99,99
Bauer Media Pty Ltd.	Sydney	100
Bauer Media Sales, Inc.	Englewood Cliffs	100
Bauer Media SK v.o.s.	Bratislava	100
Bauer One GmbH (formerly: Zmarta GmbH)	Hamburg	100
Bauer Pop Ltd.	Peterborough	100
Bauer Print.Ciechanów Sp. z o.o., Sp.k.	Warsaw	100
Bauer Publishing AB	Stockholm	100
Bauer Publishing Company, L.P.	Englewood Cliffs	100
Bauer Radio (West Midlands) Ltd	Peterborough	100
Bauer Radio Ltd.	Peterborough	100
Beacon Broadcassting Limited	Birmingham	100
Birmingham Broadcasting Limited	Birmingham	100
Border Radio Holdings Limited	Birmingham	100
BRMB Limited	Birmingham	100
Capital Gold Birmingham Limited	Birmingham	100
Capital Radio Fun Limited	Birmingham	100
Capital Radio North East Limited	Birmingham	100
Carlisle Radio Ltd.	Peterborough	100
Centum Finans AS	Oslo	100