AS EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE FOURTH QUARTER

AND

TWELVE MONTHS

OF

2010

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GENERAL INFORMATION

Beginning of the financial year	1 January 2010
End of the financial year	31 December 2010
Name of the Company	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt.11 E, 10151 Tallinn
Phone no.	+372 669 8381
Fax no.	+372 669 8081
Main field of activity	Publishing and related services
CEO	Gunnar Kobin
Auditor	AS PricewaterhouseCoopers

Management Board's confirmation on the interim report

The management board confirms that the management report and consolidated interim financial statements of AS Ekspress Grupp presented on pages 5 to 41 present a true and fair view of the business developments and their impact on the financial position, results and cash flows of the group and include the description of major risks and disclose important related party transactions.

Gunnar Kobin	Chairman of the Management Board	*signed digitally*	28.02.2011
Pirje Raidma	Member of the Management Board	*signed digitally*	28.02.2011
Andre Veskimeister	Member of the Management Board	*signed digitally*	28.02.2011
Erle Oolup	Member of the Management Board	*signed digitally*	28.02.2011

MANAGEMENT REPORT

The following report presents the consolidated financial results of Ekspress Grupp for the fourth quarter and 12 months of 2010, related market developments and management decisions.

Selected financial indicators

Financial indicators (thousand)	EEK Q IV 2010	EEK Q4 2009	EUR Q4 2010	EUR Q4 2009	Change %
Accounting period					
Sales*	232 895	211 445	14 885	13 514	10%
Gross profit*	54 227	40 642	3 466	2 598	33%
EBITDA*	29 001	14 025	1 854	896	107%
Operating profit (excluding allowance for goodwill)*	15 910	565	1 016	37	2 716%
Operating profit*	15 910	(90 880)	1 016	(5 807)	117%
Profit /(loss) for the year from continuing operations	**3 307**	**(103 654)**	**210**	**(6 624)**	**103%**
Profit /(loss) for the period	**3 307**	**(109 323)**	**210**	**(6 986)**	**103%**

Financial indicators (thousand)	EEK 12 months 2010	EEK 12 months 2009	EUR 12 months 2010	EUR 12 months 2009	Change %
Accounting period					
Sales*	810 712	813 218	51 814	51 974	0%
Gross profit*	176 705	145 383	11 294	9 292	22%
EBITDA*	94 522	47 155	6 041	3 014	100%
Operating profit (excluding allowance for goodwill)*	43 176	(6 973)	2 760	(445)	720%
Operating profit*	43 176	(98 418)	2 760	(6 289)	144%
Profit/(loss) for the year from continuing operations	**(7 983)**	**(147 979)**	**(509)**	**(9 457)**	**95%**
Profit/(loss) for the period	**(2 305)**	**(190 026)**	**(146)**	**(12 144)**	**99%**

Financial indicators (thousand)	31.12.2010	31.12.2009**	31.12.2010	31.12.2009**	Change %
Current assets	199 195	214 312	12 729	13 696	-7%
Assets of discontinued operations	0	93 457	0	5 973	-100%
Non-current assets	1 146 137	1 180 248	73 253	75 431	-3%
Total assets	**1 345 332**	**1 488 017**	**85 982**	**95 100**	**-10%**
Current liabilities	250 634	426 761	16 018	27 275	-41%
Liabilities of discontinued operations	0	17 231	0	1 101	-100%
Non-current liabilities	526 742	597 068	33 665	38 159	-12%
Total liabilities	**777 376**	**1 041 060**	**49 683**	**66 535**	**-25%**
Equity	567 956	446 957	36 299	28 565	27%

*Includes only result of continuing operations (on-line media, periodicals and printing services).

** Comparative data include assets and liabilities of discontinued operations (information services, retail and wholesales of books).

Performance indicators

Profitability ratios (%)		IV kv 2010	IV kv 2009	12 kuud 2010	12 kuud 2009
Sales growth (%) *		10%	-9%	0%	-24%
Gross profit margin (%) *		23%	19%	22%	18%
Net profit margin (%) *		1%	-49 %	0%	-23%
EBITDA margin (%) *		12%	7%	12%	6%
Operating profit margin (%) *		7%	-43%	5%	-12%
ROA (%)		0%	-7%	0%	-12%
ROE (%)		1%	-21%	0%	-32%
Earnings per share	EEK	0.12	(5.24)	(0.09)	(9.14)
	EUR	0.01	(0.34)	(0.01)	(0.58)

* Financial ratios cover only continuing operations,

Following formulas have been used for calculating financial ratios presented.

Sales growth (%)	(sales 12 months 2010 –sales 12 months 2009) / sales 12 months 2009*100
Gross profit margin (%)	gross profit/ sales*100
Net profit margin (%)	net profit/ sales*100
EBITDA margin (%)	EBITDA/sales*100
Operating profit margin (%)	operating profit/ sales*100
Earnings per share	net profit/average number of shares
ROA (%)	net profit/assets *100
ROE (%)	net profit/equity *100

Financial ratios (%)	31.12.2010	31.12.2009
Equity ratio (%)	42%	30%
Liquidity ratio	0.8	0.5
Debt equity ratio (%)	107%	171%
Debt to capital ratio (%)	47%	61%

Following formulas have been used for calculating financial ratios presented.

Equity ratio (%)	equity / (equity + debt) * 100
Liquidity ratio	current assets/current liabilities
Debt equity ratio (%)	interest bearing liabilities/equity*100
Debt to capital ratio (%)	interest bearing liabilities-cash and bank (net debt)/net debt + equity * 100

In 2010 after sale of shares of subsidiaries AS Ekspress Grupp and syndicate banks concluded a term deposit contract in amount of 3 million euros (16 940 thousand EEK) which is presented in the balance sheet as non-current asset. However the group can use this deposit for repayment of interests and principal amount and for early repayment of loan. Group can terminate the contract if the EBITDA to interest bearing liabilities ratio falls below 4,00 in four consecutive quarters but not earlier than 31.03.2013.

Revenue and EBITDA* by group companies on Q4 2010

(thousand) EEK	Revenue Q4 2010	Revenue Q4 2009	Revenue Change %	EBITDA Q4 2010	EBITDA Q4 2009	EBITDA Change %
Eesti Ajalehed AS***	32 337	35 491	-9%	1 094	3 014	-64%
Delfi Group consolidated	36 015	29 577	22%	4 728	1 350	250%
AS Printall	113 121	95 548	18%	23 922	15 056	59%
UAB Ekspress Leidyba	10 814	12 082	-10%	(285)	(1 081)	74%
Eesti Päevalehe AS**	26 072	29 212	-11%	(1 052)	(5 492)	81%
AS SL Õhtuleht**	27 746	29 604	-6%	1 784	4 028	-56%
AS Express Post**	20 156	21 274	-5%	2 482	3 668	-32%
AS Ajakirjade Kirjastus**	38 910	37 446	4%	2 398	1 956	23%
AS Linnaleht	3 617	4 401	-18%	25	176	-86%
UAB Medipresa	33 684	38 468	-12%	(154)	440	-135%

*with intergroup transactions
**joint ventures 100%
***2009 results together with AS Maaleht operations

(thousand) EEK	Revenue Q4 2010	Revenue Q4 2009	Revenue Change %	EBITDA Q4 2010	EBITDA Q4 2009	EBITDA Change %
Eesti Ajalehed AS***	2 067	2 268	-9%	70	193	-64%
Delfi Group consolidated	2 302	1 890	22%	302	86	250%
AS Printall	7 230	6 107	18%	1 529	962	59%
UAB Ekspress Leidyba	691	772	-10%	(18)	(69)	74%
Eesti Päevalehe AS**	1 666	1 867	-11%	(67)	(351)	81%
AS SL Õhtuleht**	1 773	1 892	-6%	114	257	-56%
AS Express Post**	1 288	1 360	-5%	159	234	-32%
AS Ajakirjade Kirjastus**	2 487	2 393	4%	153	125	23%
AS Linnaleht	231	281	-18%	2	11	-86%
UAB Medipresa	2 153	2 459	-12%	(10)	28	-135%

*with intergroup transactions
**joint ventures 100%
***2009 results together with AS Maaleht operations

In the fourth quarter of 2010, the sales of Ekspress Grupp increased by 10% and EBITDA by more than twice compared to the same period previous year. In the fourth quarter of 2009, the Group had goodwill write-offs and therefore operating profit and net profit for the forth quarter of 2010 is significantly better. Normalised operating profit (i.e operating profit without goodwill write-offs) is several times higher and basically zero profit has lead to considerable profit. The Management was especially pleased with the 22% sales increase and significant EBITDA increas (250%) of Delfi Group. AS Printall had also a good result, increasing the sales in the forth quarter by 18% and EBITDA by 59% compared to the same period last year. In the periodicals segment only Ajakirjade Kirjastus managed to show a positive result. The sales of other companies declined.

Revenue and EBITDA* by group companies for 12 months 2010

(thousand) EUR	Revenue 12 months 2010	Revenue 12 months 2009	Change %	EBITDA 12 months 2010	EBITDA 12 months 2009	Change %
Eesti Ajalehed AS***	117 871	130 321	-10%	15 549	(1 949)	898%
Delfi Group consolidated	123 356	108 572	14%	11 860	(1 894)	726%
AS Printall	378 979	355 125	7%	81 331	59 554	37%
UAB Ekspress Leidyba	42 642	53 267	-20%	(4 954)	(4 666)	-6%
Eesti Päevalehe AS**	101 204	131 026	-23%	(8 532)	(3 364)	-154%
AS SL Õhtuleht**	107 682	121 508	-11%	8 424	16 662	-49%
AS Express Post**	75 606	79 180	-5%	9 318	9 630	-3%
AS Ajakirjade Kirjastus**	136 754	150 294	-9%	5 244	728	620%
AS Linnaleht	11 970	16 876	-29%	(894)	190	-571%
UAB Medipresa	133 733	143 669	-7%	(315)	907	-135%

*with intergroup transactions
**joint ventures 100%
***2009 results together with AS Maaleht operations

(thousand) EUR	Revenue 12 months 2010	Revenue 12 months 2009	Change %	EBITDA 12 months 2010	EBITDA 12 months 2009	Change %
Eesti Ajalehed AS***	7 533	8 329	-10%	994	(125)	898%
Delfi Group consolidated	7 884	6 939	14%	758	(121)	726%
AS Printall	24 221	22 697	7%	5 198	3 806	37%
UAB Ekspress Leidyba	2 725	3 404	-20%	(317)	(298)	-6%
Eesti Päevalehe AS**	6 468	8 374	-23%	(545)	(215)	-154%
AS SL Õhtuleht**	6 882	7 766	-11%	538	1 065	-49%
AS Express Post**	4 832	5 061	-5%	596	615	-3%
AS Ajakirjade Kirjastus**	8 740	9 606	-9%	335	47	620%
AS Linnaleht	765	1 079	-29%	(57)	12	-571%
UAB Medipresa	8 547	9 182	-7%	(20)	58	-135%

*with intergroup transactions
**joint ventures 100%
***AS Maaleht operations were transferred to Eesti Ajalehed AS 2009 year

The 2010 12 months were a breakthrough time for the Group. The decline in revenue in the first half of the year as compared to the previous period reversed in mid-year, growing more than 10% in the better-performing months as compared to the same months last year. The Group achieved better results for EBITDA and the margin than expected at the beginning of the year. EBITDA grew by 98% as compared to last year and the EBITDA margin more than doubled, reaching 12%.

The key reason for improved results included growth in the segments of printing services and online media.

In the 2nd quarter of 2010, the online media segment grew by almost 20% as compared to the same period last year. After the volatile summer, the revenue in the online media segment increased by 41% as compared to the same period last year. From the beginning of the year, profitability in the printing services increased as a result of the use of various cost control mechanisms. However, from the second half of the year, revenue also increased which was 23% higher in the better-performing months as compared to the same period last year. In 2010, the periodicals segment continued to be under pressure, but at the year-end, the revenue almost reached the level of the previous year.

In 2011, we expect growth to continue in the online media segment in all Baltic States. We also strive at evaluating the sustainability of operations of Delfi Ukraine on an ongoing basis after product upgrading and stepping up of sales activities.

In 2011, we expect revenue to remain at the same level as last year in the periodicals segment. We expect EBITDA to turn positive at the Lithuanian publisher of magazines, Express Leidyba, and considerable profit growth at Eesti Ajakirjade Kirjastus as compared to the year 2010.

With regard to the Group's printing company, we expect moderate revenue and profit growth in 2011, currently inhibited by the high utilisation rate of the equipment park. Therefore, we have started to consider the necessity of acquisition of additional equipment.

The Group implemented most of its efficiency enhancing measures in 2009, as a result, no other major restructuring steps were taken in 2010 other than at Eesti Päevaleht where aggressive reduction in salary costs was implemented in spring. The EBITDA margin of Ekspress Group was the strongest in successful advertising months in spring and autumn. In the 4th quarter, the EBITDA margin was lower due to accumulation of volume rebates arising from contracts entered into with advertising agencies in the last quarter. With regard to efficiency, it should be noted that if the average ratio of personnel expenses to revenue was 37.7% in 2009, then it was 34.5% in 2010.

In addition to the improvement in the results of operations, the Group also managed to stabilise its fiscal position due to additional raising of capital in spring, new loan agreements entered into with the banks providing financing for the Group and two completed disposals of subsidiaries.

We can state that against the backdrop of the results of operations for 2010 as well as the loan restructuring and new capital raised that were mentioned about, the Group has successfully come out of the economic recession and the Management Board is optimistic about the upcoming years.

Unlike 2009, the results of operations for 2010 do not include any major extraordinary expenses, and likewise, there has been no need to write down the Group's assets. In 2010, the revenue trends in the online media segment have supported our previous estimates regarding the value of companies and the Group's conservative policy regarding debtors has also been successful, ensuring write-down of doubtful receivables on an ongoing basis and preventing unpleasant surprises during the preparation of the financial statements.

With regard to its strategy, the Group is gradually moving more towards digital media. If the revenue in the online media segment made up 12.5% of the Group's revenue at the beginning of 2009, then the share had increased to 14.4% at the end of 2010. In the revenue structure for 2011, the share of the online media segment should increase to 16.3%. The Group intends to continue focusing on digital media through development of its subsidiaries currently included in the portfolio as well as possible acquisition of new companies in all countries in which the Group has presence. In addition to continuing development of the online media segment, we are optimistic about the digitalisation process of periodicals and we believe that the popularity of various portable information devices will accelerate the digitalisation process which in turn will create opportunities for significant improvement of efficiency in the periodicals sector.

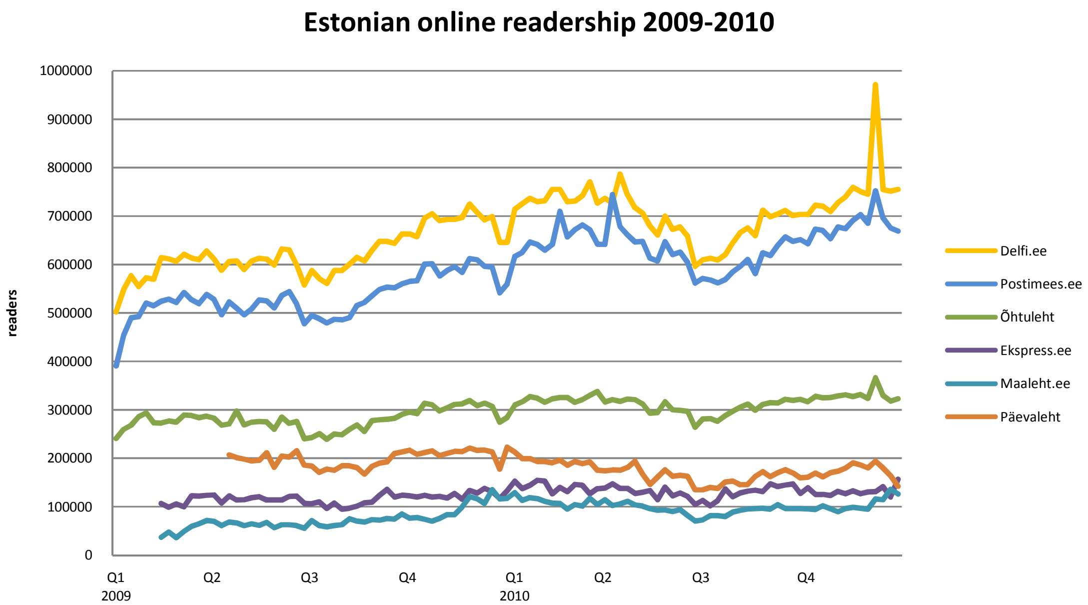
In 2011, we expect the Group to achieve moderate growth in revenue and margins. We strive at increasing the Group's revenue by 10% and the EBITDA margin to 14%, primarily through improvement in the margins of the online media segment and hopefully, also in the periodicals segment.

Online media segment

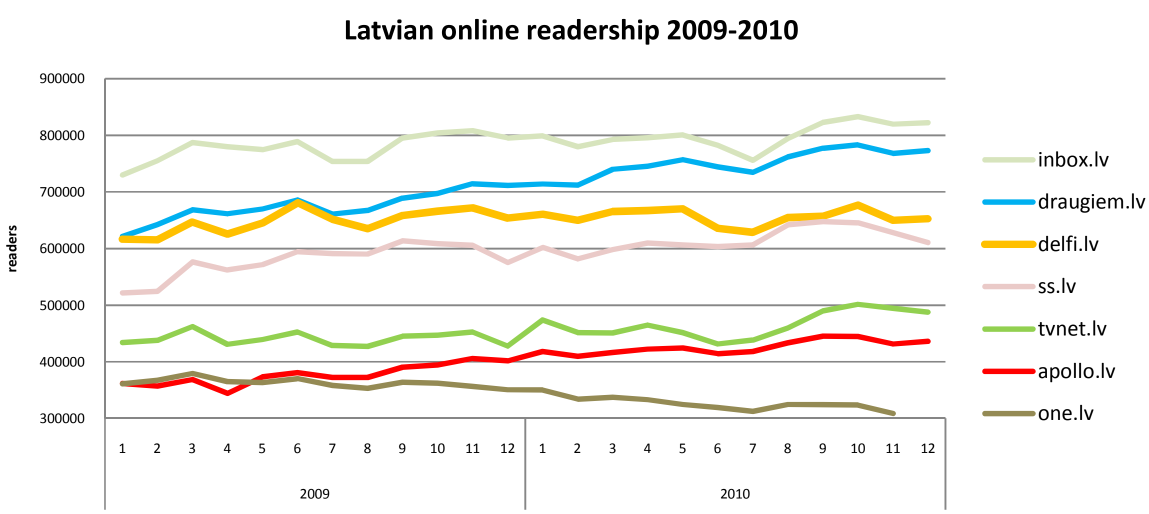
By the year-end 2010, the number of unique users of the news portals of Ekspress Group reached 3.9 million per month, which is 12% more than in December 2009. Delfi Group continues to be the only new media publication operating in all Baltic States and also in Ukraine.

Two factors could be mentioned that characterise the Internet usage in 2010. Firstly, it is the emergence of a more important role of social media in daily activities of an Internet user. Despite this, the usage figures of Delfi have not declined both in terms of the number of users and length of sessions. Secondly, the growth in the sales of smart phones should be mentioned, which primarily means that the access to the Internet will become frequently more mobile.

Delfi Lithuania contributed the most to the growth in the online media segment. Although Delfi Latvia incurred a loss for the year, the economic environment in Latvia started to significantly improve in the last quarter, propelling Latvia's revenue growth and ensuring positive results of operations for Delfi Latvia next year. In Ukraine, Delfi remained in the investment phase in the year ended.

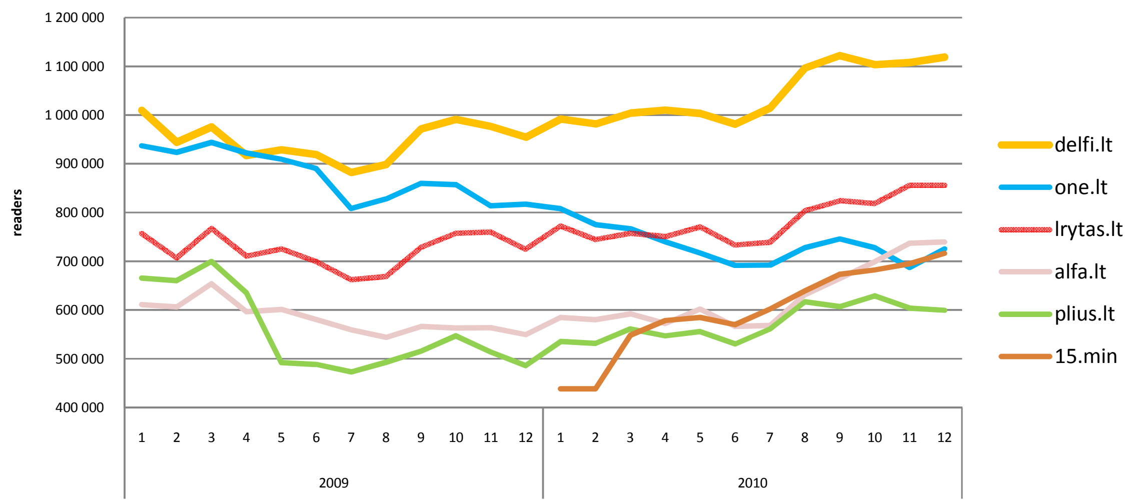


The number of users of Delfi Estonia increased by 18.9% at the year-end as compared to December 2009. Delfi continues to be the most visited news portal in Estonia. However, the most visited Internet environment continues to be neti.ee, the total number of users of which is regularly over one million users a week.



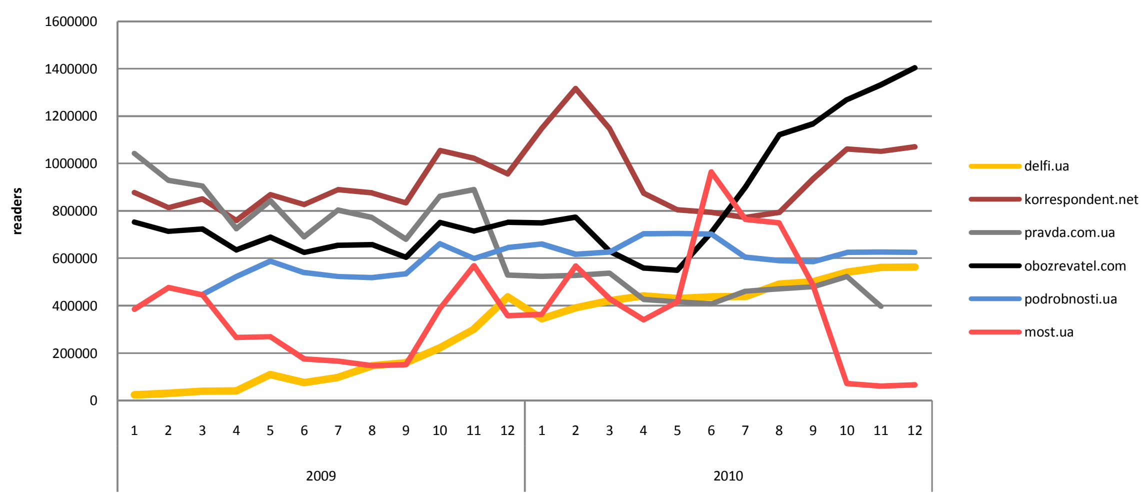
The e-mail environment Inbox.lv and the social network draugiem.lv continue to be the most popular web pages among the Latvian Internet users. Throughout the year, the advertising portal ss.lv has remained in the 4th place in Latvia on a yearly basis. Delfi Latvia continues to be the most visited news portal. Of the competitors, tvnet.lv and apollo.lv have almost a third fewer visitors than Delfi.lt. Latvia Delfi is the only company of Delfi Group, the number of users of which has not increased as compared to December 2009 but has practically stayed at the same level (-0.2%).

Lithuanian online readership 2009-2010



In 2010, Delfi Lithuania continued to be the most popular Internet environment in Lithuania, increasing by 17.2% year-over-year. The number of Delfi users increased sharply in the second half of the year and reached over 1.1 million users per month over the last months of the year.

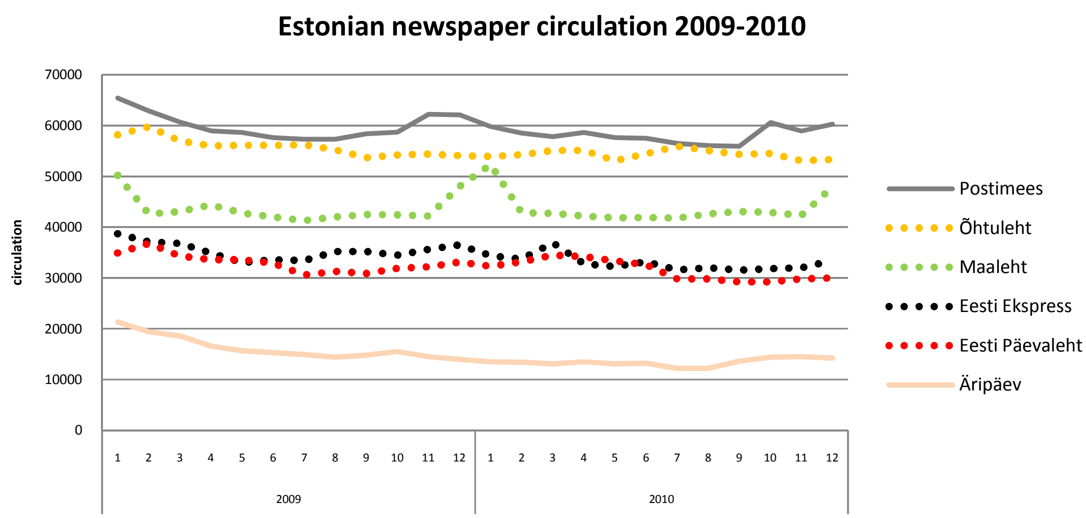
Ukraine online readership 2009-2010



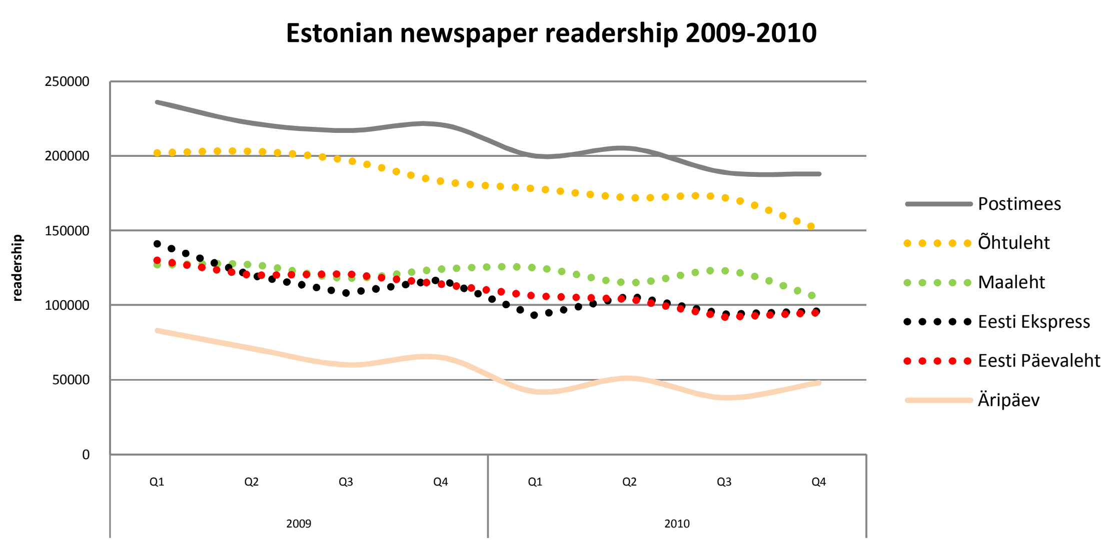
The Ukrainian Internet market functions differently from that of the Baltic States. In Ukraine, the environments with the largest user base are such content aggregators that do not produce content themselves. Therefore, the numbers of users of the environments oriented towards content production fluctuate greatly. The goal of Delfi in Ukraine has not been to increase visitors' numbers by purchasing traffic from the aggregators but to develop organically and raise a loyal user base for itself. During 2010, the number of users of Ukraine Delfi has increased by 28.8%, which places it 42th in the overall ranking of Internet environments.

Periodicals segment

The periodicals segment includes publishers of newspapers and magazines, the operations of which also include publishing of books. This segment also includes AS Express Post, engaged in home delivery of periodicals.



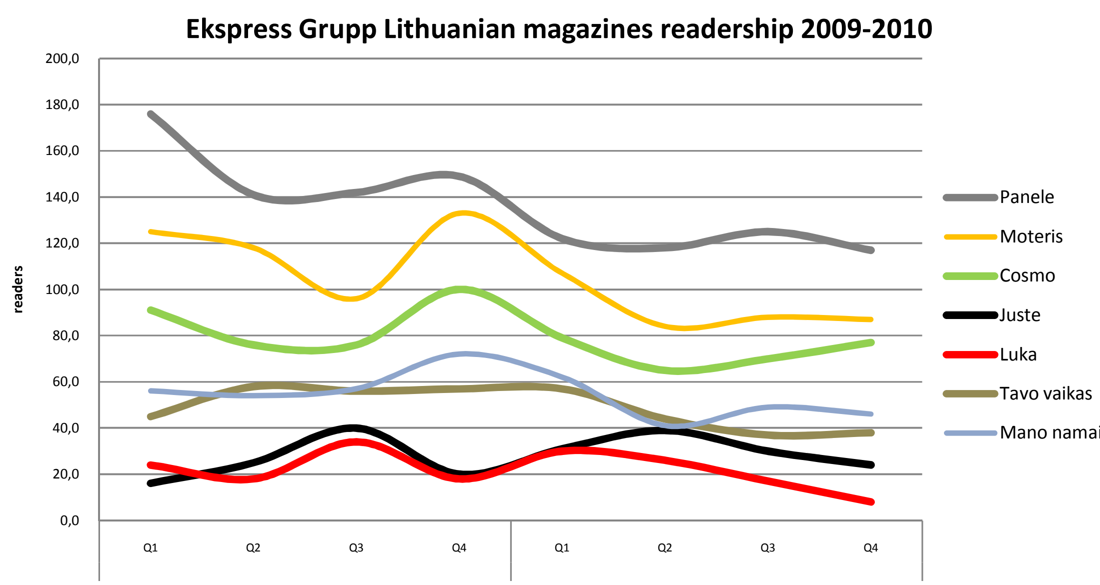
Postimees continues to be the newspaper with the highest circulation. The circulation of other newspapers has been relative stable and stayed at the same level. Eesti Päevaleht, with the circulation loss of by ca 10% on yearly basis, has experienced the largest decrease in the Group.



No newspaper has been saved from the decline in the reader base. However, the decline in the reader base of all publications has been of the same magnitude – 14-17%.

Similarly to the reader base of newspapers, the decline in the number of readers has also continued in the market of magazines. However, in the last quarter of 2010, signs of stabilisation are visible both in single copy sales as well as advertising revenue, both in Estonia and Lithuania.

As of the year-end 2010, the most popular magazine in Estonia is Kroonika, the reader base of which has stabilised after a decline at the beginning of the year. With regard to other magazines, the market shares have not changed.



With regards to the Lithuanian magazines of Ekspress Group, the readership numbers have been similar to those of Estonia. At the beginning of the year, the number of readers declined but stabilised in the second half of the year. It gives us pleasure to state that the readership numbers of the magazine Cosmo acquired at the beginning of the year have increased over the last three quarters.

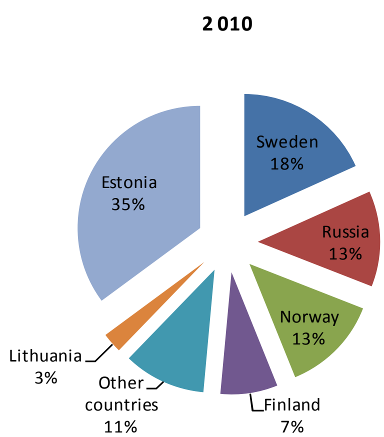
Printing services segment

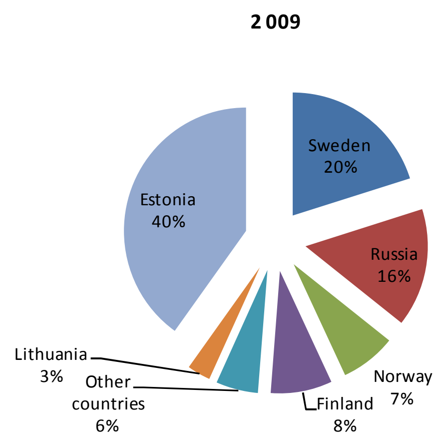
All printing services of Ekspress Group are provided by AS Printall which is the largest printing company in Estonia. Printall is able to print both newspapers (coldest) and magazines (heatset).

In the printing segment, aggressive development occurred in the export markets which generated almost 2/3 of revenue. The most important customers for the Company are in Sweden, Norway, Finland and Russia. Also, work was launched for customers in Germany, Netherlands and France. In most cases, this represents production of periodicals or product catalogues. The printing company Printall has reached high efficiency through well-managed costs and an optimum equipment part, and it has ensure a leading position thanks to its flexible labour policy and high-quality production.

The key event in 2010 was receipt of several environmental certificates as acknowledgement of the environmentally friendly production cycle of the Company.

Geographic break-down of printing services





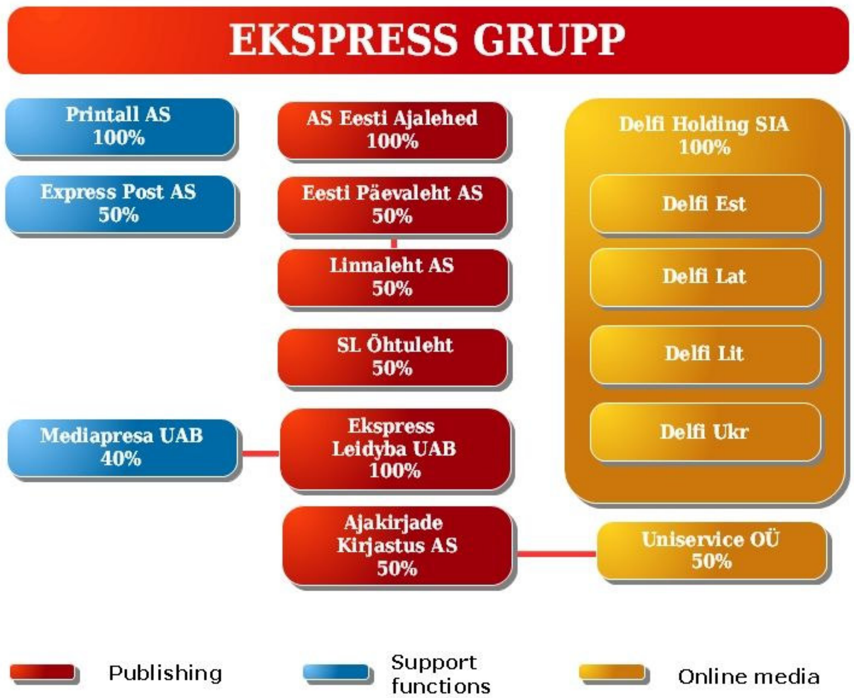
Investments

(thousand)	EEK		EUR	
	2010	2009	2010	2009
Acquisition of property, plant and equipment				
Buildings	12	171	1	11
Plant and equipment	1 381	2 635	89	169
Other equipment	3 071	4 283	197	273
Unfinished buildings and prepayments	137	1 568	9	100
Acquisition of property, plant and equipment total	**4 601**	**8 657**	**296**	**553**
Acquisition of intangible assets				
Development	2 337	2 371	149	152
Computer software	1 858	2 313	119	148
Prepayments	299	542	19	34
Acquisition of intangible assets total	**4 494**	**5 226**	**287**	**334**
Acquisition of fixed assets total	**9 095**	**13 883**	**583**	**886**

All investments in 2010 were ordinary in order to improve the assets used in business activity at minimum extent.

Structure of the Group

See detailed list of all legal entities belonging to the Group in Note 1 to the consolidated interim financial statements.



Shares and shareholders of Ekspress Grupp

The Company's share capital is EEK 297 968 410 (EUR 19 043 652), which consists of the shares with the nominal value of EEK 10 (EUR 0.6) each. All shares are of one type and there are no ownership restrictions. The Company does not have any shares granting specific controlling rights and the Company lacks information about agreements dealing with the restrictions on voting rights of shareholders.

The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements between the shareholders, they are only known to the Company to the extent related to pledging of securities and that is public information.

Structure of shareholders as of 31.12.2010 according to Estonian Central Depository of Securities

Name	Number of shares	%
Hans *H.* Luik	16 236 520	54.49%
Hans H. Luik	*7 963 307*	*26.73%*
OÜ HHL Rühm	*8 266 313*	*27.74%*
OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	3 727 344	12.51%
Skandinaviska Enskilda Banken Ab Clients	2 132 657	7.16%
Nordea Bank Finland PLC/Non-Resident Legal Entities	1 616 786	5.43%
Members of the Management and Supervisory Boards and their close relatives	498 201	1.68%
Gunnar Kobin. OÜ Griffen SVP	*320 512*	*1.08%*
Gunnar Kobin. OÜ Griffen Invest	*73 169*	*0.25%*
Viktor Mahhov. OÜ Flexinger	*48 464*	*0.16%*
Aavo Kokk. OÜ Synd & Katts	*400*	*0.00%*
Ville Jehe. OÜ Octoberfirst	*55 656*	*0.19%*
Other minority shareholders	5 585 333	18.74%
Total	**29 796 841**	**100.00%**

Pursuant to clause 1 of § 185 of the Securities Market Act, Genesis Investment Management. LLP has informed the Company on 15 June 2010 that due to the acquisition of 1 582 349 shares, the ownership interest of Genesis Investment Management, LLP through the nominee account of Nordea Bank Finland Plc in AS Ekspress Grupp is 5.31%.

Pursuant to clause 2 of § 185 of the Securities Market Act, East Capital Asset Management AB has informed the Company on 16 September 2010 that due to the acquisition of 150 000 shares, the ownership interest of East Capital in AS Ekspress Grupp has increased to 5.43%.

Pursuant to the expiration of the Investment Manager Agreement entered into between KJK Fund SICAV-SIF and Danske Capital, Sampo Bank Plc, the Management Board of KJK Fund SICAV-SIF has the voting rights attached to the shares owned by the fund. The Fund owns 3 727 344 shares of AS Ekspress Grupp which makes up about 12.51% of all voting rights attached to shares. The former name of KJK Fund SICAV-SIF was DCF Fund (II) SICAV-SIF.

On 20.04.2010, the investment company Griffen SPV managed by the Chairman of the Management Board of AS Ekspress Grupp OÜ and the investment firm OÜ HHL Rühm owned by the member of the Supervisory Board of AS Ekspress Hans H. Luik a supplementary agreement to the sales agreement entered into on 16.11.2009, according to which the price of the share transactions was changed retrospectively to EEK 15.6466 (EUR 1) per share. Another agreement was additionally concluded for the acquisition of 80 127 shares of AS Ekspress Grupp at the price of EEK 15.6466 (EUR 1) per share.

The public limited company does not have any shares granting specific rights of control.
The public limited company does not possess information on agreements with regard to restrictions on the voting rights of shareholders.

Share information

The share price in Estonian kroons (EEK) and the trading statistic on OMX Tallinn Stock Exchange from 1 January 2010 to 31 December 2010.

The share price in Estonian kroons (EEK) and trading statistics on OMX Tallinn Stock Exchange from 1 January to 31 December 2009.

By virtue of the conditions set in the Group's loan agreements, payment of dividends to shareholders is limited.

The following table show the stock trading history

Price	2010		2009	
	EEK	EUR	EEK	EUR
Open	16.12	1.03	12.20	0.78
Closing price	23.91	1.53	16.12	1.03
High	25.35	1.62	23.47	1.50
Low	12.52	0.80	6.10	0.39
Traded shares	3 856 572	3 856 572	2 461 534	2 461 534
Turnover. million	77.04	4.92	34.05	2.18
Capitalisation. million	712.38	45.53	336.00	21.47

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of financial position (unaudited)

	EEK		EUR	
(thousand)	31.12.2010	31.12.2009	31.12.2010	31.12.2009
ASSETS				
Current assets				
Cash and cash equivalents	43 292	39 953	2 767	2 553
Financial assets at fair value through profit or loss	1	892	0	57
Trade and other receivables	108 631	116 286	6 941	7 431
Inventories	46 332	57 181	2 961	3 655
Total	**198 256**	**214 312**	**12 669**	**13 696**
Non-current assets held for sale	939	0	60	0
Total current assets	**199 195**	**214 312**	**12 729**	**13 696**
Assets of discontinued operations	**0**	**93 457**	**0**	**5 973**
Non-current assets				
Long-term deposit	47 074	0	3 009	0
Trade and other receivables	2 519	5 697	162	364
Investments in associates	124	640	8	41
Investment property	0	6 360	0	406
Property, plant and equipment	299 438	345 938	19 138	22 109
Intangible assets	796 982	821 613	50 936	52 511
Total non-current assets	**1 146 137**	**1 180 248**	**73 253**	**75 431**
TOTAL ASSETS	**1 345 332**	**1 488 017**	**85 982**	**95 100**
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Borrowings	81 878	143 093	5 233	9 145
Trade and other payables	168 756	283 668	10 785	18 130
Total current liabilities	**250 634**	**426 761**	**16 018**	**27 275**
Liabilities of discontinued operations	**0**	**17 231**	**0**	**1 101**
Non-current liabilities				
Borrowings	517 168	583 047	33 053	37 263
Other long-term liabilities	36	28	2	2
Derivative instruments	9 538	13 993	610	894
Total non-current liabilities	**526 742**	**597 068**	**33 665**	**38 159**
Total liabilities	**777 376**	**1 041 060**	**49 683**	**66 535**
Equity				
Share capital	297 968	208 488	19 044	13 325
Share premium	223 394	192 883	14 277	12 327
Reserves	721	(313)	46	-20
Retained earnings	45 373	43 976	2 900	2 811
Currency translation reserve	500	1 635	32	104
Total capital and reserves attributable to equity holders of the Parent Company	**567 956**	**446 669**	**36 299**	**28 547**
Minority interest	0	288	0	18
Total interest	**567 956**	**446 957**	**36 299**	**28 565**
TOTAL LIABILITIES AND EQUITY	**1 345 332**	**1 488 017**	**85 982**	**95 100**

* Only the assets and liabilities related to AS Ekspress Hotline are reflected as discontinued operations (see Note 3).

The notes presented on pages 24 to 41 form an integral part of the consolidated interim financial statements

Consolidated interim statement of comprehensive income (unaudited)

	EEK			
(thousand)	Q4 2010	Q4 2009	12 months 2010	12 months 2009
Sales	232 895	211 445	810 712	813 218
Costs of sales	178 668	170 803	634 007	667 835
Gross profit	**54 227**	**40 642**	**176 705**	**145 383**
Marketing expenses	10 014	11 702	35 074	39 917
Administrative expenses	27 875	116 307	100 680	200 579
Other income	1 867	1 156	6 449	8 826
Other expenses	2 295	4 669	4 224	12 131
Operating profit /(loss)	**15 910**	**(90 880)**	**43 176**	**(98 418)**
Interest income	492	490	814	2 099
Interest expenses	(9 994)	(10 678)	(40 622)	(46 145)
Currency exchange profit /(loss)	251	148	258	(417)
Other financial expenses	(617)	(543)	(2 737)	(1 327)
Financial income (expense) total	**(9 868)**	**(10 583)**	**(42 287)**	**(45 790)**
Share of profit /(loss)of associates	(175)	160	(516)	189
Profit /(loss) before income tax	**5 867**	**(101 303)**	**373**	**(144 019)**
Income tax expense	2 560	2 351	8 356	3 960
Profit /(loss) for the year from continuing operations	**3 307**	**(103 654)**	**(7 983)**	**(147 979)**
Profit /(loss) for the year from discontinued operations	0	(5 669)	5 678	(42 047)
Profit /(loss) for the year	**3 307**	**(109 323)**	**(2 305)**	**(190 026)**
Attributable to:				
Equity holders of the Parent company	3 595	(109 323)	(2 017)	(190 026)
Minority interest	(288)	0	(288)	0
Other comprehensive income				
Currency translation differences	(215)	950	(1 135)	280
Hedging reserve	4 448	(4 438)	4 448	(4 438)
Total comprehensive income (expense)	**4 233**	**(3 488)**	**3 313**	**(4 158)**
Comprehensive income attributable to:	**7 540**	**(112 811)**	**1 008**	**(194 184)**
Equity holders of the Parent company	7 828	(112 811)	1 296	(194 184)
Minority interest	(288)	0	(288)	0
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (Note 8)	0,12	(5.24)	(0.09)	(9.14)

* Comparable data for 2009 have been adjusted and include only the result of continuing operations. Income and expenses related to AS Ekspress Hotline and AS Rahva Raamat have been eliminated from each income and expense line and are reflected in „Profit /(loss) for the year from discontinued operations“.

The notes presented on pages 24 to 41 form an integral part of the consolidated interim financial statements

Consolidated interim statement of comprehensive income (unaudited)

	EUR			
(thousand)	Q4 2010	Q4 2009	12 months 2010	12 months 2009
Sales	14 885	13 514	51 814	51 974
Costs of sales	11 419	10 916	40 520	42 682
Gross profit	**3 466**	**2 598**	**11 294**	**9 292**
Marketing expenses	640	748	2 242	2 551
Administrative expenses	1 782	7 433	6 435	12 819
Other income	119	74	412	564
Other expenses	147	298	270	775
Operating profit /(loss)	**1 016**	**(5 807)**	**2 760**	**(6 289)**
Interest income	31	31	52	134
Interest expenses	(639)	(682)	(2 596)	(2 949)
Currency exchange profit /(loss)	16	9	16	(27)
Other financial expenses	(39)	(35)	(175)	(85)
Financial income (expense) total	**(631)**	**(677)**	**(2 702)**	**(2 927)**
Share of profit /(loss)of associates	(11)	10	(33)	12
Profit /(loss) before income tax	**374**	**(6 474)**	**25**	**(9 204)**
Income tax expense	164	150	534	253
Profit /(loss) for the year from continuing operations	**210**	**(6 624)**	**(509)**	**(9 457)**
Profit /(loss) for the year from discontinued operations	0	(362)	363	(2 687)
Profit /(loss) for the year	**210**	**(6 986)**	**(146)**	**(12 144)**
Attributable to:				
Equity holders of the Parent company	228	(6 986)	(129)	(12 144)
Minority interest	(18)	0	(18)	0
Other comprehensive income				
Currency translation differences	(14)	61	(72)	18
Hedging reserve change	284	(284)	284	(284)
Total comprehensive income (expense)	**270**	**(223)**	**212**	**(266)**
Comprehensive income attributable to:	**480**	**(7 209)**	**65**	**(12 410)**
Equity holders of the Parent company	498	(7 209)	82	(12 410)
Minority interest	(18)	0	(18)	0
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (Note 8)	0.01	(0.34)	(0.01)	(0.58)

*Comparable data for 2009 have been adjusted and include only the result of continuing operations. Income and expenses related to AS Ekspress Hotline and AS Rahva Raamat have been eliminated from each income and expense line and are reflected in „Profit /(loss) for the year from discontinued operations".

The notes presented on pages 24 to 41 form an integral part of the consolidated interim financial statements

Consolidated interim statement of changes in equity (unaudited)

EEK thousand	Attributable to equity holders of the Parent Company						Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currency translation reserve	Total		
Balance on 31.12.2008	**189 710**	**183 494**	**4 125**	**231 082**	**1 355**	**609 766**	**288**	**610 054**
Total comprehensive income for the reporting period	0	0	(4 438)	(190 026)	280	(194 184)	0	(194 184)
Cancellation of share options	0	0	0	2 920	0	2 920	0	2 920
Share capital increase	18 778	9 389	0	0	0	28 167	0	28 167
Balance on 31.12. 2009	**208 488**	**192 883**	**(313)**	**43 976**	**1 635**	**446 669**	**288**	**446 957**
Total comprehensive income	0	0	4 448	(2 017)	(1 135)	1 296	(288)	1 008
Change in revaluation reserve of investment property	0	0	(3 414)	3 414	0	0	0	0
Share capital increase	89 480	30 511	0	0	0	119 991	0	119 991
Balance on 31.12.2010	**297 968**	**223 394**	**721**	**45 373**	**500**	**567 956**	**0**	**567 956**

EUR thousand	Attributable to equity holders of the Parent Company						Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currency translation reserve	Total		
Balance on 31.12.2008	**12 125**	**11 727**	**264**	**14 769**	**86**	**38 971**	**18**	**38 989**
Total comprehensive income for reporting period	**0**	**0**	**(284)**	**(12 145)**	**18**	**(12 411)**	**0**	**(12 411)**
Cancellation of share options	**0**	**0**	**0**	**187**	**0**	**187**	**0**	**187**
Share capital increase	**1 200**	**600**	**0**	**0**	**0**	**1 800**	**0**	**1 800**
Balance on 31.12.2009	**13 325**	**12 327**	**(20)**	**2 811**	**104**	**28 547**	**18**	**28 565**
Total comprehensive income	0	0	284	(129)	(72)	83	(18)	65
Change in revaluation reserve of investment property	0	0	(218)	218	0	0	0	0
Share capital increase	5 719	1 950	0	0	0	7 669	0	7 669
Balance on 31.12.2010	**19 044**	**14 277**	**46**	**2 900**	**32**	**36 299**	**0**	**36 299**

The notes presented on pages 24 to 41 form an integral part of the consolidated interim financial statements

Consolidated interim cash flow statement (unaudited)

	EEK		EUR	
(thousand)	2010	2009*	2010	2009*
Cash flows from operating activities from continuing operations				
Operating profit (loss) for the period	43 176	(98 418)	2 760	(6 289)
Adjustments for:				
Depreciation and amortisation and impairment	51 354	145 571	3 282	9 304
Profit (loss) on sale and write-downs of property, plant and equipment	313	937	20	60
Changes in working capital:				
Trade and other receivables	(4 792)	39 100	(306)	2 499
Inventories	(4 140)	4 344	(265)	278
Trade and other payables	6 989	27 261	447	1 742
Cash generated from operations	**92 900**	**118 795**	**5 937**	**7 592**
Income tax paid	(5 716)	(6 135)	(365)	(392)
Interest paid	(40 622)	(45 904)	(2 596)	(2 934)
Net cash generated from operating activities from continuing operations	**46 562**	**66 756**	**2 976**	**4 266**
Net cash used in operating activities from discontinued operations	**(16 055)**	**6 422**	**(1 026)**	**410**
Cash flows from investing activities				
Proceeds from sale of shares in subsidiaries	62 266	0	3 980	0
Long-term deposit	(46 940)	0	(3 000)	0
Interest received	964	1 949	62	125
Purchase of property, plant and equipment	(9 095)	(9 515)	(581)	(608)
Proceeds from sale of property, plant and equipment	8 480	5 868	542	375
Loans granted	(615)	(4 722)	(39)	(302)
Loan repayments received	10 144	12 255	648	783
Net cash used in investing activities from continuing operations	**25 204**	**5 835**	**1 611**	**373**
Net cash generated from investing activities from discontinued operations	**0**	**(1 499)**	**0**	**(96)**
Cash flows from financing activities from continuing operations				
Share issue	82 121	28 166	5 248	1 800
Finance lease payments made	(20 009)	(35 901)	(1 279)	(2 294)
Change in overdraft used	(29 399)	7 836	(1 879)	501
Change in factoring used	(5 340)	8 222	(341)	525
Proceeds from borrowings	1 500	4 317	96	276
Repayments of borrowings	(81 169)	(84 089)	(5 188)	(5 374)
Net cash used in financing activities from continuing operations	**(52 296)**	**(71 449)**	**(3 342)**	**(4 566)**
Net cash used in financing activities from discontinued operations	**(76)**	**(12 500)**	**(5)**	**(799)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**3 339**	**(6 435)**	**213**	**(411)**
Cash and cash equivalents at the beginning of the period	39 953	46 388	2 553	2 965
Cash and cash equivalents at the end of the period	43 292	39 953	2 767	2 553

* 2009 figures adjusted

The notes presented on pages 24 to 41 form an integral part of the consolidated interim financial statements

SELECTED NOTES TO THE CONSOLIDATED INTERIM REPORT

Note 1 General information

The main fields of activity of Ekspress Grupp and its subsidiaries include online media, publishing newspaper, magazines and books, printing services.

AS Ekspress Grupp (registration number 10004677, address: Narva mnt.11E, 10151 Tallinn) is a holding company registered in Estonia. There are 10 subsidiaries, 5 joint ventures and 2 associated companies that belong to the consolidation group as of 31 December 2010.

The consolidated interim financial report was approved for issue by the Management Board on 28 February 2011. The presentation currency is the Estonian kroon. The financial statements are presented in Estonian kroons (EEK) and Euros (EUR), rounded to the nearest thousand.

The consolidated financial statements of AS Ekspress Grupp for 2010 reflect the results of the following group companies:

Company name	Status	Ownership interest 31.12.2010	Ownership interest 31.12.2009	Main field of activity	Domicile
AS Ekspress Grupp	Parent Company			Holding company	Estonia
Eesti Ajalehed AS*	Subsidiary	100%	100%	Newspaper publishing	Estonia
Maaleht AS**	Subsidiary	0%	100%	Newspaper publishing 2009 (merged with the Parent Company in 2010)	Estonia
UAB Ekspress Leidyba	Subsidiary	100%	100%	Magazine publishing	Lithuania
Eesti Päevalehe AS	Joint venture	50%	50%	Newspaper publishing	Estonia
AS SL Õhtuleht	Joint venture	50%	50%	Newspaper publishing	Estonia
AS Express Post	Joint venture	50%	50%	Periodicals' home delivery	Estonia
AS Ajakirjade Kirjastus	Joint venture	50%	50%	Magazine publishing	Estonia
Uniservice OÜ	Joint venture	26%	26%	Magazine publishing	Estonia
AS Linnaleht	Associate	25%	25%	Newspaper publishing	Estonia
Medipresa UAB	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
SIA Delfi Holding	Subsidiary	100%	100%	Management of online-media subsidiaries	Latvia
Delfi AS	Subsidiary	100%	100%	Online media	Estonia
Delfi AS	Subsidiary	100%	100%	Online media	Latvia
Mango.lv SIA	Subsidiary	100%	100%	Online media	Latvia
SIA Ekspress Portals	Subsidiary	0%	100%	Online media (merged with Latvia's Delfi AS in 2010)	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Ekspress Portals	Subsidiary	100%	100%	Online media (dormant)	Lithuania
TOV Delfi	Subsidiary	100%	100%	Online media	Ukraine
AS Printall	Subsidiary	100%	100%	Printing services	Estonia

* On 1 October 2009, the net assets and business activities of AS Maaleht were sold to Eesti Ekspressi Kirjastuse AS. The new business name of the company is AS Eesti Ajalehed.

** On 30 December 2009, AS Ekspress Grupp and AS Maaleht signed a merger agreement and at the end of the merger proceeding, AS Maaleht is deemed to be liquidated. The acquiring company will continue business under the name AS Ekspress Grupp.

During 2010, the following companies, the results of operations of which had been included in the consolidated financial statements of the Group for 2009, were sold. For information about discontinued operations, please refer to Note 3.

Name of company	Status	Ownership interest 31.12.2010	Ownership interest 31.12.2009	Main field of activity	Domicile
AS Ekspress Hotline	Subsidiary	0%	100%	Information and advertising services	Estonia
Ekspresskataloogide AS	Subsidiary	0%	100%	Phone directories	Estonia
AS Infoatlas	Subsidiary	0%	100%	Phone directory "Infoatlas"	Estonia
Kõnekeskuse AS	Subsidiary	0%	100%	Call centre services	Estonia
Teletell Infoline SRL	Subsidiary	0%	100%	Information services (discontinues operation)	Romania
Express Online SRL	Subsidiary	0%	100%	Call centre services (discontinues operation)	Romania
Rahva Raamat AS	Subsidiary	0%	100%	Book sales	Estonia

Note 2 Basis of preparation

This condensed consolidated interim financial report for the fourth quarter and twelve months ended on 31 December 2010 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

According to management's assessment, the consolidated interim report of AS Ekspress Grupp for the fourth quarter and twelve months of 2010 give a true and fair view of the Group's results of operations and all group entities are going concerns. The interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group

Note 3 Discontinued operations

Sale of AS Ekspress Hotline and its subsidiaries

On 23 April 2009, AS Ekspress Grupp signed a contract for the sale of 100% of the shares in AS Ekspress Hotline and its subsidiaries AS Kõnekeskus, Ekspresskataloogide AS and AS Infoatlas to Cheh OÜ, a holding company that belongs to the investment fund BaltCap. The total transaction amount was EEK 75.2 million (EUR 4.8 million). The transaction amount consisted of the following parts: EEK 46.9 million (EUR 3 million) was payable at the transaction date, EEK 28.3 million (EUR 1.8 million) was subject to offsetting the debt of AS Ekspress Grupp to Ekspress Hotline. The agreement for the conclusion of this sales transaction was concluded on 25 February 2010. AS Ekspress Hotline with its subsidiaries is treated as discontinued operations in these financial statements. The assets and liabilities related to the company are shown as of 31.12.2009 in a separate line of the statement of financial position "Assets or liabilities of discontinued operations". The revenue and expenses related to the company are also included in one line "Gain (loss) from discontinued operations".

AS Ekspress Hotline

	EEK	EUR
(thousand)	31.12.2009	31.12.2009
ASSETS		
Current assets		
Cash and cash equivalents	882	56
Trade and other receivables	38 506	2 461
Inventories	2 376	152
Total current assets	**41 764**	**2 669**
Non-current assets		
Investment property	3 341	214
Property, plant and equipment	9 322	596
Intangible assets	39 030	2 494
Total non-current assets	**51 693**	**3 304**
TOTAL ASSETS OF DISCONTINUED OPERATIONS	**93 457**	**5 973**
LIABILITIES		
Current liabilities		
Trade and other payables	17 231	1 101
TOTAL LIABILITIES OF DISCONTINUED OPERATIONS	**17 231**	**1 101**
Sales	59 799	3 822
Expenses	60 491	3 866
Expenses	2 324	149
including depreciation	(692)	(44)
Loss from discontinued operations	(40 018)	(2 558)
Loss recognised on the remeasurement of assets of discontinued operations	(40 710)	(2 602)
Currency translation reserve	1 004	64

Loss recognised on the remeasurement of assets of discontinued operations mainly relates to the impairment of goodwill. .

Sale of Rahva Raamat AS

On 9 February 2010, the subsidiary of AS Ekspress Grupp, Eesti Ajalehed AS and OÜ Raamatumaja concluded a purchase and sales transaction for the shares of Rahva Raamat AS. The sales price paid in cash was EEK 33 million (EEK 2.1 million) and the profit on the transaction totalled EEK 6.3 million (EUR 0.4 million). The transaction was completed on 18 February 2010. The decision of AS Ekspress Grupp to dispose of Rahva Raamat AS was based on the Group's strategy to focus more on its core activities in printing and online media. The new owner of the company is the management of Rahva Raamat AS.

In the consolidated statement of comprehensive income, Rahva Raamatu AS is accounted for as a discontinued operation and the related income and expenses are reported in one line "Gain (loss) from discontinued operations". Also comparatives for 2009 have been adjusted. In accordance with the requirements of IFRS, no adjustments have been made to the statement of financial position and therefore, only the assets and liabilities treated as a discontinued operation are included in the assets and liabilities of discontinued operations in the statement of financial position as of 31.12.2009 (i.e. the assets and liabilities related to Ekspress Hotline). The assets and liabilities related to Rahva Raamatu AS continue to be consolidated on a line-by-line basis in the statement of financial position as of 31.12.2009, as the sale of Rahva Raamatu AS cannot be treated as a discontinued operation as of this date.

	EEK		EUR	
(thousand)	18.02.2010	31.12.2009	18.02.2010	31.12.2009
ASSETS				
Current assets				
Cash and cash equivalents	14 551	780	930	50
Trade and other receivables	12 395	33 664	792	2 152
Inventories	14 134	14 051	903	898
Total current assets	**41 080**	**48 495**	**2 625**	**3 100**
Non-current assets				
Property, plant and equipment	16 495	16 829	1 054	1 076
Intangible assets	10 924	10 975	698	73
Total non-current assets	**27 419**	**27 804**	**1 752**	**1 778**
TOTAL ASSETS	**68 499**	**76 299**	**4 377**	**4 878**
LIABILITIES				
Current liabilities				
Finance lease (current portion)	945	945	60	60
Trade and other payables	39 465	46 526	2 522	2 974
Total current liabilities	**40 410**	**47 471**	**2 582**	**3 034**
Finance lease (non-current portion)	1 419	1 496	91	96
Total non-current liabilities	**1 419**	**1 496**	**91**	**96**
TOTAL LIABILITIES	**41 829**	**48 967**	**2 673**	**3 130**
Sales	11 835	188 571	756	12 052
Expenses	12 498	189 908	799	12 137
Loss from discontinued operations	**(663)**	**(1 337)**	**(42)**	**(85)**
Sales profit	6 341	0	405	0
Profit (loss) from discontinued operations	**5 678**	**(1 337)**	**363**	**(85)**

Note 4 Capital expenditure

	Property, plant and equipment		Intangible assets	
EEK (thousand)	12 months 2010	12 months 2009	12 months 2010	12 months 2009
Balance at the beginning of period				
Acquisition cost	551 478	566 288	880 776	1 058 213
Accumulated depreciation	(205 540)	(176 716)	(59 163)	(44 834)
Book value	**345 938**	**389 572**	**821 613**	**1 013 379**
Acquisitions and improvements	4 601	8 657	4 494	5 226
Disposals (at book value)	(37)	(378)	0	(6 004)
Write-offs	62	(642)	(213)	(434)
Reclassification	(939)	(359)	0	359
Sold through business combinations	(16 829)	(11 752)	(10 964)	(79 849)
Depreciation and amortization	(33 417)	(39 160)	(17 937)	(19 645)
Impairment	0	0	0	(91 445)
Balance at the end of period				
Acquisition cost	513 154	551 519	866 134	972 221
Accumulated depreciation	(213 716)	(205 581)	(69 152)	(150 608)
Book value	**299 438**	**345 938**	**796 982**	**821 613**

	Property, plant and equipment		Intangible assets	
EUR (thousand)	12 months 2010	12 months 2009	12 months 2010	12 months 2009
Balance at the beginning of period				
Acquisition cost	35 246	36 192	56 292	67 632
Accumulated depreciation	(13 136)	(11 294)	(3 781)	(2 865)
Book value	**22 109**	**24 898**	**52 511**	**64 767**
Acquisitions and improvements	296	553	287	334
Disposals (at book value)	(2)	(24)	0	(384)
Write-offs	4	(41)	(14)	(28)
Reclassification	(60)	(23)	0	23
Sold through business combinations	(1 076)	(751)	(701)	(5 103)
Depreciation and amortization	(2 136)	(2 503)	(1 146)	(1 256)
Impairment	0	0	0	(5 844)
Balance at the end of period				
Acquisition cost	32 797	35 248	55 356	62 136
Accumulated depreciation	(13 659)	(13 139)	(4 420)	(9 626)
Book value	**19 138**	**22 109**	**50 936**	**52 511**

Note 5 Bank loans and borrowings

EEK thousand	Total amount	Repayment term			Average effective interest rate
		up to 1 year	1 to 5 years	Later than 5 years	
Balance on 31.12.2010					
Bank overdraft	**10 510**	10 510	0	0	4.13%
Short-term bank loans	**3 819**	3 819	0	0	3.85%
Long-term bank loans	**503 412**	48 041	455 371	0	4.71%
Finance lease	**81 305**	19 509	61 796	0	3.84%
Total:	**599 046**	**81 878**	**517 168**	**0**	
Balance on 31.12.2009					
Bank overdraft	**39 909**	39 909	0	0	4.13%
Short-term bank loans	**8 222**	8 222	0	0	5.81%
Long-term bank loans	**574 078**	56 352	517 726	0	4.58%
Finance lease	**103 931**	38 610	65 321	0	3.24%
Total:	**726 140**	**143 093**	**583 047**	**0**	

EUR thousand	Total amount	Repayment term			Average effective interest rate
		up to 1 year	1-5 years	later than 5 years	
Balance on 31.12.2010					
Bank overdraft	**672**	672	0	0	4.13%
Short-term bank loans	**244**	244	0	0	3.85%
Long-term bank loans	**32 172**	3 070	29 102	0	4.71%
Finance lease	**5 196**	1 247	3 949	0	3.84%
Total:	**38 284**	**5 233**	**33 053**	**0**	
Balance on 31.12.2009					
Bank overdraft	**2 551**	2 551	0	0	4.13%
Short-term bank loans	**525**	525	0	0	5.81%
Long-term bank loans	**36 689**	3 602	33 087	0	4.58%
Finance lease	**6 643**	2 468	4 175	0	3.24%
Total:	**46 408**	**9 145**	**37 263**	**0**	

The effective interest rates are very close to the nominal interest rates.

A loan agreement has been concluded between the syndicate of SEB Bank, Danske Bank A/S Estonia Branch (Sampo Bank) and Nordea Bank, and Ekspress Group on 28 August 2007 in the amount of EEK 674.4 million (EUR 43.1 million) for purchasing Delfi Group and Maaleht. The loan's repayment date is 25.09.2012. On 5 February 2010, an agreement was concluded to amend the loan agreement and according to this, the new repayment date is 25 January 2015 instead of the previously agreed 25 September 2012.

The repayment profiles were amended in such a way that AS Ekspress Grupp will begin repaying the difference in the form of instalments starting from February 2010 until December 2012 under a ten year annuity profile and starting from January 2013 until December 2014, under a five year annuity profile. The difference in is added to the bullet amount of the loan, payable on 25 January 2015.

In 2009, the interest rate on the loan was 3.5%+ 6-month EURIBOR, from 25.01.2010, the interest rate was 4%+ 6-month EURIBOR andfrom 25.02.2010, the interest rate is 3.75% + 6-month EURIBOR.

As of 31.12.2010, the outstanding loan balance is EEK 461.3 million (EUR 29.4 million), as of 31.12.2009, EEK 526.9 million (EUR 33.7 million). The loan is secured by:
- a mortgage on the registered immovable located at Peterburi tee 64A in the mortgage amount of EEK 40 million (EUR 2.56 million);
- a pledge on the shares of Delfi Estonia, Delfi Latvia, Delfi Lithuania, Eesti Ajalehed, Printall, Eesti Päevaleht and Delfi Holding and the guarantee of these subsidiaries in the total amount of EUR 43.1 million (EEK 674,4 million);
- with a combined pledge in the amount of EEK 4 million (EUR 0.3 million) on the following trademarks: Eesti Ekspress, Delfi and Maaleht.

According to the conditions of the loan agreement, the borrower must comply with the levels established for certain financial ratios, such as the total EBITDA level of the subsidiaries and equity ratio (equity /balance sheet total). As of the balance sheet date, all financial ratios were in compliance with the terms established by financial institutions. From 31.03.2011, an additional covenant includes the debt-service coverage ratio and times interest earned ratio as well as total debt/EBITDA ratio. In addition, according to the conditions fixed in the loan agreement, payment of dividends is limited.

On 01 April 2010, AS Ekspress Grupp and Danske Bank A/S Estonia Branch (legal successor of AS Sampo Pank) entered into an overdraft agreement, according to which the overdraft amount is EUR 0.96 million (EEK 15 million). The overdraft interest rate is 3.5%+ 6 month EURIBOR and the maturity term is 31 March 2012. After the balance sheet date, the loan has been rolled over until 31.01.2012.

On 24 May 2010, AS Ekspress Grupp and AS SEB Pank entered into an overdraft agreement with the limit of EUR 0.96 million (EEK 15 million). The overdraft interest rate is 3.5%+ 1-month EURIBOR. After the balance sheet, the contract was extended until 31 July 2012.

On 08.06.2010, an overdraft contract was concluded between AS Ekspress Grupp and Nordea Bank Finland Plc Estonia Branch with the limit of EUR 0.96 million (EEK 15 million). The loan interest rate is the prevailing bank's base rate + margin of 3.5% p.a. and the maturity date of the loan is 31.01.2011. After the balance sheet date, the loan was rolled over until 31.01.2012.

A loan agreement of AS Printall (borrower) in the amount of EEK 75 million (EUR 4.8 million), with the term of 15.12.2014 is secured with a mortgage in the amount of EEK 100 million (EUR 6.4 million) on registered immovable located at Peterburi Rd 64A, Tallinn (the carrying amount of the building as of 31.12.2010, EEK 68.6 million (EUR 4.4 million); the carrying amount of the registered immovable, EEK 6.4 million (0.4 million). As of 31.12.2010, the outstanding loan balance was EEK 42.1 million (EUR 2.7 million), as of 31.12.2009, EEK 47.2 million (EUR 3.0 million). Finance lease agreements also contain certain covenants for the ratios of the company which the financial indicators of the company must comply with. As of the balance sheet date, all ratios were in compliance with the covenants established by financial institutions.

In conjunction with the refinancing of the loans of AS Ekspress Grupp, the loan and rental obligations of the subsidiary Printall AS were also reviewed and the agreements to amend loan and rental contracts were concluded. In accordance with the agreements, loan and rental maturity dates were extended by one year and the principal payments were reduced by 50% between January 2010 and December 2011.

Note 6 Segment reporting

The Group presents the following major segments in the consolidated financial statements:

a) online media;
b) periodicals;
c) printing services;
d) corporate functions.

Key financial results by segments Q4 /2009-2010

Group

(thousand) EEK	Revenue Q4 2010	Revenue Q4 2009	Revenue Change %	EBITDA Q4 2010	EBITDA Q4 2009	EBITDA Change %
Online segments	36 015	29 577	21.8%	4 728	1 350	250.2%
Periodicals	94 675	100 985	-6.2%	3 956	2 689	47.1%
Printing services	113 121	95 548	18.4%	23 922	15 056	58.9%
Corporate functions	480	408	17.6%	(3 695)	(5 450)	32.2%
Eliminations	(11 396)	(15 073)	24.4%	90	380	-76.3%
Total	**232 895**	**211 445**	**10.1%**	**29 001**	**14 025**	**106.8%**

Group

(thousand) EUR	Revenue Q4 2010	Revenue Q4 2009	Revenue Change %	EBITDA Q4 2010	EBITDA Q4 2009	EBITDA Change %
Online segments	2 302	1 890	21.8%	302	86	250.2%
Periodicals	6 051	6 454	-6.2%	253	172	47.1%
Printing services	7 230	6 107	18.4%	1 529	962	58.9%
Corporate functions	31	27	17.6%	(236)	(348)	32.2%
Eliminations	(729)	(964)	24.4%	6	24	-76.3%
Total	**14 885**	**13 514**	**10.1%**	**1 854**	**896**	**106.8%**

Key financial results by segments 12 months /2009-2010

Group

(thousand) EEK	Revenue 12 months 2010	Revenue 12 months 2009	Revenue Change %	EBITDA 12 months 2010	EBITDA 12 months 2009	EBITDA Change %
Online segments	123 356	108 572	13.6%	11 860	(1 894)	726.2%
Periodicals	352 369	405 301	-13.1%	14 299	3 834	273.0%
Printing services	378 979	355 125	6.7%	81 331	59 554	36.6%
Corporate functions	2 012	2 275	-11.6%	(13 040)	(14 463)	9.8%
Eliminations	(46 004)	(58 055)	20.8%	72	124	-41.9%
Total	**810 712**	**813 218**	**-0.3%**	**94 522**	**47 155**	**100.4%**

Group

(thousand) EUR	Revenue 12 months 2010	Revenue 12 months 2009	Revenue Change %	EBITDA 12 months 2010	EBITDA 12 months 2009	EBITDA Change %
Online segments	7 884	6 939	13.6%	758	(121)	726.2%
Periodicals	22 520	25 903	-13.1%	914	245	273.0%
Printing services	24 221	22 697	6.7%	5 198	3 806	36.6%
Corporate functions	129	146	-11.6%	(833)	(924)	9.8%
Eliminations	(2 940)	(3 711)	20.8%	4	8	-41.9%
Total	**51 814**	**51 974**	**-0.3%**	**6 041**	**3 014**	**100.4%**

Online media segment

This segment includes group companies' SIA Delfi Holding (Latvia), AS Delfi (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), mango.lv SIA (Latvia), TOV Delfi (Ukraine), UAB Ekspress Portals (Lithuania) and SIA Ekspress Portals (Latvia), which was merged with Delfi Latvia in 2010.

Online media segment key financial results Q4 / 2009-2010

(thousand)	Revenue			EBITDA		
EEK	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
Delfi Eesti	12 380	6 706	84.6%	838	1 140	-26.5%
Delfi Läti	8 021	6 599	21.5%	245	(1 388)	117.7%
Delfi Leedu	15 651	13 099	19.5%	3 947	3 063	28.9%
Delfi Ukraina	178	16	1012.5%	(2 160)	(1 896)	-13.9%
Delfi Holding	4 009	3 793	5.7%	2 068	1 533	34.9%
Other	220	291	-24.4%	(181)	(832)	78.2%
Eliminations	(4 444)	(927)	-379.4%	(29)	(270)	89.3%
Total	**36 015**	**29 577**	**21.8%**	**4 728**	**1 350**	**250.2%**

(thousand)	Revenue			EBITDA		
EUR	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
Delfi Eesti	791	429	84.6%	54	73	-26.5%
Delfi Läti	513	422	21.5%	16	(89)	117.7%
Delfi Leedu	1 000	837	19.5%	252	196	28.9%
Delfi Ukraina	11	1	1012.5%	(138)	(121)	-13.9%
Delfi Holding	256	242	5.7%	132	98	34.9%
Other	14	19	-24.4%	(12)	(53)	78.2%
Eliminations	(283)	(60)	-379.4%	(2)	(18)	89.3%
Total	**2 302**	**1 890**	**21.8%**	**302**	**86**	**250.2%**

Online media segment key financial results 12 months / 2009-2010

(thousand)	Revenue			EBITDA		
EEK	12 months 2010	12 months 2009	Change %	12 months 2010	12 months 2009	Change %
Delfi Eesti	42 790	35 316	21.2%	3 446	2 246	53.4%
Delfi Läti	26 309	28 058	-6.2%	(1 663)	(2 611)	36.3%
Delfi Leedu	54 188	45 156	20.0%	11 537	1 440	701.2%
Delfi Ukraina	550	44	1150.0%	(8 167)	(5 279)	-54.7%
Delfi Holding	14 155	9 476	49.4%	6 995	5 867	19.2%
Other	922	908	1.5%	(274)	(3 178)	91.4%
Eliminations	(15 558)	(10 386)	-49.8%	(14)	(379)	96.3%
Total	**123 356**	**108 572**	**13.6%**	**11 860**	**(1 894)**	**726.2%**

(thousand)	Revenue			EBITDA		
EUR	12 months 2010	12 months 2009	Change %	12 months 2010	12 months 2009	Change %
Delfi Eesti	2 735	2 257	21.2%	220	144	53.4%
Delfi Läti	1 681	1 793	-6.2%	(106)	(167)	36.3%
Delfi Leedu	3 463	2 886	20.0%	737	92	701.2%
Delfi Ukraina	35	3	1150.0%	(522)	(337)	-54.7%
Delfi Holding	904	607	49.4%	448	375	19.2%
Other	59	58	1.5%	(18)	(203)	91.4%
Eliminations	(993)	(665)	-49.8%	(1)	(25)	96.3%
Total	**7 884**	**6 939**	**13.6%**	**758**	**(121)**	**726.2%**

Periodicals segment

This segment includes group companies AS Eesti Ajalehed (publisher of Eesti Ekspress and Maaleht), AS Ajakirjade Kirjastus, AS SL Õhtuleht, Eesti Päevalehe AS, UAB Ekspress Leidyba and OÜ Uniservice. This segment also includes AS Express Post, engaged in home delivery of periodicals.

From 2010, Ekspress Group includes the revenue of all periodicals in this segment, including advertising revenue of web portals and sale of articles and publications in a digital form. Also comparatives for 2009 have been adjusted accordingly.

Periodicals segment key financial results Q4 / 2009-2010

(thousand)	Revenue			EBITDA		
EEK	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
Eesti Ajalehed AS**	32 337	35 491	-8.9%	1 094	3 014	-63.7%
Eesti Päevalehe AS*	13 036	14 606	-10.7%	(526)	(2 746)	80.8%
SL Õhtuleht AS*	13 873	14 802	-6.3%	892	2 014	-55.7%
AS Ajakirjade Kirjastus*	19 455	18 723	3.9%	1 199	978	22.6%
UAB Ekspress Leidyba	10 814	12 082	-10.5%	(31)	(1 081)	97.1%
AS Express Post*	10 078	10 637	-5.3%	1 241	1 834	-32.3%
OÜ Uniservice*	58	84	-31.0%	-23	21	-209.5%
Eliminations	(4 976)	(5 440)	8.5%	110	(1 345)	108.2%
Total	**94 675**	**100 985**	**-6.2%**	**3 956**	**2 689**	**47.1%**

*Proportional part from joint ventures
** 2009 results together with AS Maaleht operations

(thousand)	Revenue			EBITDA		
EUR	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
Eesti Ajalehed AS**	2 067	2 268	-8.9%	70	193	-63.7%
Eesti Päevalehe AS*	833	933	-10.7%	(34)	(176)	80.8%
SL Õhtuleht AS*	887	946	-6.3%	57	129	-55.7%
AS Ajakirjade Kirjastus*	1 243	1 197	3.9%	77	63	22.6%
UAB Ekspress Leidyba	691	772	-10.5%	(2)	(69)	97.1%
AS Express Post*	644	680	-5.3%	78	117	-32.3%
OÜ Uniservice*	4	5	-31.0%	(1)	1	-209.5%
Eliminations	(318)	(347)	8.5%	8	(86)	108.2%
Total	**6 051**	**6 454**	**-6.2%**	**253**	**172**	**47.1%**

*Proportional part from joint ventures
** 2009 results together with AS Maaleht operations

Periodicals segment key financial results 12 months / 2009-2010

(thousand) EEK	Revenue 12 months 2010	Revenue 12 months 2009	Revenue Change %	EBITDA 12 months 2010	EBITDA 12 months 2009	EBITDA Change %
Eesti Ajalehed AS**	117 871	130 321	-9.6%	9 208	(1 949)	572.4%
Eesti Päevalehe AS*	50 602	65 513	-22.8%	(4 266)	(1 682)	-153.6%
SL Õhtuleht AS*	53 841	60 754	-11.4%	4 212	8 331	-49.4%
AS Ajakirjade Kirjastus*	68 377	75 147	-9.0%	2 622	364	620.3%
UAB Ekspress Leidyba	42 642	53 267	-19.9%	(2 151)	(4 666)	53.9%
AS Express Post*	37 803	39 591	-4.5%	4 659	4 815	-3.2%
OÜ Uniservice*	179	245	-26.9%	-95	-46	-106.5%
Eliminations	(18 946)	(19 537)	3.0%	110	(1 333)	108.3%
Total	**352 369**	**405 301**	**-13.1%**	**14 299**	**3 834**	**273.0%**

*Proportional part from joint ventures
** 2009 results together with AS Maaleht operations

(thousand) EUR	Revenue 9 months 2010	Revenue 9 months 2009	Revenue Change %	EBITDA 9 months 2010	EBITDA 9 months 2009	EBITDA Change %
Eesti Ajalehed AS**	7 533	8 329	-9.6%	588	(125)	572.4%
Eesti Päevalehe AS*	3 234	4 187	-22.8%	(273)	(107)	-153.6%
SL Õhtuleht AS*	3 441	3 883	-11.4%	269	532	-49.4%
AS Ajakirjade Kirjastus*	4 370	4 803	-9.0%	168	23	620.3%
UAB Ekspress Leidyba	2 725	3 404	-19.9%	(137)	(298)	53.9%
AS Express Post*	2 416	2 530	-4.5%	297	308	-3.2%
OÜ Uniservice*	12	16	-26.9%	(6)	(3)	-106.5%
Eliminations	(1 211)	(1 249)	3.0%	8	(85)	108.3%
Total	**22 520**	**25 903**	**-13.1%**	**914**	**245**	**273.0%**

*Proportional part from joint ventures
** 2009 results together with AS Maaleht operations

Printing services segment

All the printing services of Ekspress Grupp are concentrated at AS Printall which is the largest printing company in Estonia. Printall is able to print both newspapers (*coldset*) and magazines (*heatset*).

Printing services segment key financial results Q4 / 2009-2010

(thousand)	Revenue			EBITDA		
EEK	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
AS Printall	113 121	95 548	18.4%	23 922	15 056	58.9%

(thousand)	Revenue			EBITDA		
EUR	Q4 2010	Q4 2009	Change %	Q4 2010	Q4 2009	Change %
AS Printall	7 230	6 107	18.4%	1 529	962	58.9%

The export share of the revenue was 64.5%. including 44.9% to Western Europe and 19.6% to other countries.

Printing services segment key financial results 12 months / 2009-2010

(thousand)	Revenue			EBITDA		
EEK	12 months 2010	12 months 2009	Change %	12 months 2010	12 months 2009	Change %
AS Printall	378 979	355 125	6.7%	81 331	59 554	36.6%

(thousand)	Revenue			EBITDA		
EUR	12 months 2010	12 months 2009	Change %	12 months 2010	12 months 2009	Change %
AS Printall	378 979	355 125	6.7%	81 331	59 554	36.6%

Note 7 Reserves

The reserves include:

- Statutory reserve capital required by the Commercial Code. Subject to the approval of the General Meeting of Shareholders, the reserve may be used for covering cumulated losses, if the latter cannot be covered from other unrestricted equity, and for increasing share capital.
- Other reserves –monetary contributions by owners as a general-purpose additional equity contribution by a founding shareholder, a hedging reserve derived from interest rate swaps and revaluation reserve of investment property at the end of 2009.

Reserves by type

(thousand)	EEK		EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Statutory reserve capital	**266**	**266**	**17**	**17**
Other reserves				
Additional payments in cash from shareholders	10 000	10 000	639	639
Revaluation of investment property	0	3 414	0	218
Hedging reserve	(9 539)	(13 993)	(610)	(894)
Other reserves	**461**	**(579)**	**29**	**(37)**
Total reserves	**721**	**(313)**	**46**	**(20)**

Note 8 Earnings per share

Basic earnings per share have been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the period

In view of the fact that the Group did not have any dilutive instruments as of 31.12.2010 and 31.12.2009 **diluted earnings per share** equal basic earnings per share.

	EEK			
	Q4 2010	Q4 2009	12 months 2010	12 months 2009
Profit attributable to equity holders of the Parent Company	3 594 527	(109 322 909)	(2 016 658)	(190 026 243)
The average number of ordinary shares	29 796 841	20 848 841	26 781 488	20 787 106
Basic and diluted earnings per share	0.12	(5.24)	(0.09)	(9.14)

	EUR			
	Q4 2010	Q4 2009	12 months 2010	12 months 2009
Profit attributable to equity holders of the Parent Company	229 732	(6 987 007)	(128 888)	(12 144 890)
The average number of ordinary shares	29 796 841	20 848 841	26 781 488	20 787 106
Basic and diluted earnings per share	0.01	(0.34)	(0.01)	(0.58)

On 3 May 2010 additional 8 948 000 shares were issued and the share capital of Ekspress Group increased from 20 848 841 shares to 29 796 841 shares, respectively. The weighted average of shares in issue in 2010 is 26 781 488 shares.

Note 9 Equity

The Annual General Meeting of Shareholders of AS Ekspress Grupp held on 30 March 2010 decided to increase the share capital of AS Ekspress Grupp by issuing 8 948 000 new shares with the nominal value of EEK 10 (EUR 0.64) each and to list these shares on NASDAQ OMX Tallinn Stock Exchange. The subscription for new shares took place between 16 April 2010 and 3 May 2010.

New shares were issued with the share premium of 3,77 EEK (0,24 EUR) per share. In total the share capital increased by 89 480 thousand EEK (5 719 thousand EUR) and share premium 33 731 thousand EEK (2 155 thousand EUR). Issue related costs in amount of 3 220 thousand kroons (206 thousand EUR) were deducted from share premium. As a result, the share premium increased in total 30 511 thousand EEK (1 950 thousand EUR).

Monetary contributions amounted to 85 341 thousand EEK (5 454 thousand EUR). 37 980 thousand EEK (2 420 thousand EUR) were offset outstanding loan and loan interests, including OÜ HHL Rühm in amount of 21 427 thousand EEK (1 369 thousand EUR) and KJK Fund SICAV-SIF in amount of 16 443 thousand EEK (1 051 thousand EUR).

As of 31.12.2010 the share capital of Ekspress Group is EEK 297 968 410 (EUR 19 043 652) and consists of 29 796 841 shares with the nominal value of EEK 10 (EUR 0.64) per share (31.12.2009: EEK 208 488 410 (EUR 13 324 738).

The maximum amount of share capital as stipulated by the articles of association is EEK 400 000 000 (EUR 25 564 659).

Note 10 Related party transactions

Transactions with related parties are transactions with the parent company, shareholders, associates, unconsolidated subsidiaries, key management, management board, supervisory board, their close relatives and the companies in which they hold a majority interest.

The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased from (goods for sale, manufacturing materials, fixed assets) and sold its goods and services to (lease of capital assets, management services, other services) the following related parties:

Sales

	EEK		EUR	
(thousand)	2010	2009	2010	2009
Sales of goods				
Members of the Supervisory Board and companies related to them	25	1	2	0
Associates	16 017	23 535	1 024	1 504
Total sale of goods	**16 042**	**23 536**	**1 026**	**1 504**
Sale of services				
Members of the Supervisory Board and companies related to them	484	79	31	5
Associates	2 995	5 211	191	333
Total sale of services	**3 479**	**5 290**	**222**	**338**
Total sales	**19 521**	**28 826**	**1 248**	**1 842**

Purchases

	EEK		EUR	
(thousand)	2010	2009	2010	2009
Purchase of services				
members of Management Board and companies related to them	1 585	680	101	43
members of Supervisory Board and companies related to them	7 147	11 411	457	729
Associates	15	535	1	34
Total purchases of services	**8 747**	**12 626**	**559**	**806**

Receivables

	EEK		EUR	
(thousand)	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Short-term receivables				
members of the Supervisory Board and companies related to them	3 389	3 054	217	195
Associates	5 927	4 566	379	292
Total short-term receivables	**9 316**	**7 620**	**596**	**487**
Long-term receivables				
members of Supervisory Board and companies related to them	1 100	1 550	70	99
Total long-term receivables	**1 100**	**1 550**	**70**	**99**
Total receivables	**10 416**	**9 170**	**666**	**586**

Liabilities

(thousand)	EEK 31.12.2010	EEK 31.12.2009	EUR 31.12.2010	EUR 31.12.2009
Current liabilities				
members of Management Board and companies related to them	52	41	3	3
members of Supervisory Board and companies related to them	268	21 592	17	1 380
Total liabilities	**320**	**21 633**	**20**	**1 383**

According to the decision of the Annual General Meeting held on 2 June 2009, Hans H. Luik will be paid a guarantee fee of 1.5% p.a on the guarantee amount for the personal guarantee of EUR 4 000 000 on the syndicate loan and overdraft agreements until the guarantee expires. The amount paid during 2010 was EEK 0.9 million (EUR 0.05 million) and as of 31.12.2010, there is no outstanding debt.

Remuneration of key management and supervisory board members (including the boards of subsidiaries and joint ventures)

(thousand)	EEK 2010	EEK 2009	EUR 2010	EUR 2009
Salaries and other benefits (paid)	15 642	18 859	1 000	1 205

A member of the Management Board is entitled to compensation upon the termination of his contract. The key management termination benefits are obligations only in case the termination of contracts is originated by the Group. If a member of the Management Board is recalled without a substantial reason, the member will be paid compensation for termination of the contract totalling up to 4 months' salary. The cost is recognised on an accrual basis. Upon termination of an employment relationship, no compensation is paid if a member of the Management Board leaves at his or her initiative or if a member of the Management Board is removed by the Supervisory Board for a substantial reason. Potential key management termination benefits total EEK 3 398 thousand (EUR 217 thousand) in 2010 and in 2009, they totalled EEK 4 076 thousand (EUR 261 thousand).

According to management, transactions with related parties have been carried out using the arm's length principle.

Note 11 Financial risk management

The management of financial risks is an essential and integral part in managing the business processes of the Group. The ability of the management to identify, measure and verify different risks has a substantial impact on the profitability of the Group. The risk is defined by the management of the Group as a possible negative deviation from the expected financial performance.

Several financial risks are related to the activities of the Group, of which the more substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price risk), operational risk and capital risk.

The risk management of the Group is based on the requirements established by the Tallinn Stock Exchange, Financial Supervision Authority and other regulatory bodies, compliance with the generally accepted accounting standards and good practice, internal regulations and policies of the Group and its subsidiaries. The management of risks at the level of the Group includes the definition, measurement and control of risks. The Group's risk management programme focuses on unpredictability of financial markets and finding of possibilities to minimise the potential negative impacts arising from this on the Group's financial activities.

The main role upon the management of risks is vested in the Management Board of the Parent Company. The Supervisory Board of the Parent Company exercises supervision over the measures applied by the Management Board for hedging risks. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk, as well as the managements and financial units of the subsidiaries. The risk management at the joint ventures within the Group is performed in cooperation with the other shareholder of the joint venture.

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations.

Credit risk arises from cash and cash equivalents, money market funds, trade receivables, other short-term receivables and loans granted.

Since the Group holds its available liquid assets at the banks primarily with the credit rating of "A", they do not expose the Group to substantial credit risk.

The banks' latest long-term credit rating, which was shown on the bank's website, is used.

The payment discipline of clients is continuously monitored to reduce credit risk, a credit policy has been established to ensure the sale or services to clients with an adequate credit history and the application of prepayments to clients in a higher risk category. According to the credit policy, different client groups are subject to different payment terms, credit limits, possible grace periods. Clients are classified on the basis of their size, reputation, the results of checking credit background and history of payment behaviour. At the first level, the advertising clients are divided into two groups: advertising agencies and direct clients, they are further grouped according to the above principles. The Group applies the same credit policy in all Baltic States, but is aware of different credit behaviour of clients. While in Estonia invoices are generally paid when due, the usual practice in Latvia and Lithuania is to pay invoices 1-3 months past their due date and not to consider it as a violation of credit discipline.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. At the beginning, their payment behaviour is also monitored with increased interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as a longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In addition, in the publishing segment, the Group's subsidiaries use a program that provides information to major media companies about their debtors.

In case of large transactions, in particular in the segment of printing services, clients are requested to provide security or prepayment.

The Group's management is aware that credit risk is higher under the conditions of economic recession and therefore credit risk management is a priority field. As a specific measure, the credit policies applicable in companies within the Group have been harmonised and made stricter. A regular reporting routine on trade receivables has been established, which enables the Group's management to receive information on an ongoing basis and intervene when necessary if the debtor is an international group operating in several Baltic States.

Liquidity risk

Liquidity risk means that the Group may not have liquid funds to fulfil its financial obligations in a timely manner.

The objective of the Group is to maintain a balance between the financial need and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part of it. According to the policy of the Group, the subsidiaries that have joined the group account prepare cash flow projections for next two months every week. In 2010, the Group has managed to keep the liquidity level on Group's account in accordance with the rules due to the overdraft credit opportunities.

To manage the liquidity risk, the Group uses different financing sources which include bank loans, overdraft, continuous monitoring of trade receivables and delivery contracts.

Overdraft credit is used to finance working capital, bank loans and investment loans are used to acquire financial investments and non-current assets. The Group has high leverage therefore liquidity management is a top priority for the Group.

Interest rate risk

Since the Group does not have any significant interest-bearing financial assets, the Group's income and cash flow of operating activities are substantially independent from changes in interest rates occurring in the market.

Interest rate risk means that a change in interest rates results in a change in the cash flow and profit of the Group. The interest rates of loans granted and assumed by the Group are partially fixed and partially tied to Euribor.

The interest rate risk of the Group is related to short-term and long-term borrowings which have been assumed at a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor and the resulting change of average interest rates of banks.

The Group manages interest rate risk by using derivative instruments for hedging purposes. On 30 September 2008, the Group entered into interest rate swap contracts with the banks that issued the syndicated loan in order to hedge fluctuations of Euribor on 50% of the loan repayments until the end of the loan annuity schedule in September 2012. Pursuant to the interest rate swap contracts, the Group makes fixed interest payments of 4.3%, receiving interest payments on a 6-month Euribor basis in turn.

Foreign exchange risk

The Group's operating activities have an international dimension and therefore the Group is exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Company. According to the policy established by the Group's management, the Group companies are required to manage their foreign exchange risk with regard to functional currency. The subsidiaries are required to use the Euro as the currency in their foreign contracts.

The Group pays most of its suppliers of paper and other materials in euros, while the domestic suppliers and employees are paid in Estonian kroons, Lithuanian litas, Latvian lats and Ukrainian hryvnias. Group's income are mainly in euros and local currencies. In addition the Estonian kroons and Lithuanian litas are pegged to euro. As a result there are no substantial open foreign currency positions.

Price risk

The management estimates that price risk does not have any substantial impact on the activities of the Group, because the Company does not have any substantial investments in equity instruments.

Of the price risk related to raw materials, the price of paper affects the activities of the Group the most. In a situation where the majority of paper used in the production is purchased directly from producers at the base price without any commissions and the price is fixed for half a year in advance, and given that the volume of paper in the international scale is insignificant, the Group does not use derivative instruments to hedge the paper price risk.

Operational risk

Operational risk is a possible loss caused by insufficient or non-functioning processes, employees and information systems or external factors.

The involvement of employees in the risk assessment process improves the general risk culture. Upon performance of transactions, systems of transaction limits and competences are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied during negotiations related purchase and sales as well as other transactions. Drafts of important agreements prepared by law offices are reviewed by the management, in-house lawyers are also involved in the work process. The management considers the legal protection of the Group to be good. Dependence of the Group's activities on IT systems is considered to be low by the management, other than online media, which directly depends on the functioning of the IT systems and investments for the increase of whose security and reliability are continuously made. The responsibility for managing operational risk lies with the Management Board of the Group.

Capital risk

The main objective of the Group upon managing capital risk is to ensure the sustainability of the Group in order to ensure income for shareholders and benefits for other stakeholders, while maintaining the optimal capital structure in order to reduce the price of the capital.

Note 12 Events after the balance sheet date

Preliminary contract for the sale of AS Express Post

On 4 February 2011, AS Ekspress Grupp entered into a preliminary contract for the sale of its ownership interest in the joint venture AS Express Post, engaged in home delivery of newspapers. The acquirer of the ownership interest is AS Estonia Post. The transaction amount according to the preliminary contract was EUR 2 621 100.

AS Ekspress Grupp wishes to dispose of its ownership interest in this company due to its strategy to focus more on electronic media. This, the strategic value of this company is reduced for Ekspress Group. At the same time, the possible merger of Express Post and Estonia Post may make the delivery of newspapers more effective by combining various activities. The Company will conclude the final purchase and sales contract after the receipt of the merger permit from the Competition Board.

More detailed financial information about the joint venture is disclosed in Note 6.

Changeover to euro in Estonia

On 1 January 2011, The Republic of Estonia joined the euro zone and adopted euro as the national currency, which replaced the Estonian kroon. Consequently, the Group's currency from 2011 is euro and annual reports submitted to the commercial register in 2011 and in coming years will be in euros. The comparable data will be converted into euros at the transition rate of 15.6466 EEK/EUR, which is also the fixed exchange rate used for the previous periods.