AS EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE SECOND QUARTER AND FIRST HALF-YEAR

2014

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GENERAL INFORMATION

Beginning of reporting period	1 January 2014
End of reporting period	30 June 2014
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt 11E, Tallinn 10151
Phone	669 8381
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E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services
Management Board	Gunnar Kobin (chairman)
	Andre Veskimeister
	Pirje Raidma
Supervisory Board	Viktor Mahhov (chairman)
	Hans H. Luik
	Kari Sakari Salonen
	Harri Helmer Roschier
	Ville Jehe (until 20.06.2014)
	Aavo Kokk (until 20.06.2014)
	Indrek Kasela (since 20.06.2014)
	Jaak Ennuste (since 20.06.2014)
Auditor	AS PricewaterhouseCoopers

Management Board’s confirmation of the Group’s interim financial statements

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 47 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group’s financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Gunnar Kobin	Chairman of the Management Board	*signed digitally*	31.07.2014
Pirje Raidma	Member of the Management Board	*signed digitally*	31.07.2014
Andre Veskimeister	Member of the Management Board	*signed digitally*	31.07.2014

MANAGEMENT REPORT

In **the 2nd quarter of 2014**, the consolidated EBITDA of Ekspress Group amounted to EUR 2.94 million and the consolidated net profit was EUR 1.86 million. The EBITDA increased 23% year-on-year and the net profit figure was 33% higher compared to last year same period. The results for the 2nd quarter include the settlement of legal expenses in the amount of ca EUR 50 thousand related to the legal dispute regarding the ownership of the shares of AS SL Õhtuleht and AS Ajakirjade Kirjastus that ended in June. After normalising the result with regard to these expense claims, EBITDA was EUR 2.89 million and the net profit was EUR 1.81 million in the 2nd quarter. The EBITDA of the first-half year amounted to EUR 4.39 million and consolidated net profit totalled EUR 2.36 million. After normalising the **first-half year** result with extraordinary expenses from the 1st and 2nd quarters, the Group earned EUR 4.64 million in EBITDA and EUR 2.61 million in net profit.

The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post) consolidated 50% line-by-line. Starting from 2014, in consolidated financial reports 50% joint ventures shall be recognised under the equity method, in compliance with **new international financial reporting standards (IFRS)**. The change in these accounting policies did not affect the net profit, but decreased the second-quarter revenue by approximately EUR 2.2 million and the EBITDA by approximately EUR 0.27 million (first-half year sales revenue was approximately EUR 4.3 million lower and EBITDA was approximately EUR 0.4 million lower). In its monthly reports, the management monitors the Group's performance by continuing proportional consolidation of joint ventures and the syndicated loan contract determines the calculation of ratios by proportional consolidation. For purposes of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line and the other where joint ventures are recognised under the equity method and their result is presented on one line as financial income. In Note 3 of the interim financial statements, the impact of every joint venture on the respective lines of the income statement and balance sheet is described in more detail.

The main cause for good economic results was significant growth of both the online media segment and the periodicals segment as compared to last year.

In the **online media segment, the** EBITDA improved more than 30% and the result of the periodicals segment improved more than 120%. In the online segment, the biggest profit growth was posted by Delfi Estonia, exceeding last year's result by 63% and earning approximately EUR 300 thousand in EBITDA. The EBITDA figure of Delfi Latvia increased 93%, but was almost three times lower than in Delfi Estonia in absolute figures. The profit of Delfi Lithuania increased 7%. The profit of Delfi Estonia improved due to the 21% revenue growth as compared to the previous year. Delfi Estonia increased both the share of video advertising and successfully launched online verticals portals and various special projects, while keeping costs under control. In the 2nd quarter , the revenue of Delfi Lithuania increased 16%, but the revenue of Delfi Latvia decreased. In the Latvian market we are still feeling the impact of the price shock resulting from the transition to the euro. In the online media segment, we continued to develop the discount price portal Zave in all three Baltic countries, increasing the number of retailers who participate in the portal to 40 in Estonia and to 25 in Latvia and Lithuania. We also launched new specialized verticals in all three Baltic markets.

In the **periodicals segment,** AS Eesti Ajalehed and AS Ajakirjade Kirjastus posted the strongest result, increasing their EBITDA by 165% and 96%, respectively, as compared to the 2nd quarter in 2013. The result of AS Eesti Ajalehed that showed significant improvement in the segment of periodicals was due to the successful series of crime novels and keeping costs under control. The result of Ajakirjade Kirjastus was better than last year due to the improved magazine advertising market.

In the **printing services segment,** although revenue increased, but because of price pressure and appreciation of production inputs, EBITDA remained 4% lower than a year earlier. In the market of printing services, the result was greatly affected by the Ukraine crisis that has reduced the share of Russian orders in the company's revenue from 11% a year ago to 7% this year. At the same time the share of Finland's orders has increased from 12% to 18%.

In the 2nd quarter, the Group's EBITDA margin improved significantly, climbing to 18.3% from 15.8% a year earlier.

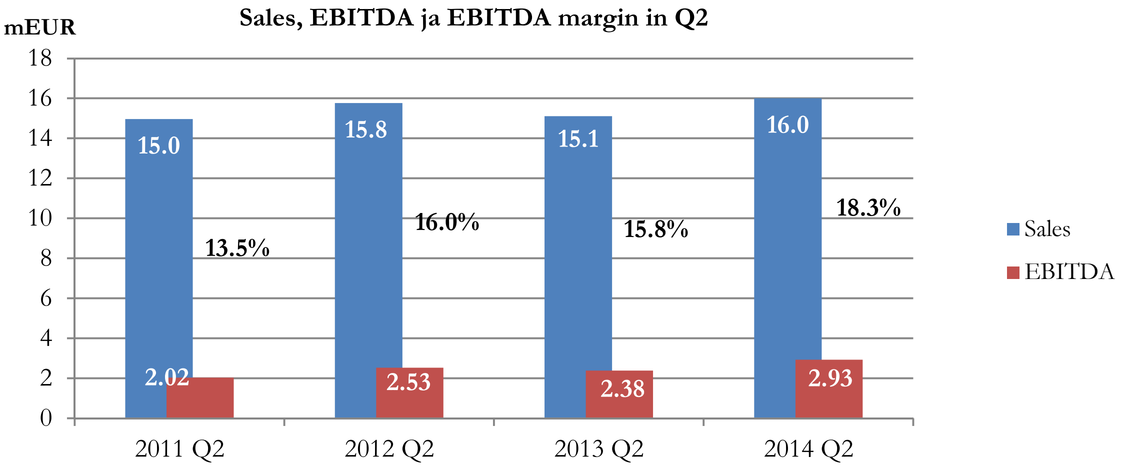
One of the most significant events in the 2nd quarter was the ending of the court dispute with AS Eesti Meedia over the shares of joint ventures AS SL Õhtuleht and AS Ajakirjade Kirjastus. The dispute resulted in the acquisition of shares by Ekspress Group and their sale to the new partner OÜ Suits Meedia. The third joint venture - AS Express Post - will remain in the joint ownership of Ekspress Group and Eesti Meedia. Another significant event was the organizational merger of Delfi Lithuania and Lithuanian magazine publisher Express Leidyba into one company which will create cost synergies and better possibilities for developing both Delfi and our published magazines. Legally, the companies merged as at 1 July.

In the 3rd quarter, we expect consolidated sales revenue and profit growth around 4 -5%. In the last quarter, revenue growth should also be in the same range, but we expect to increase the profit notably more. One factor behind improved results will be the new printing contracts of AS SL Õhtuleht and AS Ajakirjade Kirjastus that will enter into force in the summer and will give both companies significant savings in printing costs. New printing contracts were concluded because of the change of ownership in both enterprises that enabled the management of the companies, as a result of free market competition, to negotiate notably better printing prices whereas both companies will save in total approximately EUR 700 thousand a year, 50% of which will influence the result of Ekspress Group. Õhtuleht continues to be printed in the printing house owned by AS Eesti Meedia, but its annual printing cost will now be approximately EUR 550 thousand lower than before.

We continue to look for new sources of growth that would help to develop innovative solutions and provision of new services for our demanding customers. With our solutions we continue to offer new and interesting experiences both on paper and in digital media, without ever compromising on news quality, choice of topics and journalistic objectivity.

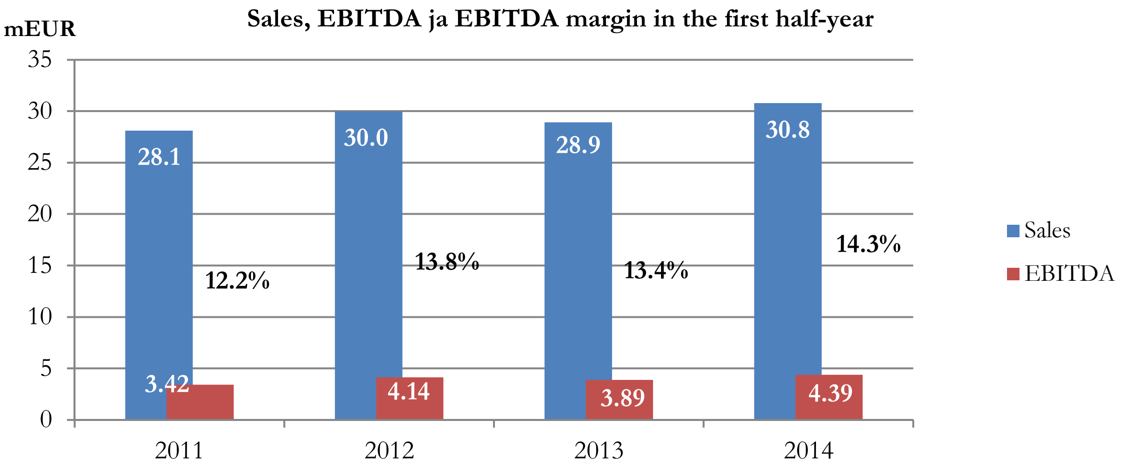
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line

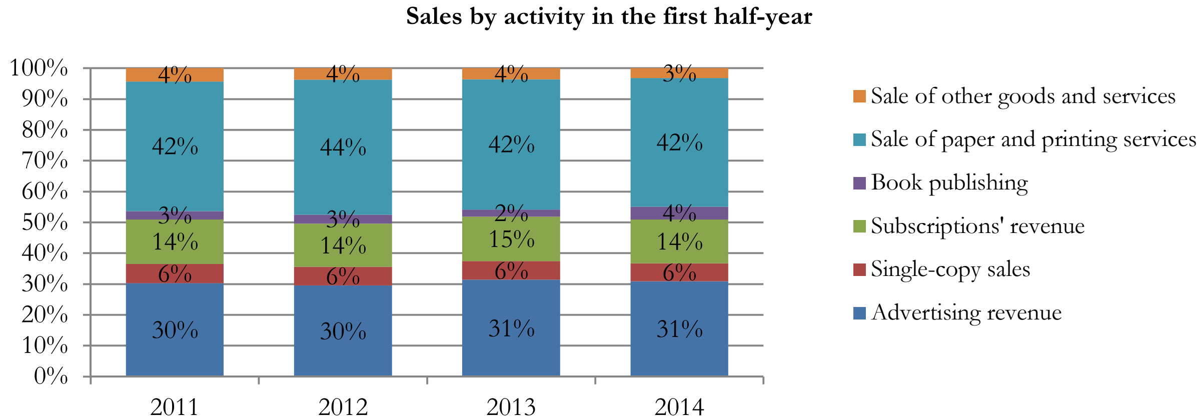
Performance indicators – joint ventures consolidated 50% (EUR thousand)	Q2 2014	Q2 2013	Change %	Q2 2012	Q2 2011
For the period					
Sales	16 007	15 115	6%	15 762	14 963
EBITDA	**2 935**	**2 384**	**23%**	**2 527**	**2 025**
EBITDA margin (%)	***18.3%***	***15.8%***		***16.0%***	***13.5%***
Operating profit	2 180	1 742	25%	1 670	1 136
Operating margin (%)	*13.6%*	*11.5%*		*10.6%*	*7.6%*
Interest expenses	(181)	(178)	-2%	(553)	(576)
Profit /(loss) for the period	**1 858**	**1 398**	**33%**	**972**	**396**
Net margin (%)	***11.6%***	***9.3%***		***6.2%***	***2.6%***
ROA (%)	*2.4%*	*1.8%*		*1.2%*	*0.5%*
ROE (%)	*4.2%*	*3.3%*		*2.5%*	*1.0%*
Earnings per share (EPS)	**0.06**	**0.05**		**0.03**	**0.01**



Performance indicators – joint ventures consolidated 50% (EUR thousand)	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2012	1st Half year 2011
For the period					
Sales	30 772	28 925	6%	29 982	28 109
EBITDA	**4 389**	**3 888**	**13%**	**4 142**	**3 419**
EBITDA margin (%)	***14.3%***	***13.4%***		***13.8%***	***12.2%***
Operating profit*	2 871	2 582	11%	2 426	1 691
Operating margin (%)*	*9.3%*	*8.9%*		*8.1%*	*6.0%*
Interest expenses	(357)	(374)	5%	(1 041)	(1 135)
Profit /(loss) for the period*	**2 361**	**2 036**	**16%**	**1 151**	**241**
Net margin* (%)	***7.7%***	***7.0%***		***3.8%***	***0.9%***
Net profit /(loss) for the period in the financial statements (incl. impairments and gain on sale of ownership interest)	2 361	2 036	16%	1 151	1 781
Net margin (%)	*7.7%*	*7.0%*		*3.8%*	*6.3%*
ROA (%)	*3.1%*	*2.6%*		*1.4%*	*2.1%*
ROE (%)	*5.5%*	*4.9%*		*3.0%*	*4.7%*
Earnings per share (EPS)	**0.08**	**0.07**		**0.04**	**0.06**

* The results exclude impairment of goodwill and trademarks, and the net extraordinary gain in relation to the acquisition of an additional 50% ownership interest in Eesti Päevalehe AS in the 1st quarter 2011. The transaction was accounted for in two parts: firstly, as the sale of the current 50% ownership interest on which the net extraordinary gain totalled EUR 1 540 thousand and secondly, as the acquisition of the wholly-owned subsidiary.





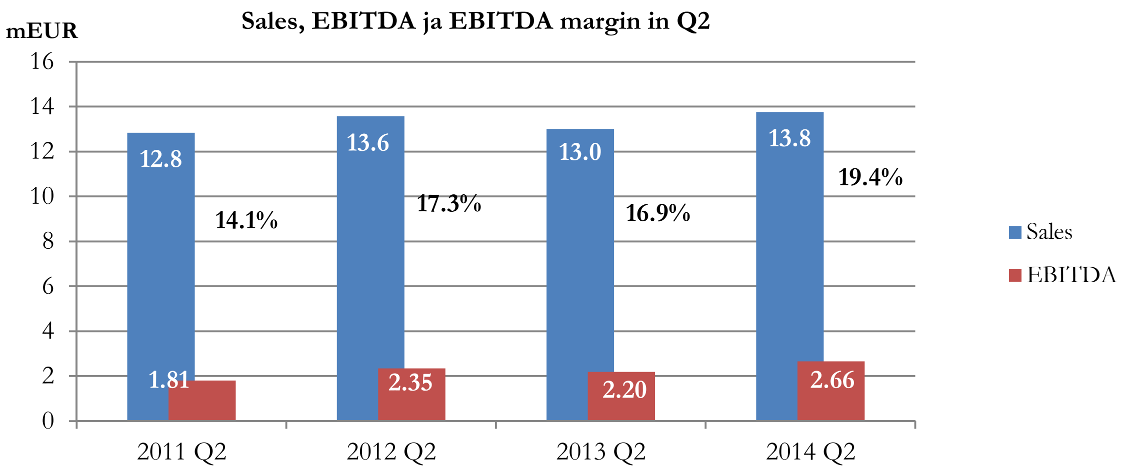
Balance sheet – joint ventures 50% consolidated (EUR thousand)	30.06.2014	31.12.2013	Change %
As of the end of the period			
Current assets	15 630	14 447	8%
Non-current assets	62 429	63 019	-1%
Total assets	**78 059**	**77 466**	**1%**
incl. cash and bank	*3 566*	*4 501*	*-21%*
incl. goodwill	*40 052*	*40 052*	*0%*
Current liabilities	14 814	14 468	2%
Non-current liabilities	18 851	20 673	-9%
Total liabilities	**33 665**	**35 141**	**-4%**
incl. borrowings	*25 184*	*24 432*	*3%*
Equity	44 394	42 325	5%

Financial ratios (%) – joint ventures consolidated 50%	30.06.2014	31.12.2013
Equity ratio (%)	57%	55%
Debt to equity ratio (%)	57%	58%
Debt to capital ratio (%)	33%	32%
Total debt / EBITDA ratio	3.24	3.36
Debt service coverage ratio	1.75	1.66
Liquidity ratio	1.06	1.00

Formulas used to calculate the financial ratios	
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin* (%)	Net profit*/sales x100
Net margin (%)	Net profit /sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity / (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) /(net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings /EBITDA
Debt service coverage ratio	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets / current liabilities
ROA (%)	Net profit /average assets x 100
ROE (%)	Net profit /average equity x 100

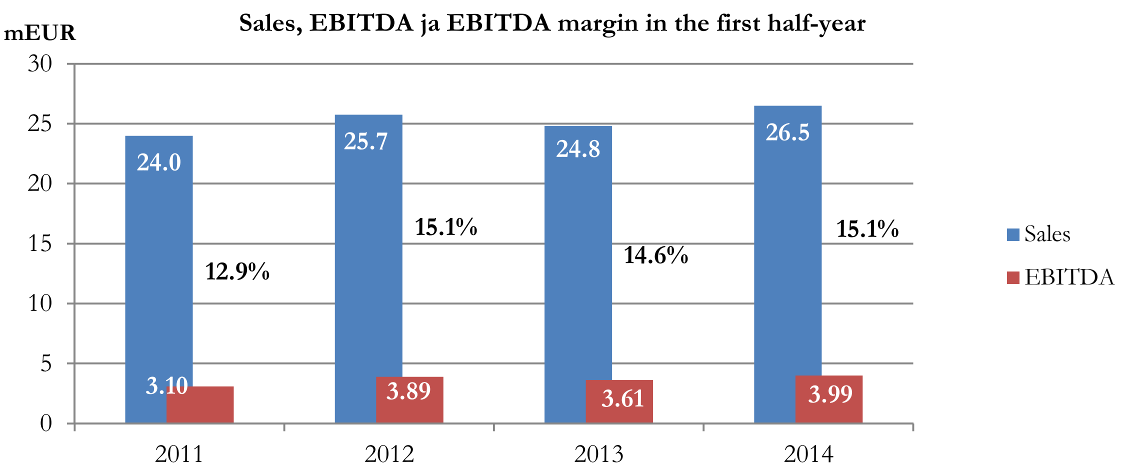
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated under the equity method

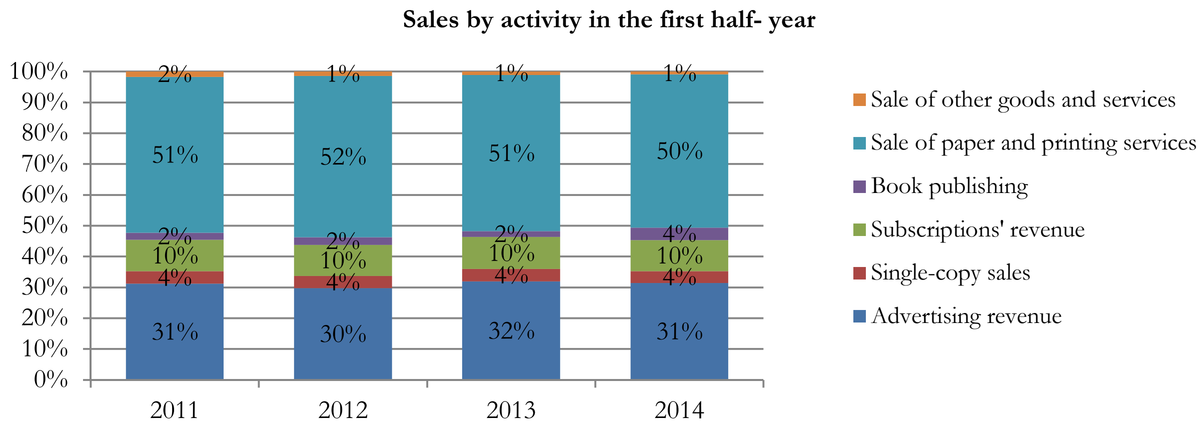
Performance indicators – joint ventures by equity method (EUR thousand)	Q2 2014	Q2 2013	Change %	Q2 2012	Q2 2011
For the period					
Sales (only subsidiaries)	13 764	12 998	6%	13 570	12 837
EBITDA (only subsidiaries)	**2 664**	**2 196**	**21%**	**2 347**	**1 806**
EBITDA margin (%)	***19.4%***	***16.9%***		***17.3%***	***14.1%***
Operating profit (only subsidiaries)	1 936	1 576	23%	1 516	951
Operating margin (%)	*14.1%*	*12.1%*		*11.2%*	*7.4%*
Interest expenses (only subsidiaries)	(181)	(178)	-2%	(553)	(577)
Profit of joint ventures by equity method	190	82	131%	64	90
Profit / (loss) for the period	**1 858**	**1 398**	**33%**	**972**	**396**
Net margin (%)	***13.5%***	***10.8%***		***7.2%***	***3.1%***
ROA (%)	*2.5%*	*1.8%*		*1.2%*	*0.5%*
ROE (%)	*4.2%*	*3.3%*		*2.5%*	*1.0%*
Earnings per share (EPS)	**0.06**	**0.05**		**0.03**	**0.01**



Performance indicators – joint ventures under the equity method (EUR thousand)	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2012	1st Half year 2011
For the period					
Sales (only subsidiaries)	26 499	24 810	7%	25 748	23 986
EBITDA (only subsidiaries)	**3 990**	**3 612**	**10%**	**3 895**	**3 101**
EBITDA margin (%)	***15.1%***	***14.6%***		***15.1%***	***12.9%***
Operating profit* (only subsidiaries)	2 529	2 354	7%	2 236	1 447
Operating margin (%)*	*9.5%*	*9.5%*		*8.7%*	*6.0%*
Interest expenses (only subsidiaries)	(357)	(374)	5%	(1 042)	(1 140)
Profit of joint ventures by equity method	288	146	98%	104	160
Profit / (loss) for the period*	**2 361**	**2 036**	**16%**	**1 151**	**241**
Net margin* (%)	***8.9%***	***8.2%***		***4.5%***	***1.0%***
Net profit / (loss) for the period in the financial statements (incl. impairments and gain on sale of ownership interest)	2 361	2 036	16%	1 151	1 781
Net margin (%)	*8.9%*	*8.2%*		*4.5%*	*7.4%*
ROA (%)	*3.2%*	*2.7%*		*1.5%*	*2.1%*
ROE (%)	*5.5%*	*4.9%*		*3.0%*	*4.7%*
Earnings per share (EPS)	**0.08**	**0.07**		**0.04**	**0.06**

* The results exclude impairment of goodwill and trademarks, and the net extraordinary gain in relation to the acquisition of an additional 50% ownership interest in Eesti Päevalehe AS in the 1st quarter 2011. The transaction was accounted for in two parts: firstly, as the sale of the current 50% ownership interest on which the net extraordinary gain totalled EUR 1 540 thousand and secondly, as the acquisition of the wholly-owned subsidiary.





Balance sheet– joint ventures by equity method (EUR thousand)	30.06.2014	31.12.2013	Change %
As at the end of the period			
Current assets	12 657	11 357	11%
Non-current assets	63 407	63 898	-1%
Total assets	**76 064**	**75 255**	**1%**
incl. cash and bank	*1 739*	*2 209*	*-21%*
incl. goodwill	*39 596*	*39 596*	*0%*
Current liabilities	12 819	12 258	5%
Non-current liabilities	18 851	20 672	-9%
Total liabilities	**31 670**	**32 930**	**-4%**
incl. borrowings	*25 184*	*24 432*	*3%*
Equity	44 394	42 325	5%

Financial ratios (%) – joint ventures by equity method	30.06.2014	31.12.2013
Equity ratio (%)	58%	56%
Debt to equity ratio (%)	57%	58%
Debt to capital ratio (%)	35%	34%
Total debt / EBITDA ratio	3.61	3.71
Debt service coverage ratio	1.57	1.50
Liquidity ratio	0.99	0.93

Formulas used to calculate the financial ratios	
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin* (%)	Net profit*/sales x100
Net margin (%)	Net profit /sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity / (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) /(net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings /EBITDA
Debt service coverage ratio	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets / current liabilities
ROA (%)	Net profit /average assets x 100
ROE (%)	Net profit /average equity x 100

OVERVIEW OF THE SEGMENTS

Since 2009 the Group operates in the following operating segments:

- Online media
- Periodicals (newspapers, magazines and books)
- Printing services.

Cyclicality

All operating areas of the Group are characterised by cyclicality and fluctuation, related to the changes in the overall economic conditions and consumer confidence. The Group's revenue can be adversely affected by an economic slowdown or recession. It can appear in lower advertising costs in retail, preference of other advertising channels (e.g. preference of internet rather than print media) and changes in consumption habits of retail consumers (following current news in news portals versus reading printed newspapers, preference of the younger generation to use mobile devices and other communication channels, etc.).

Seasonality

The revenue from the Group's advertising sales as well as in the printing services segment is impacted by major seasonal fluctuations. The level of both types of revenue is the highest in the 2nd and 4th quarter of each year and the lowest in the 3rd quarter. Revenue is higher in the 4th quarter because of higher consumer spending during the Christmas season, accompanied by the increase in advertising expenditure. Advertising expenditure is usually the lowest during the summer months, as well as during the first months of the year following Christmas and New Year's celebrations.

Key financial data of the segments Q2 2011-2014

(EUR thousand)	Sales			Sales	
	Q2 2014	Q2 2013	Change %	Q2 2012	Q2 2011
Online media	3 648	3 224	13%	2 912	2 505
Periodicals (incl. consolidated joint ventures)	6 383	5 947	7%	6 606	6 356
Printing services	7 210	7 131	1%	7 482	6 998
Corporate functions	422	385	10%	279	48
Intersegment eliminations	(1 656)	(1 572)	-5%	(1 518)	(943)
TOTAL GROUP	**16 007**	**15 115**	**6%**	**15 762**	**14 963**
Impact of joint ventures	(2 243)	(2 117)		(2 192)	(2 126)
TOTAL GROUP by new accounting standards	**13 764**	**12 998**	**6%**	**13 570**	**12 837**

(EUR thousand)	EBITDA			EBITDA	
	Q2 2014	Q2 2013	Change %	Q2 2012	Q2 2011
Online media	962	730	32%	743	534
Periodicals (incl. consolidated joint ventures)	571	259	120%	392	157
Printing services	1 537	1 599	-4%	1 563	1 551
Corporate functions	(134)	(204)	34%	(173)	(221)
Intersegment eliminations	0	1	-100%	1	3
TOTAL GROUP	**2 935**	**2 384**	**23%**	**2 527**	**2 025**
Impact of joint ventures	(271)	(189)		(180)	(219)
TOTAL GROUP by new accounting standards	**2 664**	**2 196**	**21%**	**2 347**	**1 806**

EBITDA margin	Q2 2014	Q2 2013	Q2 2012	Q2 2011
Online media	26%	23%	26%	21%
Periodicals	9%	4%	6%	2%
Printing services	21%	22%	21%	22%
TOTAL	**18%**	**16%**	**16%**	**14%**
TOTAL GROUP by new accounting standards	**19%**	**17%**	**17%**	**14%**

Key financial data of the segments 1st half year 2011-2014

(EUR thousand)	Sales			Sales	
	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2012	1st Half year 2011
Online media	6 385	5 660	13%	5 099	4 358
Periodicals (incl. consolidated joint ventures)	12 351	11 690	6%	12 387	11 918
Printing services	14 272	13 749	4%	14 858	13 467
Corporate functions	844	740	14%	420	74
Intersegment eliminations	(3 079)	(2 914)	-6%	(2 782)	(1 708)
TOTAL GROUP	**30 772**	**28 925**	**6%**	**29 982**	**28 109**
Impact of joint ventures	(4 274)	(4 115)		(4 234)	(4 123)
TOTAL GROUP by new accounting standards	**26 499**	**24 810**	**7%**	**25 748**	**23 986**

(EUR thousand)	EBITDA			EBITDA	
	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2012	1st Half year 2011
Online media	1 126	814	38%	981	497
Periodicals (incl. consolidated joint ventures)	868	469	85%	413	301
Printing services	2 995	3 013	-1%	3 093	3 047
Corporate functions	(601)	(410)	-47%	(347)	(434)
Intersegment eliminations	0	2	-87%	1	8
TOTAL GROUP	**4 389**	**3 888**	**13%**	**4 142**	**3 419**
Impact of joint ventures	(398)	(275)		(247)	(319)
TOTAL GROUP by new accounting standards	**3 990**	**3 612**	**10%**	**3 895**	**3 101**

EBITDA margin	1st Half year 2014	1st Half year 2013	1st Half year 2012	1st Half year 2011
Online media	18%	14%	19%	11%
Periodicals (incl. consolidated joint ventures)	7%	4%	3%	3%
Printing services	21%	22%	21%	23%
TOTAL GROUP	**14%**	**13%**	**14%**	**12%**
TOTAL GROUP by new accounting standards	**15%**	**15%**	**15%**	**13%**

The segments' EBITDA does not include intragroup management fees, and impairment of goodwill and trademarks. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the management monitors gross advertising sales. Discounts and rebates are reduced from the Group's sales and are included in the combined line of eliminations.

News portals owned by the Group

Owner	Portal	Owner	Portal
Delfi Estonia	www.delfi.ee	AS Eesti Ajalehed	www.ekspress.ee
	rus.delfi.ee		www.maaleht.ee
Delfi Latvia	www.delfi.lv		www.epl.ee
	rus.delfi.lv		www.arileht.ee
Delfi Lithuania	www.delfi.lt	AS SL Õhtuleht	www.ohtuleht.ee
	ru.delfi.lt		

Advertising portals owned by the Group

Owner	Portal	Owner	Portal
Delfi Lithuania	www.alio.lt	AS Eesti Ajalehed	www.ekspressjob.ee
			www.ekspressauto.ee
			www.hyppelaud.ee

Online media segment

The online media segment includes Delfi operations in Estonia, Latvia, Lithuania and Ukraine as well as the Parent Company Delfi Holding. Starting from 1 March 2014, the operations in Ukraine have been terminated. The first-half year EBITDA of Delfi Ukraine includes expenses related to the termination of operations.

(EUR thousand)	Sales			EBITDA		
	Q2 2014	Q2 2013	Change %	Q2 2014	Q2 2013	Change %
Delfi Estonia	1 398	1 154	21%	290	178	63%
Delfi Latvia	648	677	-4%	58	30	93%
Delfi Lithuania	1 602	1 377	16%	482	452	7%
Delfi Ukraine	0	15	-100%	0	(49)	100%
Other Delfi companies	0	0	-	133	120	11%
Intersegment eliminations	0	1	-100%	(1)	(1)	-
TOTAL	**3 648**	**3 224**	**13%**	**962**	**730**	**32%**

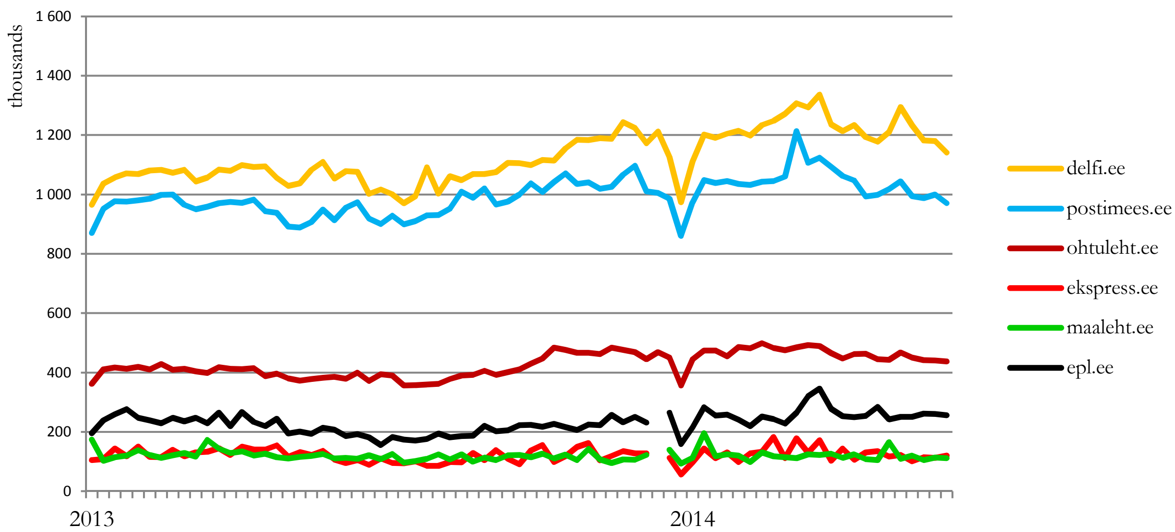
(EUR thousand)	Sales			EBITDA		
	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2014	1st Half year 2013	Change %
Delfi Estonia	2 471	2 006	23%	326	149	119%
Delfi Latvia	1 141	1 198	-5%	(25)	69	-136%
Delfi Lithuania	2 771	2 432	14%	644	495	30%
Delfi Ukraine	2	25	-92%	(51)	(108)	53%
Other Delfi companies	0	0	-	232	210	10%
Intersegment eliminations	0	(1)	100%	0	(1)	-
TOTAL	**6 385**	**5 660**	**13%**	**1 126**	**814**	**38%**

In the 2nd quarter, both Delfi Estonia and Delfi Lithuania continued to grow strongly. The sales growth was mainly attributable to the successful launch of new specialized verticals, new advertising solutions, Delfi TV, growing use of the mobile app, as well as such large events as the FIFA World Cup and European Parliament elections. The EBITDA of Delfi Lithuania increased mainly because of higher efficiency of the sales team, improved customer focus and more active handling of overdue receivables. For various reasons, the Latvian advertising market remains subdued and the sales of Delfi Latvia decreased as compared to the year before. The EBITDA increased in the 2nd quarter thanks to cost-cutting. At the same time the merger among competitive news portals requires additional investments to be made by ourselves and the results of Delfi Latvia for the second half year mayremain below expectations. However, we believe that initiatives launched all over the Baltic states will also add momentum to our growth in Latvia and that this year will generally be more successful in sales and product development as compared to the year earlier.

Delfi Estonia

- Further development of Delfi TV as a separate service and on a new platform as well as new live streams under the Delfi TV brand.
- A new vertical www.kasulik.ee targeted at consumers was launched.
- Delfi's mobile application was renewed.
- Cooperation with the New Age portal www.alkeemia.ee

Estonian online readership 2013-2014



TNSMetrix weekly audience survey

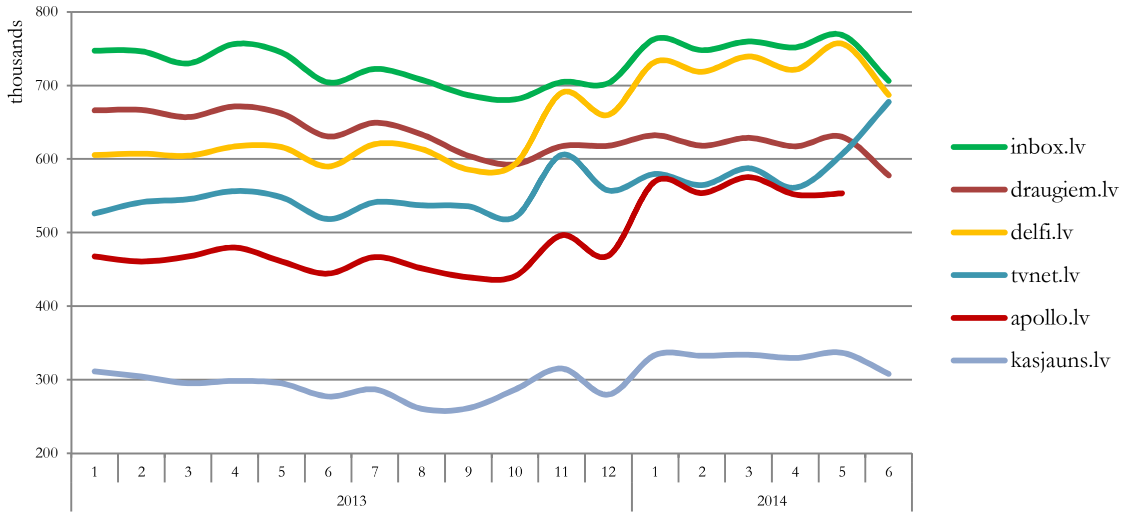
The 2nd quarter 2014 has been successful for Delfi. The difference in the number of users with the competing portal postimees.ee has been stable at more than 150 thousand unique browsers a week. At the end of the quarter, Postimees acquired a number of smaller portals (meeldib.ee, etc.) that to a certain extent increased the total number of users of postimees.ee.

Starting from the next quarter, the methodology of the TNS Metric survey will be changed so that it will be more accurately reflecting the number of mobile users.

Delfi Latvia

- Delfi TV streams based on a new platform from different events continued.
- New topical verticals such as the weather portal, Home&Garden vertical, Day in Photo, etc. were launched.
- Separate topical sites for FIFA World Cup, Ice Hockey Championship, Positivus.
- The number of followers of Delfi Latvia in Facebook, Twitter and Draugiem continues to grow and is already approximately 200 thousand.
- Cooperation projects:
  - Media partner for the international advertising festival "Golden Hammer 2014",
  - Media partner for Riga Marathon,
  - Media partner of the Latvian national ice-hockey team.

Latvian online readership 2013-2014



GemiusAudience monthly audience survey

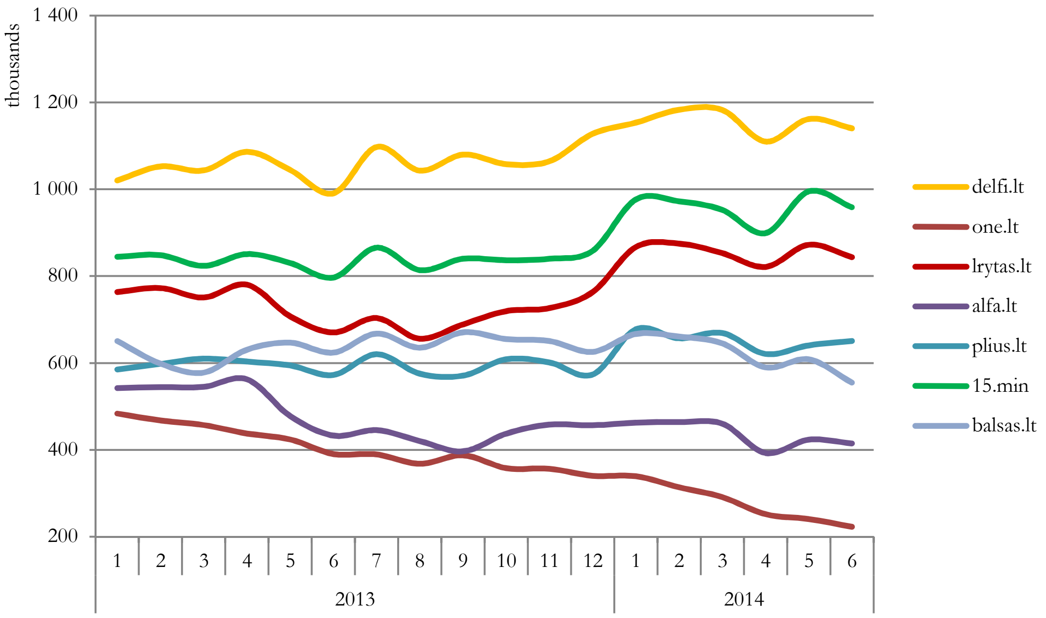
In the 2nd quarter of 2014, the users' activity in news portals was again very high, although in June there was a significant change in users' activity. In the 1st qurter, the most important event in the market was the acquisition of Apollo.lv by AS Eesti Meedia. Since June, Apollo.lv is no longer a separate domain and has been fully merged under the Tvnet.lv domain. Therefore, the June figures already represent the total number of users for the two merged portals. As a result, Tvnet.lv passed draugiem.lv in the total number of users, but in the overall ranking of portals Tvnet.lv still placed third after Inbox.lv and Delfi.lv. Delfi.lv remains the largest news portal in Latvia.

Starting from January 2014, the method of the Gemius online survey has changed. The readership in 2014 includes only results for computer users (PC) and excludes all mobile equipment. Separate statistics on mobile equipment will be created during 2014.

Delfi Lithuania

- Production of live webcasts and streams through Delfi TV on a new platform continued
- The layout of the mobile application was renewed and information was added, making Delfi the most popular newsportal in mobile phones and tablet PCs.
- Several new verticals and existing sub-sites were renewed.
- Delfi English Channel, a new English-language channel, was launched in June.
- The organizations of the Lithuanian magazine publisher Ekspress Leidyba and Delfi weres merged into one media house.

Lithuanian online readership 2013-2014



GemiusAudience monthly audience survey

There were no big changes among Lithuanian internet users in the 2nd quarter. The total number of internet users in the first half-year of 2014 were significantly higher compared to the first half-year in 2013. This can be explained with the extreamly high news activity during the first half of the year. This number is also affected with the change in total internet usership statistics that was decreasing the usership numbers in April. Delfi remains the market leader with 180 thousand readers more than their closest competitor.

Starting from January 2014, the method of the Gemius online survey has changed. The readership in 2014 includes only results for computer users (PC) and excludes all mobile equipment. Separate statistics on mobile equipment will be created during 2014.

Periodicals segment

The periodicals segment includes AS Eesti Ajalehed (publisher of Maaleht, Eesti Ekspress and Eesti Päevaleht), AS SL Õhtuleht (publisher of Õhtuleht and Linnaleht), book publisher OÜ Hea Lugu, magazine publishers AS Ajakirjade Kirjastus in Estonia and UAB Ekspress Leidyba in Lithuania. This segment also includes AS Express Post, engaged in home delivery of periodicals.

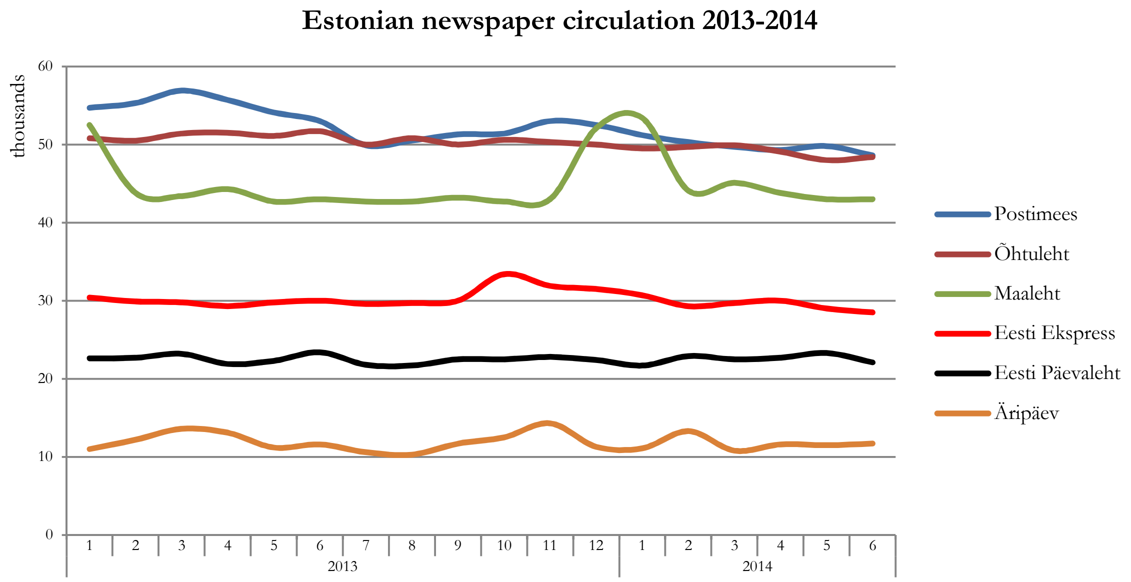
(EUR thousand)	Sales			EBITDA		
	Q2 2014	Q2 2013	Change %	Q2 2014	Q2 2013	Change %
AS Eesti Ajalehed	3 076	2 848	8%	204	77	165%
OÜ Hea Lugu	182	122	49%	10	(10)	200%
UAB Ekspress Leidyba	673	651	3%	85	4	2025%
Intersegment eliminations	(6)	(5)	-20%	1	(1)	-
TOTAL (subsidiaries)	**3 925**	**3 616**	**9%**	**300**	**70**	**329%**
SL Õhtuleht AS*	1 015	965	5%	83	69	20%
AS Ajakirjade Kirjastus*	1 120	1 029	9%	88	45	96%
AS Express Post*	607	591	3%	100	75	34%
Additional eliminations	(285)	(254)	-12%	0	0	-5%
TOTAL (joint ventures)	**2 458**	**2 331**	**5%**	**271**	**189**	**43%**
TOTAL segment	**6 383**	**5 947**	**7%**	**571**	**259**	**121%**

(EUR thousand)	Sales			EBITDA		
	1st Half year 2014	1st Half year 2013	Change %	1st Half year 2014	1st Half year 2013	Change %
AS Eesti Ajalehed	5 938	5 464	9%	338	150	125%
OÜ Hea Lugu	491	451	9%	76	45	69%
UAB Ekspress Leidyba	1 257	1 279	-2%	56	(1)	5700%
Intersegment eliminations	(17)	(18)	6%	3	0	-
TOTAL (subsidiaries)	**7 669**	**7 176**	**7%**	**473**	**194**	**144%**
SL Õhtuleht AS*	1 964	1 865	5%	114	104	9%
AS Ajakirjade Kirjastus*	2 080	1 947	7%	98	23	330%
AS Express Post*	1 192	1 191	0%	184	148	24%
Additional eliminations	(553)	(490)	-13%	0	0	-
TOTAL (joint ventures)	**4 682**	**4 514**	**4%**	**395**	**275**	**44%**
TOTAL segment	**12 351**	**11 690**	**6%**	**868**	**469**	**85%**

*Proportional share of joint venture

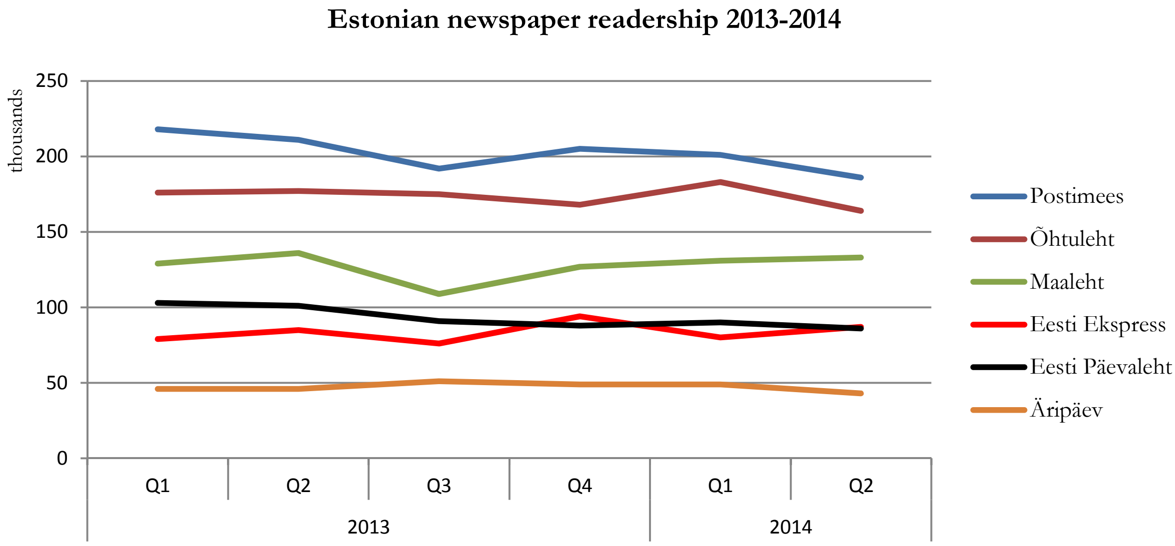
In the periodicals segment, newspaper print advertising continues its downward trend. Also single-copy sales of newspapers and magazines keep decreasing, but the number of paper and digital subscribers as well as subscription income shows signs of growth. The revenue of companies is maintained by special projects and different supplements. The focus is on increasing production efficiency.

Since 30 April, our weekly newspaper Eesti Ekspress is published on Wednesdays instead of Thursdays as before. The development of a new platform for digital newspapers began in June and should be completed in the 3rd quarter. In AS Eesti Ajalehed, a new application has been taken into use in the newspaper production process which simplifies the publication of newspaper content in various channels and should achieve some cost-cutting in the second half of the year.



Estonian Newspaper Association data

Circulations of Estonian newspapers have remained stable or are falling moderately. The circulation of daily newspapers is falling faster than that of weeklies. As of the first half-year 2014, the highest decline in circulation was recorded for Postimees, published by Eesti Meedia, which decreased 10.3% in comparison with the first half-year in 2013. In the first half-year 2014, the circulation of the largest daily newspapers has fallen by 3.7% on average. Weekly newspapers have done relatively well. As for the weekly publications of Ekspress Grupp, Eesti Ekspress managed to maintain average circulation and Maaleht is the only larger newspaper that has increased its circulation. With regard to the publications of Ekspress Grupp, one needs to add also subscribers of digital newspapers numbering more than 7 000 for both Eesti Ekspress and Eesti Päevaleht as of the end of first half-year 2014.



Turu-uuringute AS

In the first half-year 2014, there were no major changes in the readership of Estonian newspapers. The readership is decreasing faster among daily newspapers, as is circulation. The number of readers of weekly newspapers is more stable. In the 2nd quarter 2014, Eesti Ekspress is the only larger publication whose number of readers has increased year-on-year. It should be mentioned that the number of readers of digital newspapers of Ekspress Grupp is not included in the above figures and the number of readers of all publications of Ekspress Grupp is higher than shown in the graph.

Printing services segment

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

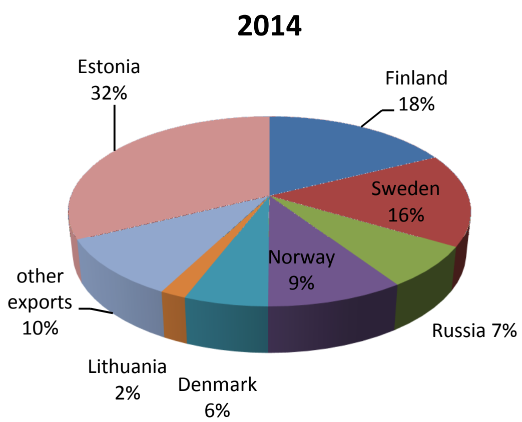
(EUR thousand)	Sales			EBITDA		
	Q2 2014	Q2 2013	Change %	Q2 2014	Q2 2013	Change %
AS Printall	7 210	7 131	1%	1 537	1 599	-4%

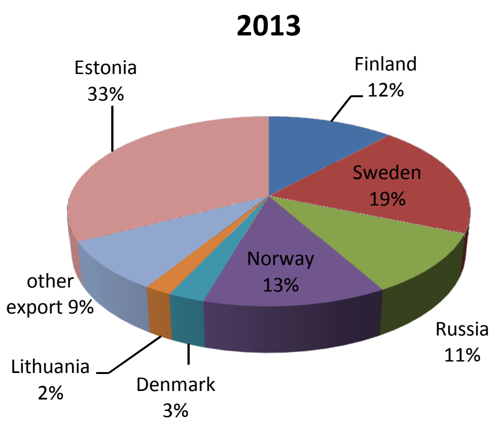
(EUR thousand)	Sales			EBITDA		
	Half year 2014	Half year 2013	Change %	Half year 2014	Half year 2013	Change %
AS Printall	14 272	13 749	4%	2 995	3 013	-1%

In the 2nd quarter, revenue of AS Printall from printing services increased 2.4%. Sale of paper remained unchanged. In the 2nd quarter, exports increased 3.5%. There have been changes in the geographical break-down of export markets and the share of Russia continues to decrease.

In June, AS Printall signed a contract for the acquisition of a new sheetfed printing machine. The machine will be used for printing magazine covers, small-circulation magazines and advertising products. The estimated time of starting production is 1st quarter of 2015. Approximately 2/3 of the acquisition cost is financed with a long-term loan.

Geographical break-down of printing services by year





Printing services and the environment

In addition to its very strong financial position, Printall also focuses on environmentally conscious production. In 2012, Printall was granted ISO 9001 management and ISO 14001 environmental certificates.

The Minister of the Environment of the Republic of Estonia and the waste managing company AS Ragn-Sells awarded Printall with the title of the Top Recycler of the Year, because the company recycles 95% of its waste.

The Nordic Council of Ministers has awarded Printall with the environmental label "The Nordic Ecolabel", used to acknowledge the companies in the Nordic countries that use environmentally efficient production. Printall also has FSC and PEFC Chain of Custody (COC) certificates, which the company uses to promote a green way of thinking in the printing industry. Both of those certificates indicate compliance with monitoring and product production process requirements which are issued to businesses that comply with the requirements established by the FSC (Forest Stewardship Council) and the PEFC (Programme for the Endorsement of Forest Certification). A business that is issued these certificates helps to support the environmentally friendly, socially fair and economically viable management of the world's forests.

Printall cares about the environment and uses green energy. The POWERED BY GREEN certificate is a proof that the company buys electricity, 70% of which has been generated by renewable sources of energy.

GROUP STRUCTURE

For a more detailed list of all legal persons of the Group, please refer to Note 1 to the interim financial statements. The acquisition of the minority share in **Adnet Media** is near completion.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 30.06.2014, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share.

As of 31 December 2013, 31 December 2012 and 31 December 2011, the company's share capital was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share.

The General Meeting of Shareholders held on 30 May 2011 approved the conversion of share capital from Estonian kroons into euros, as a result of which the nominal value of a share was lowered from EUR 0.64 to EUR 0.60. The total number of shares did not change, but the share capital was reduced by EUR 1 165 548.

As of 31 December 2010, the company's share capital was EUR 19 043 652 and it consisted of 29 796 841 shares with the nominal value of EUR 0.64 per share. In May 2010, 8 948 000 share with the price of EUR 0.88 were issued, of which the share premium was EUR 0.24 per share.

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 concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

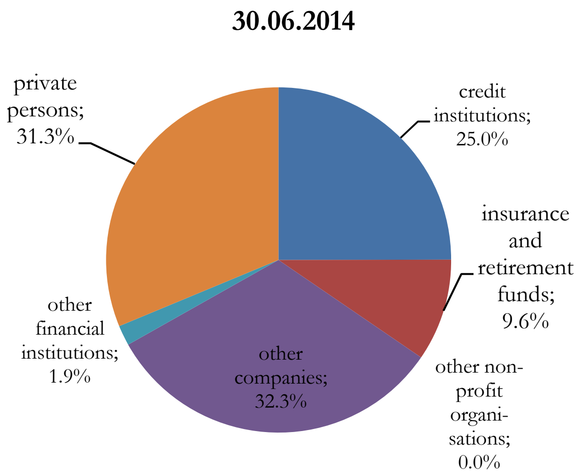
Structure of shareholders as of 30.06.2014 according to the Estonian Central Register of Securities

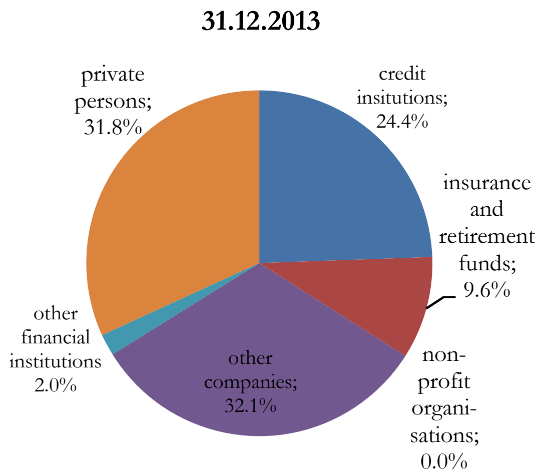
Name	Number of shares	%
Hans Luik	16 580 032	55.64%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*8 609 825*	*28.90%*
Hans Luik , OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
Skandinaviska Enskilda Banken Ab Clients	2 307 939	7.75%
Funds managed by LHV Bank and LHV Varahaldus	2 039 441	6.84%
Members of the Management and Supervisory Boards and their close relatives	39 364	0.13%
Viktor Mahhov, OÜ Flexinger	*37 464*	*0.13%*
Pirje Raidma, OÜ Aniston Trade	*1 900*	*0.01%*
Other minority shareholders	4 800 261	16.11%
Own shares	27 752	0.09%
Total	**29 796 841**	**100.0%**

East Capital Asset Management AB has an ownership interest through the nominee account of Skandinaviska Enskilda Banken Ab Clients. KJK Fund SICAV-SIF has an ownership interest in the company through the account of ING Luxembourg S.A.

Distribution of shareholders by category according to the Estonian Central Register of Securities

Category	30.06.2014		31.12.2013	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Credit institutions	12	7 437 953	15	7 318 923
Insurance and retirement funds	11	2 856 692	11	2 856 692
Other financial institutions	64	569 304	68	586 852
Other companies	274	9 618 014	288	9 574 560
Private persons	3 078	9 314 459	3 174	9 459 395
Non-profit organisations	2	419	2	419
TOTAL	**3 441**	**29 796 841**	**3 558**	**29 796 841**





AS Ekspress Grupp share information and dividend policy

Share information

ISIN	EE3100016965
Ticker symbol	EEG1T
List/segment	BALTIC MAIN LIST
Issuer	Ekspress Grupp (EEG)
Nominal value	EUR 0.60
Issued shares	29 796 841
Listed shares	29 796 841
Date of listing	05.04.2007
Market maker (until May 2014)	Finasta Investment Bank

By virtue of the conditions laid down in the Group's loan agreements, payment of dividends to shareholders in previous years was limited. As a result of the refinancing of the syndicated loan contract signed in July 2012, it is now possible to pay dividends to shareholders if certain ratios are met. Payment of dividends is decided annually and it depends on the company's results and potential investment needs.

At the General Meeting of Shareholders held on 20 June 2014, the payment of dividends for the year 2013 was approved in the amount of 1 cent per share in the total amount of EUR 298 thousand. Dividends will be paid on 2 October 2014.

The table below shows the stock trading history 2010 - 2014

Hind (EUR)	Half year 2014	Half year 2013	Half year 2012	Half year 2011	Half year 2010
Opening price	1.12	1.06	1.03	1.53	1.03
Closing price	1.04	1.07	1.01	1.36	0.84
High	1.13	1.22	1.18	1.84	1.48
Low	0.79	1.03	0.99	1.34	0.83
Average	1.02	1.10	1.05	1.66	1.12
Traded shares, pcs	820 064	768 733	656 731	1 687 621	1 141 787
Sales, mln	0.84	0.85	0.69	2.80	1.27
Capitalisation at balance sheet date, mln	30.99	31.88	30.09	40.37	22.30

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2009 until 1 June2014.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2009 until - 1 June2014

SUPERVISORY BOARD AND MANAGEMENT BOARD OF AS EKSPRESS GRUPP

The Supervisory Board of AS Ekspress Grupp has six members. At the General Meeting of Shareholders held on 20 June, a decision was made to recall Aavo Kokk and Ville Jehe and elect Indrek Kasela and Jaak Ennuste as new members. The terms of authority of other members were extended by five years until 2019.

Information about members of the Supervisory Board:

Viktor Mahhov (appointed until 20.05.2019)
- Chairman of the Supervisory Board since 2006
- Eesti Energia Oil Shale Division, Finance Manager
- Completed graduate studies in economics at St. Petersburg University in 1992

Hans H. Luik (appointed until 20.05.2019)
- Member of the Supervisory Board since 2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

Harri Helmer Roschier (appointed until 20.05.2019) – independent board member
- Member of the Supervisory Board since 2007
- Managing Director of Talentum Oy in 1991-2006
- Member of the Supervisory Board of Avaus Consulting OY and Uoma Oy
- Completed graduate studies in economics

Kari Sakari Salonen (appointed until 20.05.2019)
- Member of the Supervisory Board since 2012
- Member of the Management Board of KJK Management SA
- Member of the Supervisory Board of KJK Capital OY
- Graduated from Espoo School of Economics in 1983

Indrek Kasela (appointed from 20.06.2014 until 20.05.2019) - independent board member
- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- supervisory board member of AS Premia Foods (incl. its group entities), AS Toode, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, AS Ridge Capital and management board member of OÜ Transtech Service, Fine, Wood and Company OÜ, Noblessneri Jahtklubi OÜ, Lindermann, Birnbaum & Kasela OÜ and Managetrade OÜ as well as several other companies in the Baltic States and Russia.
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.

Jaak Ennuste (appointed from 20.06.2014 until 20.05.2019) - independent board member
- Member of the Supervisory Board since 2014
- supervisory board member and partner of e-marketing agency ADM Interactive
- supervisory board member and partner of Mediabrands Digital
- Graduated *cum laude* from Tallinn University of Technology in 1989 with a degree in engineering and finished Accelerated Development programme at London Business School in 2001.

Aavo Kokk (recalled 20.06.2014)
- Member of the Supervisory Board since 2010
- Management partner of Catella Corporate Finance OÜ
- Graduated from University of Tartu in 1990 with a degree in journalism

Ville Jehe (recalled 20.06.2014) – independent board member
- Member of the Supervisory Board since 2008
- Member of the Management Board of OÜ Majatohter, OÜ Catelit, ABC Kinnisvarateenuste OÜ, Cineunit OÜ, OÜ Primevision, OÜ Keha3, Ümera OÜ and Skü Mechatronics OÜ
- Graduated from the Faculty of Automation of Tallinn University of Technology in 1993

Management Board
The Management Board of AS Ekspress Grupp has three members: Chairman of the Management Board Gunnar Kobin and members of the Management Board Pirje Raidma and Andre Veskimeister.

Information about the members of the Management Board:

Gunnar Kobin (validity of contract of service until 31.12.2016)
- Chairman of the Management Board since 2009
- CEO of the Group
- City Chairman of the Management Board of AS Ülemiste in 2005-2008
- Graduated from Tallinn University of Technology in 1993, specialising in production planning and management

Andre Veskimeister (validity of contract of service until 21.09.2015)
- Member of the Management Board since 2009
- Development Manager of the Group
- Head of development of AS Ülemiste City in 2006-2009
- Director of Finance and Support Services of Enterprise Estonia in 2003-2006
- Graduated from Estonian Business School in 2004, specialising in business management

Pirje Raidma (validity of contract of service until 06.10.2016)

- Member of the Management Board since 2010
- Chief Financial Officer of the Group
- Auditor at auditing company PwC (worked in Estonia and the Channel Islands) in 1997 - 2005
- Finance and Administrative Director of LHV Group in 2005 - 2006
- Finance and Administrative Director of the investment bank GILD Bankers in 2006 - 2010
- Graduated from University of Tartu in 1996 with a degree in international economy
- Certified Auditor and fellow of the Association of Chartered Certified Accountants, FCCA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(EUR thousand)	30.06.2014	31.12.2013
ASSETS		
Current assets		
Cash and cash equivalents	1 636	2 111
Term deposit	103	98
Trade and other receivables	8 734	6 819
Inventories	2 184	2 329
Total current assets	**12 657**	**11 357**
Non-current assets		
Trade and other receivables	401	399
Investment in joint ventures and associates	1 629	1 543
Property, plant and equipment (Note 6)	13 390	13 595
Intangible assets (Note 6)	47 987	48 361
Total non-current assets	**63 407**	**63 898**
TOTAL ASSETS	**76 064**	**75 255**
LIABILITIES		
Current liabilities		
Borrowings (Note 7)	6 422	3 760
Trade and other payables	6 397	8 498
Total current liabilities	**12 819**	**12 258**
Non-current liabilities		
Long-term borrowings (Note 7)	18 762	20 672
Other long-term payables	89	0
Total non-current liabilities	**18 851**	**20 672**
TOTAL LIABILITIES	**31 670**	**32 930**
EQUITY		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(28)	0
Reserves (Note 11)	1 372	1 250
Retained earnings	10 857	8 848
Currency translation reserve	38	72
TOTAL EQUITY	**44 394**	**42 325**
TOTAL LIABILITIES AND EQUITY	**76 064**	**75 255**

The Notes presented on pages 32-47 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q2 2014	Q2 2013	1st Half year 2014	1st Half year 2013
Sales revenue	13 764	12 998	26 499	24 810
Cost of sales	(10 139)	(9 812)	(20 362)	(19 294)
Gross profit	**3 625**	**3 186**	**6 137**	**5 516**
Other income	106	93	221	185
Marketing expenses	(526)	(472)	(966)	(836)
Administrative expenses	(1 242)	(1 203)	(2 778)	(2 462)
Other expenses	(27)	(28)	(85)	(49)
Operating profit	**1 936**	**1 576**	**2 529**	**2 354**
Interest income	2	3	3	3
Interest expense	(181)	(178)	(357)	(374)
Foreign exchange gains/(losses)	(1)	(11)	35	5
Other finance costs	(15)	(14)	(30)	(28)
Total finance income/costs	**(195)**	**(200)**	**(349)**	**(394)**
Profit (loss) on shares of joint ventures	190	82	288	146
Profit (loss) on shares of associates	3	4	(9)	(3)
Profit before income tax	**1 934**	**1 462**	**2 459**	**2 103**
Income tax expense	(76)	(64)	(98)	(67)
Net profit for the reporting period	**1 858**	**1 398**	**2 361**	**2 036**
Net profit for the reporting period attributable to:				
Equity holders of the parent company	1 858	1 398	2 361	2 036
Other comprehensive income (expense) that can be later reclassified to profit or loss				
Currency translation differences	2	9	(34)	(11)
Total other comprehensive income	**2**	**9**	**(34)**	**(11)**
Comprehensive income for the reporting period	**1 860**	**1 407**	**2 327**	**2 025**
Attributable to equity holders of the parent company	1 860	1 407	2 327	2 025
Basic and diluted earnings per share (Note 9)	0.06	0.05	0.08	0.07

The Notes presented on pages 32-47 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Currency translation reserve	Retained earnings	Total equity
Balance on 31.12.2012	**17 878**	**14 277**	**0**	**740**	**14**	**8 190**	**41 099**
Increase of statutory reserve capital	0	0	0	126	0	(126)	**0**
Dividend paid	0	0	0	0	0	(298)	**(298)**
Total transactions with owners	*0*	*0*	*0*	*126*	*0*	*(424)*	***(298)***
Net profit for the reporting period	0	0	0	0	0	2 036	**2 036**
Other comprehensive income	0	0	0	0	(11)	0	**(11)**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*(11)*	*2 036*	***2 025***
Balance on 30.06.2013	**17 878**	**14 277**	**0**	**866**	**3**	**9 802**	**42 826**
Balance on 31.12.2013	**17 878**	**14 277**	**0**	**1 250**	**72**	**8 848**	**42 325**
Increase of statutory reserve capital	0	0	0	54	0	(54)	**0**
Share option	0	0	0	68	0	0	**68**
Dividend paid	*0*	*0*	0	0	0	(298)	**(298)**
Purchase of treasury shares	*0*	*0*	(28)	0	0	0	**(28)**
Total transactions with owners	*0*	*0*	*(28)*	*122*	*0*	*(352)*	***(258)***
Net profit for the reporting period	0	0	0	0	0	2 361	**2 361**
Other comprehensive income	0	0	0	0	(34)	0	**(34)**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*(34)*	*2 361*	***2 327***
Balance on 30.06.2014	**17 878**	**14 277**	**(28)**	**1 372**	**38**	**10 857**	**44 394**

The Notes presented on pages 32-47 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	1st Half year 2014	1st Half year 2013
Cash flows from operating activities		
Operating profit for the reporting period	2 529	2 354
Adjustments:		
Depreciation, amortisation and impairment (Note 6)	1 464	1 258
Loss on sale and write-down of property, plant and equipment	(3)	0
Change in value of share option (Note 10)	68	0
Cash flows from operating activities:		
Trade and other receivables	(1 706)	961
Inventories	145	369
Trade and other payables	(2 298)	(767)
Cash generated from operations	**199**	**4 175**
Income tax paid	(138)	(41)
Interest paid	(357)	(374)
Net cash generated from operating activities	**(296)**	**3 760**
Cash flows from investing activities		
Purchase of other financial investments	0	(15)
Acquisition of subsidiary	0	(4)
Interest received	3	3
Purchase of property, plant and equipment (Note 6)	(881)	(505)
Proceeds from sale of property, plant and equipment	5	16
Loans granted	(22)	(3)
Loan repayments received	2	3
Net cash generated from investing activities	**(893)**	**(505)**
Cash flows from financing activities		
Finance lease repayments made	(34)	0
Change in use of overdraft	2 606	(745)
Repayments of borrowings	(1 831)	(1 790)
Purchase of treasury shares (Note 11)	(28)	0
Net cash used in financing activities	**714**	**(2 535)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(475)**	**720**
Cash and cash equivalents at the beginning of the period	2 111	1 193
Cash and cash equivalents at the end of the period	1 636	1 913

The Notes presented on pages 32-47 form an integral part of the consolidated interim report.

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. General information

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

AS Ekspress Grupp (registration number 10004677, address: Narva mnt.11E, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. The Group consists of the subsidiaries, joint ventures and associates listed below.

These interim financial statements were approved and signed by the Management Board on 31 July 2014.

The consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) reflect the results of the following group companies.

Company name	Status	Ownership interest 30.06.2014	Ownership interest 31.12.2013	Main field of activity	Domicile
Operating segment: corporate functions					
AS Ekspress Grupp	Parent company			Holding company and support services	Estonia
OÜ Ekspress Digital	Subsidiary	100%	100%	Provision of IT services	Estonia
OÜ Ekspress Finance	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: periodicals					
AS Eesti Ajalehed	Subsidiary	100%	100%	Publishing of daily and weekly newspapers	Estonia
OÜ Hea Lugu	Subsidiary	100%	100%	Book publishing. From January 2013 fully owned by the parent. Previously, subsidiary of AS Eesti Ajalehed	Estonia
UAB Ekspress Leidyba	Subsidiary	100%	100%	Magazine publishing	Lithuania
Medipresa UAB	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
AS SL Õhtuleht	joint venture	50%	50%	Newspaper publishing	Estonia
AS Ajakirjade Kirjastus	joint venture	50%	50%	Magazine publishing	Estonia
AS Express Post	joint venture	50%	50%	Periodicals' home delivery	Estonia
OÜ Ajakirjad Holding	joint venture	50%	-	Holding company	Estonia
OÜ Ajaleht Holding	joint venture	50%	-	Holding company	Estonia
Operating segment: online media					
SIA Delfi Holding	Subsidiary	100%	100%	Management of online media subsidiaries	Latvia
AS Delfi	Subsidiary	100%	100%	Online media	Latvia
Cālis LV SIA	Subsidiary	100%	100%	Online media (being merged with Delfi Latvia)	Latvia
Delfi AS	Subsidiary	100%	100%	Online media	Estonia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Sport Media	Subsidiary	51%	51%	Online broadcasting of basketball events (acquired in November 2013)	Lithuania
TOV Delfi	Subsidiary	-	100%	Online media (sold for the purpose of liquidation)	Ukraine
Operating segment: printing services					
AS Printall	Subsidiary	100%	100%	Printing services	Estonia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the first half-year ended 30 June 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31.12.2013.

The Management Board estimates that the interim consolidated financial statements for the first half-year of 2014 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

Note 3. Accounting policies and bases of preparation

Standards, amendments to standards and interpretations which became mandatory for the Group from 1 January 2014 and which impact the Group's interim financial statements.

IFRS 11, Joint Arrangements will replace the standard IAS 31 "Interest in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". Amendments in definitions have reduced the types of joint arrangements to two – joint operations and joint ventures. The current accounting policy choice of proportionate consolidation has been eliminated for jointly controlled entities. Those with an ownership interest in joint ventures are required to use the equity method. This standard had a material impact on the Group's financial statements because proportionate consolidation was applied in prior periods to the financials of the joint ventures AS Ajakirjade Kirjastus, AS SL Õhtuleht and AS Express Post in the periodicals segment. As a result of the change, the Group's sales and expenses decrease, and the assets and liabilities also decrease. This change has no impact on the Group's net profit. Please refer to the impact of the amendment in the tables below.

Transition Guidance **– amendments to IFRS 11 and IFRS 12**

The amendments also provide additional relief for transitional rules in IFRS 11 "Joint Ventures" and IFRS 12 "Disclosure of Interest in Other Entities", clarifying that disclosures about restated comparatives shall be made only for the immediately preceding year.

Accounting policies and valuation bases

The accounting policies and valuation bases used in the preparation of the consolidated interim financial statements are the same as last year, other than those described below. When the accounting policies, presentation of items or classification methods have been changed, the comparative information of the previous periods has also been reclassified.

Recognition of joint ventures

In prior years, the Group's interests in jointly controlled entities were accounted for by proportionate consolidation whereby the Group combined its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The purchase method of accounting is used to account for the acquisition of joint ventures similarly to the acquisition of subsidiaries by the Group. From 1 January 2014, proportionate consolidation is no longer permitted and according to IFRS 11 "Joint Ventures", joint ventures are accounted for under the equity method. The cost of investments made into joint ventures was calculated as of 1 January 2013, which is the net cost of the assets and liabilities of joint ventures plus goodwill. The comparative information for 2013 has been changed to comply with the new accounting policies and they include joint ventures AS SLÕhtuleht, AS Ajakirjade Kirjastus and AS Express Post recognised already under the equity method.

Income statement Q2 2013	2013 interim financial statements	Change				Comparative information in the interim financial statements for 2014
		AS SL Õhtuleht	AS Ajakirjade Kirjastus	AS Express Post	Eliminations	
Income	15 115	(965)	(1 029)	(591)	468	12 998
Expenses	(13 373)	904	993	522	(468)	(11 422)
Operating profit	**1 742**	**(61)**	**(36)**	**(69)**	**0**	**1 576**
Income tax expense	(147)	37	0	47	-	(64)
Profit under equity method	0	24	36	22	0	82
Net profit	1 398	0	0	0	0	1 398

Income statement 1st Half year 2013	2013 interim financial statements	Change				Comparative information in the interim financial statements for 2014
		AS SL Õhtuleht	AS Ajakirjade Kirjastus	AS Express Post	Eliminations	
Income	28 925	(1 865)	(1 947)	(1 191)	888	24 810
Expenses	(26 343)	1 779	1 940	1 056	(888)	(22 456)
Operating profit	**2 582**	**(86)**	**(7)**	**(135)**	**0**	**2 354**
Income tax expense	(150)	37	1	45	-	(67)
Profit under equity method	0	50	6	90	0	146
Net profit	2 036	0	0	0	0	2 036

Balance sheet as of 31.12.2013	2013 annual report	Change				2014 interim financial statements
		AS SL Õhtuleht	AS Ajakirjade Kirjastus	AS Express Post	Eliminations	
Current assets	14 447	(915)	(1 292)	(1 759)	876	11 357
Non-current asset	63 019	(88)	(511)	(45)	(20)	62 355
Investments in joint ventures	0	288	920	315	20	1 543
TOTAL ASSETS	**77 466**	**(715)**	**(883)**	**(1 489)**	**876**	**75 255**
incl. cash and bank	*4 501*	*(723)*	*(179)*	*(1 390)*	*0*	*2 209*
incl. goodwill	*40 052*	*0*	*(456)*	*0*	*0*	*39 596*
Current liabilities	14 468	(714)	(883)	(1 489)	876	12 258
Non-current liabilities	20 673	(1)	0	0	0	20 672
TOTAL LIABILITIS	**35 141**	**(715)**	**(883)**	**(1 489)**	**876**	**32 930**
incl. borrowings	*24 432*	0	0	0	0	*24 432*
EQUITY	**42 325**	**0**	**0**	**0**	**0**	**42 325**

Note 4. 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 Group level 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 boards of the Parent and its subsidiaries. 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. The risk management at the joint ventures within the Group is performed in cooperation with the other shareholder of joint ventures.

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 bank, trade receivables, other short-term receivables and loans granted. Since the Group invests available liquid funds in the banks with the credit rating of "A" they do not expose the Group to substantial credit risk.

Bank account balances (incl. term deposits) by credit ratings of the banks

Bank name	Moody`s	Standard & Poor`s	30.06.2014	31.12.2013
SEB	A1	A+	1 208	580
Swedbank	A2	A+	493	1 430
Nordea/Danske	Aa3/Baa1	A-/AA-	25	166
Other banks	-	-	0	13
Total			**1 726**	**2 189**

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 and potential payment holidays. Clients are classified on the basis of their size, reputation, and the results of credit background checks 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 the 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. Their payment behaviour is also initially monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied.

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

The Group is not aware of any substantial risks related to its clients and partners. The management estimates that there is no credit risk in the loans of related parties.

The Group's management is of an opinion that credit risk is still high in a current economic situation and therefore, credit risk management remains a high-priority area. As a specific measure, the credit policies at the group companies have been harmonised and they have been made stricter. A regular reporting routine in respect of accounts receivable has been established, enabling the Group's management to receive immediate information.

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 account) 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 thereof. According to the policy of the Group, all group companies prepare long-term cash flow forecasts for the next year which are updated quarterly. For monitoring short-term cash flows the subsidiaries that have joined the group account prepare detailed eight week cash flow projections on a weekly basis.

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

Overdraft credit is used to finance working capital, long-term bank loans and finance lease agreements are used to make capital expenditures to acquire non-current assets. The Group has high leverage; therefore, liquidity risk management is one of the priorities of the Group.

Interest rate risk

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 mainly tied to Euribor.

The Group's interest rate risk is related to short-term and long-term borrowings which have been assumed with a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. An interest rate change by one percentage point would change the Group's loan interest expense by approximately 230 thousand euros per year.

Type of interest	Interest rate	30.06.2014 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	3 093	13 514	16 607
	1-month Euribor + 2.5%	Syndicated loan *(Printall)*	645	5 151	5 796
	1-month Euribor + 2.3%	Finance lease *(Printall)*	78	97	175
	1-month Euribor + 1.9%	Overdraft	2 606	0	2 606

Type of interest	Interest rate	31.12.2013 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	3 043	15 076	18 119
	1-month Euribor + 2.5%	Syndicated loan *(Printall)*	643	5 472	6 115
	1-month Euribor + 2.3%	Finance lease *(Printall)*	73	125	198
	1-month Euribor + 1.9%	Overdraft	0	0	0

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is exposed to foreign exchange risk to a certain degree. 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 Group. Group companies are required to manage their foreign exchange risk with regard to functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros, Lithuanian litas, Latvian lats (until

31.12.2013) and Ukrainian hryvnias. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports also outside of euro-zone and invoices for services are also issued in Norwegian kroner and Swedish kronor. In addition, the Russian clients pay in roubles, although the invoices are issued in euros and they carry no foreign exchange risk. The amounts received in foreign currencies are typically converted into euros immediately after their receipt, thereby reducing open foreign currency positions. Foreign exchange risk is reduced year after year and in the first half of the year of 2014, approximately 4% (2013: 5%) of the Group's sales revenue carried foreign currency risk. of the Group's sales revenue carried foreign currency risk.

Financial assets and financial liabilities by currency as of 30.06.2014

(EUR thousand)	EUR	LTL	LVL	UAH	SEK	Other currencies	TOTAL
Assets							
Cash and cash equivalents	1 375	363	0	0	0	1	**1 739**
Trade and other receivables	6 744	1 860	0	0	161	52	**8 817**
Total financial assets	**8 119**	**2 224**	**0**	**0**	**161**	**52**	**10 556**
Liabilities							
Borrowings	25 184	0	0	0	0	0	**25 184**
Trade payables and accrued expenses	3 726	677	0	0	6	4	**4 414**
Total financial liabilities	**28 910**	**677**	**0**	**0**	**6**	**4**	**29 598**
Net foreign currency position	**(20 791)**	**1 547**	**0**	**0**	**154**	**48**	

Financial assets and financial liabilities by currency as of 31.12.2013

(EUR thousand)	EUR	LTL	LVL	UAH	SEK	Other currencies	TOTAL
Assets							
Cash and cash equivalents	1 669	435	103	2	0	0	**2 209**
Receivables	3 964	1 635	448	30	200	25	**6 303**
Total financial assets	**5 633**	**2 070**	**551**	**32**	**200**	**26**	**8 511**
Liabilities							
Borrowings	24 432	0	0	0	0	0	**24 432**
Trade payables and accrued expenses	5 243	578	249	25	11	7	**6 112**
Total financial liabilities	**29 675**	**578**	**249**	**25**	**11**	**7**	**30 544**
Net foreign currency position	**(24 042)**	**1 492**	**302**	**7**	**189**	**19**	

Price risk

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. For performing 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 management estimates that the dependence of the Group's activities on IT systems is higher than average and continuous investments are made to increase its security and reliability. The responsibility for managing operational risk lies with the Management Board of the Group and the management boards of subsidiaries.

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 its shareholders and benefits for other stakeholders, while maintaining the optimal capital structure in order to reduce the price of capital.

According to the practice common in the industry, the Group uses the debt to capital ratio to monitor capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (short and long-term interest bearing liabilities recognised in the consolidated balance sheet). Total capital is recognised as the aggregate of equity and net debt. The ratio of equity to total assets (one of criteria measured quarterly according to syndicated loan contract) is also monitored. During the year the equity ratio of the Group has been in compliance with conditions set in the syndicate loan contract.

Equity ratios of the Group

(EUR thousand)	30.06.2014	31.12.2013
Interest-bearing debt	25 184	24 432
Cash and bank accounts	1 739	2 209
Net debt	23 445	22 223
Equity	44 394	42 325
Total capital	67 839	64 548
Debt to capital ratio	**35%**	**34%**
Total assets	76 064	75 255
Equity ratio	**58%**	**56%**

Note 5. Business combinations

In May 2013, AS Delfi (Latvia) and Nextmedia Baltic OÜ signed a share sale and purchase agreement, under which Delfi Latvia acquired a 100% ownership interest in SIA Cālis.lv, which operates the portal Cālis.lv. Cālis.lv is the most popular online Internet site in Latvia, targeting expecting and young mothers. The transaction was completed in July and a total of LTL 235 thousand (ca EUR 327 thousand) was paid for it. The Group's management estimated that the fair value of the trademark acquired upon acquisition of SIA Cālis.lv was EUR 66 thousand and goodwill was EUR 260 thousand. The management has the right to review its allocation within one year.

If the Group had acquired Calis.lv at the start of the year, Group revenue would have higher by approximately EUR 70 thousand.

The table below presents an overview of acquired identifiable assets and liabilities at the time of acquisition. For preparation of the purchase analysis, the balance sheet of Cālis LV SIA as of 31 March 2013 was used as the basis.

(EUR thousand)	Cālis LV SIA	
	Fair value	Carrying amount
Net assets	1	1
Trademark	66	0
Total identifiable assets	**68**	**1**
Goodwill	**260**	
Cost of acquired ownership interest	327	

Cash paid for ownership interest	327
Cash and cash equivalents in acquired company	0
Total cash effect on the group	**(327)**

Note 6. Property, plant and equipment and intangible assets

(EUR thousand)	Property, plant and equipment		Intangible assets	
	1st Half year 2014	1st Half year 2013	1st Half year 2014	1st Half year 2013
Balance at beginning of the period				
Cost	29 271	28 940	63 617	63 064
Accumulated depreciation and amortisation	(15 676)	(14 164)	(15 256)	(12 194)
Carrying amount	**13 595**	**14 776**	**48 361**	**50 870**
Acquisitions and improvements	778	420	113	85
Disposals (at carrying amount)	(1)	(15)	0	(1)
Write-offs and write-downs of PPE	0	(1)	(3)	0
Depreciation and amortisation	(980)	(947)	(484)	(311)
Exchange rate correction	0	0	0	(1)
Balance at end of the period				
Cost	29 987	29 158	63 708	63 134
Accumulated depreciation and amortisation	(16 596)	(14 926)	(15 722)	(12 491)
Carrying amount	**13 390**	**14 232**	**47 987**	**50 642**

Information about the items of non-current assets pledged as loan collateral is disclosed in Note 7.

In June 2014, AS Printall concluded a contract to purchase a new sheet-fed printing machine for EUR 2.9 million (excl. VAT). The first payment totalling 20% of the total payment was made in June and it is included as a prepayment in non-current assets. Approximately 2/3 of the cost will be financed through a bank loan, the remainder through equity. The estimated installation time of the new printing machine is the 1st quarter 2015.

Intangible assets by type

(thousand)	EUR	
	30.06.2014	31.12.2013
Goodwill	39 596	39 596
Trademarks	7 795	8 120
Other intangible assets	596	645
Total intangible assets	**47 987**	**48 361**

Carrying amount of trademarks by segment

(thousand)	EUR	
	30.06.2014	31.12.2013
Online media	6 615	6 698
Periodicals	1 180	1 422
Total trademarks	**7 795**	**8 120**

Goodwill by cash generating units and segments

(thousand)	EUR	
	30.06.2014	31.12.2013
Delfi Estonia	15 281	15 281
Delfi Latvia (incl. Calis.lv)	9 650	9 650
Delfi Lithuania (incl. Alio)	12 848	12 848
Online media segment	**37 780**	**37 780**
Maaleht (Eesti Ajalehed)	1 816	1 816
Periodicals segment	**1 816**	**1 816**
Total goodwill	**39 596**	**39 596**

In May 2013, AS Delfi (Latvia) acquired a 100% ownership interest in SIA Cālis.lv that operates the portal Cālis.lv. The related goodwill is recognised in the balance sheet in the amount of EUR 260 thousand (Note 5).

Note 7. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	Between 1-5 years
Balance on 30.06.2014			
Overdraft facilities	**2 606**	2 606	0
Long-term bank loans	**22 403**	3 738	18 665
incl. syndicated loan (AS Ekspress Grupp)	**16 607**	3 093	13 514
incl. syndicated and mortgage loan (AS Printall)	**5 796**	645	5 151
Finance lease	**175**	78	97
Total	**25 184**	**6 422**	**18 762**
Balance as of 31.12.2013			
Overdraft facilities	**0**	0	0
Long-term bank loans	**24 234**	3 687	20 548
incl. syndicated loan (AS Ekspress Grupp)	**18 119**	3 043	15 076
incl. syndicated and mortgage loan (AS Printall)	**6 115**	643	5 472
Finance lease	**198**	73	125
Total	**24 432**	**3 760**	**20 673**

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

Borrowings

On 12 July 2012, a new syndicated loan contract was signed for refinancing the loan and lease obligations of AS Ekspress Grupp and AS Printall in the total amount of EUR 29.3 million. Previous obligations were paid off with the new loan. The company did not take any additional loans. The parties to the new contract include AS SEB Pank, Nordea Bank Estonia branch, AS Ekspress Grupp and AS Printall. The refinancing transaction was completed on 23 July 2012.

The break-down of the total loan amount according to the loan contract in the amount of EUR 29.3 million is as follows:

(EUR thousand)	New loan principal	Term of annuity payments
Syndicated loan granted to AS Ekspress Grupp	22 300	7 years
Mortgage loan granted to AS Printall	5 000	12 years
Loan granted to AS Printall	2 000	7 years
Total liabilities	**29 300**	

The loan will mature on 25 July 2017. Interest is based on one-month Euribor, plus a margin of 2.5%. Upon expiry of the loan contract, the outstanding loan balance is ca. 11 million.

The loans are secured by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the commercial pledge on the assets of AS Printall in the amount of EUR 16 million and the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is already included within the net assets of the Group. In addition, the mortgage on the registered immovable and production facilities of AS Printall in the amount of EUR 9 million has been set. As of 30.06.2014, the carrying amount of the building was EUR 3.7 million (31.12.2013: EUR 3.8 million) and the carrying amount of the registered immovable was EUR 0.4 million (31.12.2013: EUR 0.4 million).

According to the conditions of the loan agreement, the borrower must comply with certain loan covenants, such as the equity ratio (equity/total assets), total debt/EBITDA ratio and the debt-service coverage ratio. As of the balance sheet date, all financial ratios were in compliance with the loan covenants set in the loan contract.

Overdraft facilities

Date of contract	Bank	Limit (EUR thousand)	Used 30.06.2014 (EUR thousand)	Used 31.12.2013 (EUR thousand)	Interest rate	Expiration date of the contract
12.07.2012	Nordea Bank Finland Plc Estonia Branch	3 280	2 606	0	1 month Euribor + 1.9%	25.07.2017
12.07.2012	AS SEB Pank	1 680	0	0	1 month Euribor + 1.9%	25.07.2017
Total		**4 960**	**2 606**	**0**		

The overdraft limit of Nordea Bank has been increased by EUR 1 960 thousand until 26 November 2014.

Note 8. Segment reporting

The management has determined the operating segments based on the reports reviewed by the Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the product perspective. The Company's internal management structure has been divided between the following business segments which have different economic characteristics.

Online media: managing online news portals and classified portals, selling advertising space on its own portal.

This segment includes group companies AS Delfi, AS Delfi (Latvia), UAB Delfi (Lithuania), TOV Delfi (Ukraine) and Delfi Holding SIA (Latvia). From 1 March 2014, the operations of Delfi were discontinued in Ukraine. The Group did not see a positive outlook for the future development of Delfi Ukraine, which would justify continuing the business and therefore ended its operations in Ukraine. The costs related to liquidation of the business consisted of termination benefits of employees and premature termination of contracts in the amount of EUR 30 thousand that are included in the financial statements for the 1st quarter. The write-down of the trademark of Delfi Ukraine in the amount of EUR 0.5 million was already reflected in the results of operations for 2013.

The key revenue of the segment comes from the sale of advertising banners and other advertising space in its own portals.

Periodicals: publishing of newspapers, magazines, customer publications and books in Estonia and Lithuania. This segment includes group companies Eesti Ajalehed AS (publisher of newspapers Eesti Ekspress, Maaleht and Eesti Päevaleht), OÜ Hea Lugu and UAB Ekspress Leidyba.

This segment also includes joint ventures AS Ajakirjade Kirjastus, AS SL Õhtuleht and AS Express Post engaged in home delivery of periodicals. From 2014, joint ventures are not consolidated line-by-line, but some tables include their results and impact on the Group's figures.

The key revenue of the periodicals segment comes from the sale of advertising space in newspapers and magazines, revenue from subscriptions and single-copy sales of newspapers and magazines, sale of books and various series, service fees from preparation of client materials.

Printing services: rendering of printing and related services. This segment includes the group company AS Printall.

Segment revenue comes from the sale of paper and printing services.

The Group's corporate functions are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, subsidiary OÜ Ekspress Digital (established in March 2012) that provides intra-group IT services, and OÜ Ekspress Finance (established in December 2012 during the demerger of AS Printall), the main activity of which is intra-group refinancing.

The Management Board assesses the performance of the operating segments based on revenue, EBITDA and the EBITDA margin. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the Group's management monitors the gross income of companies and segments. Discounts and volume rebates are reported as a reduction of the Group's sales and are shown in the aggregate line of eliminations. Internal management fees and goodwill impairment are not included in segment results.

According to the estimate of the Parent Company's management, the inter-segment transactions have been carried out at arm's length conditions and they do not differ significantly from the conditions of the transactions concluded with third parties.

Q2 2014 (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers (subsidiaries)	**3 634**	**3 856**	**6 726**	**3**	**(455)**	**13 764**
Effect of joint ventures	0	(2 458)	215	0	0	(2 243)
Inter-segment sales	14	69	699	419	(1 201)	0
Total segment sales	3 648	6 383	7 210	422	(1 656)	16 007
EBITDA (subsidiaries)	**962**	**300**	**1 537**	**(134)**	**(1)**	**2 664**
EBITDA margin (subsidiaries)	**26%**	**8%**	**21%**			**19%**
EBITDA with joint ventures	*962*	*571*	*1 537*	*(134)*	*(1)*	*2 935*
EBITDA margin with joint ventures	*26%*	*9%*	*21%*			*18%*
Depreciation (subsidiaries) (Note 6)						729
Operating profit (subsidiaries)						1 936
Investments (subsidiaries) (Note 6)	34	32	622	17	0	705

1st Half year 2014 (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers (subsidiaries)	**6 335**	**7 546**	**13 345**	**4**	**(731)**	**26 499**
Effect of joint ventures	0	(4 682)	409	0	0	(4 273)
Inter-segment sales	50	123	1 336	840	(2 349)	0
Total segment sales	6 385	12 351	14 272	844	(3 080)	30 772
EBITDA (subsidiaries)	**1 126**	**473**	**2 995**	**(601)**	**(3)**	**3 990**
EBITDA margin (subsidiaries)	**18%**	**6%**	**21%**			**15%**
EBITDA with joint ventures	*1 126*	*868*	*2 995*	*(601)*	*1*	*4 389*
EBITDA margin with joint ventures	*18%*	*7%*	*21%*			*14%*
Depreciation (subsidiaries) (Note 6)						1 464
Operating profit (subsidiaries)						2 529
Investments (subsidiaries) (Note 6)	106	48	674	63	0	891

Q2 2013 (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers (subsidiaries)	**3 194**	**3 556**	**6 581**	**4**	**(337)**	**12 998**
Effect of joint ventures	0	(2 331)	214	0	0	(2 117)
Inter-segment sales	30	60	764	381	(1 235)	0
Total segment sales	3 224	5 947	7 131	385	(1 572)	15 115
EBITDA (subsidiaries)	**730**	**70**	**1 599**	**(204)**	**1**	**2 196**
EBITDA margin (subsidiaries)	**23%**	**2%**	**22%**			**17%**
EBITDA with joint ventures	*730*	*259*	*1 599*	*(204)*	*0*	*2 384*
EBITDA margin with joint ventures	*23%*	*4%*	*22%*			*16%*
Depreciation (subsidiaries) (Note 6)						619
Operating profit (subsidiaries)						1 576
Investments (subsidiaries) (Note 6)	19	61	208	45	0	333

1st Half year 2013 (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers (subsidiaries)	**5 622**	**7 048**	**12 715**	**4**	**(579)**	**24 810**
Effect of joint ventures	0	(4 514)	399	0	0	(4 115)
Inter-segment sales	38	128	1 433	736	(2 335)	0
Total segment sales	5 660	11 690	13 749	740	(2 914)	28 925
EBITDA (subsidiaries)	**814**	**194**	**3 013**	**(410)**	**1**	**3 612**
EBITDA margin (subsidiaries)	**14%**	**3%**	**22%**			**15%**
EBITDA with joint ventures	*814*	*469*	*3 013*	*(410)*	*2*	*3 888*
EBITDA margin with joint ventures	*14%*	*4%*	*22%*			*13%*
Depreciation (subsidiaries) (Note 6)						1 258
Operating profit (subsidiaries)						2 354
Investments (subsidiaries) (Note 6)	37	69	294	105	0	505

Note 9. Earnings per share

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

EUR	Q2 2014	Q2 2013	Half year 2014	Half year 2013
Profit attributable to equity holders	1 857 961	1 398 306	2 360 792	2 036 239
Average number of ordinary shares	29 781 906	29 796 841	29 789 332	29 796 841
Basic and diluted earnings per share	0.06	0.05	0.08	0.07

In view of the fact that the Group has no dilutive potential ordinary shares on 30.06.2014 and 30.06.2013, **diluted earnings per share** equal basic earnings per share.

Note 10. Management Board's share option plan

In November 2013, the General Meeting of Shareholders approved a share option plan for the Management Board. Under the plan, in the first quarter 2017 the Chairman of the Management Board will be entitled to acquire up to 700 000 shares of AS Ekspress Grupp that the company will buy from the securities market at the market price. Of this amount, 300 000 free of charge shares have already been earned at the time when the option was issued. The remaining amount is to be earned during the contractual period between September 2013 and December 2016 in equal quantities for every month of employment. Part of the shares is fixed and part depends on the fulfilment of set goals that is assessed once a year after the end of the financial year. The company is neither under the obligation to buy back shares nor pay cash compensation for them.

Upon approving the share option, the option was recognised at its fair value and recognised on the one hand as a staff cost in the income statement and, on the other hand, as a share option reserve in equity. As of 30.06.2014, this reserve totalled EUR 452 thousand and the number of earned shares was 400 000. As of 31.12.2013, this reserve totalled EUR 384 thousand and the number of earned shares was 340 000. See Note 11.

For finding the fair value of the share option upon the issuing of the option (i.e. when it was approved by the General Meeting of Shareholders), the *Black-Scholes-Merton* model was used. The assumptions used in the model were as follows: share price at the time of issuing the option: 1.16 euros, dividend rate: 0.01 euros per share, risk-free rate 2.96%, option term: slightly over 3 years.

Note 11. Equity and dividends

Share capital and share premium

As of 30 June 2014 and 31 December 2013, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Treasury shares

From 7 April 2014, AS SEB Pank has started to buy back shares on behalf of the company within the framework of share option programme. As of 30.06.2014, AS Ekspress Grupp had purchased ca 28 thousand own shares at the average price of 1 euro per share for the total of EUR 28 thousand.

Dividends

At the Ordinary General Meeting of Shareholders held on 20 June 2014, it was decided to pay dividends to shareholders in the amount of one euro cent per share in the total amount of EUR 298 thousand.

Dividends will be paid out on 2 October 2014. There was no accompanying income tax liability because the Company paid out dividends it had received from its joint ventures and subsidiaries, that had already paid corporate income tax on dividends or the profit of which had already been taxed in its domicile. Therefore, there was no additional tax to be paid on distribution of dividends from the Parent Company.

Reserves

The reserves include statutory reserve capital required by the Commercial Code, additional monetary contributions as a general-purpose additional equity contribution by a founding shareholder and share option reserve (see Note 10).

(thousand)	EUR	
	30.06.2014	31.12.2013
Statutory reserve capital	281	227
Additional payments in cash from shareholders	639	639
Share option reserve	452	384
Total reserves	**1 372**	**1 250**

Note 12. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Supervisory and Management Board of all group companies (incl. managing directors of subsidiaries), their immediate family members and the companies under their control or significant influence.

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

The Group has purchased from (goods for resale, manufacturing materials, non-current assets) and sold its goods and services to (lease of non-current assets, management services, other services) to the following related parties:

SALES (EUR thousand)	Half year 2014	Half year 2013
Sales of goods		
Associates	361	367
Total sale of goods	**361**	**367**
Sale of services		
Members of Supervisory Board and companies related to them	3	5
Associates and joint ventures	706	756
Total sale of services	**709**	**761**
Total sales	**1 070**	**1 128**

PURCHASES (EUR thousand)	Half year 2014	Half year 2013
Purchase of services		
Members of Management Board and companies related to them	25	23
Members of Supervisory Board and companies related to them	122	144
Associates and joint ventures	488	417
Total purchases of services	**635**	**584**

RECEIVABLES (EUR thousand)	30.06.2014	31.12.2013
Short-term receivables		
Members of Supervisory Board and companies related to them	2	5
Associates and joint ventures	410	1 279
Total short-term receivables	**412**	**1 284**
Long-term receivables		
Members of Supervisory Board and companies related to them	160	160
Total long-term receivables	**160**	**160**
Total receivables	**572**	**1 444**

LIABILITIES (EUR thousand)	30.06.2014	31.12.2013
Current liabilities		
Members of Management Board and companies related to them	4	4
Members of Supervisory Board and companies related to them	7	11
Associates and joint ventures	88	109
Total liabilities	**11**	**15**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. The amount paid out in the first half-year 2014 was EUR 30 thousand (2013: EUR 30 thousand) there are no outstanding liabilities as of 1 June2014 and 1 June2013.

The management estimates that the transactions with related parties have been carried out at arms' length condition. As of 30.06.2014, the allowance for the receivable from the associate Medipresa UAB was made in the amount of EUR 52 thousand (31.12.2013: EUR 43 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

Remuneration of members of the Management and Supervisory Boards of all group companies

(EUR thousand)	Half year 2014	Half year 2013
Salaries and other benefits (without social tax)	431	459
Termination benefits (without social tax)	0	0
Share option	68	0
Total (without social tax)	**499**	**459**

The members of all management boards of the group companies (incl. managing directors of subsidiaries if these companies do not have management board as per Estonian law) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are usually payable in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 12 months' salary. Upon termination of an employment relationship, no compensation shall be paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board for a valid reason. As of 30 June 2014, the maximum gross amount of potential Key Management termination benefits was EUR 367 thousand (30 June 2013: EUR 327 thousand). No remuneration is paid separately to the members of the Supervisory Boards of the group companies and no compensation is paid if they are recalled..

Note 13. Contingent assets and liabilities

Contingent liabilities related to pending court cases

The Group's subsidiaries have several pending court cases, however, the effect of which is insignificant to the Group's financial results.

Court case with AS Eesti Meedia regarding the acquisition of joint ventures that ended with a decision by the Court of Arbitration on 6 June 2014

AS Ekspress Grupp and AS Eesti Meedia both owned 50% in joint ventures AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post. On 10 October 2013, AS Ekspress Grupp submitted AS Eesti Meedia a notice in which the Group wished to exercise the contractual right to purchase the shares Eesti Meedia holds in the joint ventures SL Õhtuleht, Ajakirjade Kirjastus and Express Post. This right was provided for the contracting parties in the event the major shareholder of the other party changes. On 12 September 2013, Eesti Meedia announced the change in company's sole shareholder. On 28 November 2013, the Estonian Competition Board issued a decision authorizing the concentration of AS Ekspress Grupp, OÜ Suits Meedia and AS SL Õhtuleht, AS Ajakirjade Kirjastus, AS Express Post. As a result of the decision, AS Ekspress Grupp could purchase the shares AS Eesti Meedia owned in AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post and to sell the shares to OÜ Suits Meedia.

On 9 May 2014, AS Ekspress Grupp and AS Eesti Meedia signed a compromise contract in the arbitration proceeding which was brought to a conclusion by the ruling of the Court of Arbitration on 6 June. Pursuant to the court decision, AS Ekspress Grupp paid a total of EUR 3.3 million to AS Eesti Meedia and received the shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht, which it sold to OÜ Suits Meedia.

Immediately prior to the court ruling, AS Eesti Meedia dropped the claim of action regarding the shares of AS Express Post. The owners of AS Express Post will remain the same, i.e. both AS Eesti Meedia as well AS Ekspress Grupp will retain their 50% ownership interest in this joint venture.

The court additionally ruled that AS Eesti Meedia shall pay EUR 68 thousand to AS Ekspress Grupp to compensate related legal expenses.

Note 14. Events after the balance sheet date

As of 1 July 2014, two group entities, i.e. UAB Delfi and UAB Ekspress Leidyba were merged. Prior to the merger, the Parent Company sold the shares of UAB Ekspress Leidyba to SIA Delfi Holding that also owns all the shares of UAB Delfi. During the merger, Delfi UAB will remain and UAB Ekspress Leidyba will be removed from the register. The purpose of the merger is creation of synergy and combination of similar activities in Lithuania. This event will have an impact of the Group's segment reporting in the future.

In July, AS Ekspress Grupp reorganised its ownership interest in joint ventures AS SL Õhtuleht and AS Ajakirjade Kirjastus. While acquisitions were previously made directly, from now on they will be held through new holding companies OÜ Ajaleht Holding and OÜ Ajakirjad Holding. Both AS Ekspress Grupp as well as OÜ Suits Meedia own 50% of the shares of these holding companies.