AS Ekspress Grupp

CONSOLIDATED ANNUAL REPORT

2015

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GENERAL INFORMATION

Beginning of reporting period	1 January
End of reporting period	31 December
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parda 6, 10151 Tallinn
Phone	+372 669 8381
Fax	+372 669 8180
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services (5814)
Management Board	Gunnar Kobin (chairman)
	Andre Veskimeister
	Pirje Raidma
Supervisory Board	Viktor Mahhov (chairman)
	Hans H. Luik
	Kari Sakari Salonen
	Harri Helmer Roschier
	Indrek Kasela
	Jaak Ennuste
Auditor	AS Deloitte Audit Eesti

The Annual Report consists of the Management Board's confirmation of the annual report, statement of the chairman of the Management Board, management report, report of corporate governance code, consolidated financial statements, independent auditor's report, proposal for profit allocation, and declaration of the Management Board and Supervisory Board. The document comprises 78 pages.

Management Board's confirmation of the consolidated annual report

The Management Board confirms that the management report of AS Ekspress Grupp disclosed on pages 5 to 27 presents a true and fair view of the business developments, results and financial position of the Parent Company and its group companies. The Management Board confirms that the consolidated financial statements disclosed on pages 28 to 74 give to the best of its knowledge a true and fair view of the assets, liabilities, financial position and results of the issuer and its group companies in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission and include a description of major risks and uncertainties.

Gunnar Kobin	Chairman of the Management Board	*signed digitally*	18 March 2016
Pirje Raidma	Member of the Management Board	*signed digitally*	18 March 2016
Andre Veskimeister	Member of the Management Board	*signed digitally*	18 March 2016

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

In 2015 the Group's consolidated revenue remained at last year's level, EBITDA decreased by 11% to EUR 7.9 million and the net profit decreased by 15% to EUR 3.9 million. The Group's financial leverage improved, the total debt to EBITDA ratio fell to 2.39 and the equity ratio increased to 63%.

The Group's result was most affected by the loss of EUR 1.1 million in connection with the exhibition of RMS Titanic held in the middle of the year in Riga and the one cancelled in Vilnius. Total EBITDA earned by the Group's main segments amounted to EUR 9 million, an increase of 1% from the previous year, however 6% behind the yearly budget. The net profit from core business amounted to EUR 5 million, and was 8% higher than a year earlier but also remained 7% behind the budget. The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post) consolidated 50% line-by-line.

The profit earned from **the Group's core business** was unchanged from last year, in spite of the 11% decrease in sales revenue of the printing house and the year-on-year decrease of EBITDA by EUR 1 million. This means that the profit of media segment offset the loss of the printing services segment. Whereas in 2014, the media segment accounted for 40% in the profit earned by the Group's core business, it increased to 50% in 2015, proving the viability of the media segment.

The key factor affecting the result of **the printing services segment** was the negative impact of economic sanctions imposed on Russia on exports of the Scandinavian printing industry. This resulted in the notable increase of price pressure in export markets and forced the Group's printing house Printall to lower sales prices. In addition to fierce price pressure, the company's business volumes also decreased. In the final quarter of 2015, the revenue of AS Printall was 9% lower and the profit was 17% lower than a year before. For the year, the result decreased 11% and EBITDA fell by 16%. At the end of 2015 the situation has stabilized and the company is determined to maintain its last year's level and expects moderate growth in 2016. The company's activities have been streamlined as much as possible and its very competitive profit margin enables Printall to be flexible in pricing. The company's management has decided that Printall must compete with its quality of service rather than low pricing.

Keywords in **the media segment** were higher profitability of the Group's Estonian and Latvian enterprises, and the price shock in Lithuania, which was caused by the changeover to the euro. Yearly revenues of media segment grew 8% compared to year ago and 2% compared to budget, amounting to EUR 40 million. EBITDA increased 22% compared to previous period and exceeded the budget by 15% amounting to EUR 4.9 million.

For Delfi Lithuania, the start of the year was difficult because of the price shock from the abovementioned transition to the euro. As a result, EBITDA increased only 6% in a year, which was below our expectations. The annual result of Delfi Latvia increased 60% as compared to the year before. Most of the growth came from active participation on the advertising market and the content quality of online products. The year's most important event in the media segment was the merger of Estonian newspaper publisher AS Eesti Ajalehed and online portal Delfi into a new company, AS Ekspress Meedia. This resulted in EBITDA growth of 45% as compared to the year earlier. The merger has both improved cost efficiency of various departments as well as notably increased competitiveness on the advertising market. Today, Ekspress Meedia employs over 300 people and the company serves approximately 100 thousand different subscribers, many of whom subscribe to more than one title published by the Group. In 2015 the company sold advertising for more than EUR 10 million. In the final quarter, advertising income earned by the mobile version of the news portal amounted to more than EUR 100 thousand a month.

For the year as a whole, also joint ventures AS SL Õhtuleht and AS Ajakirjade Kirjastus increased their profit notably, by 43% and 52% respectively. The only one that earned less profit in the media segment for the year was Express Post, the home delivery company that saw its annual profit to decrease 22%. One important factor behind the decrease of profit in Express Post was the increase in wage costs of the company's postmen. Hea Lugu, the Group's book publishing enterprise earned more or less the same profit as a year ago and this without any series, publishing only individual titles in 2015. Best selling book was the biography of the Estonian singer Jaak Joala that has been sold more than 10,000 copies and more than tripled the company's result in the final quarter of 2015.

In the media segment, we continued investing in **digital platforms** of our publications. Among others we launched a new digital solution for the Eesti Ekspress weekly, launched a new evening digital paper for Eesti Päevaleht and brought to the market the first digital magazine in the portfolio of AS Ajakirjade Kirjastus. In 2016 we will launch digital versions of the rural weekly Maaleht and key magazines, increasing the digital portfolio of the Group's subsidiaries and joint ventures to more than ten different titles. In the field of digital publishing, we have found a very cost-effective solution that enables us to relatively rapidly and with minimum costs to make progress in digital media. The digital publication of Õhtuleht and Russian-language news portal www.vecherka.ee were launched. Costs related to the new activities have affected EBITDA, but in the long term, they will create an opportunity to generate additional revenues.

From **print media** side we surprised our readers with the introduction of a more substantial weekly LP newspaper in September. Maaleht has issued successful book series of Tarkusepuu (Wisdomtree), which supported well the retail sales of Maaleht. The paper version of Eesti Päevaleht was redesigned. Ajakirjade Kirjastus acquired the Sensa magazine, widening its activities towards self-development and psychology.

During the year we also founded one new legal entity, OÜ Zave Media. It's a startup that is building up an online consumer portal in all Baltic countries to help customers find the best vendor for the products that they need. Every month, the portal has ca 100 thousand unique users in Estonia, 60 thousand in Latvia and over 200 thousand in Lithuania who regularly browse products of an average of 100 different merchants per country.

During the year, we also made our first passive investment in a startup enterprise by investing EUR 50 thousand in Jobbatical, a job exchange portal. On the first month of the new year, Jobbatical completed the next funding round for development, raising ca USD 2 million, mainly from US institutional investors. Although this investment is not directly in line with the Group's investment policy, we consider it a good first step in entering the world of seed companies and will continue to study new potential investment targets.

In the new year we will continue analysing business areas related to new media with the objective of finding new activities and enterprises to add to the Group's portfolio of subsidiaries. We find that the media sector in all three Baltic countries is saturated which is why we are looking for growth from outside the traditional media segment however on targets related to the same industry.

Our forecast for the new year is sales growth of 7% and EBITDA growth of 14% provided, of course, that stable development of the global economy remains unchanged.

Our mission remains 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.

The Group's goal is to be a truly modern media group with a strong foothold in all markets where actively present, with a leading position in online media.

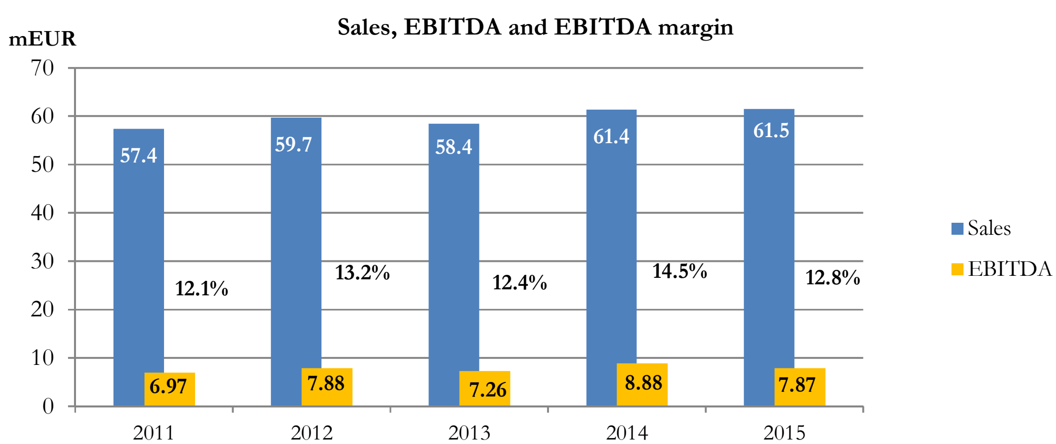
MANAGEMENT REPORT

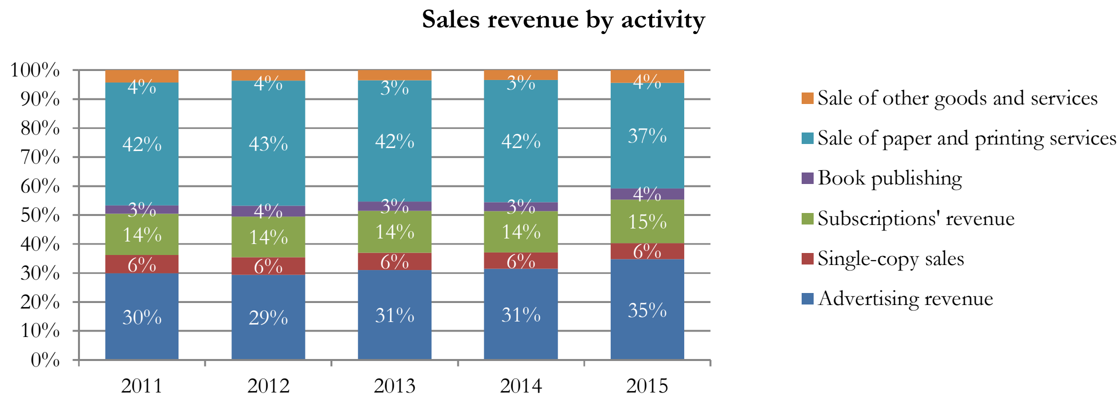
In consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **international financial reporting standards (IFRS).** In its monthly reports, the management monitors the Group's performance on a basis of proportional consolidation of joint ventures and the syndicated loan contract also determines the calculation of some loan covenants by proportional consolidation. For the purpose of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line 50% and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

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

Performance indicators – joint ventures consolidated 50% (EUR thousand)	**2015**	**2014**	**Change %**	**2013**	**2012**	**2011**
Sales revenue	61 528	61 384	0%	58 427	59 706	57 391
EBITDA	**7 869**	**8 878**	**-11%**	**7 264**	**7 882**	**6 968**
EBITDA margin (%)	***12.8%***	***14.5%***		***12.4%***	***13.2%***	***12.1%***
Operating profit*	4 866	5 638	-14%	4 647	4 596	3 443
Operating margin (%)*	*7.9%*	*9.2%*		*8.0%*	*7.7%*	*6.0%*
Interest expenses	(618)	(732)	16%	(763)	(1 549)	(2 212)
Profit for the period*	**3 907**	**4 620**	**-15%**	**3 548**	**2 682**	**893**
Net margin* (%)	***6.4%***	***7.5%***		***6.1%***	***4.5%***	***1.6%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	2 707	5 110	-47%	1 081	2 525	1 683
Net margin (%)	*4.4%*	*8.3%*		*1.9%*	*4.2%*	*2.9%*
Return on assets ROA (%)	*3.5%*	*6.6%*		*1.4%*	*3.2%*	*2.0%*
Return on equity ROE (%)	*5.6%*	*11.4%*		*2.5%*	*6.4%*	*4.4%*
Earnings per share (EPS)	**0.09**	**0.17**		**0.04**	**0.08**	**0.06**

***** The results exclude allowances on impairments and one-off gains in relation to the acquisition in Eesti Päevalehe AS in 2011 and the change in ownership structure in joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht in 2014. More information is disclosed in the Note 12 and Note 26 to the financial statements.





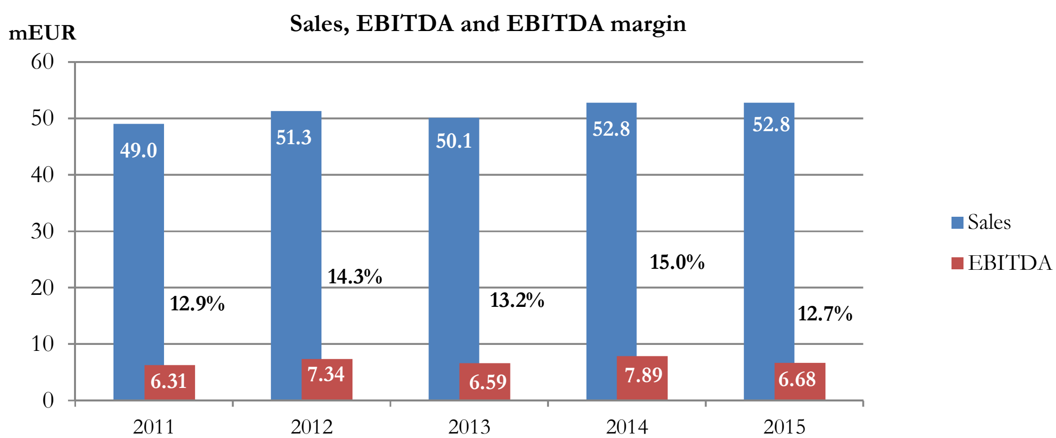
Balance sheet – joint ventures consolidated 50% (EUR thousand)	**31.12.2015**	**31.12.2014**	**Change%**	**31.12.2013**	**31.12.2012**
At the end of the period					
Current assets	15 553	15 189	2%	14 447	13 545
Non-current assets	61 588	65 665	-6%	63 019	66 754
Total assets	**77 141**	**80 854**	**-5%**	**77 466**	**80 299**
incl. cash and bank	*4 666*	*6 788*	*-31%*	*4 501*	*3 280*
incl. goodwill	*38 232*	*39 432*	*-3%*	*40 052*	*41 093*
Current liabilities	12 539	14 110	-11%	14 468	14 967
Non-current liabilities	15 928	19 569	-19%	20 673	24 233
Total liabilities	**28 467**	**33 679**	**-15%**	**35 141**	**39 200**
incl. borrowings	*18 787*	*24 592*	*-24%*	*24 432*	*28 580*
Equity	**48 674**	**47 175**	**3%**	**42 325**	**41 099**

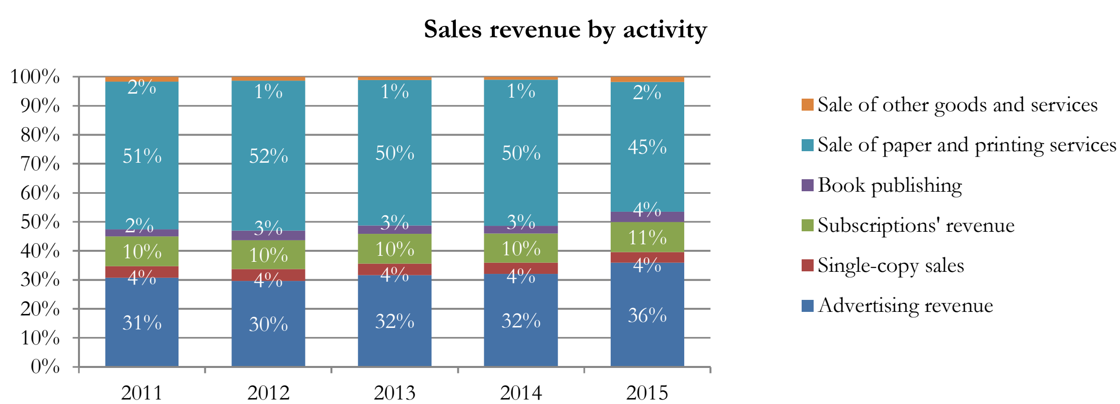
Financial ratios (%) – joint ventures consolidated 50%	**31.12.2015**	**31.12.2014**	**31.12.2013**	**31.12.2012**
Equity ratio (%)	63%	58%	55%	51%
Debt to equity ratio (%)	39%	52%	58%	70%
Debt to capital ratio (%)	22%	27%	32%	38%
Total debt/EBITDA ratio	2.39	2.61	3.36	3.63
Debt service coverage ratio	1.79	1.90	1.66	1.52
Liquidity ratio	1.24	1.08	1.00	0.90

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

Performance indicators – joint ventures by the equity method (EUR thousand)	2015	2014	Change %	2013	2012	2011
Sales revenue (only subsidiaries)	52 773	52 793	0%	50 086	51 290	49 027
EBITDA (only subsidiaries)	**6 680**	**7 894**	**-15%**	**6 591**	**7 345**	**6 311**
EBITDA margin (%)	***12.7%***	***15.0%***		***13.2%***	***14.3%***	***12.9%***
Operating profit* (only subsidiaries)	3 920	4 973	-21%	4 071	4 173	2 930
Operating margin (%)*	*7.4%*	*9.4%*		*8.1%*	*8.1%*	*6.0%*
Interest expenses (only subsidiaries)	(550)	(689)	20%	(763)	(1 550)	(2 219)
Profit of joint ventures by equity method	785	557	41%	494	339	421
Profit for the period*	**3 907**	**4 621**	**-15%**	**3 548**	**2 682**	**893**
Net margin* (%)	***7.4%***	***8.8%***		***7.1%***	***5.2%***	***1.8%***
Net profit for the period in the financial statements (incl. impairments and gain on change of ownership interest)	2 707	5 110	-47%	1 081	2 525	1 683
Net margin (%)	*5.1%*	*9.7%*		*2.2%*	*4.9%*	*3.4%*
Return on assets ROA (%)	*3.7%*	*6.8%*		*1.4%*	*3.2%*	*2.0%*
Return on equity ROE (%)	*5.6%*	*11.4%*		*2.5%*	*6.4%*	*4.4%*
Earnings per share (EPS)	**0.09**	**0.17**		**0.04**	**0.08**	**0.06**

* The results exclude allowances on impairments and one-off gains in relation to the acquisition in Eesti Päevalehe AS in 2011 and the change in ownership structure in joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht in 2014. More information is disclosed in the Note 12 and Note 26 to the financial statements.





Balance sheet– joint ventures by equity method (EUR thousand)	**31.12.2015**	**31.12.2014**	**Change %**	**31.12.2013**	**31.12.2012**
As at the end of the period					
Current assets	12 386	12 303	1%	11 357	10 747
Non-current assets	60 794	64 292	-5%	63 899	67 470
Total assets	**73 180**	**76 595**	**-4%**	**75 256**	**78 217**
incl. cash and bank	*2 927*	*5 275*	*-45%*	*2 209*	*1 291*
incl. goodwill	*36 953*	*38 153*	*-3%*	*39 596*	*40 637*
Current liabilities	9 033	11 481	-21%	12 259	12 885
Non-current liabilities	15 473	17 939	-14%	20 672	24 233
Total liabilities	**24 506**	**29 420**	**-17%**	**32 931**	**37 118**
incl. borrowings	*17 687*	*23 152*	*-24%*	*24 432*	*28 580*
Equity	**48 674**	**47 175**	**3%**	**42 325**	**41 099**

Financial ratios (%) – joint ventures by the equity method	**31.12.2015**	**31.12.2014**	**31.12.2013**	**31.12.2012**
Equity ratio (%)	67%	62%	56%	53%
Debt to equity ratio (%)	36%	49%	58%	70%
Debt to capital ratio (%)	23%	27%	34%	40%
Total debt / EBITDA ratio	2.65	2.93	3.71	3.89
Debt service coverage ratio	1.67	1.77	1.50	1.36
Liquidity ratio	1.37	1.07	0.93	0.83

Formulas used to calculate the financial ratios	
EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA does not include any impairment losses recognized during the period or result from restructuring.
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
Return on assets ROA (%)	Net profit /average assets x 100
Return on equity ROE (%)	Net profit /average equity x 100

* The results exclude allowances on impairments and one-off gains in relation to the acquisition in Eesti Päevalehe AS in 2011 and the change in ownership structure in joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht in 2014. More information is disclosed in the Note 12 and Note 26 to the financial statements.

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 in home and export markets. It can appear in lower advertising costs in retail, preference of other advertising channels like preference of internet rather than print media and changes in consumption habits of retail consumers e.g. 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. Book sales are the strongest in the last quarter of the year. Subscriptions and retail sales of periodicals do not fluctuate as much as advertising revenue. However the summer period is always more quiet and at the beginning of the school year in September there is an increase in subscriptions and retail sale which usually continues until next summer holiday period.

CORPORATE STRUCTURE

EKSPRESS GRUPP

Ekspress Meedia 100%	The main activity of AS Ekspress Meedia is publishing of the biggest Estonian weekly newspapers - Eesti Ekspress and Maaleht, as well as the publishing of the daily newspaper Eesti Päevaleht. Ekspress Meedia also publishes Delfi - the largest internet portal whose websites are according to Gemius Audience visited by more than 600,000 people a month.
Delfi (Läti) 100%	In Latvia Delfi is the largest news portal whose websites are according to Gemius Audience visited by more than 800,000 people a month.
Delfi (Leedu) 100%	In Lithuania Delfi is the largest internet portal whose websites are according to Gemius Audience visited by more than 1,200,000 people a month. In addition, Delfi publishes several magazines that are the leading titles in their segments in Lithuania.
SL Õhtuleht 50%	AS SL Õhtuleht publishes daily newspaper Õhtuleht. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Ajakirjade Kirjastus 50%	Ajakirjade Kirjastus publishes more than 20 magazine titles for more than 600,000 readers. The company is owned in equal parts by Ekspress Grupp and Suits Meedia.
Hea Lugu 100%	Hea Lugu is the Group's book publishing company. The company is publishing fiction, history books, children's books, reference books, handbooks and various series.
Zave Media 100%	Zave is the portal of sales offers of the largest retailers that operates in all three Baltic countries.
Adnet Media 49%	Adnet is an advertising network operating in the Baltic countries that mediates Internet advertising to end-consumers and re-sells international advertising space.
Express Post 50%	Express Post specialises in early-morning home delivery of periodicals, advertising materials and letters in Estonia. The company is owned in equal parts by Ekspress Grupp and Eesti Meedia.
Medipresa (Leedu) 40%	Delfi has 40% shares in Lithuanian magazines and newspapers wholesales company Medipresa.
Ekspress Digital 100%	Ekspress Digital is an IT development and management company that supports Group companies in developing and managing their IT solutions.
Printall 100%	The most contemporary printing plant in the Baltic countries. Large part of the Estonian newspapers, magazines and advertising materials is printed in Printall. Most of the production is exported.

SEGMENT OVERVIEW

Key financial data of the segments 2011-2015

From the 3rd quarter of 2014, when the Group's Lithuanian subsidiaries were merged, the Group's activities are divided into **the media segment**, **printing services segment** and **entertainment segment** launched this year. Previously, the entities of the media segment were divided into online media and periodicals segments.

The segments' EBITDA does not include intragroup management fees, 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.

(EUR thousand)	Sales			Sales		
	2015	2014	Change %	2013	2012	2011
media segment (by equity method)	30 063	27 459	9%	25 842	25 562	23 789
incl. revenue from all digital and online channels	*15 530*	*13 449*	*15%*	*11 595*	*10 561*	*9 111*
printing services	25 842	28 951	-11%	27 462	29 167	27 736
entertainment segment	517	0	-	0	0	0
corporate functions	1 937	1 731	12%	1 530	996	209
intersegment eliminations	(5 586)	(5 347)		(4 748)	(4 435)	(2 707)
TOTAL GROUP by equity method	**52 773**	**52 793**	**0%**	**50 086**	**51 290**	**49 027**
media segment by proportional consolidation	39 943	36 930	8%	34 955	34 773	32 771
incl. revenue from all digital and online channels	*16 577*	*14 306*	*16%*	*12 226*	*11 147*	*9 673*
printing services	25 842	28 951	-11%	27 462	29 167	27 736
entertainment segment	517	0	-	0	0	0
corporate functions	1 937	1 731	12%	1 530	996	209
intersegment eliminations	(6 711)	(6 228)		(5 520)	(5 230)	(3 325)
TOTAL GROUP by proportional consolidation	**61 528**	**61 384**	**0%**	**58 427**	**59 706**	**57 391**

(EUR thousand)	EBITDA			EBITDA		
	2015	2014	Change %	2013	2012	2011
media segment by equity method	3 724	3 025	23%	2 123	2 089	1 325
media segment by proportional consolidation	*4 913*	*4 013*	*22%*	*2 792*	*2 624*	*1 977*
printing services	4 966	5 944	-16%	5 862	6 052	5 959
entertainment segment	(1 110)	0	-	0	0	0
corporate functions	(899)	(1 076)	16%	(1 356)	(797)	(980)
intersegment eliminations	0	0		(38)	1	7
TOTAL GROUP by equity method	**6 680**	**7 894**	**-15%**	**6 591**	**7 345**	**6 311**
TOTAL GROUP by proportional consolidation	**7 869**	**8 878**	**-11%**	**7 264**	**7 882**	**6 968**

EBITDA margin	2015	2014	2013	2012	2011
media segment by equity method	12%	11%	8%	8%	6%
media segment by proportional consolidation	*12%*	*11%*	*8%*	*8%*	*6%*
printing services	19%	21%	21%	21%	21%
TOTAL GROUP by equity method	**13%**	**15%**	**13%**	**14%**	**13%**
TOTAL GROUP by proportional consolidation	**13%**	**15%**	**12%**	**13%**	**12%**

MEDIA SEGMENT

The media segment includes Delfi operations in Estonia, Latvia and Lithuania, publishing of Estonian newspapers Maaleht, Eesti Ekspress and Eesti Päevaleht, book publishing in Estonia, magazine publishing in Lithuania, activities of the retail offer portal Zave and holding company Delfi Holding. This segment also includes 50% joint ventures AS SL Õhtuleht (publisher of Õhtuleht and Linnaleht), magazine publisher AS Ajakirjade Kirjastus and home delivery company AS Express Post.

Delfi companies' EBITDA is presented before the trademark royalty fees that were paid to the direct parent company Delfi Holding until April 2015. In May 2015, Delfi group was restructured, as a consequence of which Delfi's local companies are directly owned by AS Ekspress Grupp. The ownership was changed in Lithuania in October 2015. The new structure reflects better the actual management structure which has gradually changed over the years.

In July 2015 AS Delfi and newspaper publisher AS Eesti Ajalehed were mergered in Estonia. New company continues to operate under name AS Ekspress Meedia. A year earlier Delfi UAB and magazine publisher Ekspress Leidyba UAB were merged in Lithuania. In Lithuania mergered entity continued under name of Delfi.

News portals owned by the Group

Owner	Portal	Owner	Portal
Ekspress Meedia	www.delfi.ee	Ekspress Meedia	www.ekspress.ee
	rus.delfi.ee		www.maaleht.ee
Delfi Latvia	www.delfi.lv		www.epl.ee
	rus.delfi.lv		
Delfi Lithuania	www.delfi.lt	AS SL Õhtuleht	www.ohtuleht.ee
	ru.delfi.lt		www.vecherka.ee

(EUR thousand)	Sales			EBITDA		
	2015	2014	Change %	2015	2014	Change %
Ekspress Meedia AS (Delfi Eesti + Eesti Ajalehed)	18 248	16 350	12%	1 899	1 306	45%
incl. Delfi Estonia online revenue	*5 931*	*4 953*	*20%*			
Delfi Latvia	3 066	2 562	20%	301	188	60%
Delfi Lithuania (incl. Ekspress Leidyba)	8 230	8 047	2%	1 590	1 495	6%
incl. Delfi Lithuania online revenue	*6 051*	*5 557*	*9%*			
Delfi Ukraine	0	2	-100%	0	(51)	100%
OÜ Hea Lugu	651	792	-18%	91	94	-3%
OÜ Zave Media	5	0	-	(147)	0	-
Other companies (Delfi Holding)	0	0	-	(9)	(10)	9%
Intersegment eliminations	(136)	(294)		(1)	2	
TOTAL subsidiaries	**30 063**	**27 459**	**9%**	**3 724**	**3 025**	**23%**
AS SL Õhtuleht*	4 154	3 909	6%	508	356	43%
AS Ajakirjade Kirjastus*	4 347	4 224	3%	392	257	52%
AS Express Post*	2 477	2 415	3%	289	372	-22%
Intersegment eliminations	(1 099)	(1 077)		(0)	2	
TOTAL joint ventures	**9 879**	**9 471**	**4%**	**1 189**	**987**	**20%**
TOTAL segment by proportional consolidation	**39 943**	**36 930**	**8%**	**4 913**	**4 013**	**22%**

* Proportional share of joint ventures

DELFI and its related products

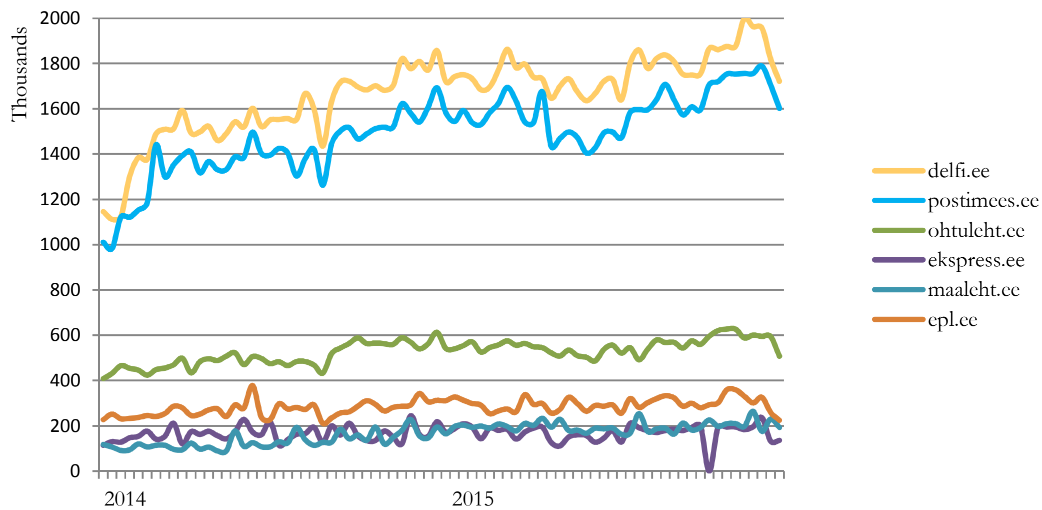
As a market leader Delfi continues to invest into new technologies and IT solutions to improve user experience of its readers and advertisers. During a year a new Delfi mobile applications for both IOS and Android devices were launched providing possibility of using more creative solutions in mobile environment. Launch of different programmatic direct platforms for advertisers was done independently by each country. Also HTML5 animated technology for displaying advertising banners was deployed in all three countries. New modern DELFI TV platform with a responsive design was launched. Newly made design and interactive technological features improved viewing of DELFI video content, made it more convenient and adjusted to watch on different devices like computer, mobile, tablet. Delfi Lithuania built a new video streaming system in cooperation with TEO. This solution will help to maintain about 25-30 thousand video viewers at the same time.

Several Delfi sub-sites and topical portals were updated and diversified including improvement of the comments section. A new article view was presented in almost all channels. Each country continues to develop vertical products depending on the demand of the market. During the year Delfi Estonia launched a new cooking portal www.maitsed.ee, pet portal www.lemmikloom.ee, fashion portal www.catwalk.ee, Russian-language travel portal www.turist.ee. In Latvia a Russian-language hobby vertical www.zhurnal.lv, gardening portal www.mansdarzs.lv, home design portal www.manamaja.lv, technology portal www.techlife.lv, pet portal www.MansDraugs.lv, radio stream aggregator www.radioplayer.lv. were launched. Delfi Lithuania has launched portals www.daraupats.lt, targeted at those who want to do things themselves, a portal www.vyriskai.lt, dedicated to men and includes such themes like leisure, style, hobbies, other practical info. In connection with the European Basketball Championship, a new portal for basketball fans www.krepsinis.lt was launched with the aim of becoming Lithuanian largest top-quality basketball portal. In Latvia a new e-commerce platform offering booking opportunities of beauty services www.tobook.lv was launched as a pilot project.

In all countries there is a focus on writing more long-read analytical articles in order to increase Delfi's position in all qualitative indexes like "trust", "usability", "originality" and etc. In Estonia this has been provided in co-operation with editorial teams of our daily and weekly newspapers Eesti Päevaleht, Eesti Ekspress and Maaleht.

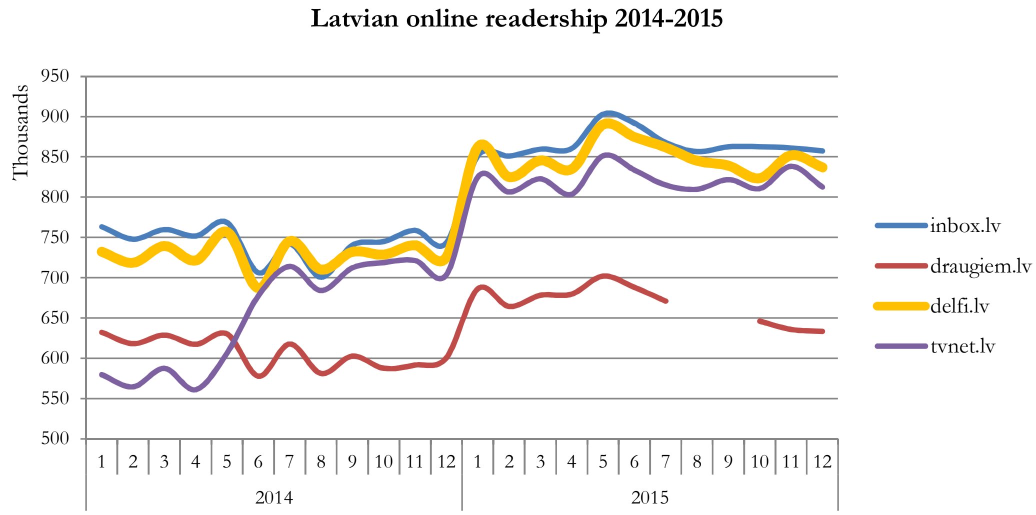
All Delfies contribute to society by supporting different charity projects, cultural, sport, social and business events in all Baltic countries.

Estonian online readership 2014-2015



TNSMetrix weekly audience survey

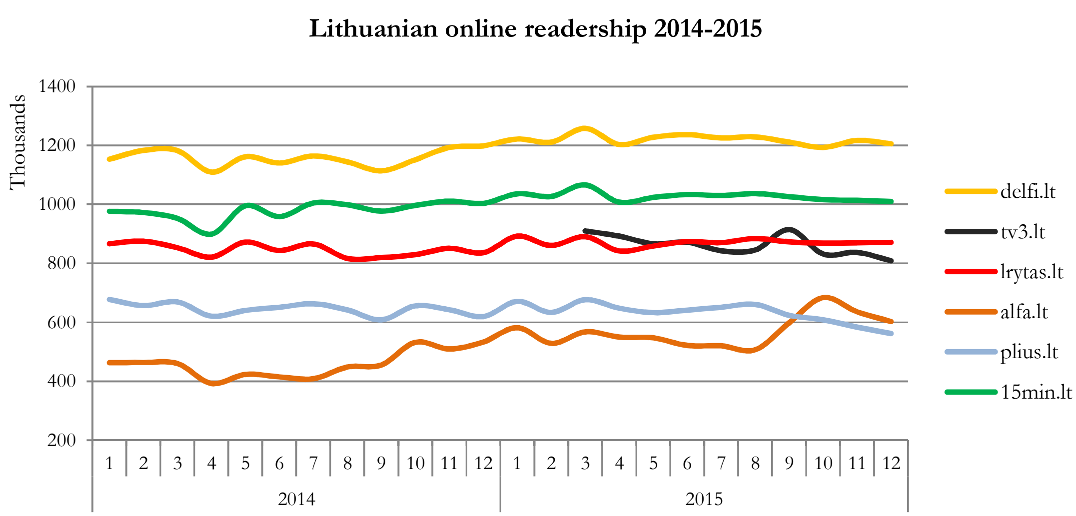
In 2015, Delfi remained the largest online portal in Estonia. There is more competition for the attention of readers and competitors have managed to increase their readership by active marketing activities. Special attention continues to be paid on mobile users as their number keeps growing. Delfi is the market leader among mobile users. New mobile applications that were launched in the 4th quarter will definitely improve convenience of use and, as a result, increase customer satisfaction. In 2015, online readership of Delfi grew by 10% in average. Most of this growth has come from the increase in the number of mobile devices. The growth rate of new devices is expected to slow down in 2016 since the majority of new telephones are already smartphones. At the same time we expect readership of video content to increase.



GemiusAudience monthly audience survey

2015 was full of changes for Latvian online portals as a whole. At the start of the year, Delfi overtook Inbox.lv and was Latvia's largest portal for several months. At the end of the year, however, Inbox.lv regained the leader position in readership. The gap between news portals Delfi and Tvnet has remained largely unchanged. Unlike in Estonia, the number of mobile users in Latvia is not growing as rapidly and there is less competition. At the same time, the number of mobile users is expected to increase notably in 2016.

Starting from January 2015, the method of the Gemius online survey has changed. The readership in 2015 includes statistics of users in the age group 7-74 years of age. In previous periods, statistics was published on the age group 15-74 years of age.

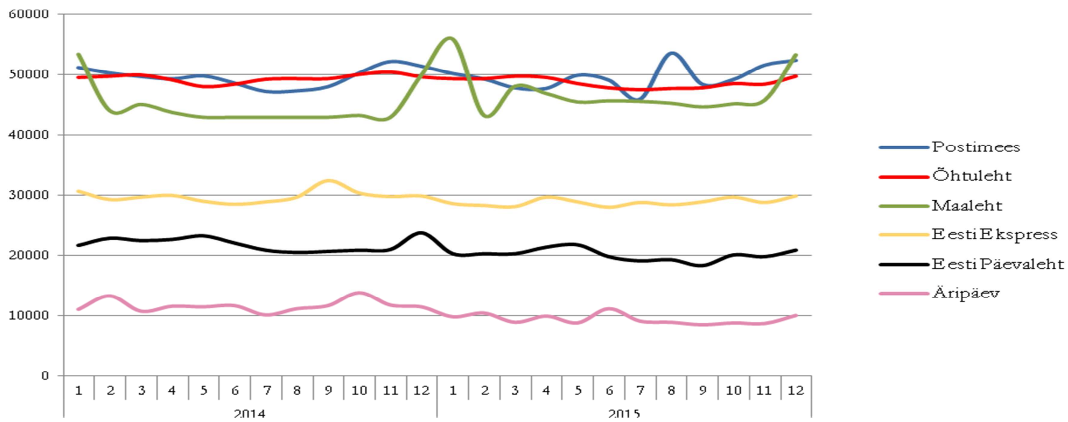


GemiusAudience monthly audience survey

Delfi remains Lithuanian largest online portal. In 2015, there were no major changes in preferences of online users in Lithuania. However, competition on the market has increased because MTG has acquired products of Tipro group including several online portals and merged them with tv3.lt, creating Lithuanian fourth largest group of online portals. However, its readership has been decreasing as is characteristic to the merger of various portals. Among mobile users, the two leading competitors in Lithuania are Delfi.lt and 15min.lt. In 2016 it is expected that the fastest-growing business will be creating and marketing video content.

PRINT MEDIA IN ESTONIA

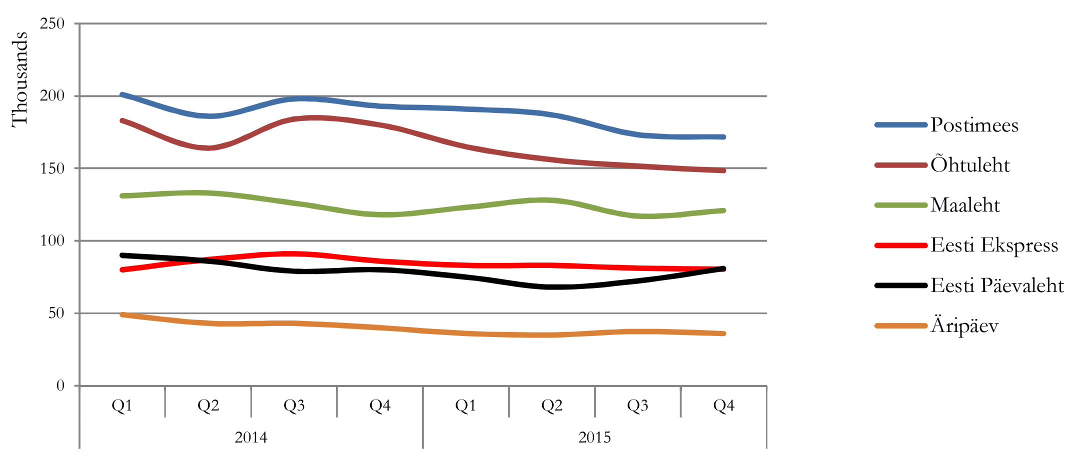
Estonian newspaper circulation 2014-2015



Estonian Newspaper Association data

Circulations of newspapers in Estonia are falling moderately, although in the second half of 2015 the circulations once again posted growth. The newspaper market is clearly stabilizing and the number of subscribers and retail buyers remains unchanged or is even growing. This may be partly due to stronger marketing of digital newspapers that is bringing people back to local newspapers. Stable and even growth of Õhtuleht and Maaleht is encouraging. In different months, both newspapers had Estonian largest print circulations. One also needs to add to these figures the number of subscribers of digital newspapers which totalled more than 12 thousand for newspapers published by the Ekspress Group at the end of 2015.

Estonian newspaper readership 2014-2015



Turu-uuringute AS

With regard to the circulation of newspapers, also the readership of publications has remained relatively stable, although in the long run it is decreasing ca 3-5% a year. Since this survey does not cover the readership of digital newspapers, it does not represent the actual readership. The number of digital subscribers of periodicals of the Ekspress Group exceeds 12 thousand. Increasing the readership of digital newspapers remains the main task for the Group's publications. There have been no significant changes in the competition situation in readership in 2015. The only newspapers that have increased readership from the 4th quarter 2015 were Eesti Päevaleht and Maaleht.

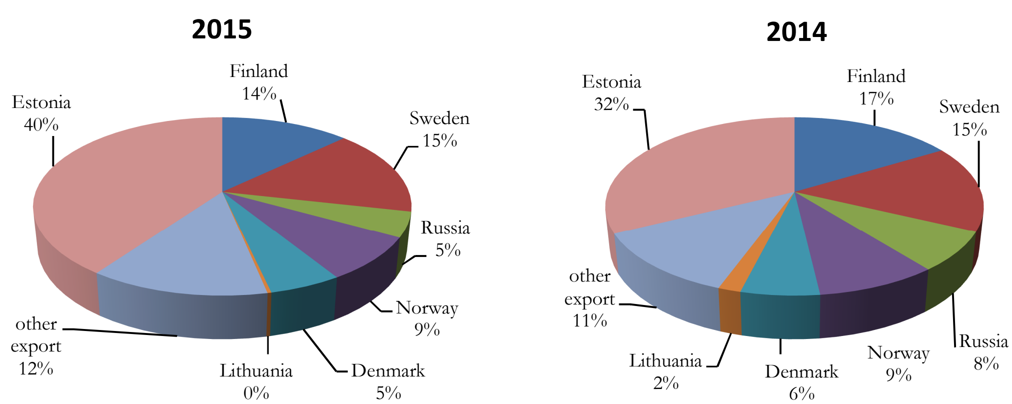
PRINTING SERVICES SEGMENT

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		
	2015	2014	Change %	2015	2014	Change %
AS Printall	25 842	28 951	-11%	4 966	5 944	-16%

Sanctions against Russia and the related decrease in orders and price pressure in Scandinavia characterize the whole year, resulting in the decrease of sales revenue and EBITDA. Situation has stabilized in December thus giving hope for better results next year. Due to changes in the political landscape there have also been changes in the structure of export markets where the share of Russia continues to decrease. The increase of the proportion of services sold to Estonia is primarily attributable to the new sheet-fed machine installed at the beginning of 2015, used for printing magazine covers, small-circulation magazines and advertising products.

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. Printall has been 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.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31.12.2015, 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. The share capital and the total number of shares have remained unchanged since 31.12.2011.

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.

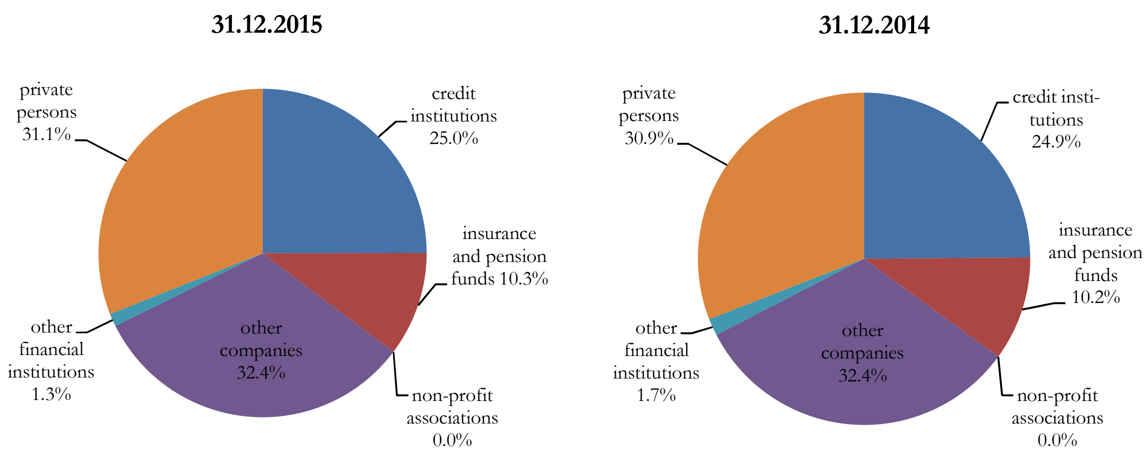
Structure of shareholders as of 31.12.2015 according to the Estonian Central Register of Securities

Name	Number of shares	%
Hans Luik	16 597 532	55.70%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*8 627 325*	*28.95%*
Hans Luik, OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
Skandinaviska Enskilda Banken Ab Clients	2 085 227	7.00%
LHV Bank and funds managed by LHV Varahaldus	2 179 441	7.31%
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	4 744 701	15.92%
Treasury shares	148 524	0.50%
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	31.12.2015		31.12.2014	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 862	9 253 538	2 981	9 209 326
Other companies	247	9 652 351	262	9 656 142
Other financial institutions	51	378 925	61	492 505
Credit institutions	13	7 448 318	12	7 405 159
Insurance and pension funds	11	3 063 290	11	3 033 290
Non-profit associations	2	419	2	419
TOTAL	**3 186**	**29 796 841**	**3 329**	**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

Payment **of dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs. The company expects to continue with regular dividend payments to its investors.

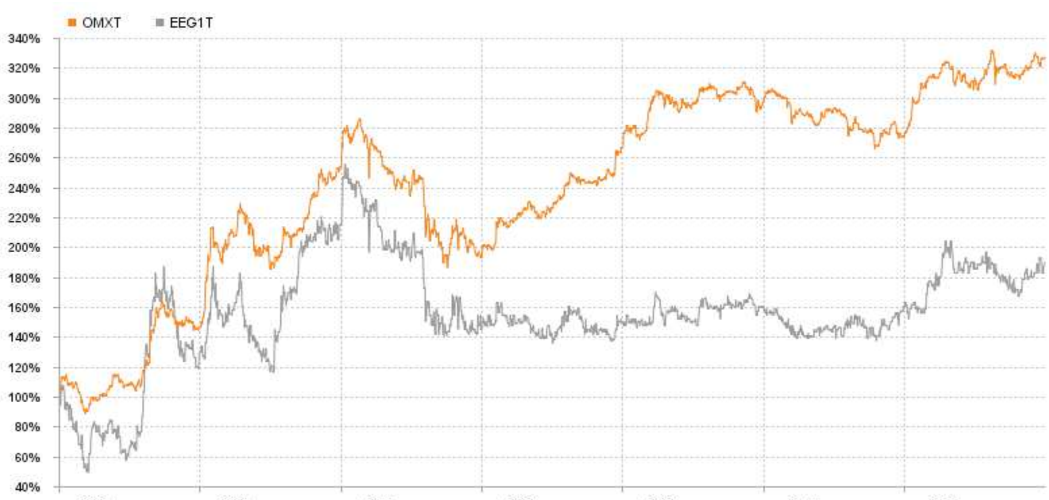
Date of the General Meeting	24.05.2013	20.06.2014	27.05.2015
Period for which dividends are paid	2012	2013	2014
Dividend payment per share EUR	1 cent	1 cent	4 cents
Total payment of dividends EUR thousand	298	298	1 187
Date of fixing the list of dividend recipients	07.06.2013	09.07.2014	10.06.2015
Date of dividend payment	01.10.2013	02.10.2014	02.10.2015

The table below shows the stock trading history 2011-2015

Price (EUR)	2015	2014	2013	2012	2011
Opening price	1.15	1.12	1.06	1.03	1.53
Closing price	1.35	1.14	1.14	1.06	1.03
High	1.47	1.14	1.22	1.18	1.84
Low	1.07	0.79	1.03	0.96	0.95
Average	1.28	1.03	1.13	1.04	1.32
Traded shares in pieces	657 508	1 389 244	1 395 363	1 247 945	3 909 472
Sales in millions	0.84	1.43	1.57	1.30	5.17
Capitalisation at balance sheet date in millions	40.23	33.97	33.97	31.58	30.72
P/E ratio (price earnings ratio)	14.94	6.56	31.45	12.51	18.24

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 31 December 2015.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2009 until 31 December 2015.



REPORT OF THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code (CGC) is a set of guidelines which is primarily intended to be observed by the companies listed on the stock exchange. Compliance with the provisions of CGC is not mandatory, the company has the obligation to disclose and substantiate as to whether and to which extent CGC is not complied with. Listed companies are subject to the requirement “fulfil or explain” since 1 January 2006.

In its business activities, AS Ekspress Grupp proceeds from laws and legal provisions and, as a listed company, from the requirements of the Tallinn Stock Exchange and it takes into account the guidelines of the Corporate Governance Code in its activities to a great extent. For practical considerations, some of the recommendations are partially followed.

Clause 2.2.7 of CGC
Basic wages, performance pay, severance packages, other payable benefits and bonus schemes of a member of the Management Board as well as their essential features (incl. features based on comparison, incentives and risk) shall be published in a clear and unambiguous form on the website of the Issuer and in the Corporate Governance Code Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of an expense to the Issuer or the amount of a foreseeable expense as of the day of disclosure.

The Group discloses in the Notes to the Financial Statements the total amount of the remuneration and termination benefits paid to the members of the Management Board, but not the remuneration of each member individually. The Group does not disclose the basic salary, performance pay, termination and other benefits of the members of the Management Board, because these constitute sensitive information for the members of the Management Board and the disclosure of such information is not inevitably necessary for judgment of the company's management quality. Neither does the Group wish to disclose such information to its competitors.

The remuneration of the members of all management boards of the consolidation group (incl. key management of subsidiaries) consist monthly salary and annual bonus. In some cases also company car is provided. Annual bonus depends on specific targets met and those targets varie each year depending on strategic aims of the company for following year. Annual bonus can form up to 50% of the annual salary of the member of the key management.

In November 2013, the General Meeting of Shareholders approved a share option plan for the CEO of the Group. 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 had 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.

Upon expiry and termination of the contract, the members of all management boards of the consolidation group (incl. key management of subsidiaries) are paid compensation in accordance with the conditions prescribed in the contract of services agreed with the member. Termination benefits are payable to the members of the management boards of the consolidation group companies usually in case termination is initiated by the company. If a member is recalled without a reasonable excuse, it shall be announced up to three months in advance and termination benefits shall be paid in the amount of up to seven months' salary. Termination benefits are usually not paid if a member of the management board leaves at his or her own initiative, or a member of the management board is recalled with a reasonable excuse.

Clause 2.3.2 of CGC

The Supervisory Board shall approve the transactions which are significant to the Issuer and concluded between the Issuer and a member of its Management Board or another person connected or close to them and shall determine the terms of such transactions. Transactions approved by the Supervisory Board between the Issuer and a member of the Management Board, a person close to them or a person connected to them shall be published in the Corporate Governance Code Report.

In 2015, no significant transactions were conducted between the Group and the members of the Management Board.

Clause 3.2.5 of CGC

The amount of remuneration of a member of the Supervisory Board determined at a General Meeting and the terms of payment shall be published in the Corporate Governance Code Report, indicating separately basic and additional remuneration (incl. termination and other payable benefits).

In 2015, remuneration was neither assigned to the Supervisory Board members of the Issuer nor to the members of the Supervisory Boards of the Group's subsidiaries and associates.

Election and authority of the governing bodies of AS Ekspress Grupp (hereinafter Ekspress Group)

General Meeting

The General Meeting is highest governing body of Ekspress Group. The ordinary General Meeting is held once a year but not later than six months after the end of the financial year at the seat of the company. The extraordinary General Meeting is convened in the cases prescribed by law.

The annual General Meeting of Ekspress Group was held on 27 May 2015 at the location of the company. The General Meeting approved Ekspress Group's consolidated annual report for the year 2014 and profit distribution proposal as presented by management according to which the net profit for 2014 in the amount of EUR 5 110 thousand was allocated as following: EUR 256 thousand was transferred to statutory reserve capital, dividends of four euro cent per share were declared in total amount of EUR 1 187 thousand and the remaining amount of EUR 3 665 thousand was transferred to retained earnings. The shareholders who had been included in the list of shareholders of AS Ekspress Grupp as of 10 June 2015 at 23:59 were entitled to receive dividends. The dividends were paid out on 2 October 2015.

Supervisory Board

The Supervisory Board of the Company approves the activities of the company, organises its management and supervises the activities of the Management Board.

In accordance with the articles of association, the Supervisory Board shall comprise three to seven members. The number of the members shall be determined by the General Meeting. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. The Supervisory Board of Ekspress Group has six members. The Supervisory Board comprises the Chairman of the Supervisory Board Viktor Mahhov and the members of the Supervisory Board Hans H. Luik, Harri Helmer Roschier, Kari Sakari Salonen, Indrek Kasela and Jaak Ennuste.

In 2015, two Supervisory Board meetings were held. First Supervisory Board meeting was not attended by Jaak Ennuste, second one of the year was attended by all members of the Supervisory board. On three occasions, decision was adopted unanimously without calling a meeting of the Supervisory Board.

Information about members of the Supervisory Board:

Viktor Mahhov (appointed until 20.05.2019)
- Chairman of the Supervisory Board since 2006
- AS Scandagra Estonia Finance Director
- 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
- Hans H Luik owns 100% interest in companies OÜ Minigert and OÜ Ekspressmaja which provide office space to the Group companies
- Hans H Luik has more than 5% ownership in Julianus Group which provides reminder and debt collection services of overdue receivables to the Group companies

Harri Helmer Roschier (appointed until 20.05.2019) – independent Supervisory Board member
- Member of the Supervisory Board since 2007
- Chairman of the Board of Directors of Avaus Marketing Innovations Oy
- Chairman of the Board of Directors of Rostek Oy
- Member of the Board of Directors of Futurice Oy
- Chairman of the Management Board of HRC Invest Oy
- Completed graduate studies in economics

Kari Sakari Salonen (appointed until 20.05.2019)
- Member of the Supervisory Board since 2012
- Member of the Board of Directors of KJK Management SA
- Chairman of the Board of Directors of KJK Capital Oy
- Chairman of the Board of Directors of KJK Invest Oy
- Member of the Management Board of KJK Fund Sicav-SIF
- Member of the Board of Directors of KJK Fund II Sicav-SIF
- Member of the Board of UAB "D Investuciju Valdymas"
- Graduated from Espoo School of Economics in 1983

Indrek Kasela (appointed until 20.05.2019) - independent supervisory board member
- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS.
- 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 until 20.05.2019) - independent supervisory board member
- Member of the Supervisory Board since 2014
- Member of the Supervisory Board and partner of e-marketing agency ADM Interactive
- Member of the Supervisory Board 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.

Management Board

The authorities of the Management Board of the Company are specified in the Commercial Code and they are limited to the extent determined in the articles of association of the company. The Management Board of Ekspress Group does not have any right to issue shares of the company. The election of the members of the Management Board is the authority of the Supervisory Board. The members of the Management Board are elected for a period of up to 5 years. In order to elect and remove the members of the Management Board, a simple majority of the votes of the Supervisory Board is required. In order to resign from the position of a member of the Management Board, the member shall give one month's notice to the Supervisory Board. There are no agreements between Ekspress Group and the members of the Management Board which would deal with the benefits in connection with a takeover of a public limited company provided for in Chapter 19 of the Securities Market Act. In accordance with the articles of association, the Management Board shall comprise one to five members. The Management Board of Ekspress Group has three members as of the year-end and preparation of the financial statements. The Management Board comprises the Chairman of the Management Board Gunnar Kobin, and the members of the Management Board Pirje Raidma and Andre Veskimeister.

Information about the members of the Management Board:

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

Andre Veskimeister (term of contract until 16.12.2017)
- 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 (term of contract until 16.12.2017)
- 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

Audit Committee

The Audit Committee is an advisory body to the Supervisory Board in the fields of accounting, audit reviews, risk management, internal control and auditing, supervision and preparation of a budget and in the area of legality of the activities of the Supervisory Board. The Audit Committee has currently one member – Viktor Mahhov.

Selection and pay of auditors

An auditor is selected and approved by the General Meeting of Shareholders. Usually the auditor is selected for the period of three years after which new tender is organised. The basis for selection is the experience of the audit team, reputation of the audit company, its access to international network, the independence of the auditor and price for the services. For the period 2014-2016 the General Meeting of the Shareholders approved AS Deloitte Audit Eesti to be an auditor of the Group. Latvian operations are audited by the local audit firm and joint venture AS Express Post by Ernst & Young Baltic AS. In 2015 the total fee to be paid for all audits (including all joint ventures) will be EUR 65 thousand. In 2015 additional tax consultancy services have been purchased from Deloitte network in amount of EUR 20 thousand. Between 2006-2013 AS PricewaterhouseCoopers audited the consolidated annual reports of the Group.

Other information

Pursuant to Chapter 19 of the Securities Market Act, in case of a takeover of the Group, the current co-owner of AS Express Post, i.e. AS Eesti Meedia, has the right to acquire the joint venture's 50% ownership interest at a fair value from Ekspress Group. Ekspress Group has the same right in case of a change in the shareholding of AS Eesti Meedia according to the existing agreement between current shareholders.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(EUR thousand)	31.12.2015	31.12.2014	Notes
ASSETS			
Current assets			
Cash and cash equivalents	2 927	3 656	5
Term deposits	0	19	5
Trade and other receivables	6 741	6 519	6
Corporate income tax receivable	0	37	
Inventories	2 718	2 072	10
Total current assets	**12 386**	**12 303**	
Non-current assets			
Term deposit	0	1 600	5
Trade and other receivables	1 149	1 170	11
Deferred tax asset	42	65	
Investments in joint ventures	1 007	500	13
Investments in associates	215	164	14
Property, plant and equipment	13 791	14 506	15
Intangible assets	44 590	46 287	16
Total non-current assets	**60 794**	**64 292**	
TOTAL ASSETS	**73 180**	**76 595**	
LIABILITIES			
Current liabilities			
Borrowings	2 240	5 213	18
Trade and other payables	6 679	6 249	17
Corporate income tax payable	114	19	
Total current liabilities	**9 033**	**11 481**	
Non-current liabilities			
Long-term borrowings	15 447	17 939	18
Deferred tax liability	26	0	
Total non-current liabilities	**15 473**	**17 939**	
TOTAL LIABILITIES	**24 506**	**29 420**	
EQUITY			
Share capital	17 878	17 878	29
Share premium	14 277	14 277	29
Treasury shares	(176)	(64)	29
Reserves	1 787	1 440	29
Retained earnings	14 908	13 644	
TOTAL EQUITY	**48 674**	**47 175**	
TOTAL LIABILITIES AND EQUITY	**73 180**	**76 595**	

The Notes presented on pages 32 to 74 form an integral part of the consolidated financial statements

Signed for identification purposes:
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Consolidated statement of comprehensive income

(EUR thousand)	2015	2014	Notes
Sales revenue	52 773	52 793	22
Cost of sales	(41 781)	(40 688)	23
Gross profit	**10 992**	**12 105**	
Other income	659	470	
Marketing expenses	(2 377)	(2 011)	24
Administrative expenses	(5 236)	(5 438)	25
Other expenses	(118)	(153)	
Gain from change in ownership interest in joint ventures	0	1 933	12
Impairment of goodwill	(1 200)	(1 443)	26
Operating profit	**2 720**	**5 463**	
Interest income	42	27	
Interest expense	(550)	(689)	
Foreign exchange gains (losses)	(6)	33	
Other finance costs	(71)	(90)	
Net finance cost	**(585)**	**(719)**	
Profit (loss) on shares of joint ventures	785	557	13
Profit (loss) from investments in associates	86	23	14
Profit before income tax	**3 006**	**5 324**	
Income tax expense	(299)	(214)	8
Profit for the reporting period	**2 707**	**5 110**	
Net profit for the reporting period attributable to:			
Equity holders of the parent company	2 707	5 110	
Other comprehensive income that may be subsequently reclassified to profit or loss			
Currency translation differences	0	(34)	
Total other comprehensive income for the period	**2 707**	**5 076**	
Comprehensive income for the reporting period attributable to:			
Equity holders of the parent company	2 707	5 076	
Basic and diluted earnings per share	0.09	0.17	29

The Notes presented on pages 32 to 74 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Currency translation reserve	Retained earnings	Total equity
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**
Dividend paid	0	0	0	0	0	(298)	**(298)**
Purchase of treasury shares	0	0	(64)	0	0	0	**(64)**
Share option	0	0	0	136	0	0	**136**
Total transactions with owners	*0*	*0*	*(64)*	*190*	*0*	*(352)*	***(226)***
Net profit for the reporting period	0	0	0	0	0	5 110	**5 110**
Reversal of currency translation reserve	0	0	0	0	(38)	38	**0**
Other comprehensive income	0	0	0	0	(34)	0	**(34)**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*(72)*	*5 148*	***5 076***
Balance on 31.12.2014	**17 878**	**14 277**	**(64)**	**1 440**	**0**	**13 644**	**47 175**
Increase of statutory reserve capital	0	0	0	256	0	(256)	**0**
Dividend paid	0	0	0	0	0	(1 187)	**(1 187)**
Purchase of treasury shares	0	0	(112)	0	0	0	**(112)**
Share option	0	0	0	91	0	0	**91**
Total transactions with owners	*0*	*0*	*(112)*	*347*	*0*	*(1 443)*	***(1 208)***
Net profit for the reporting period	0	0	0	0	0	2 707	**2 707**
Other comprehensive income	0	0	0	0	0	0	**0**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*0*	*2 707*	***2 707***
Balance on 31.12.2015	**17 878**	**14 277**	**(176)**	**1 787**	**0**	**14 908**	**48 674**

Additional information about changes in equity is disclosed in Note 29.

The Notes presented on pages 32 to 74 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(EUR thousand)	2015	2014	Notes
Cash flows from operating activities			
Operating profit for the reporting year	2 720	5 463	
Adjustments for:			
Depreciation, amortisation and impairment	2 760	2 921	15,16
Loss on trademark and goodwill impairment	1 200	1 443	26
Gain from change in ownership interest in joint ventures	0	(1 933)	
(Gain)/loss on sale and write-down of property, plant and equipment	(4)	6	
Change in value of share option	91	136	
Cash flows from operating activities:			
Trade and other receivables	(191)	334	
Inventories	(645)	251	
Trade and other payables	361	(2 250)	
Cash generated from operations	**6 292**	**6 371**	
Income tax paid	(118)	(185)	
Interest paid	(525)	(692)	
Net cash generated from operating activities	**5 649**	**5 494**	
Cash flows from investing activities			
Term deposit (placement)/release	1 600	(1 600)	
Received on restructuring of joint ventures	0	2 354	
Investments in joint ventures	0	(3)	
Acquisition of associate	0	(135)	
Purchase of other investments	(50)	0	
Interest received	33	6	
Purchase of property, plant and equipment	(1 575)	(3 101)	15,16,19
Proceeds from sale of property, plant and equipment	33	13	15,16
Loans granted	0	(24)	
Loan repayments received	74	7	
Net cash used in investing activities	**115**	**(2 483)**	
Cash flows from financing activities			
Dividends paid	(1 187)	(298)	
Dividend received from joint ventures	278	203	
Finance lease repayments	(89)	(75)	19
Change in use of overdraft	(1 117)	1 117	18
Loan received	687	1 346	
Repayments of bank loans	(4 952)	(3 695)	18
Purchase of treasury shares	(112)	(64)	
Net cash used in financing activities	**(6 492)**	**(1 466)**	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(729)**	**1 545**	
Cash and cash equivalents at the beginning of the year	3 656	2 111	5
Cash and cash equivalents at the end of the year	2 927	3 656	5

The Notes presented on pages 32 to 74 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

The main fields of activity of AS Ekspress Grupp and its subsidiaries consist media operations including online, newspaper, magazine and book publishing, home delivery and other media related activities; and provision of printing services. AS Ekspress Grupp (registration number 10004677, address: Parda 6, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. Pursuant to the Commercial Code of the Republic of Estonia, the annual report including also the consolidated financial statements prepared by the Management Board and approved by the Supervisory Board shall be approved by the General Meeting of Shareholders. This annual report was approved by the Management Board on 18 March 2016.

The consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) for the year 2015 reflect the results of the following group companies.

Company name	Status	Ownership interest 31.12.2015	Ownership interest 31.12.2014	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Digital OÜ	Subsidiary	100%	100%	Provision of IT services	Estonia
Ekspress Finance OÜ	Subsidiary	100%	100%	Provision of financing within a Group	Estonia
Operating segment: media					
Ekspress Meedia AS (former Delfi AS)	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers (from 1 July 2015 merged with AS Eesti Ajalehed)	Estonia
Eesti Ajalehed AS	Subsidiary	-	100%	Publishing of daily and weekly newspapers (from 1 July 2015 merged with Delfi AS and continues under the name of Ekspress Meedia)	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
Cālis LV SIA	Subsidiary	-	100%	Online media (merged with Delfi Latvia In May 2015)	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media and magazine publishing (merged with UAB Ekspress Leidyba on 1 July 2014)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Delfi Holding SIA	Subsidiary	100%	100%	Holding company (previously parent company to Delfi companies in different countries)	Latvia
Zave Media OÜ	Subsidiary	100%	-	Developer of portal incorporating retailers' sales offers throughout Baltics (set up in June 2015)	Estonia
Hea Lugu OÜ	Subsidiary	100%	100%	Book publishing	Estonia
Ajakirjade Kirjastus AS	Joint venture	50%	50%	Magazine publishing	Estonia
SL Õhtuleht AS	Joint venture	50%	50%	Newspaper publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Adnet Media UAB	Associate	49%	49%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Associate	49%	49%	Online advertising solutions and network	Estonia
Adnet Media SIA	Associate	49%	49%	Online advertising solutions and network	Latvia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	100%	100%	Arrangement of exhibitions	Latvia

Note 2. Accounting policies adopted in the preparation of the financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

Basis of preparation

The consolidated financial statements of AS Ekspress Grupp have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission. These financial statements have been prepared in accordance with these standards (IFRS) and IFRIC interpretations which have been issued and are effective, or have been issued and adopted early as of the time of preparing these statements.

The financial statements have been prepared under the historical cost convention, unless it is otherwise stated in the accounting policies below.

The preparation of the financial statements in conformity with IFRS requires management to make accounting estimates and exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated financial statements are presented in thousands of euros, unless otherwise indicated.

Comparability

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their impact is explained in the respective notes.

Amendments to the existing standards and new interpretation effective for current financial period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Commission are effective for current financial period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the European Commission on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015).
- **IFRIC 21 "Levies**" adopted by the European Commission on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

Amendments to the existing standards but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the European Commission were in issue but not yet effective:

- **Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements** issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

  The parent company has adopted this amendment early. This change has had a significant impact on the parent company's separate financial statements which are presented as a Note to the Consolidated financial statements as required by the Estonian Accounting Act. More detailed information has been disclosed in Note 33.
- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the European Commission on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016).

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the European Commission on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the European Commission on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the European Commission on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the European Commission on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the European Commission on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015).
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the European Commission on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Group has not yet analysed the impact of the above mentioned new standards and amendments on its accounting policies and financial statements.

<u>New Standards and amendments to the existing standards but not yet adopted by the European Commission</u>

At present, IFRS as adopted by the European Commission do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at 18 March 2016 (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018).
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018).
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019).
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

The Group has not yet analysed the impact of those new standards and amendments on its accounting policies and financial statements.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. Control is assumed if the Parent Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed before.

When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficiant to give it power, including: the size of the parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Parent Company, other vote holders or other parties; rights arising from other contractual agreements; and any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Parent Company acquired or transferred control over the company during the period, the respective subsidiary is subject to consolidation from the date at which control is transferred to the Parent Company until the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of subsidiaries is accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acqusition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acqusition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of acquired net assets. If cost is lower than the fair value of acquired net assets, the difference is immediately taken to profit or loss as a bargain purchase gain.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in the consolidated financial statements. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20-50%.

Investments in joint ventures and associates are initially recognised at cost and thereafter, using the equity method of accounting. The Group's investment in joint ventures and associates includes goodwill identified on acquisition.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or an associate equals or exceeds its interest in the associate, including any other unsecured receivables from the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is used to account for the acquisition of joint ventures and associates similarly to the acquisition of subsidiaries by the Group.

Parent Company's separate financial statements – primary statements presented as an additional disclosure to these consolidated financial statements

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (Parent Company) shall be disclosed in the Notes to the consolidated financial statements. In preparing the primary financial statements of the Parent Company, the same accounting policies have been used as also in preparing the consolidated financial statements.

The accounting policies for reporting subsidiaries, joint ventures and associates have been amended in the separate primary financial statements disclosed as supplementary information in the Annual Report in conjunction with IAS 27 "Consolidated and Separate Financial Statements". Amendments to IAS 27 "Consolidated and separate Financial Statements" - Equity Method in Separate Financial Statements issued by IASB on 12 August 2014 applicable for financial years starting from 1 January 2016 reinstated the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The parent company has adopted this amendment early and is using equity method of accounting less any impairment identified for its subsidiaries, joint ventures and associates for the financial year ending 31 December 2015. This change has had a significant impact on the parent company's separate financial statements. More detailed information has been disclosed in Note 33. The comparative information for 2014 has been changed to comply with the new accounting policies and it includes all subsidiaries, joint ventures and associates recognised already under the equity method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts and short-term deposits with original term of up to three months. Bank overdraft is included within borrowings in current liabilities in the balance sheet.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each group company are measured in their functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in euros.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions of the central banks of the countries where the respective group companies are located or the European Central Bank in case of euro. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group companies

The results and balance sheets of all group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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(a) assets and liabilities for each balance sheet presented are translated to euros at the closing rate of the European Central Bank at the date of that balance sheet;

(b) income and expenses for each income statement are translated to euros at average exchange rates of the European Central Bank for the period;

(c) all resulting exchange differences are recognised as a separate component of equity "Currency translation differences".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate of the balance sheet date. When a subsidiary is partially or wholly disposed of through sale, liquidation, repayment of share capital or abandonment, the exchange differences deferred in equity are reclassified to profit or loss.

The Group has companies in Estonia, Latvia, Lithuania and until March 2014 in Ukraine.

On 1 January 2015, the Republic of Lithuania joined the euro zone and adopted the euro as the national currency, which replaced the Lithuanian litas. As the Lithuanian litas was already previously pegged to the euro at the transition rate LTL 3.4528/EUR 1, no any translation differences occurred subsequently.

Inventories

In the balance sheet, inventories are stated at the lower of cost and net realisable value. Cost is determined using FIFO method for inventories used in periodicals and book sales segments and the weighted average cost method for production inventories used in the printing services segment. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price of products in the ordinary course of business, less applicable variable selling expenses to finish the product and complete the sale.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The Group has no held-to-maturity investments or available-for-sale financial assets. It does have insignificant amount (EUR 80 thousand) of assets measured at fair value through profit or loss. The management determines the classification of its financial assets at initial recognition and reviews the asset's classification at each balance sheet date. The Group's management assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The purchases and sales of financial assets are recognised at the trade date – the date at which the Group commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "Trade and other receivables" in the balance sheet.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate. Impairment of receivables is calculated on an individual basis.

Derecognition of financial assets

Financial assets are derecognised from the balance sheet when the assets are redeemed or the rights to cash flows from the assets otherwise expire or the rights to the cash flows from the financial assets have been transferred while also transferring substantially all risks and rewards of ownership of the assets to the third party.

Property, plant and equipment

Assets with an expected useful life of more than one year are capitalised as property, plant and equipment, if it is probable that future economic benefits associated with the asset will flow to the entity.

Property, plant and equipment are stated at historical cost less any depreciation. Cost includes the purchase price, non-refundable taxes and other expenditure that are directly or indirectly attributable to the acquisition of non-current items. The cost of items of property, plant and equipment also includes estimates of the costs of dismantling and removing the item and restoring the site on which it is located, for which an obligation arises for the entity either when the item is acquired or as a consequence of having used the item. The cost of self-constructed assets includes the cost of materials and direct labour.

If an item of property, plant and equipment consists of components with significantly different useful lives, these components are initially recognised as separate items of property, plant and equipment and separate depreciation rates are set for them depending on their useful lives. Items of property, plant and equipment with similar useful lives are accounted for as groups.

If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. The estimated future discounted cash flows are used as the basis for determining value in use (see also the accounting policy "Impairment of assets"). Impairment losses of non-current assets are expressed as an increase in accumulated depreciation and are recognised as an expense in the income statement. A recovery in value in use is recognised as a reversal of the impairment loss.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The magazine printing machines and finishing machines with the cost of over EUR 320 thousand are depreciated using the production unit method. Depreciation rates are set separately to each asset depending on its estimated useful life or the estimated total production. Depreciation of an asset is started when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the residual value is higher than the carrying amount, the asset is completely withdrawn from use or is reclassified as held for sale. Depreciation does not cease when the asset is withdrawn from use. The assets' depreciation rates, the depreciation method and residual values are reviewed, and adjusted if appropriate, at each balance sheet date. When the residual value of the asset exceeds its carrying amount, the depreciation of the asset is ceased.

Gains and losses on disposals on non-current assets are the amounts determined by comparing sales proceeds with the carrying amount and they are recognised as other income or expenses in profit and loss statement.

Depreciation is calculated on a straight-line basis or according to the production unit method using the following estimated useful lives. Land is not subject to depreciation.

<u>Buildings and structures</u>	20-33 years
<u>Machinery and equipment:</u>	
Production equipment	5-15 years
<u>Other non-current assets:</u>	
Vehicles	5-10 years
Other fixtures and equipment	2-7 years

Subsequent expenditure incurred for items of property, plant and equipment is recognised as separate non-current assets, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit or loss at the time they are incurred.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates respectively. Goodwill is tested at least annually for impairment and where necessary, impairment losses are recognised. Impairment losses on goodwill are not reversed. Goodwill recognised in the consolidated balance sheet is taken into account when calculating the gains and losses at the disposal of the shares of a subsidiary. If the cost of acquisition is lower than the fair value of the net assets acquired, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill is allocated to the asset groups for which it is possible to identify cash flows (cash-generating units). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The basis for the recoverable amount of a cash-generating unit is the expected cash flows of that cash-generating unit, which are discounted using the weighted average cost of capital. When the carrying amount of the investment is not recoverable, the investment is written down to its recoverable amount and an impairment loss is recognised. When the carrying amount of the investment is recoverable, no impairment loss is recognised. The estimates and decisions used for evaluation of business combinations are reviewed on an ongoing basis and if actual results differ from estimates, the latter are adjusted.

Trademarks

Trademarks are initially recognised at cost, including the purchase price and other costs directly attributable to the preparation of the asset for its use. Trademarks with finite useful lives are recognised in the balance sheet at fair value less any accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of trademarks over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also "The impairment of assets").

The estimated useful lives of trademarks with finite useful lives are 5-50 years. The amortisation rates are assessed for appropriateness each year.

Development costs

Development costs are costs which are incurred upon implementation of research results for elaboration of new products and services. The costs related to surveys and research conducted for generation of new scientific or technical knowledge are recognised as an expense in the income statement at the time they are incurred. Development costs are capitalised only if: a) completing the intangible asset so that it will be available for use or sale is technically feasible; b) the company has sufficient monetary funds for this purpose; c) the company has the ability to use or sell the intangible asset; d) the company has the ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalised costs include the cost of materials and direct labour costs. Other development costs are recognised as an expense in the statement of comprehensive income at the time they are incurred. Capitalised development costs are recognised at cost less any accumulated amortisation and any impairment losses. Development costs are expensed under a straight-line method over the expected useful life, the maximum length of which does not exceed 5 years.

Other intangible assets

Other intangible assets (including computer software) are stated in the balance sheet at historical cost less any accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis using 2-7 year estimated useful lives.

Impairment of assets

Assets with an indefinite useful life are not subject to amortisation but they are tested annually for impairment. Assets that are subject to amortisation and assets with infinite useful lives (land) are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable. Under such circumstances the recoverable amount is compared with the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The assets (other than goodwill thats impairment losses are not reversed) that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Financial liabilities

All financial liabilities (trade payables, borrowings and other borrowings) are initially recognised at their fair value, including all transaction costs. Financial liabilities are recognised at the trade date. After initial recognition, financial liabilities are measured at amortised cost. The amortised cost of current financial liabilities normally equals their nominal value; therefore current financial liabilities are stated in the balance sheet at their redemption value. For calculating the amortised cost of non-current financial liabilities, interest expenses are calculated on the liabilities in subsequent periods, using the effective interest rate method.

Financial liabilities are classified as current when they are due within twelve months after the balance sheet or if the company does not have an unconditional right to defer the payment for later than 12 months after the balance sheet date. Borrowings whose due date is within 12 months after the balance sheet date but which are refinanced as non-current after the balance sheet date but before the financial statements are authorised for issue are recognised as current. Borrowings that the lender has the right to recall at the balance sheet date due to a breach of contractual terms are also classified as current. Borrowing costs (e.g. interest) incurred for the construction of an item of property, plant and equipment are capitalised in the cost of the item during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed at the time they are incurred.

Provisions

Liabilities that have arisen as a result of past event before the balance sheet date, which have a legal or contractual basis or which arise from the company's established or published practice, which are probable to result in an outflow of resources, and which can be reliably measured, but for which the actual payment amount and payment date have not been definitely determined, are recorded as provisions in the balance sheet. The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the balance sheet in the amount which according to the management is necessary for settling the obligation or transferring it to the third party as of the balance sheet date. The provision expense is included in the income statement of the period. Provisions are not recognised for future operating losses.

Contingent liabilities

Promises, guarantees and other commitments that in certain circumstances may become obligations, but it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed as contingent liabilities in the Notes to the financial statements.

Payables to employees

Payables to employees and members of the Management Board include accrued wages and salaries, bonuses that have been calculated in accordance with the approved bonus policy and accrued vacation pay calculated in accordance with contracts of employment concluded with employees, contracts of services concluded with the members of the Management Board, and local laws in force as of the balance sheet date.

The liability related to the payment of a vacation payroll accrual together with social security and unemployment insurance payments is included within "trade and other payables" in the balance sheet and as personnel expenses in the income statement.

Share-based transactions

The fair value of services (work contribution) provided by employees to the entity in return for shares is recognised as employee costs in the income statement and as an equity reserve from the date of granting the share option and during the period when the services have been provided. The fair value of the services received is determined on the fair value of equity instruments (market price) granted to employees at the grant date. An employee is entitled to receive them within the framework of the share-based payment agreement, regardless of the effective employment relationship. Upon expiry of the share option, the company has the obligation to transfer an agreed number of shares which it buys at the market and at the market price. The shares purchased for the purpose of a share option are included as "Treasury shares" among equity. When shares are transferred the amounts reported as "Treasury shares" and the appropriate equity reserve are offset. The resulting difference is taken to retained earnings.

Finance and operating lease

Leases of plant, property and equipment under which the lessee assumes substantially all risks and rewards incidental to ownership are classified as finance leases. Other lease agreements are classified as operating leases.

The Group as a lessee

Finance lease payments are recognised in the balance sheet as an asset and liability at the lower of the fair value of the leased asset and the present value of minimum lease payments. Rental payments are divided into finance costs (interest expense) and a reduction of the outstanding balance of the liability. Finance costs are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recorded in the income statement on the accrual basis, unless they are directly attributable to construction of an item of property, plant and equipment and they are capitalised in the cost of the asset. Assets leased under finance leases are depreciated similarly to acquired non-current assets, with the depreciation period being the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are charged as expenses on a straight-line basis over the term of the relevant lease, irrespective of the execution of payments. Assets leased under operating lease are not recognised in the balance sheet.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the sale of goods or provision of services, taking into account any discounts and rebates.

Retail sales of periodicals and books

Revenue from the sale of goods is recognised when a group company has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is probable. Newspapers and magazines are often sold with the right to return them. Historical experience with returned goods is used to estimate and provide for such returns at the time of a sale as a deduction from the sale. The sale of published books is recognised at the time when they have been sold to the end customer.

Sales of subscribed periodicals and books

The customer prepayments for the subscription of books, newspapers and magazines are apportioned according to the subscription period and recognised as income when the periodical is published. Customer prepayments for periodicals issued in future period are recognized as deferred income.

Sale of services

Revenue from the sale of services is recognised in the accounting period in which the services are rendered, or if a service is provided over a long period of time, based on the stage of completion method. Revenue from sales of advertising services is recognised as income in the same period when the advertisement is published. Revenue from production of media services and printing services is recognised as revenue according to the percentage-of-completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract.

Revenue from longer term advertising packages is allocated on a linear basis over the package duration.

Interest income

Interest income is recognised using the effective interest rate method unless the receipt of interest is uncertain. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and

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continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Earnings per share

Basic earnings per share are calculated by dividing the profit of the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Treasury shares are eliminated from calculations. Diluted earnings per share are calculated based on profit or loss attributable to the ordinary equity holders of the Parent Company, and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Statutory reserve capital

The statutory reserve in equity is a mandatory reserve, created in accordance with the Commercial Code of Estonia. Reserve capital can only be used for covering losses or to increase share capital. Each year, at least 1/20 of net profit should be transferred to reserve capital until it makes up 1/10 of share capital. The distribution to shareholders from the statutory reserve is not permitted.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

If dividends are declared after the balance sheet date, those dividends are not recognised as a liability at the balance sheet date.

Events after the balance sheet date

Significant events that occurred during the preparation of the financial statements and are related to transactions that took place during the financial year are considered in the valuation of assets and liabilities.

The events which occurred after the balance sheet date that have not been taken into consideration in the valuation of assets and liabilities, but that significantly impact the results of the next financial year, are disclosed in the Notes to the financial statements.

Segment reporting

Operating segments are components of an entity that engage in business activities and on which it may earn revenue and incur expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker in order to make decisions about the resources to be allocated to the segment and to assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision marker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Management Board of the Parent Company of AS Ekspress Grupp.

Corporate income tax and deferred income tax

Corporate income tax in Estonia

According to the Income Tax Act applicable in Estonia, the annual profit earned by entities is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, non-business related expenses and adjustments of the transfer price. From 1 January 2015, the profit distributed as dividends is subject to income tax of 20/80 of the net amount to be paid out. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are actually paid. The obligation to pay income tax arises on the 10^{th} day of the month following the payment of dividends.

The corporate income tax arising from the payment of dividends is not recognised as a provision until the declaration of dividends. The maximum amount of a contingent income tax liability which may arise from distribution of all retained earnings is specified in the Notes to the financial statements.

Corporate income tax for companies registered in Latvia and Lithuania

In accordance with the local income tax laws the net profit of companies located in Latvia and Lithuania adjusted for the permanent and temporary differences as stipulated by law is subject to corporate income tax. The income tax rate is 15% in Latvia (2014: 15%) and 15% in Lithuania (2014: 15%).

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction impacts neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates by the management that have an effect on the financial statements. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies.

For preparation of the financial statements, the estimates made by the managements of all group companies shall be used which impact the Group's assets and liabilities at the balance sheet date, and also revenue and expenses for the financial year. These estimates are based on the latest information about the situation of group companies, and they take into consideration the Group's and entities' separate plans and related risks at the time of preparation of the financial statements.

Management estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year include assessment of useful lives of intangible assets identified (Note 16), valuation of inventories (Note 10), valuation of goodwill (Note 16), determination of useful lives of property, plant and equipment (Note 15) and valuation of receivables and loans granted (Notes 4, 6, 7), evaluation of derivative instruments (Notes 4, 28).

a) Valuation of goodwill, trademarks, other intangible and tangible assets

At each balance sheet date, the management carries out impairment tests for goodwill which have arisen upon acquisition of the following cash-generating units or companies: Delfi Estonia, Delfi Latvia, Delfi Lithuania, Maaleht published by Ekspress Meedia AS. Along with impairment tests for goodwill the value of other assets will also be assessed because the recoverable amounts of cash-generating units should cover goodwill as well as other assets related to cash-generating units like trademarks, intangible and tangible assets, net current assets. For finding the recoverable amount of the assets of all cash-generating units, the future expected cash flows have been discounted using the weighted average cost of capital (WACC). A more detailed overview of impairment tests is disclosed in Note 16.

In 2015 an impairment loss related to the goodwill of Delfi Latvia was recognised in the total amount of EUR 1 200 thousand (in 2014: EUR 1 443 thousand).

The Group has intangible and tangible assets other than goodwill and for estimating the value of these assets management will assess factors whether there are any indications referring that the value of assets has decreased. If there are such indications then impairment test will be performed for the assets of the smallest cash-generating unit and if the recoverable amount is smaller than carrying amount according to the realistic cash-flow forecast provided by the management, then the carrying amount of assets will be written down to the recoverable amount.

b) Estimation of useful lives of intangible assets

The management has determined the estimated useful lives of intangible assets, taking into account the business conditions and volumes, historical experience in the given field and future projections. The depreciation charges will be increased where useful lives are shorter than previously estimated lives, and technically obsolete and idle assets that have been written off or written down.

According to the estimates, the useful lives of **trademarks** as of the balance sheet date are 5-50 years, based on past experiences on useful lives of similar trademarks. The trademark in the online media is the title of the online portal "Delfi", the trademarks in print media are mainly the titles of different publications (magazines, newspapers). The useful lives of online media trademarks are estimated to be longer than those of print media. The remaining amortisation period of online media trademarks is up to 43 years. The useful lives of print media trademarks are generally estimated to be between 5-10 years.

Carrying amount of trademarks as of 31.12.2015 is EUR 6 911 thousands (31.12.2014: EUR 7 469 thousands). If useful lives of online trademarks increased or decreased by 10%, the annual amortisation charge would increase or decrease, respectively, by EUR 17 thousand.

The amortisation rates of print media trademarks have been changed at the beginning of 2014. All trademarks were individually assessed and appropriate changes were made.

c) Valuation of useful lives of property, plant and equipment

The management has determined the estimated useful lives of the items of property, plant and equipment, taking into account the business conditions and volumes, historical experience in the given field and future projections. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

If the useful lives increased/decreased by 10%, the annual depreciation charge would decrease/increase by EUR 20/24 thousand, EUR 129/158 thousand and EUR 27/32 thousand of 'Buildings', 'Machinery and equipment' and 'Other equipment', respectively. The total decrease/increase in the depreciation charge in case of an increase/decrease of 10% in useful lives would be EUR 176/215 thousand.

d) Assessment of the value of receivables is based on the Group's procedures according to which the provision for receivables that are overdue more than 60 days will be recognised, taking also into account the management's estimates on each receivable separetely. The estimates are made based on the financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. As a result of changes in the market conditions or economic situation, the current estimates of the management may significantly change.

e) Inventory valuation

Upon valuation of inventories, the management will rely on its best estimates taking into consideration historical experience, general background information and assumptions and preconditions of the future events. For determining the impairment of finished goods (carrying amount as of 31.12.2015, EUR 262 thousand and as of 31.12.2014, EUR 240 thousand), the sales potential as well as the net realisable value of finished goods is considered. Upon valuation of raw materials and materials (carrying amount as of 31.12.2015, EUR 2 210 thousand and as of 31.12.2014, EUR 1 577 thousand) their potential use in producing finished goods and generating income is considered. Upon valuation of work in progress (carrying amount as of 31.12.2015, EUR 238 thousand and as of 31.12.2014, EUR 248 thousand) their stage of completion that can reliably be measured is considered.

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 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.

Cash and bank accounts (incl. deposits) by credit ratings of the banks they are held at

Bank name	Moody`s	Standard & Poor`s	31.12.2015	31.12.2014
SEB	Aa3	A+	2 266	4 835
Swedbank	Aa3	AA-	285	289
Nordea/Danske	Aa3/A2	AA-/A	364	141
Total			**2 915**	**5 265**

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

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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 and credit limits. 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. Subsidiaries in Estonia outsource reminder services in order to collect overdue receivables more effectively.

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. At the beginning clients' payment behaviour will be 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 make prepayment or provide a guarantee letter.

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

The maximum credit risk which arises from the trade and other receivables is provided below:

31.12.2015 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables	4 103	935	886	25	5 949
Other short-term receivables	504	0	0	0	504
TOTAL	**4 607**	**935**	**886**	**25**	**6 453**

31.12.2014 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables	3 690	636	1 240	8	**5 574**
Other short-term receivables	708	0	0	0	**708**
TOTAL	**4 398**	**636**	**1 240**	**8**	**6 282**

In 2015, the Group has written down doubtful receivables in the amount of EUR 520 thousand (31.12.2014: EUR 541 thousand), in accordance with the rules for valuation of trade receivables applicable at the Group based on estimated cash flows.

Since a significant part of other receivables is due from the joint ventures, the management estimates that the receivables do not contain substantial credit risk, as the financial health is regularly monitored and the management of Parent Company has substantial influence over the joint ventures.

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 needs and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof. According to the policy of the Group, all subsidiaries and joint ventures prepare long term cash flow projections for the following year, which are adjusted on a quarterly basis. For monitoring short-term cash flows the subsidiaries prepare 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, 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's overdraft loan is long-term and related to the term of the syndicated loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion. The Group has still quite high leverage, thus liquidity risk management is one of the priorities of the Group.

Analysis of undiscounted financial liabilities (principal and future interest payments) by payment term

31.12.2015 (EUR thousand)	Undiscounted				Carrying amount
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	
Bank loans	217	434	1 955	16 507	**17 621**
Finance lease payments	7	14	35	10	**65**
Trade payables	1 564	0	3	0	**1 567**
Other payables	399	0	0	0	**399**
TOTAL	**2 187**	**448**	**1 993**	**16 517**	**19 652**

31.12.2014 (EUR thousand)	Undiscounted				Carrying amount
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	
Bank loans	1 477	742	3 432	18 473	**23 004**
Finance lease payments	7	14	63	70	**149**
Trade payables	1 410	0	0	0	**1 410**
Other payables	565	0	0	0	**565**
TOTAL	**3 459**	**756**	**3 495**	**18 543**	**25 128**

Other payables include payables to joint ventures, accrued interest and other accrued liabilities, see Note 17.

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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 taken by the Group are all tied to Euribor.

The Group's interest rate risk is related to short-term and long-term borrowings which carry a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 180 thousand euros per year.

Type of interest	Interest rate	31.12.2015 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	1 507	9 449	10 955
	3-month Euribor + 2.5%	Syndicated loan *(Printall)*	678	5 988	6 666
	1-month Euribor + 2.3%	Finance lease *(Printall, Ekspress Meedia)*	56	9	65
	1-month Euribor + 1.9%	Overdraft	0	0	0

Type of interest	Interest rate	31.12.2014 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan (*Parent Company*)	3 139	11 931	15 070
	1-month Euribor + 2.5%	Syndicated loan *(Printall)*	665	4 805	5 470
	3-month Euribor + 2.7%	Syndicated loan Tranche D*(Printall)*	212	1 135	1 347
	1-month Euribor + 2.3%	Finance lease *(Printall, Ekspress Meedia)*	80	69	149
	1-month Euribor + 1.9%	Overdraft	1 117	0	1 117

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuanian (litas in Lithuania until 31.12.2014). 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 outside of euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In 2015 such foreign exchange risk was on a level of ca 6% of Group's revenue (in 2014: ca 4%). The Russian clients pay also in Russian roubles, although the invoices issued have been denominated in euros and hence carry no exchange risk. The amounts received in foreign currencies are converted into euros immediately after their receipt in order to reduce open foreign currency positions. No other means are used for hedging foreign exchange risk.

Due to the adoption of the euro by the Republic of Lithuania on 1 January 2015, as of 31.12.2015 the Group has foreign currency risk only related to the Swedish krona in the amount of EUR 465 thousand and other currencies (GBP, NOK, USD) in the amount of EUR 21 thousand.

Financial assets and financial liabilities by currency as of 31.12.2014

(EUR thousand)	EUR	LTL	SEK	Other currencies	TOTAL
Assets					
Cash and cash equivalents	2 923	751	0	1	**3 675**
Receivables	5 820	1 564	154	16	**7 554**
Term deposit	1 600	0	0	0	**1 600**
Total financial assets	**10 343**	**2 315**	**154**	**17**	**12 829**
Liabilities					
Borrowings	23 152	0	0	0	**23 152**
Trade payables and accrued expenses	3 519	470	2	3	**3 995**
Total financial liabilities	**26 671**	**470**	**2**	**3**	**27 146**
Net foreign currency position	**(16 329)**	**1 845**	**152**	**14**	

Price risk

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 different limits are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes. The four-eye principle is also applied during negotiations related to purchase and sales as well as other transactions. All agreements prepared by law offices are reviewed by the management and in-house lawyers. The management considers the legal protection of the Group to be good.

The management estimates that the dependence of the Group's activities on IT systems is higher than average and regular 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 the 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 common industry practice, the Group uses the debt to capital ratio to monitor its 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 the 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)	31.12.2015	31.12.2014
Interest-bearing debt	17 687	23 152
Cash and bank accounts	2 927	5 275
Net debt	14 760	17 877
Equity	48 674	47 175
Total capital	63 434	65 052
Debt to capital ratio	**23%**	**27%**
Total assets	73 180	76 595
Equity ratio	**67%**	**62%**

Fair value

The Group's management estimates that the fair values of the financial assets (Notes 5,6,7,9,11) and financial liabilities (Notes 17,18,19) recognised in the balance sheet at amortised cost do not significantly differ from their carrying amounts presented in the Group's consolidated balance sheet on 31 December 2015 and 31 December 2014. The Group's interest bearing liabilities were refinanced in 2015 and are related to Euribor and thus reflect the adequate situation of current market interest rates. Also, the Group's risk margins correspond to market conditions. Based on that, the management estimates that the fair value of long-term borrowings does not significantly differ from their carrying amounts. The fair value of financial liabilities is determined on the basis of discounted future contractual cash flows, using a market interest rate which is available for the Group upon using similar financial instruments. Trade receivables and trade payables are recognised at amortised cost, due to which the management estimates that their carrying amount approximates their fair value.

Note 5. Cash and bank

(EUR thousand)	31.12.2015	31.12.2014
Cash in hand	12	10
Cash at bank	2 915	3 645
Cash in transit	0	1
Cash and cash equivalents	**2 927**	**3 656**
Term deposit	0	1 619
Total cash and bank	**2 927**	**5 275**

Note 6. Trade and other receivables

(EUR thousand)	31.12.2015	31.12.2014
Trade receivables (Note 7)	5 949	5 574
Other receivables (Note 9)	504	708
Prepayments	288	237
Total trade and other receivables	**6 741**	**6 519**

Note 7. Trade receivables

(EUR thousand)	31.12.2015	31.12.2014
Trade receivables	6 280	6 071
Allowance for doubtful receivables	(331)	(497)
Total trade receivables	**5 949**	**5 574**

(EUR thousand)	31.12.2015	31.12.2014
Allowance for doubtful receivables at the beginning of the period	(497)	(676)
Proceeds from doubtful receivables during the period	358	488
Allowance for doubtful receivables recognised during the period	(520)	(541)
Receivables written off from balance sheet during the period	328	232
Allowance for doubtful receivables at the end of the period	**(331)**	**(497)**

Impairment losses from trade receivables recognised during the period are reported in the statement of comprehensive income as “Cost of sales”. For further information on ageing of receivables (including overdue receivables), see Note 4. Allowances made for doubtful receivables are based on individual assessment of the receivables. Factors considered in the assessment process are the amount of days overdue, feedback from outsourced reminder service companies and other factors which may indicate the possible impairment of receivables.

Note 8. Corporate income tax and deferred tax

Group’s income tax expense (EUR thousand)	2015	2014
Corporate income tax expense	270	206
Deferred income tax expense	29	8
Total income tax expense	**299**	**214**

Corporate income tax

(EUR thousand)	2015	2014
Latvia		
Profit (loss) before tax	16 639	(580)
Tax rate	15%	15%
Estimated income tax	(2 496)	87
Impact of not taxable income/expenses not deductible for tax purposes	2 604	1
Deferred tax asset not recognised	(168)	(97)
Current income tax expense	**(31)**	**(11)**
Deferred income tax gains (losses)	**(29)**	**0**
Lithuania		
Profit (loss) before tax	1 382	1 197
Tax rate	15%	15%
Estimated income tax	(207)	(180)
Impact of income not taxable/expenses not deductible for tax purposes	(32)	(23)
Current income tax expense	**(239)**	**(195)**
Deferred income tax gains (losses)	**0**	**(8)**

Note 9. Other short-term receivables

(EUR thousand)	31.12.2015	31.12.2014
Receivables from associates (Note 31)	**232**	**192**
Trade receivables	232	192
Receivables from joint ventures (Note 31)	**247**	**232**
Accounts receivable	218	212
Other receivables	29	20
Receivables from related parties (Note 31)	**6**	**5**
Other receivables	6	5
Other short-term receivables	**19**	**279**
Loans granted	0	3
Other receivables	19	276
Total other short-term receivables	**504**	**708**

An allowance for the receivable from the associate Medipresa UAB has been recognised in the amount of EUR 13 thousand (31.12.2014 EUR 49 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

Note 10. Inventories

(EUR thousand)	31.12.2015	31.12.2014
Raw materials	2 210	1 577
Work in progress	238	248
Finished goods	262	240
Goods for resale	8	7
Total inventories	**2 718**	**2 072**

(EUR thousand)	2015	2014
Impairment of finished goods	44	43
Allowance for impairment recognised in profit and loss	**44**	**43**

Impairment of inventories is included in the line of the statement of comprehensive income ”Cost of sales“.

Note 11. Long-term trade and other receivables

(EUR thousand)	31.12.2015	31.12.2014
Loans granted to related parties (Note 31)	160	160
Receivables from joint ventures (Note 31)	907	978
Prepayments	2	2
Other investments	80	30
Total long-term receivables	**1 149**	**1 170**

Note 12. Business combinations

Transactions with the shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht in 2014

In June 2014 AS Ekspress Grupp acquired 50% of the shareholdings in joint ventures AS SL Õhtuleht and AS Ajakirjade Kirjastus for the remuneration of EUR 3.3 million and resold the shares immediately to new co-investor OÜ Suits Meedia.

In July 2014, AS Ekspress Grupp reorganised its shareholdings in joint ventures AS SL Õhtuleht and AS Ajakirjade Kirjastus. Before the shareholdings were held directly in both companies, but starting from July 2014, the shares were owned through new holding companies OÜ Ajaleht Holding and OÜ Ajakirjad Holding, respectively. Both AS Ekspress Grupp and OÜ Suits Meedia each owned 50% of the aforementioned holding companies. Holding companies were set up by monetary contributions to their share capital. AS Ekspress Grupp paid in EUR 1,250 into the share capital of each holding company. Shareholdings in joint ventures were sold to new holding companies at the market value, i.e. for the same amount they had been acquired from previous co-owner AS Eesti Meedia. The same course of action applied for OÜ Suits Meedia. As a result of these transactions, the new holding companies became 100% owners of joint ventures and in their consolidated balance sheets, all identifiable assets of the joint ventures were recognised at fair value, including trademarks, customer relations, etc. Also goodwill was recognised in the balance sheet, which is the difference between the paid price and fair value of identifiable assets and liabilities. For the acquisition of 100% shareholdings, the holding companies borrowed a total of EUR 3.2 million from the bank.

The table below shows 50% of the assets in the acquired entities as of 30 June 2014. As a result of the reorganisation, the financial income was recognised in the consolidated income statement in the amount of EUR 1 933 thousand that is attributable to the terminating of common joint ventures with previous co-owner and change in shareholdings. In November 2014 holding company OÜ Ajaleht Holding was mergered with AS SL Õhtuleht and OÜ Ajakirjad Holding was merged with AS Ajakirjade Kirjastus.

(EUR thousand)	OÜ Ajaleht Holding & AS SL Õhtuleht (50%)		OÜ Ajakirjad Holding & AS Ajakirjade Kirjastus (50%)	
	Fair value	Carrying amount	Fair value	Carrying amount
Net assets	379	379	528	528
Trademarks, customer relations and other intangible assets	759	0	385	23
Total identifiable assets	**1 139**	**379**	**915**	**551**
Goodwill	**809**		**469**	
Fair value of ownership interest	1 947		1 385	
Cash and cash equivalents in acquired company	800		385	
Bank loan received by companies	893		694	

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Other acquisitions

On 30 September 2014 the acquisition of a 49% holding in **Adnet Media UAB**, an associate, was completed. On the basis of the agreement of purchase and sale of shares, the Group has an option to acquire the remaining 51% of the shares of Adnet Media at the start of 2017. The 49% holding was acquired for a cash consideration in the amount of EUR 135 thousand. Adnet Media is engaged in internet advertising sales in Estonia, Latvia and Lithuania. The purpose of the acquisition was to enlarge the advertising product portfolio in the online media segment. The purchase analysis of Adnet Media was prepared on the basis of the balance sheet as of 30.09.2014. The consolidated net assets of the company were negative and goodwill was recognised in the amount of EUR 135 thousand. The investment in the associate is recognised in the Group's consolidated report under the equity method and the arising goodwill is recognised in the balance sheet among the carrying value of the investment.

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 Adnet media UAB as of 30 September 2014.

(EUR thousand)	Adnet media UAB (49%)	
	Fair value	Carrying amount
Net assets	(22)	(22)
Trademark	0	0
Total identifiable assets	**(22)**	**(22)**
Goodwill	**135**	
Cost of acquired ownership interest	135	
Cash paid for ownership interest	135	
Cash and cash equivalents in acquired company	6	
Total cash effect on the group	**(129)**	

Note 13. Joint ventures

Company name	Ownership interest %		Co-owner
	31.12.2015	31.12.2014	31.12.2015
AS SL Õhtuleht	50	50	OÜ Suits Meedia
AS Ajakirjade Kirjastus	50	50	OÜ Suits Meedia
AS Express Post	50	50	AS Eesti Meedia

See Note 12 for changes in shareholdings in joint ventures in June 2014.

Financial information of joint ventures

(EUR thousand)	AS Ajakirjade Kirjastuse	AS SL Õhtuleht	AS Express Post	Total
31.12.2015				
Current assets	3 004	1 598	2 250	6 852
Non-current assets	1 546	2 888	76	4 510
Total assets	**4 550**	**4 486**	**2 326**	**11 362**
Current liabilities	2 878	2 970	1 682	7 530
Non-current liabilities	1 068	748	0	1 816
Total liabilities	**3 946**	**3 718**	**1 682**	**9 346**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	856	1 203	1 420	3 479
Current financial liabilities (excluding trade and other payables and provisions)	980	1 220	0	2 200
Non-current financial liabilities (excluding trade and other payables and provisions)	0	0	0	0
31.12.2014				
Current assets	2 710	1 098	2 422	6 230
Non-current assets	1 604	3 040	78	4 722
Total assets	**4 314**	**4 138**	**2 500**	**10 952**
Current liabilities	2 074	1 952	1 688	5 714
Non-current liabilities	2 154	2 084	0	4 238
Total liabilities	**4 228**	**4 036**	**1 688**	**9 952**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	*738*	*702*	*1 585*	*3 025*
Current financial liabilities (excluding trade and other payables and provisions)	*240*	*360*	*0*	*600*
Non-current financial liabilities (excluding trade and other payables and provisions)	*1 020*	*1 260*	*0*	*2 280*

(EUR thousand)	AS Ajakirjade Kirjastus	AS SL Õhtuleht	AS Express Post	Total
2015				
Revenue*	8 694	8 308	4 953	21 956
Depreciation and amortisation	(174)	(264)	(49)	(487)
Interest expense	(89)	(84)	0	(173)
Profit before income tax	**516**	**663**	**529**	**1 709**
Income tax expense	0	0	(139)	(139)
Profit for the reporting period	**516**	**663**	**390**	**1 569**
Other comprehensive income	0	0	0	0
Total comprehensive income	**516**	**663**	**390**	**1 569**
2014				
Revenue*	8 447	7 819	4 829	21 095
Depreciation and amortisation	(127)	(231)	(49)	(407)
Interest income	0	1	1	1
Interest expense	(39)	(37)	0	(76)
Profit before income tax	**347**	**443**	**695**	**1 485**
Income tax expense	0	0	(108)	(108)
Profit for the reporting period	**347**	**443**	**587**	**1 377**
Other comprehensive income	0	0	0	0
Total comprehensive income	**347**	**443**	**587**	**1 377**

* Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales.

(EUR thousand)	AS Ajakirjade Kirjastuse	AS SL Õhtuleht	AS Express Post	Total
31.12.2015				
Net assets of the joint venture	604	768	644	2 016
Proportion of ownership in the joint venture	50%	50%	50%	
Carrying amount of interest in the joint venture	**302**	**384**	**321**	**1 007**
Profit on shares of joint ventures	258	332	195	**785**
31.12.2014				
Net assets of the joint venture	86	102	812	1 000
Proportion of ownership in the joint venture	50%	50%	50%	
Carrying amount of interest in the joint venture	**43**	**51**	**406**	**500**
Profit on shares of joint ventures	122	141	294	**557**

Note 14. Associates

(EUR thousand)	31.12.2015	31.12.2014
Additional contribution to associate	0	135
Impairment loss recognised for the receivables of associates (Note 31)	36	(6)
Shares of associates in the balance sheet	215	164
Share of loss in associates recognised in statement of comprehensive income		
Profit (loss) under the equity method	86	23
Total profit (loss) of associates	**86**	**23**

Company name	Ownership %	
	31.12.2015	31.12.2014
UAB Medipresa	40	40
Adnet Media UAB	49	49

Financial information of associate

(EUR thousand)	UAB Medipresa	Adnet media UAB
31.12.2015		
Total assets	3 771	765
Total liabilities	3 804	655
Total revenue	7 313	2 822
Total expenses	7 219	2 718
Net profit (loss)	**95**	**104**
31.12.2014		
Total assets	2 990	636
Total liabilities	3 112	628
Total revenue	7 833	833
Total expenses	7 838	775
Net profit (loss)	**(5)**	**59**

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Note 15. Property, plant and equipment

(EUR thousand)	Land	Buildings	Machinery and equipment	Other fixtures	Prepayments	Total
31.12.2013						
Cost	409	5 763	21 027	2 072	0	**29 271**
Accumulated depreciation	0	(1 938)	(12 177)	(1 561)	0	**(15 676)**
Carrying amount	**409**	**3 825**	**8 850**	**511**	**(0)**	**13 595**
Acquisitions and improvements	0	0	145	296	2 445	**2 886**
Disposals (at carrying amount)	0	0	0	(4)	0	**(4)**
Write-offs (at carrying amount)	0	0	0	(3)	(7)	**(10)**
Reclassification	0	43	1	24	(62)	**6**
Depreciation	0	(232)	(1 478)	(258)	0	**(1 968)**
31.12.2014						
Cost	409	5 806	21 035	2 205	2 376	**31 832**
Accumulated depreciation	0	(2 170)	(13 518)	(1 637)	0	**(17 326)**
Carrying amount	**409**	**3 636**	**7 518**	**566**	**2 376**	**14 506**
Acquisitions and improvements	0	12	165	194	879	**1 250**
Disposals (at carrying amount)	0	0	(12)	(10)	0	**(22)**
Write-offs (at carrying amount)	0	0	(1)	(6)	(1)	**(8)**
Reclassification	0	30	3 084	131	(3 246)	**(1)**
Depreciation	0	(218)	(1 424)	(292)	0	**(1 934)**
31.12.2015						
Cost	409	5 831	24 195	2 101	7	**32 542**
Accumulated depreciation	0	(2 371)	(14 865)	(1 516)	0	**(18 752)**
Carrying amount	**409**	**3 460**	**9 329**	**585**	**7**	**13 791**

Information about pledged items of property, plant and equipment is disclosed in Note 18. Information about payments and terms of finance lease and non-current assets leased under the finance lease terms is disclosed in Note 19.

Note 16. Intangible assets

(EUR thousand)	Goodwill	Trademarks	Development costs	Customer relationships	Computer software	Prepayments	Total intangible assets
31.12.2013							
Cost	47 750	11 046	408	2 379	2 024	19	**63 626**
Accumulated amortisation and impairments	(8 154)	(2 926)	(171)	(2 379)	(1 634)	0	**(15 264)**
Carrying amount	**39 596**	**8 120**	**237**	**0**	**390**	**19**	**48 362**
Purchases and improvements	0	0	0	0	70	171	**241**
Impairment loss (Note 26)	(1 443)	0	0	0	0	0	**(1 443)**
Write-offs (at carrying amount)	0	0	0	0	0	(6)	**(6)**
Reclassification	0	0	0	0	190	(104)	**86**
Amortisation	0	(651)	(7)	0	(295)	0	**(953)**
31.12.2014							
Cost	47 750	11 046	392	2 379	2 242	80	**63 889**
Accumulated amortisation and impairments	(9 597)	(3 577)	(162)	(2 379)	(1 886)	0	**(17 602)**
Carrying amount	**38 153**	**7 469**	**230**	**0**	**356**	**80**	**46 287**
Purchases and improvements	0	0	0	0	73	257	**330**
Impairment loss (Note 26)	(1 200)	0	0	0	0	0	**(1 200)**
Write-offs (at carrying amount)	0	0	0	0	(1)	(3)	**(4)**
Reclassification	0	0	(78)	0	390	(312)	**0**
Amortisation	0	(559)	(37)	0	(230)	0	**(826)**
31.12.2015							
Cost	47 750	11 046	589	2 379	2 046	23	**63 834**
Accumulated amortisation and impairments	(10 797)	(4 135)	(475)	(2 379)	(1 456)	0	**(19 243)**
Carrying amount	**36 953**	**6 911**	**114**	**0**	**590**	**23**	**44 590**

Information about intangible assets pledged as collateral for loans is disclosed in Note 18.

Goodwill by cash-generating units and segments

(in thousands)	EUR	
	31.12.2015	31.12.2014
Delfi Estonia	15 281	15 281
Delfi Latvia	7 007	8 207
Delfi Lithuania	12 848	12 848
Maaleht	1 816	1 816
Total goodwill	**36 953**	**38 153**

The discounted cash flow method is used to determine **the recoverable value** and to calculate value in use in the impairment tests. For each business unit acquired, five-year cash flow forecasts have been prepared for the respective cash-generating units. Revenue growth, variable and fixed costs have been estimated on the basis of prior period results and future strategic plans. In the impairment tests, the nominal models are used.

The impairment test of Delfi Estonia includes the cash flows of the Delfi product in AS Ekspress Meedia. The impairment test of Delfi Latvia includes the cash flows of Latvian legal entity AS Delfi and also calis.lv which was acquired in 2013 and mergered with Delfi Latvia in 2015. The impairment test of Delfi Lithuania includes the cash flows of Lithuanian entity UAB Delfi, which incorporates magazine publishing revenues from UAB Ekspress Leidyba which was merged with Delfi in July 2014. The impairment test of Maaleht is based on the future cash flows of business of newspaper Maaleht and magazine Maakodu in AS Ekspress

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Meedia. Any trademark royalty or management fees charged internally within the Group have been re-allocated back to the cash-flows of Delfi local operations.

The applied revenue growth rates are as follows:

Cash-generating unit	Average revenue growth Next 5 years		Terminal value growth	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Delfi Estonia	9.0%	9.6%	3.5%	3.5%
Delfi Latvia	11.1%	11.8%	3.5%	3.5%
Delfi Lithuania	6.7%	6.8%	3.5%	3.5%
Maaleht	-1.1%	0.8%	0%	0%

The present value and the terminal value of the cash flows for the following five years were determined using the weighted average cost of capital as the discount rate, where the expected ROE is 12.5%-13.3% (2014: 11.5%-12%) and the return on debt is 3.6%-4% (2014: 3.8%-4%). The debt to equity ratio is based on the latest average debt to equity ratio in publishing and newspapers sector provided by the database of Damodaran Online. The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The latest average unleveraged beta of the publishing and newspaper industry based on Damodaran Online database has been used as one component. The yields on long-term government bonds with maturities of close to ten years issued by Latvia and Lithuania provided by the European Central Bank have been used as the basis for determining the risk rates of these countries. In respect of Estonia, the country's risk rate is based on the long-term euro bond yield of Germany, plus the default spread for Estonia according to the database of Damodaran Online.

In 2015 there has been a bigger change in publishing industry average unleveraged beta and also industry average debt to equity ratio has increased more compared to the level of previous years. Thus increasing applied discount rate used in valuation tests. Increase in discount rates also reflects grown risks in stock markets.

The applied discount rates are as follows:

Cash-generating unit	31.12.2015	31.12.2014
Delfi Estonia	10.16%	9.33%
Delfi Latvia	9.56%	9.14%
Delfi Lithuania	9.82%	9.44%
Maaleht	10.16%	9.33%

The table below shows the recoverable and carrying amounts of cash-generating units, and the differences between them prior to recognition of an impairment loss. **The carrying amounts** include in addition to goodwill also trademarks, property, plant and equipment, other intangible assets and working capital. Impairment losses recognised during the year are disclosed in Note 26.

(EUR thousand)	31.12.2015			31.12.2014		
	Recoverable Amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi Estonia	21 263	17 819	3 444	20 569	17 996	2 573
Delfi Latvia	9 530	10 730	(1 200)	10 741	12 184	(1 443)
Delfi Lithuania	28 961	16 123	12 838	33 077	16 171	16 906
Maaleht	4 927	1 537	3 390	6 827	1 532	5 295

The Group's management considers the key assumptions used for the purpose of impairment testing of all cash-generating units to be realistic. If there is a major unfavourable change in any of the key assumptions used in the test, an additional impairment loss may be recognised.

Due to continued uncertainty in Eurozone countries, unclear economic impact of sanctions on Russia, weak outlook in print media sector and thus more conservative assumptions, the sensitivity of impairment tests remains high.

In Latvia the competition in online has increased after consolidation in 2014, which has forced also us to strengthen our editorial office and invest more in different online products.

The earnings of both Delfi Lithuania and Maaleht are high and their future expected cash flows exceed the carrying value of its related assets by amount where any reasonable change in underlying assumptions would not cause the necessity for impairment loss to be recognized.

The sensitivity of goodwill related to Delfi Estonia and Delfi Latvia is much greater. It would be necessary to recognise an impairment loss if revenue of Delfi Estonia increased on average less than 4.7% in 2016-2020, the residual value growth was more than 1.7 pp lower or the applied discount rate was higher more than 1.25 pp. Regarding Delfi Latvia if in the forecasts for the period 2016-2020 each year revenue growth would only reach 8.6% instead of estimated 11.1%, an additional impairment loss of EUR 1 million should be recognized. Decrease of terminal value growth by 1 pp would cause additional impairment loss in amount of EUR 1.2 million and the increase in the discount rate by 1 pp would cause an additional impairment loss in amount of EUR 2.2 million.

Note 17. Trade and other payables

(EUR thousand)	31.12.2015	31.12.2014
Trade payables	1 567	1 410
incl. payables to related parties (Note 31)	17	15
Payables to employees	1 645	1 675
Other taxes payable	1 296	769
Deferred income	1 772	1 830
Payables to joint ventures (Note 31)	87	85
Accrued interest	5	8
Other accrued liabilities	307	472
Total trade and other payables	**6 679**	**6 249**

Deferred income includes mainly the client prepayments for subscriptions of periodicals.

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Note 18. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	Between 1-5 years
Balance as of 31.12.2015			
Overdraft	**0**	0	0
Long-term bank loans	**17 621**	2 184	15 437
incl. syndicated loan (AS Ekspress Grupp)	**10 955**	1 507	9 449
incl. syndicated and mortgage loan (AS Printall)	**6 666**	678	5 988
Finance lease (Note 19)	**65**	56	9
Total	**17 686**	**2 240**	**15 447**
Balance as of 31.12.2014			
Overdraft	**1 117**	1 117	0
Long-term bank loans	**21 887**	4 016	17 871
incl. syndicated loan (AS Ekspress Grupp)	**15 070**	3 139	11 931
incl. syndicated and mortgage loan (AS Printall)	**6 817**	877	5 940
Finance lease (Note 19)	**149**	80	69
Total	**23 153**	**5 213**	**17 939**

The effective interest rates are very close to the nominal interest rates. The fair value of the loan liabilities is close to its book value as the interest rate is floating and related to Euribor and the margin has been negotiated based on market terms. The loan liabilities are within level 3 of the fair value hierarchy.

Long term bank loan

In September 2015, the joint syndicated loan of AS Ekspress Grupp and AS Printall was refinanced. The parties to the contract are still SEB Bank and Nordea Bank. As a result of the transaction, the new maturity date of the loan is October 2020. The main changes relate to the annual principal loan repayment and the applied interest rate. The annual loan repayment is approximately EUR 2 million and from 25 September 2015, the interest rate is 3-month EURIBOR + margin. Upon the expiration of the loan contract, the total loan balance will be ca EUR 7 million.

Refinancing of the loan will increase the amount of free capital in the company and enables to react in a timely manner to possible investment needs or increase dividends payable to the shareholders. Refinancing of the loan contract became possible because the group's loan burden had significantly decreased, making further depreciation of the loan at current rate no longer justified.

In March 2015, the Group repaid a syndicated loan in the amount of EUR 1.6 million before its due date, which became available from the deposit that had been set up to guarantee the loans of joint ventures. In August 2015 AS Printall received 0.7 million euros under the additional loan facility received to finance the purchase of new sheet-fed machine in 2014.

The syndicated and other 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 19 million (as of 31.12.2014: EUR 16 million), 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 included within the net assets of the Group. In addition, the mortgage has been set on the registered immovable and production facilities of AS Printall in the amount of EUR 9 million. As of 31.12.2015, the carrying amount of the building was EUR 3.4 million and that of the registered immovable was EUR 0.4 million. Ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower must at the end of each quarter comply with certain loan covenants, such as the equity ratio (equity/total assets), total debt/EBITDA ratio and the debt-service coverage ratio. As at the end of 2015, all financial ratios were in compliance with the loan covenants set in the loan contract, which are also verified by the auditor.

Overdraft facilities

Date of contract	Bank	Limit (EUR thousand)	Used 31.12.2015 (EUR thousand)	Used 31.12.2014 (EUR thousand)	Interest rate	Expiration date of the contract
12.07.2012	Nordea Bank AB Estonia Branch	1 320	0	1 117	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		**3 000**	**0**	**1 117**		

Note 19. Finance lease

(EUR thousand)	Machinery and equipment
Balance as of 31.12.2015	
Cost	273
Accumulated depreciation	(89)
Carrying amount	**184**
Balance as of 31.12.2014	
Cost	278
Accumulated depreciation	(49)
Carrying amount	**229**

(EUR thousand)	2015	2014
Finance lease liabilities at the end of the year	**65**	**149**
Principal payments in the financial year	89	75
Interest expenses in the financial year	3	5
Average annual interest rate p.a.	2.55%	2.52%

(EUR thousand)	2015	2014
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	56	83
Later than 1 year and not later than 5 years	10	70
Total	**66**	**153**
Future finance charges on finance leases	1	4
Present value of finance lease liabilities	65	149

Note 20. Operating lease

Group companies as lessees lease office facilities, motor vehicles and other equipment under the operating lease terms.

(EUR thousand)	2015	2014
Operating lease payments (Notes 23, 24, 25)	**1 171**	**1 144**
Office rental	545	551
Motor vehicles and other machinery and equipment	626	593
Future minimum lease payments under non-cancellable operating leases	**1 804**	**2 684**
Not later than 1 year	593	695
Later than 1 year but not later than 5 years	1 182	1 731
Later than 5 years	28	258

Note 21. 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 company perspective.

Until June 2014, the Group divided its media companies into two different segments: online media and publishing of periodicals. However, due to the mergers of UAB Delfi and magazine publisher UAB Ekspress Leidyba in Lithuania in July 2014, and AS Delfi and newspaper publisher AS Eesti Ajalehed in Estonia in July 2015, all media activities were recognised under one media segment.

Starting from the current year, the Group has ventured into the entertainment business under which SIA Delfi Entertainment organized an exhibition in Riga on M/S Titanic that sank on her maiden voyage. Revenue and expenses from this activity are recognised separately under the entertainment segment.

Media segment: management of online news portals and classified portals, advertising sales in own portals in the Baltics and publishing of newspapers, magazines, customer publications and books in Estonia and Lithuania.

This segment includes subsidiaries AS Ekspress Meedia (mergered entity of AS Delfi and AS Eesti Ajalehed in Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), OÜ Hea Lugu (Estonia) and OÜ Zave Media (Estonia).

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

The revenue of the **media segment** is derived from sale of advertising banners and other advertising space and products in its own portals, sales of advertising space in newspapers and magazines, revenue from subscriptions and single copy sales of newspapers and magazines, sales of books and miscellaneous series, service fees for preparation of customer materials and other projects.

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

Segment revenue is derived from the sale of paper and printing services.

Entertainment segment: organisation of exhibitions and other events. At present this new segment includes Latvian company SIA Delfi Entertainment. Income and expenses related to the entertainment segment but recognised at the parent company for which no separate subsidiary has been established yet, are also allocated to this segment. The segment revenue comes from exhibition's tickets sales and from sale of other services related to the organized events.

The loss of SIA Delfi Entertainment related to the arrangement of M/S Titanic exhibition in Riga was approximately EUR 700 thousand. It was decided to withdraw the exhibition rights in Vilnius, which resulted writing off the license fees for the exhibition's rights and other related expenses in the amount of EUR 400 thousand.

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, which provides legal advice and accounting services to its group companies, a subsidiary OÜ Ekspress Digital that provides intra-group IT services, and OÜ Ekspress Finance, the main activity of which is intra-group financing.

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 consolidated sales revenue 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 basis and they do not differ significantly from the conditions of the transactions concluded with third parties.

2015 (EUR thousand)	Media	Printing services	Enter-tainment	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**30 053**	**23 728**	**517**	**65**	**(1 590)**	**52 773**
Effect of joint ventures	9 879	(996)	0	(16)	(113)	(8 755)
Inter-segment sales	10	3 110	0	1 888	(5 008)	0
Total segment sales, incl. joint ventures	39 943	25 842	517	1 937	(6 711)	61 528
EBITDA (subsidiaries)	**3 724**	**4 966**	**(1 110)**	**(899)**	**0**	**6 680**
EBITDA margin (subsidiaries)	**12%**	**19%**	**-215%**			**13%**
EBITDA incl. joint ventures	*4 913*	*4 966*	*(1 110)*	*(899)*	*0*	*7 869*
EBITDA margin incl. joint ventures	*12%*	*19%*	*-215%*			*13%*
Depreciation (subsidiaries) (Note 15,16)						2 760
Trademarks and goodwill impairment						(1 200)
Operating profit (subsidiaries)						2 720
Investments (subsidiaries) (Note 15,16)						1 580

2014 (EUR thousand)	Media	Printing services	Corporate functions	Elimi-nations	Total Group
Sales to external customers (subsidiaries)	**27 426**	**26 813**	**27**	**(1 473)**	**52 793**
Effect of joint ventures	9 471	(756)	(5)	(118)	8 592
Inter-segment sales	33	2 894	1 709	(4 636)	0
Total segment sales, incl. joint ventures	36 930	28 951	1 731	(6 228)	61 384
EBITDA (subsidiaries)	**3 025**	**5 944**	**(1 076)**	**0**	**7 894**
EBITDA margin (subsidiaries)	**11%**	**21%**			**15%**
EBITDA incl. joint ventures	*4 013*	*5 944*	*(1 076)*	*(3)*	*8 878*
EBITDA margin incl. joint ventures	*11%*	*21%*			*14%*
Depreciation (subsidiaries) (Note 15,16)					2 921
Gain from change in ownership interest in joint ventures					1 933
Trademarks and goodwill impairment					(1 443)
Operating profit (subsidiaries)					5 463
Investments (subsidiaries) (Note 15,16)					3 127

Capital expenditure comprises additions to property, plant and equipment (Note 15) and intangible assets (Note 16). The significant non-current assets located outside Estonia include primarily the online trademarks of Delfi Group in their carrying amounts as follows:

- In Latvia, EUR 2.1 million as of 31.12.2015 (EUR 2.2 million as of 31.12.2014)
- In Lithuania, EUR 2.1 million as of 31.12.2015 (EUR 2.1 million as of 31.12.2014)

Goodwill relating to companies outside Estonia at their carrying amounts is as follows:

- Delfi Latvia EUR 7.0 million as of 31.12.2015 (EUR 8.2 million as of 31.12.2014)
- Delfi Lithuania EUR 12.8 million as of 31.12.2015 and 31.12.2014

Note 22. Sales revenue

(EUR thousand)	2015	2014
Sales revenue by activity		
Advertising revenue	18 957	16 945
incl. barter deals	*490*	*339*
Single-copy sales	1 891	2 018
Subscriptions' revenue	5 562	5 308
Book publishing	1 866	1 402
Sale of paper and printing services	23 516	26 610
Sale of other goods and services	981	510
Total	**52 773**	**52 793**
Sales revenue by geographical area		
Estonia	26 582	23 925
Scandinavia	10 909	13 601
Lithuania	7 216	7 241
Latvia	3 277	2 704
Russia	1 178	2 098
Other Europe	3 604	3 197
Other countries	6	27
Total	**52 773**	**52 793**

Note 23. Cost of sales

(EUR thousand)	2015	2014
Raw materials and consumables used	13 927	15 184
Services purchased	5 387	6 118
Salaries and social taxes	16 548	15 032
Rental expenses (Note 20)	536	546
Other expenses	3 430	1 782
Depreciation and amortisation (Note 15,16)	1 953	2 026
Total expenses	**41 781**	**40 688**

Other expenses in 2015 include costs related to installation, operating and de-installation of M/S Titanic exhibition in Riga and license fees paid for exhibition rights in Vilnius in total amount of EUR 1.6 million.

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Note 24. Marketing expenses

(EUR thousand)	2015	2014
Marketing	1 539	1 264
Salaries and social taxes	813	725
Rental expenses (Note 20)	22	20
Depreciation and amortisation (Note 15,16)	3	2
Total marketing expenses	**2 377**	**2 011**

Note 25. Administrative expenses

(EUR thousand)	2015	2014
Raw materials and consumables used	103	101
Repairs and maintenance	436	350
Communication expenses	108	112
Rental expenses (Note 20)	613	578
Services purchased	795	1 028
Salaries and social taxes	2 377	2 376
incl. cost of the share option issued to the Management Board	*91*	*136*
Depreciation and amortisation (Note 15,16)	804	893
Total administrative expenses	**5 236**	**5 438**

Note 26. Impairment loss for goodwill and trademarks

(EUR thousand)	2015	2014
Impairment loss for goodwill related to Delfi Latvia	1 200	1 443
Total loss from goodwill and trademarks impairment	**1 200**	**1 443**

More detailed information about impairment losses for goodwill is disclosed in Note 16.

Note 27. Expenses by type

(EUR thousand)	2015	2014
Salaries and social taxes	19 738	18 133
Raw materials and consumables used	14 030	15 285
Rental expenses (Note 20)	1 171	1 144
Services purchased	6 182	7 146
Marketing expenses	1 539	1 264
Repairs and maintenance	436	350
Communication expenses	108	112
Other expenses	3 430	1 782
Depreciation and amortisation	2 760	2 921
Total cost of sales, marketing and administrative expenses	**49 394**	**48 137**
Average number of employees	**780**	**786**

Other expenses in 2015 include costs related to installation, operating and de-installation of M/S Titanic exhibition in Riga and license fees paid for exhibition rights in Vilnius in total amount of EUR 1.6 million

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Note 28. Share option plan for Chairman of the Management Board

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 as a staff cost in the income statement and, on the side, as a share option reserve in equity. As of 31.12.2015 this reserve totalled EUR 611 thousand and the number of earned shares was 540 400. As of 31.12.2014, this reserve totalled EUR 520 thousand and the number of earned shares was 460 000. See Note 29.

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 in November 2013), 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 29. Equity

Share capital and share premium

As of 31 December 2015 and 31 December 2014, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consisted 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 purchased back shares on behalf of the company within the framework of the share option programme. As of 31.12.2015, AS Ekspress Grupp had purchased ca 149 thousand treasury shares (31.12.2014: 62 thousand) at the average price of EUR 1.18 (2014: EUR 1.03) for the total of EUR 178 thousand (31.12.2014: EUR 64 thousand).

Dividends

At the Ordinary General Meeting of Shareholders held on 27 May 2015, it was decided to pay dividends to shareholders in the amount of four euro cents per share in the total amount of EUR 1 187 thousand. Dividends were paid out on 2 October 2015. There will be no accompanying income tax liability because the Company will pay out dividends it has received from its joint ventures and subsidiaries that have already paid corporate income tax on dividends or the profit which has already been taxed in its domicile. Therefore, there will be no additional tax to be paid on distribution of dividends from the Parent Company. Dividends of one euro cent per share in total amount of EUR 298 thousand were paid out a year earlier on 2 October 2014.

Reserves

The reserves include statutory reserve capital required by the Commercial Code, a general-purpose equity contribution by a founding shareholder and a share option reserve issued to the management (see Note 28).

(EUR thousand)	31.12.2015	31.12.2014
Statutory reserve capital	537	281
Additional cash contribution from shareholders	639	639
Share option reserve	611	520
Total reserves	**1 787**	**1 440**

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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. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	2015	2014
Profit attributable to equity holders of the Parent Company	2 707 166	5 110 132
The average number of ordinary shares (pc)	29 680 551	29 770 883
Basic and diluted earnings per share	**0.09**	**0.17**

Diluted earnings per share equal basic earnings on 31.12.2015 and 31.12.2014 as the Group has no any dilutive potential ordinary shares.

Note 30. Contingent assets and liabilities

Contingent income tax liability

As of 31.12.2015, the consolidated retained earnings of the Group amounted to EUR 14 908 thousand (31.12.2014: EUR 13 644 thousand). Income tax of 20/80 of net dividend paid is imposed on the profit distributed as dividends. When an entity pays dividends it has received from its joint ventures and subsidiaries that have already paid income tax on those dividends or the profit of which has already been taxed in the domicile of the entity, the payment of those dividends by the Parent Company is not subject to additional income tax. As of 31.12.2015, AS Ekspress Grupp (Parent Company) may pay out dividends tax-free in the amount of EUR 6 016 thousand (as of 31.12.2014: EUR 6 925 thousand). Upon the payment of all possible retained earnings as at 31.12.2015, there is a potential income tax liability in the amount of EUR 1 751 thousand and the amount to be paid out to shareholders would total EUR 13 021 thousand.

Contingent liabilities related to the Tax Board

Tax authorities have the right to review the Group's tax records for up to 3 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits in any of the group companies during 2013-2015. The management of the Group's Parent Company believes that there are not any circumstances which may lead the tax authorities to impose significant additional taxes on the group companies.

Contingent assets and liabilities arising from pending court cases

The Group's subsidiaries have several pending court cases, but their potential effect on the Group's financial results is insignificant.

Contingent assets and liabilities arising from guarantees given

The Parent Company has given a guarantee in amount of EUR 1.6 million on 50% bank borrowings received by its joint ventures AS Ajakirjade Kirjastus and AS SL Õhtuleht. The other 50% of the loan is guaranteed by other co-owner of these joint ventures.

Note 31. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Key Management of all group companies, 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 (lease of non-current assets, management services, other services) to the following related parties:

SALES (EUR thousand)	2015	2014
Sales of goods		
Associates	512	567
Total sale of goods	**512**	**567**
Sale of services		
Members of Supervisory Board and companies related to them	8	6
Joint ventures	2 069	1 565
Total sale of services	**2 077**	**1 571**
Total sales	**2 589**	**2 138**

PURCHASES (EUR thousand)	2015	2014
Purchase of services		
Members of Management Board and companies related to them	37	49
Members of Supervisory Board and companies related to them	232	242
Associates	1	2
Joint ventures	848	926
Total purchases of services	**1 118**	**1 219**

RECEIVABLES (EUR thousand)	31.12.2015	31.12.2014
Short-term receivables		
Members of Supervisory Board and companies related to them	6	5
Associates	245	241
Joint ventures	247	232
Total short-term receivables	**498**	**478**
Long-term receivables		
Members of Supervisory Board and companies related to them	160	160
Joint ventures	907	978
Total long-term receivables	**1 067**	**1 138**
Total receivables	**1 565**	**1 616**

LIABILITIES (EUR thousand)	31.12.2015	31.12.2014
Current liabilities		
Members of Management Board and companies related to them	3	4
Members of Supervisory Board and companies related to them	14	11
Joint ventures	87	85
Total liabilities	**104**	**100**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik are paid a guarantee fee of 1.5% per annum on the amount for the personal guarantee of EUR 4 million given on the syndicated loan and overdraft agreements until the expiration of the guarantee. In 2015, the payment for personal guarantee was made in amount of EUR 60 thousand (2014: EUR 60 thousand) and there were no outstanding liabilities as of 31 December 2015 and 31 December 2014.

The management estimates that the transactions with related parties have been carried out at arms' length conditions. As of 31 December 2015 the allowance for a receivable from the associate Medipresa UAB has been made in amount of EUR 13 thousand (31.12.2014: EUR 49 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

Remuneration of members of the Management of all group companies

(EUR thousand)	2015	2014
Salaries and other benefits (without social tax)	1 334	1 286
Termination benefits (without social tax)	52	38
Share option (Note 28)	95	136
Total (without social tax)	**1 481**	**1 460**

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (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 payable only 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 7 months' salary. Upon termination of an employment relationship, no compensation shall be usually 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 with a valid reason. As of 31.12.2015, the maximum gross amount of potential Key Management termination benefits was EUR 508 thousand (31.12.2014: EUR 428 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled. Chairman of the Management Board of the Group also participates in share option plan described in Note 28.

Note 32. Events after the balance sheet date

OÜ Grupivara, minority shareholder of AS Ekspress Grupp, holding 100 shares in the company, has challenged in the court the results of the impairment tests of goodwills of Delfi Latvia and Delfi Estonia in the financial statements for the years 2013 and 2014. OÜ Grupivara claims that bigger impairment loss should have been recognized, thus the Annual Reports should have not been approved and decision to pay dividends should have not been made.

The management board of AS Ekspress Grupp and its auditors are in an opinion that financial statements for 2013 and 2014 present fairly, in all material respects, the financial position and the financial performance of the company in accordance with the International Financial Reporting Standards as adopted by the European Commission.

Note 33. Financial information about the Parent Company

In accordance with the Accounting Act of Estonia, the separate non-consolidated primary reports of the Parent Company shall be disclosed in the consolidated annual report.

Balance sheet of AS Ekspress Grupp (Parent Company)

(EUR thousand)	31.12.2015	31.12.2014
ASSETS		
Trade receivables		
Other receivables	15 130	781
Prepayments	54	28
Total trade and other receivables	**15 184**	**809**
Total current assets	**15 184**	**809**
Non-current assets		
Term deposit	0	1 600
Long-term financial investments	1 147	1 168
Investments in subsidiaries	117 461	62 805
Loans to subsidiaries	1 293	38 926
Investments in joint ventures	1 007	500
Investments in associates	215	164
Property, plant and equipment	34	45
Intangible assets	74	112
Total non-current assets	**121 231**	**105 320**
TOTAL ASSETS	**136 415**	**106 129**
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	1 507	4 256
Trade and other payables		
Trade payables	31	31
Payables to employees	88	150
Tax payables	56	36
Other liabilities towards subsidiaries	76 610	42 550
Total trade and other payables	**76 785**	**42 767**
Total current liabilities	**78 292**	**47 023**
Long-term borrowings	9 449	11 931
Total trade and other payables	**9 449**	**11 931**
Total current liabilities	**87 741**	**58 954**
Equity		
Share capital at nominal value	17 878	17 878
Share premium	14 277	14 277
Treasury shares	(176)	(64)
Statutory reserve capital	537	281
Other reserves	1 250	1 159
Retained earnings	14 908	13 644
Total equity	**48 674**	**47 175**
TOTAL LIABILITIES AND EQUITY	**136 415**	**106 129**

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Statement of comprehensive income of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2015	2014
Sales revenue	536	497
Cost of sales	(443)	(44)
Gross profit	**93**	**453**
Other income	0	2
Marketing expenses	(19)	(34)
Administrative expenses	(1 316)	(1 465)
Other expenses	(4)	(3)
Finance income and costs on shares of subsidiaries	4 233	4 401
Finance income and costs on shares of joint ventures	785	557
Finance income and costs on shares of associates	51	29
Interest income	547	1 033
Interest expenses	(1 613)	(1 735)
Other finance income and costs	(60)	1 872
Financial income and expense	**3 953**	**6 157**
PROFIT FOR THE YEAR	**2 707**	**5 110**
Other comprehensive income (expense) for the year	0	0
Total comprehensive income for the year	**2 707**	**5 110**

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Statement of changes in equity of AS Ekspress Grupp (Parent Company)

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Currency translation reserve	Retained earnings	Total equity
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**
Dividend paid	0	0	0	0	0	(298)	**(298)**
Purchase of treasury shares	0	0	(64)	0	0	0	**(64)**
Share option	0	0	0	136	0	0	**136**
Total transactions with owners	*0*	*0*	*(64)*	*190*	*0*	*(352)*	***(226)***
Net profit for the reporting period	0	0	0	0	0	5 110	**5 110**
Reversal of currency translation reserve	0	0	0	0	(38)	38	**0**
Other comprehensive income	0	0	0	0	(34)	0	**(34)**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*(72)*	*5 148*	***5 076***
Balance on 31.12.2014	**17 878**	**14 277**	**(64)**	**1 440**	**0**	**13 644**	**47 175**
Increase of statutory reserve capital	0	0	0	256	0	(256)	**0**
Dividend paid	0	0	0	0	0	(1 187)	**(1 187)**
Purchase of treasury shares	0	0	(112)	0	0	0	**(112)**
Share option	0	0	0	91	0	0	**91**
Total transactions with owners	*0*	*0*	*(112)*	*347*	*0*	*(1 443)*	***(1 208)***
Net profit for the reporting period	0	0	0	0	0	2 707	**2 707**
Other comprehensive income	0	0	0	0	0	0	**0**
Total comprehensive income for the reporting period	*0*	*0*	*0*	*0*	*0*	*2 707*	***2 707***
Balance on 31.12.2015	**17 878**	**14 277**	**(176)**	**1 787**	**0**	**14 908**	**48 674**

The parent company has adopted earlier the Amendments to IAS 27 "Consolidated and Separate Financial Statements" allowing the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The comparative information for 2014 has been changed to comply with the new accounting policy and it includes all subsidiaries, joint ventures and associates recognised already under the equity method. Opening balances as at 1 January 2014 have been restated.

As a result of the change in accounting policies where investments in subsidiaries and joint ventures have been accounted for using equity method and not for cost method as previously, the investments in subsidiaries have been increased by EUR 39 972 thousand, investments in joint ventures by EUR 497 thousand, investments in associates by EUR 29 thousand as at 31 December 2014. Retained earnings and equity of the parent company as at 31 December 2014 have been increased by EUR 40 498 thousand.

Cash flow statement of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2015	2014
Cash flows from operating activities		
Operating profit (loss) for the period	**(1 245)**	**(1 047)**
Adjustments for:		
Depreciation, amortisation and impairment	38	36
Change in value of share option	91	136
Changes in working capital:		
Trade and other receivables	(273)	210
Trade and other payables	(46)	39
Cash generated from operations	**(1 434)**	**(626)**
Interest paid	(1 636)	(1 785)
Net cash generated from operating activities	**(3 070)**	**(2 411)**
Cash flows from investing activities		
Term deposit (placement)/release	1 600	(1 600)
Received on restructuring of joint ventures	0	2 354
Investment in joint ventures	0	(3)
Acquisition of associate	0	(135)
Proceeds from the sale of subsidiaries	0	150
Purchase and increase of share capital of subsidiaries	(3)	0
Purchase of other investments	(50)	0
Interest received	695	2 053
Dividends received	278	203
Purchase of property, plant and equipment	(110)	(70)
Disposal of property, plant and equipment	120	2
Loans granted	(620)	0
Loan repayments received	91	0
Net cash from investing activities	**2 001**	**2 954**
Cash flows from financing activities		
Change in overdraft used	(1 117)	1 117
Change in cash pool account	7 600	1 751
Repayments of borrowings	(4 115)	(3 049)
Dividends paid	(1 187)	(298)
Purchase of treasury shares	(112)	(64)
Net cash generated from financing activities	**1 069**	**(543)**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**0**	**0**
Cash and cash equivalents at beginning of the period	0	0
Cash and cash equivalents at end of the period	0	0

Signed for identification purposes:
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[Translation from Estonian original]

INDEPENDENT CERTIFIED AUDITOR'S REPORT

To the shareholders of AS Ekspress Grupp:

We have audited the accompanying consolidated financial statements of AS Ekspress Grupp, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Board's Responsibility for the Financial Statements

Management Board of the parent company of the Group is responsible for the preparation and fair presentation of these financial statements in accordance with Estonian Accounting Act and the International Financial Reporting Standards as adopted by the European Commission, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the certified auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the certified auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of AS Ekspress Grupp as at 31 December 2015, its financial performance and its consolidated cash flows for the year then ended in accordance with Estonian Accounting Act and the International Financial Reporting Standards as adopted by the European Commission.

Emphasis of Matter

We draw attention to Note 16 “Intangible assets” in the consolidated financial statements, which discloses significant assumptions and inputs used by management in impairment testing of the intangible assets (incl. goodwill) and the impact of possible changes in those assumptions and inputs on the results of the impairment tests. Our opinion is not qualified in respect of this matter.

18 March 2016

/signed digitally/	*/signed digitally/*
Veiko Hintsov	Kersti Ruut
Certified Auditor, No. 328	Certified Auditor, No. 604
AS Deloitte Audit Eesti	
License No. 27	

PROPOSAL FOR PROFIT ALLOCATION FOR THE YEAR 2015

The Management Board of AS Ekspress Grupp proposes to allocate the consolidated net profit for the financial year ended 31 December 2015 in the amount of EUR 2 707 thousand as follows:

(EUR thousand)	
Consolidated net profit attributable to equity holders of AS Ekspress Grupp	**2 707**
Payment of dividends	1 187
Increase in statutory reserve (1/20 from the profit)	135
Profit for the financial year to be transferred to retained earnings	1 385
Statutory reserve before increase	537
Statutory reserve after the increase	**672**
Retained earnings before profit allocation	12 199
Total consolidated retained earnings after profit distribution	**13 584**

DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board has prepared the management report and the consolidated financial statements of AS Ekspress Grupp for the year ended on 31 December 2015.

The Supervisory Board of AS Ekspress Grupp has reviewed the annual report, prepared by the Management Board, consisting of the management report, the consolidated financial statements, the proposal for profit allocation and the independent auditor's report. The Supervisory Board has approved the annual report for presentation at the Annual General Meeting of Shareholders.

Management Board

Signed digitally	*Signed digitally*	*Signed digitally*
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
Gunnar Kobin	Andre Veskimeister	Pirje Raidma
18 March 2016	18 March 2016	18 March 2016

Supervisory Board

....	....	....
Chairman of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board
Viktor Mahhov	Hans H. Luik	Indrek Kasela

....	....	....
Member of the Supervisory Board	Member of the Supervisory Board	Member of the Supervisory Board
Harri Helmer Roschier	Jaak Ennuste	Kari Sakari Salonen