AS EKSPRESS GRUPP

CONSOLIDATED INTERIM REPORT

FOR THE FOURTH QUARTER AND 12 MONTHS OF 2013

TABLE OF CONTENTS

GENERAL INFORMATION

Beginning of reporting period	1 January 2013
End of reporting period	31 December 2013
Company name	AS Ekspress Grupp
Registration number	10004677
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Phone	669 8381
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E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services
Management Board	Gunnar Kobin (chairman)
	Andre Veskimeister
	Pirje Raidma
	Madis Tapupere (until 13 April 2013)
Supervisory Board	Viktor Mahhov (chairman)
	Hans H. Luik
	Aavo Kokk
	Kari Sakari Salonen
	Harri Helmer Roschier
	Ville Jehe
Auditor	AS PricewaterhouseCoopers

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

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 46 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Gunnar Kobin	Chairman of the Management Board	*signed digitally*	26.02.2014
Pirje Raidma	Member of the Management Board	*signed digitally*	26.02.2014
Andre Veskimeister	Member of the Management Board	*signed digitally*	26.02.2014

MANAGEMENT REPORT

The year 2013 was a year of controversies for the Group, marked by both positive and negative impact. We can be pleased with the financial results for the 4th quarter, leaving aside the one-off costs in the amount of EUR 500 thousand that were related to the share option scheme and the acquisition process of a joint ventures. Normalised EBITDA amounted to EUR 2.5 million and exceeded the result of the same period last year by 12%. The actual result was 10% lower. The consolidated net profit excluding these one-off expenses and also goodwill impairment (in the amount of EUR 2.5 million) amounted to EUR 1.5 million. This result is 22% higher than the result of the same period last year.

During the financial year, Ekspress Grupp earned normalised net profit in the amount of EUR 3.5 million which is 32% higher than last year. This was mainly attributable to lower interest expenses in connection with the favourable EURIBOR rate and the decrease in outstanding debt. However, we failed to meet the 2012 level for EBITDA and sales revenue. We also did not meet the budget targets. In addition, EBITDA was also impacted by the one-off expenses mentioned above. Without these expenses, EBITDA amounted to EUR 7.8 million, as compared to EUR 7.9 million in 2012.

At the end of the year we recognised impairment losses for goodwill and trademarks related mainly to print media in the total amount of EUR 2.5 million which decreased the full-year net profit down to EUR 1.1 million.

Impairment losses for goodwill and trademarks in the amount of EUR 1.6 million were recognised for assets related to Eesti Päevaleht. In Ekspress Leidyba, a Lithuanian magazine publisher, impairment losses for goodwill and trademarks totalled EUR 0.4 million, while impairment losses for the trademark related to Delfi Ukraine amounted to EUR 0.5 million, due to the decision to close the company that operates Delfi in Ukraine. Unfortunately, because of the political and economic situation in Ukraine we did not see a prospect for continuing in this country. Since 2008 Ekspress Group has spent approximately EUR 1.8 million in total to operate the online portal in Ukraine.

The final quarter of the year was marked by the dispute with the competing media enterprise Eesti Meedia over the realisation of the purchasing right pertaining to the ownership of joint ventures. The position of Ekspress Group is that AS Eesti Meedia has been obstructing the legal fulfilment of the contract signed between the two parties from the moment when the purchasing right became available. We expect this dispute to get a positive outcome for the company in the arbitration procedure in the second half of 2014.

Summarising the year, we can be proud of the growth in the number of our digital subscriptions that at the end of the year approaching 5,500 subscribers for both Eesti Ekspress and Eesti Päevaleht. The share of digital subscriptions in the total number of subscribers of Eesti Päevaleht and Eesti Ekspress accounts for more than 21%. In the online development of Latvia, an important event was the acquisition of parent-oriented portal Calis.lv in the summer. In addition to launching online verticals, at the end of the year we signed an agreement for the acquisition of advertising network Adnet that operates in all three Baltic countries and that will notably increase the number of online portals that are being sold and mediated by Ekspress Group. We also took aggressive steps in launching video products in all three Baltic countries. Among online portals, Delfi has become the largest enterprise in the Baltics that produces and webcasts online TV. The monetarisation of our video production will be the biggest challenge in all three Baltic countries in 2014.

Of more positive events, one should mention the launch of zave.ee, a new website for discount promotions, in Estonia in December. In Latvia and Lithuania, it will be launched in the first quarter 2014. The objective of the website is to offer users an overview of discounts that are being offered by large retailers. Until now, customers have received such offers in a printed form by direct mail to their mailboxes. In our opinion, another important achievement was that shortly before Christmas, the weekly number of users of Delfi Eesti in terms of Internet browsers exceeded that of our closest competitor by more than 200 thousand, the first time since 2008. In the final quarter of the year, in November and December, Delfi Latvia became Latvia's second-largest Internet portal, for the first time exceeding the number of users of the local social network Draugiem.

In the **online media segment** Latvian and Lithuanian companies saw their sales growth slow down considerably in the second half of the year. As a result, sales of Latvian and Lithuanian companies of Delfi increased only by 4% and 9%, respectively, during the year. At the same time, sales of Delfi Estonia increased by 18%. Since Europe's economic climate has been improving, such a slowdown in sales in the Latvian and Lithuanian market was unexpected and difficult to explain. It affected the profitability of the undertakings, which, as a result, saw their EBITDA to decrease by 27% in Latvia and 11% in Lithuania from the respective levels in 2012. Because competition in Latvia had become stronger, we decided at the end of 2012 to increase the staff of the editorial office which negatively affected the profitability in Latvia. As for 2014, we expect sales growth to recover and organisations to become more efficient. The objective is to increase sales revenue with the same cost basis.

In the **periodicals segment**, profitability improved more than in other segments during the year. The financial result of Ajakirjade Kirjastus has improved, as is the case of Express Post. Book publisher Hea Lugu showed marginal growth in EBITDA thanks to publishing more books which included several significant bestsellers. EBITDA of SL Õhtuleht is below last year' level, while in annual terms, the weakest result was posted by Eesti Ajalehed, mainly due to a decrease in print advertising income.

In the **printing services segment,** EBITDA fell 3% as compared to last year. This is attributable to the unexpected decrease in sales at the start of the year which affected the profit more than we managed to offset in the second half of the year, mainly because the recovery of falling customer sales has been a slow process. We remain optimistic for 2014 since in the last months of the year we have signed a number of major printing contracts with large Scandinavian publishers.

Looking at the structure of the Group's sales and profit, the share of sales of the online segment has continued to grow and accounts for 19.1% of all non-Group sales in comparison with 16.9% a year earlier. The periodicals and printing services segments have seen their share fall by a few percentage points. In EBITDA, 2013 was a year when the share of the periodicals segment increased to 12.6%, as compared to 9.8% a year earlier, largely thanks to the improved profitability of the magazine publisher. The printing services segment has seen its share in the Group's total profit decrease by two percentage points. In terms of EBITDA margins of different segments, printing services remain the most profitable segment, with margin 21.3%. The EBITDA margin of periodicals has increased to 4.6%, but the average margin of the online segment has fallen to 14.9% from 17.1% a year earlier.

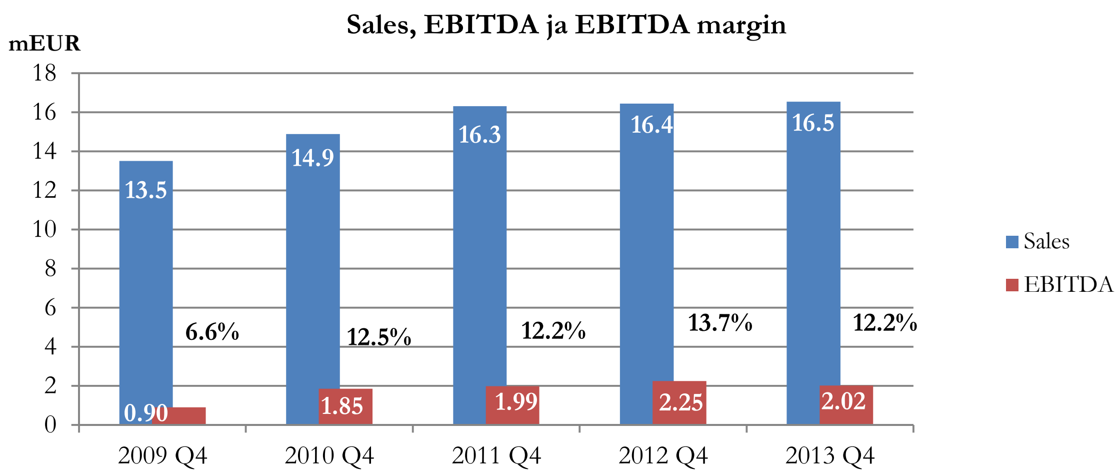
In **2014,** we expect the Group's sales to grow by a few percentages, while EBITDA is expected to grow more than 10% from the normalised result in 2013. We expect the profit of the online segment to increase more than 20%, whereas the profit of the periodicals segment is likely to grow less than 20%. The annual target for the printing services segment is re-attain the EBITDA level of 2012, a realistic target at the current equipment park. In addition to ongoing activities, we are actively looking around for suitable acquisitions. For 2014, the biggest challenge will be finding new sources of growth for the Group from new markets or new business sectors. Since the Group's investment capacity continues to grow due to the decreasing loan burden, we are financially more confident in seeking possible acquisition targets.

Both our new sources of growth and other developments and innovations must, first and foremost, support the Group's **vision** to be the most professional and innovative partner for our demanding readers and customers, and to continue to offer new and interesting experiences both on paper and in digital media.

KEY FINANCIAL INDICATORS AND RATIOS

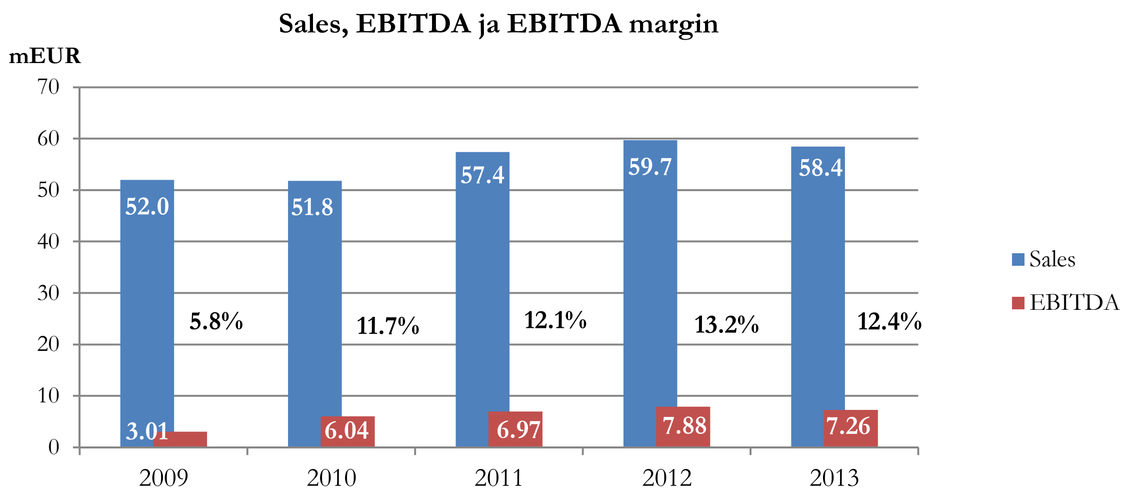
Performance indicators (EUR thousand)	Q4 2013	Q4 2012	Change%	Q4 2011	Q4 2010	Q4 2009
For the period						
Sales	16 541	16 447	1%	16 313	14 885	13 514
Gross profit	4 096	3 914	5%	3 660	3 466	2 598
EBITDA	**2 015**	**2 246**	**-10%**	**1 986**	**1 854**	**896**
Operating profit*	1 348	1 486	-10%	1 037	1 016	37
Interest expenses	185	206	-10%	523	638	667
Net profit/(loss) for the period*	**1 057**	**1 269**	**-17%**	**535**	**210**	**(780)**
EBITDA margin (%)	**12.2%**	**13.7%**		**12.2%**	**12.5%**	**6.6%**
Operating margin* (%)	8.1%	9.1%		6.4%	6.8%	0.3%
Net margin* (%)	**6.4%**	**7.7%**		**3.3%**	**1.4%**	**-5.8%**
Impairment of goodwill and trademarks	(2 467)	(157)		(750)	0	(5 844)
Net profit / (loss) from continuing operations for the period in the financial statements	(1 410)	1 112	-227%	(215)	210	(6 624)
Net profit / (loss) for the period in the financial statements	(1 410)	1 112	-227%	(215)	210	(6 986)
Net margin (%)	-8.5%	6.8%		-1.3%	1.4%	-51.7%
ROA (%)	1.4%	1.6%		0.7%	0.2%	-0.8%
ROE (%)	2.5%	3.1%		1.4%	0.6%	-2.3%
Earnings per share (EPS)	**(0.05)**	**0.04**		**(0.01)**	**0.01**	**(0.34)**

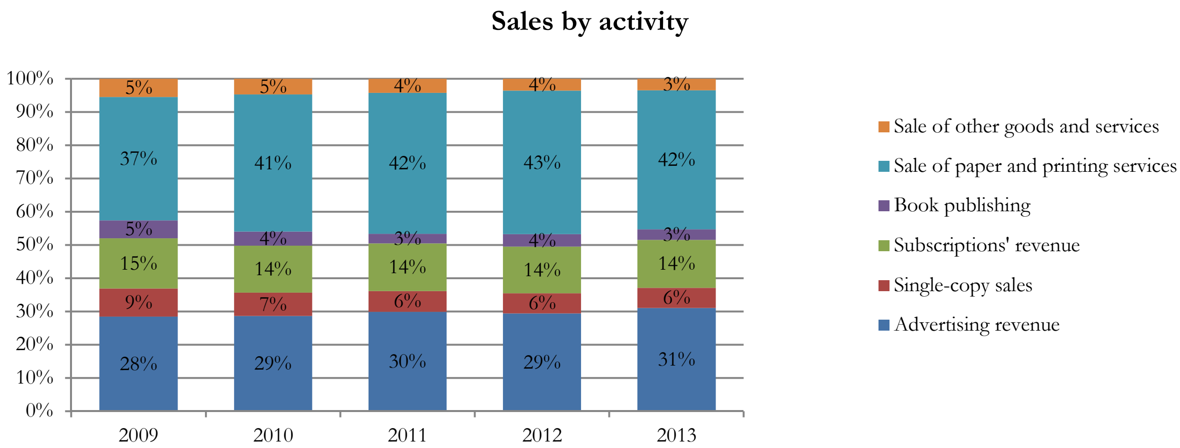
*The results exclude impairment of goodwill and trademarks.



Performance indicators (EUR thousand)	**12 months 2013**	**12 months 2012**	**Change %**	**12 months 2011**	**12 months 2010**	**12 months 2009**
For the period						
Sales	58 442	59 706	-2%	57 391	51 814	51 974
Gross profit	13 192	13 187	0%	12 544	11 294	9 292
EBITDA	**7 264**	**7 882**	**-8%**	**6 968**	**6 041**	**3 014**
Operating profit*	4 647	4 596	1%	3 443	2 760	(445)
Interest expenses	763	1 549	-51%	2 212	2 595	2 863
Net profit/(loss) for the period from continuing operations*	**3 548**	**2 682**	**32%**	**893**	**(509)**	**(3 613)**
EBITDA margin (%)	**12.4%**	**13.2%**		**12.1%**	**11.7%**	**5.8%**
Operating margin* (%)	8.0%	7.7%		6.0%	5.3%	-0.9%
Net margin* (%)	**6.1%**	**4.5%**		**1.6%**	**-1.0%**	**-7.0%**
Gain related to acquisition of a 50% ownership interest Eesti Päevalehe AS*	0	0		1 540	0	0
Impairment of goodwill and trademarks	(2 467)	(157)		(750)	0	(5 844)
Net profit/(loss) from continuing operations for the period in the financial statements	1 081	2 525	-57%	1 683	(509)	(9 457)
Net profit/(loss) for the period in the financial statements	1 081	2 525	-57%	1 683	(146)	(12 144)
Net margin (%)	1.8%	4.2%		2.9%	-0.3%	-23.4%
ROA (%)	1.4%	3.2%		2.0%	-0.2%	-11.8%
ROE (%)	2.5%	6.4%		4.4%	-0.4%	-32.2%
Earnings per share (EPS)	**0.04**	**0.08**		**0.06**	**(0.01)**	**(0.58)**

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





Balance sheet (EUR thousand)	31.12.2013	31.12.2012	Change%	31.12.2011
As of the end of the period				
Current assets	14 447	13 545	7%	12 523
Non-current assets	63 019	66 754	-6%	68 986
Total assets	**77 466**	**80 299**	-4%	**81 509**
incl. cash and bank	*4 501*	*3 280*	*37%*	*2 827*
incl. goodwill	*40 052*	*41 093*	*-3%*	*40 761*
Current liabilities	14 470	14 967	-3%	16 547
Non-current liabilities	20 673	24 233	-15%	26 574
Total liabilities	**35 143**	**39 200**	-10%	**43 121**
incl. borrowings	*24 432*	*28 580*	*-15%*	*31 951*
Equity	42 323	41 099	3%	38 388

Financial ratios (%)	31.12.2013	31.12.2012	31.12.2011
Equity ratio (%)	55%	51%	47%
Debt to equity ratio (%)	58%	70%	83%
Debt to capital ratio (%)	32%	38%	43%
Total debt/EBITDA ratio	3.3	3.6	4.6
Debt service coverage ratio	1.66	1.52	1.06
Liquidity ratio	1.00	0.90	0.76

Formulas used to calculate the financial ratios	
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit* /sales x 100
Net margin* (%)	Net profit* /sales x 100
Net margin (%)	Net profit/sales x 100
Earnings per share	Net profit/average number of shares
Equity ratio (%)	Equity /(liabilities+equity) x 100
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	Interest bearing borrowings/EBITDA

Formulas used to calculate the financial ratios above	
Debt service coverage ratio (DSCR)	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets/current liabilities
ROA (%)	Net profit/average assets x 100
ROE (%)	Net profit/average equity x 100

OVERVIEW OF THE SEGMENTS

The Group operates since 2009 in the following operating segments:
- online media
- periodicals (newspapers, magazines and books)
- printing services.

Cyclicality

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

Seasonality

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

Key financial data of the segments Q4 2010-2013

(EUR thousand)	Sales			Sales	
	Q4 2013	Q4 2012	Change%	Q4 2011	Q4 2010
online-media	3 355	2 989	12%	2 586	2 302
periodicals	6 766	6 626	2%	6 544	6 051
printing services	7 566	8 046	-6%	8 143	7 230
corporate functions	393	308	28%	71	31
intersegment eliminations	(1 539)	(1 522)	-1%	(1 031)	(729)
TOTAL GROUP	**16 541**	**16 447**	**1%**	**16 313**	**14 885**

(EUR thousand)	EBITDA			EBITDA	
	Q4 2013	Q4 2012	Change%	Q4 2011	Q4 2010
online-media	779	586	33%	696	302
periodicals	435	253	72%	62	253
printing services	1 604	1 650	-3%	1 495	1 529
corporate functions	(763)	(242)	-215%	(268)	(236)
intersegment eliminations	(40)	(1)	-3900%	1	6
TOTAL GROUP	**2 015**	**2 246**	**-10%**	**1 986**	**1 854**

EBITDA margin	Q4 2013	Q4 2012	Q4 2011	Q4 2010
online-media	23%	20%	27%	13%
periodicals	6%	4%	1%	4%
printing services	21%	21%	18%	21%
TOTAL	**12%**	**14%**	**12%**	**13%**

Key financial data of the segments 12 months 2010-2013

(EUR thousand)	Sales			Sales	
	12 months 2013	12 months 2012	Change %	12 months 2011	12 months 2010
online-media	11 455	10 370	10%	8 977	7 884
periodicals	23 798	24 741	-4%	24 069	22 520
printing services	27 462	29 167	-6%	27 736	24 221
corporate functions	1 530	996	54%	209	129
intersegment eliminations	(5 803)	(5 568)	-4%	(3 600)	(2 940)
TOTAL GROUP	**58 442**	**59 706**	**-2%**	**57 391**	**51 814**

(EUR thousand)	EBITDA			EBITDA	
	12 months 2013	12 months 2012	Change %	12 months 2011	12 months 2010
online-media	1 703	1 776	-4%	1 425	758
periodicals	1 093	848	29%	552	914
printing services	5 862	6 052	-3%	5 959	5 198
corporate functions	(1 356)	(795)	-71%	(980)	(833)
intersegment eliminations	(38)	1	-	12	4
TOTAL GROUP	**7 264**	**7 882**	**-7%**	**6 968**	**6 041**

EBITDA margin	12 months 2013	12 months 2012	12 months 2011	12 months 2010
online-media	15%	17%	16%	10%
periodicals	5%	3%	2%	4%
Printing services	21%	21%	21%	21%
TOTAL GROUP	**12%**	**13%**	**12%**	**12%**

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

News portals owned by the Group

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

Advertising portals owned by the Group

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

Online media segment

The online media segment includes Delfi operations in Estonia, Latvia, Lithuania and Ukraine as well as the parent company Delfi Holding.

(EUR thousand)	Sales			EBITDA		
	Q4 2013	Q4 2012	Change%	Q4 2013	Q4 2012	Change%
Delfi Estonia	1 217	951	28%	169	118	43%
Delfi Latvia	683	653	5%	96	89	8%
Delfi Lithuania	1 439	1 369	5%	432	332	30%
Delfi Ukraine	16	16	0%	(40)	(59)	32%
other Delfi companies	0	0	-	122	108	13%
intersegment eliminations	0	0	-	0	(2)	-
TOTAL	**3 355**	**2 989**	**12%**	**779**	**586**	**33%**

(EUR thousand)	Sales			EBITDA		
	12 months 2013	12 months 2012	Change %	12 months 2013	12 months 2012	Change%
Delfi Estonia	4 101	3 469	18%	291	279	4%
Delfi Latvia	2 378	2 292	4%	133	183	-27%
Delfi Lithuania	4 924	4 531	9%	1 056	1 182	-11%
Delfi Ukraine	53	73	-27%	(195)	(260)	25%
other Delfi companies	0	6	-100%	421	399	6%
intersegment eliminations	(1)	(1)	0%	(3)	(7)	-
TOTAL	**11 455**	**10 370**	**10%**	**1 703**	**1 776**	**-4%**

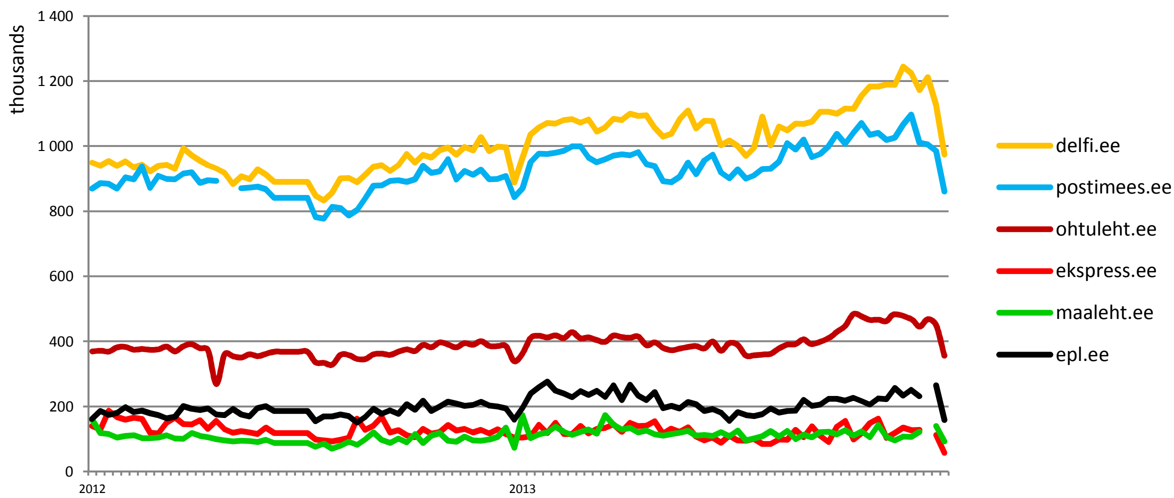
In the first half of the year, sales of the online media segment increased strongly in all markets. In the second half of the year, most of the growth came from Delfi Estonia, while business in Latvia and Lithuania slowed down. This was attributable to the slowdown in the Baltic and European economies and a hotter than normal summer that further reduced economic activity. In Latvia, the transition to euro added insecurity and unawareness, eroding advertising spending. Delfi Estonia buckled this trend and thanks to video streaming managed to significantly increase sales. Higher expenses related to new solutions and services, increase in the workforce of editorial offices aimed at maintaining quality and decrease in the subsidies for cooperation projects, initially affected both EBITDA and margins. The objective of the next year is to increase the efficiency of new solutions and the whole organisation. Strict cost-saving measures implemented in Ukraine succeeded in avoiding a loss.

In 2013, the biggest projects in all Baltic countries were the development of Delfi TV with additional programming and video streaming as well as the launch of various online verticals such as travel, indoor decoration, cooking, family, etc.

Delfi Estonia

- Delfi Eesti continued transmitting live webcasts that were begun last year. During the year, Delfi webcast various sports events (Estonian Championship matches in basketball, SEB Tallink Open 2013 in tennis, various volleyball and football matches, golf, etc.), cultural events such as Black Nights Film Festival (PÖFF), Tallinn Music Week, Jazzkaar, a concert of Smilers held in the Delfi office, etc. The list of major projects included a full-day webcast from the events dedicated to the 95th anniversary of the Republic of Estonia, the election studio dedicated to municipal elections and debates of candidates for the post of the Mayor of Tallinn. The number of both serious and entertaining broadcasts has increased.
- In the second quarter, Delfi and Eesti Päevaleht launched a new business news website Ärileht www.arileht.ee that has become very popular.
- Also a new travel website www.reisijuht.ee and interior decorating website www.moodnekodu.ee were launched
- In cooperation with Maaleht, the website www.maaleht.ee was re-designed and supplemented with paid content.
- A new photo gallery and supplement to the comments section was added which now separates posts of registered commentators from posts of anonymous commentators.
- Cooperation projects with television channels TV3, Sky Media, Fox TV.
- Cooperation projects with Estonian Athletics Federation, Estonian Ski Federation, basketball club Kalev/Cramo, volleyball club Tallinna Selver.
- Cooperation projects with Theatre NO99, Tallinn Music Week, etc.
- Charity project "Astume koos ellu".
- In the first quarter, a new mobile application version mDelfi 5.0. was launched that has helped to increase the number of people who read Delfi via their mobile phones 2.5 times.

Estonian online readership 2012-2013



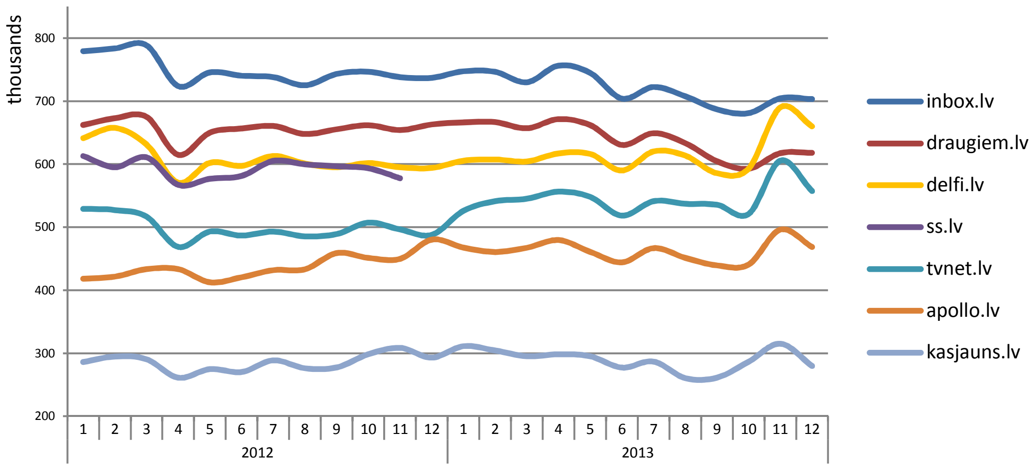
TNSMetrix weekly audience survey

2013 did not bring about major changes in the Internet market. Delfi remains the largest online publication in Estonia. In comparison with its largest competitor, postimees.ee, the number of users of Delfi increased in the fourth quarter and exceeded postimees.ee on average by 150 thousand unique browsers. Over the year, the number of mobile users of Delfi has gone up 2.4 times, reaching 280 thousand unique browsers a week. Because of the proliferation of smartphones, this growth is set to continue also in 2014.

Delfi Latvia

- Delfi TV streamed from various events including Music Festival Positivus, a concert of Marta Ritova, one of the rising stars of Latvian pop music, annual dance competition Baltic Grand Prix, World Snooker Championships, etc.
- The portals of business news reached the highest number of visitors of all times, helped by strong media coverage of Latvia's accession to the eurozone both before the year-end and a blog from the first day of euro changeover.
- In July Delfi Latvia acquired www.calis.lv portal that is targeted at parents. It was successfully integrated into the Delfi portal and became the basis for launching a news channels targeted at parents.
- During the year, new online verticals were launched in the field of travel, indoor decoration, gardening and cooking.
- English-language version of Delfi was launched in cooperation with *The Baltic Times*.
- Video-on-demand project was launched in cooperation with Lattelecom.
- Russian-language Delfi started cooperation with TV5, station owned by MTG.
- Cooperation project with the e-school portal e-klase.lv targeted at younger readers.
- Cooperation project with kasjauns.lv portal targeted at entertainment..
- Selection of Latvia's best athlete in cooperation with the Latvian Olympic Committee.
- Other cooperation projects in different fields:
    - Main media partner of Positivus Festival,
    - Media partner of the Nordea Riga Marathon,
    - Official news website of the Rally of Champions,
    - Official cooperation partner of advertising festival "Golden Hammer",
    - Media partner of Latvian Music Awards „The Great Music Award",
    - Main media partner of European Rally Championships that were held in Latvia.
- According to data of the advertising agency DDB, Delfi is the most popular and influential brand in the Latvian social media.

Latvian online readership 2012-2013



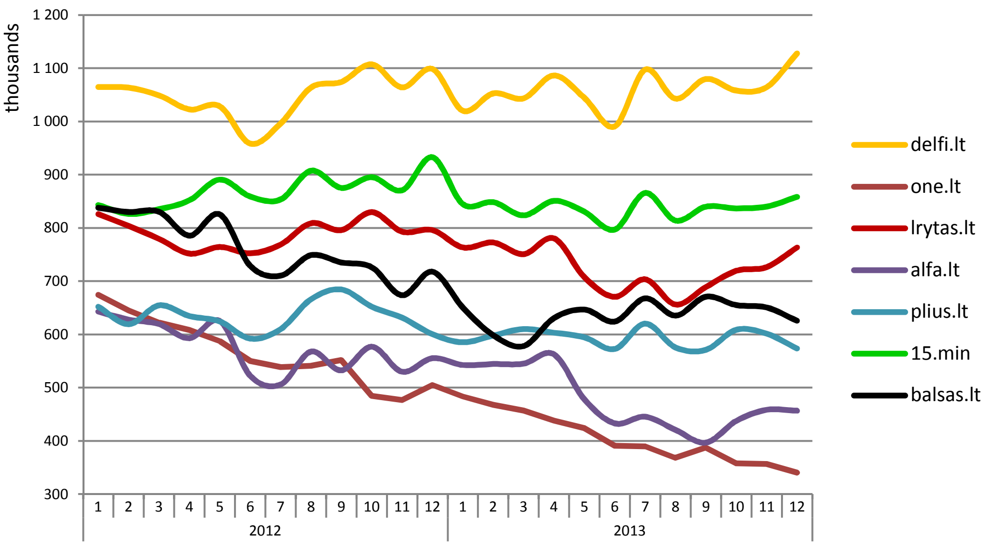
GemiusAudience monthly audience survey

In the 4th quarter of 2013, the readership of Latvian online portals was at peak levels, in connection with the tragic accident in Riga. In November, the number of Delfi readers went up 16.4% as compared to the previous month which is the highest all-time increase of readers within a month. With this result, Delfi was only 2% behind Inbox.lv, Latvia's largest online portal and e-mail service provider, while increasing its leadership position in the news portal segment. Although there was a slight correction in December, Delfi recorded the smallest decline in the percentage among news portals and the gap with tvnet.lv increased to more than 100 thousand unique users. Already in October, Delfi passed social network Draugiem.lv in terms of readers, making Delfi second-largest Latvian online portals by the number of users in the 4th quarter.

Delfi Lithuania

- In November, a 51% holding was acquired in UAB Sport Media that has secured basketball broadcasting rights in Lithuania for nine years. Participation and partnership with the Lithuanian Basketball Federation creates an opportunity to significantly increase video streaming of the most popular sport in Lithuania.
- In cooperation with the Group's magazine publisher Ekspress Leidyba, verticals were developed on the basis of magazines. Together www.cosmopolitan.lt, www.moteris.lt, www.panele.lt, www.manonamai.lt and www.tavovaikas.lt are strong standalone websites with a focus on lifestyle and entertainment.
- Other specialised portals on travel, cooking, home and interior decoration and website targeted at parents were launched.
- The cooperation project with Nubo TV that allows computer users to watch various TV channels is successful.
- A new e-bookstore was launched.
- The development of Alio, a portal of classified ads acquired at the end of 2012, has been disappointing because its online potential is not being fully used and its print version is decreasing faster than initially expected.
- In the first quarter, Delfi Lithuania launched Russian, Polish and English language versions.

Lithuanian online readership 2012-2013



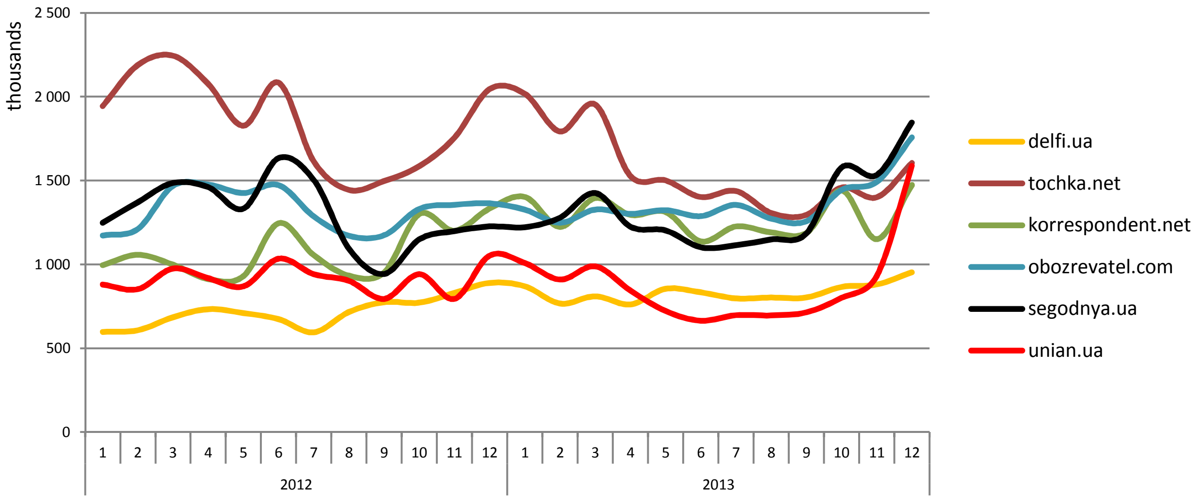
GemiusAudience monthly weekly audience survey

Among Lithuanian Internet users, Delfi Lithuania remains an uncontested market leader, with more than one million unique users a month. In December, Delfi.lt attained its all-time best result with 1.127 million users a month, increasing the gap with the news portal 15min.lt to 270 thousand users a month. The readership of the Lietuvos Rytas portal has also increased and is already close to that of 15min.lt.

Delfi Ukraine

- In 2013, the previous strategy was continued, offering easier and more tabloid-like news and mainly increasing production of content targeted at women.
- This strategy has helped to increase the number of users that is getting close to that of Delfi Lithuania and reaches almost one million. However, it has not generated enough advertising revenue to have confidence in the future of the project. Therefore, a decision has been made to terminate the Group's activity in Ukraine. The local undertaking will be liquidated, while the management and the editorial office are allowed to use the Delfi trademark and portal for some time, but without the Group's support.

Ukrainian online readership 2012-2013



GemiusAudience monthly audience survey

Periodicals segment

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

(EUR thousand)	Sales			EBITDA		
	Q4 2013	Q4 2012	Change%	Q4 2013	Q4 2012	Change%
AS Eesti Ajalehed	3 288	2 975	11%	183	172	6%
OÜ Hea Lugu	431	554	-22%	20	(67)	130%
AS SL Õhtuleht*	964	950	1%	53	51	4%
AS Ajakirjade Kirjastus*	1 136	1 186	-4%	75	93	-19%
UAB Ekspress Leidyba	646	641	1%	32	(80)	140%
AS Express Post*	605	601	1%	72	85	-15%
intersegment eliminations	(304)	(281)	-8%	0	(1)	-
TOTAL	**6 766**	**6 626**	**2%**	**435**	**253**	**72%**

(EUR thousand)	Sales			EBITDA		
	12 months 2013	12 months 2012	Change%	12 months 2013	12 months 2012	Change %
AS Eesti Ajalehed	11 235	11 300	-1%	368	454	-19%
OÜ Hea Lugu	987	1 699	-42%	55	48	15%
AS SL Õhtuleht*	3 734	3 705	1%	221	244	-9%
AS Ajakirjade Kirjastus*	4 036	4 196	-4%	172	35	391%
UAB Ekspress Leidyba	2 515	2 629	-4%	0	(190)	100%
AS Express Post*	2 351	2 313	2%	279	258	8%
intersegment eliminations	(1 060)	(1 101)	4%	(2)	(1)	-
TOTAL	**23 798**	**24 741**	**-4%**	**1 093**	**848**	**29%**

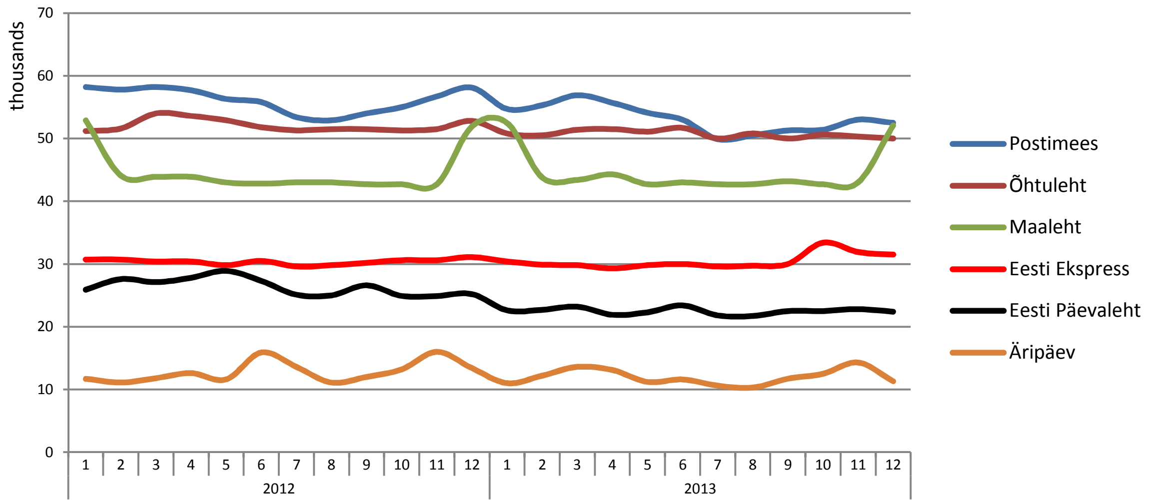
* Proportionate share of joint ventures

2013 will be remembered by the continued recession in the advertising market of print media. Advertising income of almost all newspapers decreased. At the same time advertising volumes of magazines in Estonia are growing that creates some confidence about the future and hope that the exodus of advertising from print media is slowing down. Circulations of newspapers and magazines have been in a slight downward trend and income is generated mainly through price increases. A positive factor is the ongoing growth of digital subscriptions that went up sharply especially in summer months. Throughout the year, the number of digital subscribers of Eesti Ekspress is up 60% and the number of subscribers of Eesti Päevaleht has almost doubled, reaching five and a half thousand for both publications. From now on, digital subscribers can read both digital newspapers and paid online content. In addition, in cooperation with Eesti Digiraamatute Keskus (Estonian Centre of e-books), a digital subscription entitles the subscriber to one free e-book a month. Our newspapers can be read in full also via mobile phones. In the autumn, the digital package of Maaleht was launched.

At the beginning of the year the joint project of OÜ Hea Lugu and Eesti Päevaleht was continued that includes 15 films dedicated to the 100th anniversary of Estonian film. At the start of October, Eesti Ekspress co-launched a similar series of DVDs with Estonian children's films. In August, LP and Eesti Päevaleht launched a new series of criminal novels.

The website and mobile application of SL Õhtuleht has been renewed. Ajakirjade Kirjastus and SL Õhtuleht started cooperation in co-selling web advertising space. From July, "Kalale", a new fishing magazine targeted at men, is being published.

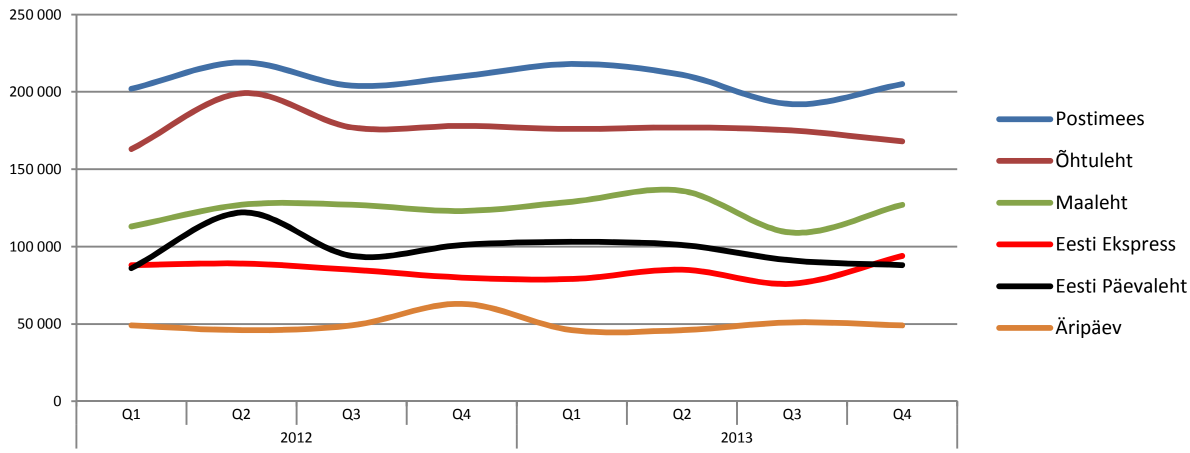
Estonian newspaper circulation 2012-2013



Estonian Newspaper Association data

Circulations of Estonian newspapers have remained stable or are falling moderately. The circulation of daily newspapers is falling faster than that of weeklies. At year-end, the highest decline in the circulation was recorded for Postimees, a publication of Eesti Meedia: more than 10% in comparison with December 2012. As an annual average, the circulation of larger daily newspapers has fallen by 4%. Weekly newspapers have done relatively well, with Eesti Ekspress and Maaleht, two publications of Ekspress Grupp, managing to maintain average circulation. As for the publications of Ekspress Grupp, one needs to add also subscribers of digital newspapers numbering ca 5 500 for both Eesti Ekspress and for Eesti Päevaleht at the end of the year. In comparison with the end of 2012, the number of subscribers of the digital package of Eesti Ekspress has increased by 60% and the number of subscribers of the digital package of Eesti Päevaleht has grown even by as much as 90%.

Estonian newspaper readership 2012-2013



Turu-uuringute AS

In 2013, there were no major changes in the readership of Estonian newspapers. According to the readership survey of Turu-uuringute AS, the number of newspaper readers fell by 2% on average in 2013. Monthly fluctuations have been bigger, but it is attributed mainly to the survey methods. It should be mentioned that the number of digital newspapers of Ekspress Grupp is not included in the above figures and the number of readers of all publications of Ekspress Grupp is higher than shown in the graph.

Printing services segment

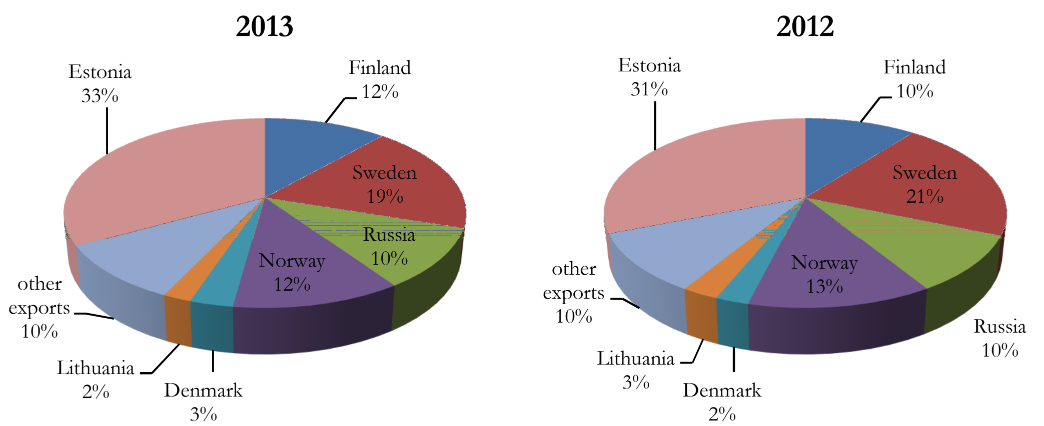
All printing services of the Group are provided by AS Printall which is one of the largest printing companies in Estonia. Printall is able to print both newspapers (coldset) and magazines (heatset).

(EUR thousand)	Sales			EBITDA		
	Q4 2013	Q4 2012	Change%	Q4 2013	Q4 2012	Change%
AS Printall	7 566	8 046	-6%	1 604	1 650	-3%

(EUR thousand)	Sales			EBITDA		
	12 months 2013	12 months 2012	Change%	12 months 2013	12 months 2012	Change%
AS Printall	27 462	29 167	-6%	5 862	6 052	-3%

After a number of years, total sales of AS Printall comprising paper and printing services decreased. Negative impact is attributable to falling circulations, and it takes a long time to offset and replace them with new customers due to the specific nature of the printing industry. Also, since in the peak season the production capacity of heatset machines has been at a maximum level, sales can be increased only by individual orders in less active months.The company's revenue purely from printing services fell slightly less, 2.3% in 2013. Work in making processes more efficient is continuing, as a result of which the EBITDA margin has even been increased. 85% of revenue comes from heatset printing.

Geographical break-down of printing services by year



Printing services and the environment

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

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

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

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

GROUP STRUCTURE

For a more detailed list of all legal persons of the Group, please refer to Note 1 to the interim financial statements.

The acquisition of minority share in **Adnet Media** is still in process.

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31.12.2013, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share.

As of 31.12.2012 and 31.12.2011, the company's share capital was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share.

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

As of 31.12.2010, the company's share capital was EUR 19 043 652 and it consisted of 29 796 841 shares with the nominal value of EUR 0.64 per share. In May 2010, 8 948 000 new shares were issued at the price of EUR 0.88 per share of which EUR 0.24 per share was share premium.

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.

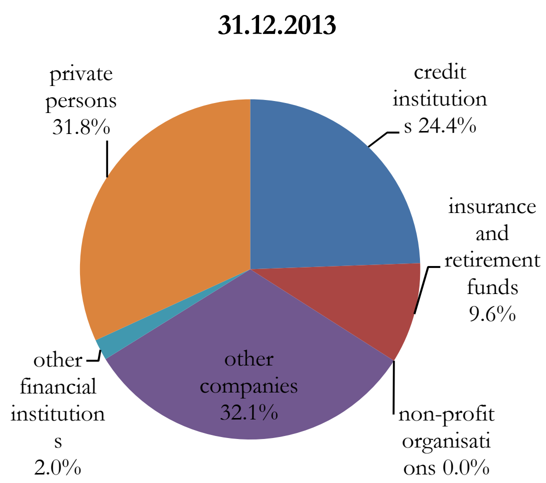
Structure of shareholders as of 31.12.2013 according to the Estonian Central Register of Securities

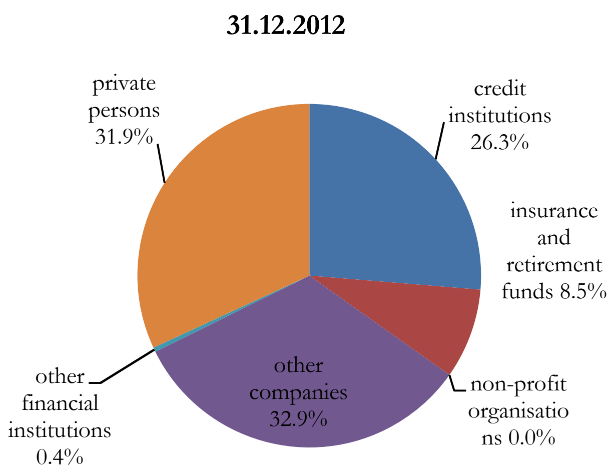
Name	Number of shares	%
Hans Luik	16 580 032	55.64%
Hans Luik	*7 963 307*	*26.73%*
Hans Luik, OÜ HHL Rühm	*8 609 825*	*28.90%*
Hans Luik , OÜ Minigert	*6 900*	*0.02%*
ING Luxembourg S.A.	4 002 052	13.43%
Skandinaviska Enskilda Banken Ab Clients	2 720 783	9.13%
Funds managed by LHV Pank and LHV Varahaldus	2 039 441	6.84%
Members of the Management and Supervisory Boards and their close relatives	39 764	0.13%
Viktor Mahhov, OÜ Flexinger	*37 464*	*0.13%*
Aavo Kokk, OÜ Synd & Katts	*400*	*0.00%*
Pirje Raidma, OÜ Aniston Trade	*1 900*	*0.01%*
Other minority shareholders	4 414 769	14.82%
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	31.12.2013		31.12.2012	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Credit institutions	15	7 318 923	18	7 841 161
Insurance and retirement funds	11	2 856 692	9	2 530 125
Other financial institutions	68	586 852	31	123 961
Other companies	288	9 574 560	367	9 799 242
Private persons	3 174	9 459 395	3 305	9 501 933
Non-profit organisations	2	419	2	419
TOTAL	**3 558**	**29 796 841**	**3 732**	**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	Finasta Investment Bank

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

At the General Meeting of Shareholders held on 24 May 2013, the payment of dividends for the year 2012 was approved in the amount of 1 cent/share in the total amount of EUR 298 thousand. Dividends were paid on 1 October 2013.

The table below shows the stock trading history 2009-2013

Price (EUR)	12 months 2013	12 months 2012	12 months 2011	12 months 2010	12 months 2009
Opening price	1.06	1.03	1.53	1.03	0.78
Closing price	1.14	1.06	1.03	1.53	1.03
High	1.22	1.18	1.84	1.62	1.50
Low	1.03	0.96	0.95	0.80	0.39
Average	1.13	1.04	1.32	1.28	0.89
Traded shares, pcs	1 395 363	1 247 945	3 909 472	3 856 572	2 461 534
Sales, mln	1.57	1.30	5.17	4.92	2.18
Capitalisation at balance sheet date, million	33.97	31.58	30.72	45.53	21.47
P/E ratio *(price earnings ratio)*	7.86	12.51	18.24	na	na

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 2013.

The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2009 until 31 December 2013

SUPERVISORY BOARD AND MANAGEMENT BOARD OF AS EKSPRESS GRUPP

The Supervisory Board of AS Ekspress Grupp has six members: Chairman of the Supervisory Board Viktor Mahhov and members of the Supervisory Board Aavo Kokk, Hans Luik, Harri Helmer Roschier, Ville Jehe and Kari Sakari Salonen.

Information about members of the Supervisory Board:

Viktor Mahhov (appointed until 30.03.2015)
- Chairman of the Supervisory Board since 2006
- Eesti Energia Oil Shale Division, Finance Manager
- Completed graduate studies in economics at St. Petersburg University in 1992

Aavo Kokk (appointed until 30.03.2015)
- Member of the Supervisory Board since 2010
- Management partner of Catella Corporate Finance OÜ
- Graduated from University of Tartu in 1990 with a degree in journalism

Hans H. Luik (appointed until 30.03.2015)
- Member of the Supervisory Board since 2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

Harri Helmer Roschier (appointed until 30.05.2017)- independent supervisory board member
- Member of the Supervisory Board since 2007
- Managing Director of Talentum Oy in 1991-2006
- Member of the Supervisory Board of Avaus Consulting OY and Uoma Oy
- Completed graduate studies in economics

Ville Jehe (appointed until 24.05.2018)- independent supervisory board member
- Member of the Supervisory Board since 2008
- Member of the Management Board of OÜ Majatohter, OÜ Catelit, ABC Kinnisvarateenuste OÜ, Cineunit OÜ, OÜ Primevision, OÜ Keha3, Ümera OÜ and Skü Mechatronics OÜ
- Graduated from the Faculty of Automation of Tallinn University of Technology in 1993

Kari Sakari Salonen (appointed until 04.05.2017)
- Member of the Supervisory Board since 2012
- Member of the Management Board of KJK Management SA
- Member of the Supervisory Board of KJK Capital OY
- Graduated from Espoo School of Economics in 1983

Management Board
Since April 2013, the Management Board of AS Ekspress Grupp has three members: Chairman of the Management Board Gunnar Kobin and members of the Management Board Pirje Raidma and Andre Veskimeister. In April Madis Tapupere was recalled from the Management Board; he is Chairman of the Management Board and General Manager of the subsidiary OÜ Ekspress Digital.

Information about the members of the Management Board:

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

<u>Andre Veskimeister (appointed until 21.09.2015)</u>
- 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

<u>Pirje Raidma (appointed until 06.10.2016)</u>
- Member of the Management Board since 2010
- Chief Financial Officer of the Group
- Auditor at auditing company PwC (worked in Estonia and the Channel Islands) in 1997 - 2005
- Finance and Administrative Director of LHV Group in 2005 - 2006
- Finance and Administrative Director of the investment bank GILD Bankers in 2006 - 2010
- Graduated from University of Tartu in 1996 with a degree in international economy
- Certified Auditor and fellow of the Association of Chartered Certified Accountants, FCCA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

(EUR thousand)	31.12.2013	31.12.2012
ASSETS		
Current assets		
Cash and cash equivalents	4 403	3 182
Term deposit	98	0
Trade and other receivables	7 229	7 344
Inventories	2 717	2 922
Total	**14 447**	**13 448**
Non-current assets held for sale	0	97
Total current assets	**14 447**	**13 545**
Non-current assets		
Term deposit	0	98
Trade and other receivables	399	365
Property, plant and equipment (Note 5)	13 665	14 841
Intangible assets (Note 5)	48 955	51 450
Total non-current assets	**63 019**	**66 754**
TOTAL ASSETS	**77 466**	**80 299**
LIABILITIES		
Current liabilities		
Borrowings (Note 6)	3 760	4 347
Trade and other payables	10 708	10 620
Total current liabilities	**14 468**	**14 967**
Long term liabilities		
Long-term borrowings (Note 6)	20 672	24 233
Other long-term payables	1	0
Total non-current liabilities	**20 673**	**24 233**
Total liabilities	**35 141**	**39 200**
EQUITY		
Share capital (Note 10)	17 878	17 878
Share premium	14 277	14 277
Reserves (Note 10)	1 250	740
Retained earnings	8 848	8 190
Currency translation reserve	72	14
TOTAL EQUITY	**42 325**	**41 099**
TOTAL LIABILITIES AND EQUITY	**77 466**	**80 299**

The Notes presented on pages 30-46 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q4 2013	Q4 2012	12 months 2013	12 months 2012
Sales revenue	16 541	16 447	58 442	59 706
Cost of sales	(12 445)	(12 533)	(45 250)	(46 519)
Gross profit	**4 096**	**3 914**	**13 192**	**13 187**
Other income	196	245	556	650
Marketing expenses	(791)	(768)	(2 442)	(2 378)
Administrative expenses	(2 106)	(1 805)	(6 527)	(6 643)
Other expenses	(47)	(90)	(132)	(220)
Gain on sale of ownership interest in a joint venture	0	0	0	0
Impairment of trademarks and goodwill	(2 467)	(157)	(2 467)	(157)
Operating profit	**(1 119)**	**1 339**	**2 180**	**4 439**
Interest income	2	0	6	5
Interest expense	(185)	(206)	(763)	(1 549)
Foreign exchange gains/losses	(46)	(13)	(71)	(15)
Other finance income/costs	(16)	(14)	(58)	(117)
Total finance income/costs	**(245)**	**(233)**	**(886)**	**(1 676)**
Profit (loss) on shares of associates	20	(8)	20	(41)
Profit (loss) before income tax	**(1 344)**	**1 098**	**1 314**	**2 722**
Income tax expense	(66)	14	(233)	(197)
Net profit (loss) for the reporting period	**(1 410)**	**1 112**	**1 081**	**2 525**
Net profit (loss) for the reporting period attributable to:				
Equity holders of the parent company	(1 410)	1 112	1 081	2 525
Other comprehensive income (expense) that can be later reclassified to profit or loss				
Currency translation differences	45	8	58	10
Profit on change in value of a hedging instrument	0	0	0	176
Total other comprehensive income for the period	**45**	**8**	**58**	**186**
Comprehensive income (expense) for the reporting period	**(1 365)**	**1 120**	**1 139**	**2 711**
Attributable to equity holders of the parent company	(1 365)	1 120	1 139	2 711
Basic and diluted earnings per share (Note 8)	(0.05)	0.04	0.04	0.08

The Notes presented on pages 30-46 form an integral part of the consolidated interim report.

Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Share capital	Share premium	Reserves	Currency translation reserve	Retained earnings	Total equity
Balance on 31.12.2011	**17 878**	**14 277**	**480**	**4**	**5 749**	**38 388**
Increase in statutory legal reserve	0	0	84	0	(84)	**0**
Net profit (loss) for the reporting period	0	0	0	0	2 525	**2 525**
Other comprehensive income (expense)	0	0	176	10	0	**186**
Total comprehensive income (expense) for the reporting period	*0*	*0*	*176*	*10*	*2 525*	***2 711***
Balance on 31.12.2012	**17 878**	**14 277**	**740**	**14**	**8 190**	**41 099**
Increase in statutory legal reserve	0	0	126	0	(126)	**0**
Dividends	0	0	0	0	(298)	**(298)**
Transactions with owners (value of share option contract)	0	0	384	0	0	**384**
Profit (loss) for the reporting period	0	0	0	0	1 081	**1 081**
Other comprehensive income/(expense)	0	0	0	58	0	**58**
Total comprehensive income (expense) for the reporting period	*0*	*0*	*0*	*58*	*1 081*	***1 139***
Balance on 31.12.2013	**17 878**	**14 277**	**1 250**	**72**	**8 848**	**42 325**

The Notes presented on pages 30-46 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	2013	2012
Cash flows from operating activities		
Operating profit for the reporting period	2 180	4 439
Adjustments for:		
Depreciation, amortisation and impairment (Note 5)	2 618	3 285
Loss on sale of trademarks, trademark and goodwill impairment	2 467	157
Gain / loss on sale and write-down of property, plant and equipment	(29)	63
Change in value of share option	384	0
Cash flows from operating activities:		
Trade and other receivables	24	(715)
Inventories	342	(146)
Trade and other payables	144	(433)
Cash generated from operations	**8 130**	**6 650**
Income tax paid	(305)	(188)
Interest paid	(794)	(1 591)
Net cash generated from operating activities	**7 031**	**4 871**
Cash flows from investing activities		
Acquisitions through business combinations (Note 4)	(327)	(434)
Purchase of other financial investments	(15)	(15)
Interest received	34	5
Purchase of property, plant and equipment (Note 5)	(888)	(785)
Proceeds from sale of property, plant and equipment	51	42
Loans granted	(3)	(10)
Loan repayments received	6	182
Net cash generated from investing activities	**(1 142)**	**(1 015)**
Cash flows from financing activities		
Dividends paid	(298)	0
Finance lease repayments made	(25)	(390)
Change in use of overdraft	(745)	731
Change in used of factoring	0	(270)
Repayments of borrowings	(3 600)	(3 474)
Net cash used in financing activities	**(4 668)**	**(3 403)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**1 221**	**453**
Cash and cash equivalents at the beginning of the period	3 182	2 729
Cash and cash equivalents at the end of the period	4 403	3 182

The Notes presented on pages 30-46 form an integral part of the consolidated interim report.

SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. General information

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

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

These interim financial statements were approved and signed by the Management Board on 26 February 2014.

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

Company name	Status	Ownership interest 31.12.2013	Ownership interest 31.12.2012	Main field of activity	Domicile
Operating segment: corporate functions					
AS Ekspress Grupp	Parent Company			Holding company and support services	Estonia
OÜ Ekspress Digital	Subsidiary	100%	100%	Provision of IT services	Estonia
OÜ Ekspress Finance	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: periodicals					
AS Eesti Ajalehed	Subsidiary	100%	100%	Publishing of daily and weekly newspapers	Estonia
OÜ Hea Lugu	Subsidiary	100%	100%	Book publishing. From January 2013 fully owned by the parent. Previously, subsidiary of AS Eesti Ajalehed	Estonia
UAB Ekspress Leidyba	Subsidiary	100%	100%	Magazine publishing	Lithuania
Medipresa UAB	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
AS SL Õhtuleht	Joint venture	50%	50%	Newspaper publishing	Estonia
AS Ajakirjade Kirjastus	Joint venture	50%	50%	Magazine publishing	Estonia
AS Express Post	Joint venture	50%	50%	Periodicals' home delivery	Estonia
Operating segment: online media					
SIA Delfi Holding	Subsidiary	100%	100%	Management of online media subsidiaries	Latvia
AS Delfi	Subsidiary	100%	100%	Online media	Latvia
Cālis LV SIA	Subsidiary	100%	-	Online media (acquired in July 2013)	Latvia
Delfi AS	Subsidiary	100%	100%	Online media	Estonia
Saarmann Meedia OÜ	Subsidiary	0%	100%	Merged with AS Delfi (Estonia) 11.03.2013	Estonia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Sport Media	Subsidiary	51%	-	Online broadcasting of basketball events (acquired in November 2013)	Lithuania
TOV Delfi	Subsidiary	100%	100%	Online media	Ukraine
Operating segment: printing services					
AS Printall	Subsidiary	100%	100%	Printing services	Estonia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for 12 months ended 31.12.2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31.12.2012.

The Management Board estimates that the interim consolidated financial statements for 12 months of 2013 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors. These consolidated interim financial statements are presented in thousands of euros, unless otherwise indicated.

Note 3. Financial risk management

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

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

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

The main role upon the management of risks is vested in the management boards of the Parent and its subsidiaries. The Group assesses and limits risks through systematic risk management. For managing financial risks, the management of the Group has engaged the financial unit of the Group that deals with the financing of the Parent Company and its subsidiaries and hence also managing of liquidity risk and interest rate risk. The risk management at the joint ventures within the Group is performed in cooperation with the other shareholder of joint ventures.

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations. Credit risk arises from cash and bank, trade receivables, other short-term receivables and loans granted. Since the Group invests available liquid funds in the banks with the credit rating of "A" they do not expose the Group to substantial credit risk.

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

Bank name	Moody`s	Standard & Poor`s	31.12.2013	31.12.2012
SEB	A1	A+	592	332
Swedbank	A2	A+	3 707	2 823
Nordea/Danske	Aa3/Baa1	A-/AA-	168	83
Other banks	-	-	13	11
Total			**4 480**	**3 251**

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

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

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidiinfo and other similar databases. Their payment behaviour is also initially monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied.

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

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

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

Liquidity risk

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

The objective of the Group is to maintain a balance between the financial need and financial possibilities of the Group. Cash flow planning is used as a means to manage the liquidity risk. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool account) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof. According to the policy of the Group, all group companies prepare long-term cash flow forecasts for the next year which are updated quarterly. For monitoring short-term cash flows the subsidiaries that have joined the group account prepare detailed eight week cash flow projections on a weekly basis.

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

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

Interest rate risk

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

The Group's interest rate risk is related to short-term and long-term borrowings which have been assumed with a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor. An interest rate change by one percentage point would change the Group's loan interest expense by approximately 240 thousand euros per year.

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

Type of interest	Interest rate	31.12.2012 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan *(Parent Company)*	2 972	18 118	21 090
	1-month Euribor + 2.5%	Syndicated loan (Printall)	630	6 115	6 745
	1-month Euribor + 1.9%	Overdraft	745	0	745

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is exposed to foreign exchange risk to a certain degree. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros, Lithuanian litas, Latvian lats and Ukrainian hryvnias. The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports also outside of euro-zone and invoices for services are also issued in Norwegian kroner and Swedish kronor. In addition, the Russian clients pay in roubles, although the invoices are issued in euros and they carry no foreign exchange risk. The amounts received in foreign currencies are typically converted into euros immediately after their receipt, thereby reducing open foreign currency positions. Foreign exchange risk is reduced year after year and in 2013 approximately 4% of the Group's sales revenue carried foreign currency risk (in 2012: 7%). No other means are used for hedging foreign exchange risk.

Financial assets and financial liabilities by currency as of 31.12.2013

(EUR thousand)	EUR	LTL	LVL	UAH	SEK	Other currencies	TOTAL
Assets							
Cash and cash equivalents	3 961	435	103	2	0	0	**4 501**
Trade and other receivables	4 822	1 635	448	30	200	25	**7 161**
Total financial assets	**8 783**	**2 070**	**551**	**32**	**200**	**26**	**11 661**
Liabilities							
Borrowings	24 432	0	0	0	0	0	**24 432**
Trade payables and accrued expenses	6 601	578	249	25	11	7	**7 470**
Total financial liabilities	**31 033**	**578**	**249**	**25**	**11**	**7**	**31 902**
Net foreign currency position	**-22 250**	**1 492**	**302**	**7**	**189**	**19**	

Financial assets and financial liabilities by currency as of 31.12.2012

(EUR thousand)	EUR	LTL	LVL	UAH	SEK	Other currencies	TOTAL
Assets							
Cash and cash equivalents	2 633	394	150	6	0	0	**3 182**
Trade and other receivables	4 942	1 461	571	38	354	56	**7 422**
Term deposit	0	98	0	0	0	0	**98**
Total financial assets	**7 574**	**1 953**	**722**	**44**	**354**	**56**	**10 703**
Liabilities							
Borrowings	28 580	0	0	0	0	0	**28 580**
Trade payables and accrued expenses	6 434	688	336	17	24	12	**7 512**
Total financial liabilities	**35 014**	**688**	**336**	**17**	**24**	**12**	**36 091**
Net foreign currency position	**(27 440)**	**1 265**	**386**	**26**	**330**	**43**	

Price risk

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

Operational risk

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

The involvement of employees in the risk assessment process improves the general risk culture. For performing transactions, systems of transaction limits and competences are used to minimise possible losses. The four-eye principle in use, under which the confirmation of at least two employees independent of each other or that of a unit is necessary for the performance of a transaction or a procedure, reduces the possible occurrence of human errors and mistakes.

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

Capital risk

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

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

Equity ratios of the Group

(EUR thousand)	31.12.2013	31.12.2012
Interest-bearing debt	24 432	28 580
Cash and bank accounts	4 501	3 280
Net debt	19 931	25 300
Equity	42 325	41 099
Total capital	62 256	66 399
Debt to capital ratio	**32%**	**38%**
Total assets	77 466	80 299
Equity ratio	**55%**	**51%**

Note 4. Business combinations

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

In October 2012, Lithuanian companies Delfi UAB and UAB Alio concluded a contract for acquisition of the oldest and best-known classified ads portal and newspaper on 1 November 2012 that is operating in Lithuanian market under brand name Alio reklama. UAB Alio continues its business with other operations under the old name. Delfi UAB acquired classified ads business with all employees related to it. EUR 434 thousand was paid in cash for the transaction. Upon acquisition of Alio, the fair value of trademark was recognised in the amount of EUR 102 thousand by the management and goodwill arose in the amount of EUR 332 thousand.

If the Group had acquired Calis.lv at the start of the year, Group revenue would have higher by approximately EUR 70 thousand. If the Group had acquired Alio at the beginning of 2012, Group revenue for 2012 would have been higher by approximately EUR 300 thousand and net profit would have been higher by approximately by EUR 100 thousand.

The table below presents an overview of acquired identifiable assets and liabilities at the time of acquisition. For preparation of the purchase analysis, the balance sheet of Alio as of 31 October 2012 and the balance sheet of Cālis LV as of 31 March 2013 were used as the basis.

(EUR thousand)	Alio		Cālis LV SIA	
	Fair value	Carrying amount	Fair value	Carrying amount
Net assets	0	0	1	1
Trademark	102	0	66	0
Total identifiable assets	**102**	**0**	**68**	**1**
Goodwill	**332**		**260**	
Cost of acquired ownership interest	434		327	
Cash paid for ownership interest	434		327	
Cash and cash equivalents in acquired company	0		0	
Total cash effect on the company	**(434)**		**(327)**	

Note 5. Property, plant and equipment and intangible assets

(EUR thousand)	Property, plant and equipment		Intangible assets	
	12 months 2013	12 months 2012	12 months 2013	12 months 2012
Balance at beginning of the period				
Cost	29 590	30 376	57 591	57 519
Accumulated depreciation and amortisation	(14 749)	(13 625)	(6 141)	(5 549)
Carrying amount	**14 841**	**16 751**	**51 450**	**51 970**
Acquisitions and improvements	821	434	290	785
Disposals (at carrying amount)	(18)	(31)	0	(161)
Write-offs and write-downs of PPE	(4)	(2)	(2 467)	(74)
Reclassification	(22)	(98)	22	0
Acquired in business combinations	0	0	327	0
Depreciation and amortisation	(1 953)	(2 213)	(665)	(1 071)
Exchange rate correction	0	0	(1)	1
Balance at end of the period				
Cost	29 791	29 590	56 493	57 591
Accumulated depreciation and amortisation	(16 126)	(14 749)	(7 538)	(6 141)
Carrying amount	**13 665**	**14 841**	**48 955**	**51 450**

Information about the items of non-current assets pledged as loan collateral is disclosed in Note 6.

Intangible assets by type

(thousand)	EUR	
	31.12.2013	31.12.2012
Goodwill	40 052	41 093
Trademarks	8 154	9 542
Other intangible assets	749	815
Total intangible assets	**48 955**	**51 450**

Carrying amount of trademarks by segment

(thousand)	EUR	
	31.12.2013	31.12.2012
Online media	6 698	7 300
Periodicals	1 456	2 242
Total trademarks	**8 154**	**9 542**

Goodwill by cash generating units and segments

(thousand)	EUR	
	31.12.2013	31.12.2012
Delfi Estonia	15 281	15 281
Delfi Latvia (incl. Calis.lv)	9 650	9 390
Delfi Lithuania (incl. Alio)	12 849	12 849
Online media segment	**37 780**	**37 520**
Eesti Päevaleht (incl. hyppelaud.ee) (Eesti Ajalehed)	0	1 102
Ajakirjade Kirjastus	456	456
Ekspress Leidyba	0	199
Maaleht (Eesti Ajalehed)	1 816	1 816
Periodicals segment	**2 272**	**3 573**
Total goodwill	**40 052**	**41 093**

In May 2013, AS Delfi (Latvia) acquired a 100% ownership interest in SIA Cālis.lv that operates the portal Cālis.lv. The related goodwill is recognised in the balance sheet in the amount of EUR 260 thousand (Note 4).

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

The applied revenue growth rates are as follows:

Cash-generating unit	Next financial year		Years 2-5		Terminal value growth	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Delfi Estonia	5.1%	9.0%	10-15%	10-15%	3.5%	3.5%
Delfi Latvia	9.5%	9.6%	10-15%	15-20%	4%	4%
Delfi Lithuania	8.3%	8.2%	10%	10-15%	3.5%	4%
Eesti Päevaleht (Eesti Ajalehed)	4%	-8%	0%	1.8-1.9%	-3%	0-3.5%
Maaleht (Eesti Ajalehed)	2.1%	1.4%	0%	1.4-1.5%	0%	0%
Ajakirjade Kirjastus	4.1%	-0.4%	0.4%	0.5%	0%	0%
Ekspress Leidyba	-0.8%	-0.7%	-0.2-(-0.5)%	0.6-1%	0%	0%

Since 2013, the future cash flows of Eesti Päevaleht, Ärileht and epl.ee are used in the impairment test for Eesti Päevaleht, while in 2012 future cash flows of hyppelaud.ee+job.ee and the book publisher Hea Lugu were also used. The impairment test of Maaleht is based on the future cash flows of Maaleht, Maakodu, Maamajandus and maaleht.ee. Lower revenue of Ekspress Leidyba is related to the discontinued book publishing business. There is uncertainty in terms of the revenue of print media and a minimal revenue increase or even a decrease is to be expected over the long term. There is a reason to be more optimistic about the next year's budgets, helped by a slight increase in prices introduced during the mid-year 2013.

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 11.34-11.53% (2012: 7.96-10.67%) and the return on debt is 4.8% in Estonia, 5.62% in Latvia and 5.69% in Lithuania (2012: 6.1%-8.0%). The debt to equity ratio is based on the average debt to equity ratio of the market, i.e. 33.8% in media sector, available in the database of Damodaran Online as of 31 December 2013 (31 December 2012: online media 10.4% and 51% print media). The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The equity betas of the units used in the model have been calculated using the average unleveraged assisted betas of the industries from the database of Damodaran Online. The yields on long-term government bonds issued in Latvia and Lithuania in December 2013 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 yields, plus the risk coefficient for Estonia according to the database of Damodaran Online. Last year, country risk was derived from the long-term government bond rate of the Czech Republic.

The discount rates used were as follows:

Cash-generating unit	31.12.2013	31.12.2012
Delfi Estonia	9.70%	7.60%
Delfi Latvia	9.97%	8.36%
Delfi Lithuania	10.05%	9.29%
Eesti Päevaleht (Eesti Ajalehed)	9.70%	7.39-7.60%
Maaleht (Eesti Ajalehed)	9.70%	7.39%
Ajakirjade Kirjastus	9.70%	7.39%
Ekspress Leidyba	10.05%	9.09%

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 goodwill, trademarks, property, plant and equipment, intangible assets and working capital.

(EUR thousand)	31.12.2013			31.12.2012		
	Recoverable amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi Estonia	20 432	18 023	2 409	25 497	18 019	7 478
Delfi Latvia	12 600	12 192	408	16 597	11 981	4 616
Delfi Lithuania	28 639	15 666	12 973	36 568	15 182	21 386
Eesti Päevaleht (Eesti Ajalehed)	357	1 959	-1 602	2 194	2 160	34
Maaleht (Eesti Ajalehed)	3 384	1 915	1 469	7 915	2 015	5 900
Ajakirjade Kirjastus	832	738	94	2 133	660	1 474
Ekspress Leidyba	150	524	-374	1 194	582	612

Impairment losses recognised during the year are as follows:

(EUR thousand)	2013	2012
Impairment loss for goodwill related to Eesti Päevaleht	(1 102)	0
Impairment loss for trademark of Eesti Päevaleht	(500)	0
Impairment loss for trademark of Delfi Ukraina	(491)	0
Impairment loss for goodwill related to Ekspress Leidyba	(199)	0
Impairment loss and loos on sale of trademarks of Ekpress Leidyba	(175)	(157)
Total impairment loss on goodwill and trademarks	**(2 467)**	**(157)**

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.

In 2013, the assumptions used in the impairment tests were made more conservative, primarily related to the weaker outlook for Eurozone countries as well as for print media. Due to the changed economic outlook and more conservative assumptions, the sensitivity of impairment tests should be higher than previously. The discount rate applied also has an impact on the sensitivity of the tests, which has increased as compared to last year.

An impairment loss for goodwill related to Delfi Lithuania would be recognised under current assumptions only if online market fell, interest rates increased by more than five percentage points in 2015-2018. The sensitivity of goodwill related to Delfi Estonia is greater and it would be necessary to recognise an impairment loss if revenue increased less that 7.6% in 2015-2018, the residual value growth were 1 pp lower and the applied discount rate 0.8 pp higher. For Delfi Latvia, the sensitivity of tests is especially high and an impairment loss would be recognised if in the forecasts for the period revenue growth were 1 pp lower, the terminal value growth were 0.15 pp lower or the discount rate used were 0.13 pp higher.

In respect of Maaleht, future cash flows would cover the carrying amount of goodwill if revenue declined by 2.2% in 2015-2018. In respect of Ajakirjade Kirjastus, future cash flows would cover the carrying amount of goodwill if revenue declined by 2% in 2015-2018.

Note 6. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	1-5 years
Balance on 31.12.2013			
Overdraft facilities	**0**	0	0
Long-term bank loans	**24 234**	3 687	20 548
incl. syndicated loan (AS Ekspress Grupp)	**18 119**	3 043	15 076
incl. syndicated and mortgage loan (AS Printall)	**6 115**	643	5 472
Finance lease	**198**	73	125
Total	**24 432**	**3 760**	**20 673**
Balance on 31.12.2012			
Overdraft facilities	**745**	745	0
Long-term bank loans	**27 835**	3 602	24 233
incl. syndicated loan (AS Ekspress Grupp)	**21 090**	2 972	18 118
incl. syndicated and mortgage loan (AS Printall)	**6 745**	630	6 115
Total	**28 580**	**4 347**	**24 233**

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

Refinancing of loan obligations in July 2012

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

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

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

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

Together with the syndicated loan, all overdraft facilities of AS Ekspress Grupp were also refinanced. The contract with Danske Bank Estonia branch was terminated and the limit with the remaining contractual partners of the syndicated loan contract was increased to EUR 3 million. The interest rate on overdraft facilities is 1.9% and the limit fee is 1% of the contract amount.

Similarly to the previous syndicated loan, the loans are secured by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the commercial pledge on the assets of AS Printall in the amount of EUR 16 million and the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is already included within the net assets of the Group. In addition, the mortgage on the registered immovable and production facilities of AS Printall in the amount of EUR 9 million has been set. As of 31.12.2013, the carrying amount of the building was EUR 3.8 million (31.12.2012: EUR 4.0 million) and the carrying amount of the registered immovable was EUR 0.4 million (31.12.2012: EUR 0.4 million).

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

In the course of the same transaction, the interest swap contract entered into between AS Ekspress Grupp and Danske Bank, as well as the factoring contract between AS Printall and Danske Bank were terminated.

Overdraft facilities (refinanced on 23 July 2012)

Date of contract	Bank	Limit (EUR thousand)	Used 31.12.2013 (EUR thousand)	Used 31.12.2012 (EUR thousand)	Interest rate	Expiration date of the contract
12.07.2012	Nordea Bank Finland Plc Estonia Branch	1 320	0	745	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**	**745**		

Note 7. Segment reporting

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

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

This segment includes group companies AS Delfi, AS Delfi (Latvia), UAB Delfi (Lithuania), TOV Delfi (Ukraine), and Delfi Holding SIA (Latvia).

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

Periodicals: publishing of newspapers, magazines, customer publications and books in Estonia and Lithuania. This segment includes group companies Eesti Ajalehed AS (publisher of newspapers Eesti Ekspress, Maaleht and Eesti Päevaleht), OÜ Hea Lugu, AS Ajakirjade Kirjastus, AS SL Õhtuleht and UAB Ekspress Leidyba. This segment also includes AS Express Post, engaged in home delivery of periodicals.

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

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

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

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

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

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

2013 Q4 (EUR thousand)	Online media	Periodicals	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers	**3 330**	**6 711**	**6 828**	**2**	**(330)**	**16 541**
Inter-segment sales	25	55	738	391	(1 209)	0
Total segment sales	3 355	6 766	7 566	393	(1 539)	16 541
EBITDA	**779**	**435**	**1 604**	**(763)**	**(40)**	**2 015**
EBITDA margin	23%	6%	21%			12%
Trademark and goodwill impairment						(2 467)
Depreciation (Note 5)						(667)
Operating profit						(1 119)
Investments (Note 5)						353

2013 12 months (EUR thousand)	Online media	Periodicals	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers	**11 383**	**23 563**	**24 625**	**10**	**(1 139)**	**58 442**
Inter-segment sales	72	235	2 837	1 520	(4 664)	0
Total segment sales	11 455	23 798	27 462	1 530	(5 803)	58 442
EBITDA	**1 703**	**1 093**	**5 862**	**(1 356)**	**(38)**	**7 264**
EBITDA margin	15%	5%	21%			12%
Depreciation (Note 5)						(2 618)
Trademark and goodwill impairment						(2 467)
Operating profit						2 180
Investments (Note 5)						1 111

2012 Q4 (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers	**2 970**	**6 559**	**7 195**	**6**	**(283)**	**16 447**
Inter-segment sales	19	67	851	302	(1 239)	0
Total segment sales	2 989	6 626	8 046	308	(1 522)	16 447
EBITDA	**586**	**253**	**1 650**	**(242)**	**(1)**	**2 246**
EBITDA margin	20%	4%	21%			14%
Depreciation (Note 5)						(750)
Loss on sale of trademarks						(157)
Operating profit						1 339
Investments (Note 5)						635

2012 12 months (EUR thousand)	Online media	Periodi-cals	Printing services	Corporate functions	Elimin-ations	Total Group
Sales to external customers	**10 240**	**24 504**	**25 990**	**10**	**(1 038)**	**59 706**
Inter-segment sales	(130)	(237)	(3 177)	(986)	(4 530)	0
Total segment sales	10 370	24 741	29 167	996	(5 568)	59 706
EBITDA	**1 776**	**848**	**6 052**	**(795)**	**1**	**7 882**
EBITDA margin	17%	3%	21%			13%
Depreciation (Note 5)						(3 285)
Loss on sale of trademarks						(157)
Operating profit						4 439
Investments (Note 5)						1 219

Note 8. 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.

EUR	Q4 2013	Q4 2012	12 months 2013	12 months 2012
Profit attributable to equity holders	(1 410 370)	1 112 264	1 081 074	2 525 379
Average number of ordinary shares	29 796 841	29 796 841	29 796 841	29 796 841
Basic and diluted earnings per share	(0.05)	0.04	0.04	0.08

In view of the fact that the Group has no dilutive potential ordinary shares on 31.12.2013 and 31.12.2012, **diluted earnings per share** equal basic earnings per share.

Note 9. Management's share option plan

In November 2013, the General Meeting of Shareholders approved a share option programme for the Management Board. Under the programme, 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 under no obligation to buy back shares nor pay cash compensation for them.

Upon approving the share option, the option was entered in fair value and recognised on the one hand as a staff cost in the income statement and, on the other hand, as a share option reserve in equity. As at 31.12.2013, this reserve totalled EUR 384 thousand and the number of earned shares was 340 thousand. See Note 10.

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

Note 10. Equity and dividends

Share capital and share premium

As of 31 December 2012 and 31 December 2013, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Dividends

At the Ordinary General Meeting of Shareholders held on 24 May 2013, it was decided to pay dividends to shareholders in the amount of one euro cent per share in the total amount of EUR 298 thousand. Dividends were paid on 1 October 2013. There was no accompanying income tax liability because the Company paid out dividends it had received from its joint ventures and subsidiaries, that had already paid corporate income tax on dividends or the profit of which had already been taxed in its domicile. Therefore, there was no additional tax to be paid on distribution of dividends from the Parent Company.

Reserves

The reserves include statutory reserve capital required by the Commercial Code, additional monetary contributions as a general-purpose additional equity contribution by a founding shareholder and share option reserve (see Note 9).

(EUR thousand)	EUR	
	31.12.2013	31.12.2012
Statutory reserve capital	227	101
Additional payments in cash from shareholders	639	639
Share option reserve	384	0
Total reserves	**1 250**	**740**

Note 11. Related party transactions

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

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

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

SALES (EUR thousand)	12 months 2013	12 months 2012
Sales of goods		
Associates	711	767
Total sale of goods	**711**	**767**
Sale of services		
Members of Supervisory Board and companies related to them	11	6
Associates and joint ventures	733	757
Total sale of services	**744**	**763**
Total sales	**1 455**	**1 530**

PURCHASES (EUR thousand)	12 months 2013	12 months 2012
Purchase of services		
Members of Management Board and companies related to them	49	65
Members of Supervisory Board and companies related to them	290	405
Associates and joint ventures	455	443
Total purchases of services	**794**	**913**

RECEIVABLES (EUR thousand)	31.12.2013	31.12.2012
Short-term receivables		
Members of Supervisory Board and companies related to them	5	0
Associates and joint ventures	711	610
Total short-term receivables	**717**	**610**
Long-term receivables		
Members of Supervisory Board and companies related to them	160	192
Total long-term receivables	**160**	**192**
Total receivables	**919**	**802**

LIABILITIES (EUR thousand)	31.12.2013	31.12.2012
Current liabilities		
Members of Management Board and companies related to them	4	4
Members of Supervisory Board and companies related to them	11	12
Associates and joint ventures	55	42
Total liabilities	**70**	**58**

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik will be paid a guarantee fee of 1.5% per annum on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. The amount paid out in the year of 2013 was EUR 60 thousand (2012: EUR 60 thousand) and there are no outstanding liabilities as of 31 December 2013 and 31 December 2012.

The management estimates that the transactions with related parties have been carried out at arms' length conditions. As of 31.12.2013, the allowance for the receivable from the associate Medipresa UAB was made in the amount of EUR 43 thousand (31.12.2012: EUR 63 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

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

(EUR thousand)	12 months 2013	12 months 2012
Salaries and other benefits (without social tax)	993	1 230
Termination benefits (without social tax)	11	46
Share option	384	0
Total (without social tax)	**1 388**	**1 276**

The members of all management boards of the group companies (incl. managing directors of subsidiaries if these companies do not have management board as per Estonian law) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are usually payable in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board for a valid reason. As of 31 December 2013, the maximum gross amount of potential Key Management termination benefits was EUR 439 thousand (31 December 2012: EUR 436 thousand). No remuneration is paid separately to the members of the Supervisory Boards of the group companies and no compensation is paid if they are recalled.

Note 12. Contingent assets and liabilities

Contingent liabilities related to pending court cases

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

Court case with AS Eesti Meedia regarding the acquisition of joint ventures

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

On 13 December 2013, AS Ekspress Grupp decided that since AS Eesti Meedia had breached the shareholders agreements between the parties and hence hindered AS Ekspress Grupp from acquiring the shares of joint venture companies, AS Ekspress Grupp shall recourse to court to protect its rights. AS Ekspress Grupp also withdrew from the buyout of shares of joint venture AS Express Post, for the same reason. In the lawsuit that will be submitted to the arbitration at first opportunity, AS Ekspress Grupp requires, among other things, contractual penalties for breaching the agreements in the sum of at least EUR 3.5 million from AS Eesti Meedia.

In response to our notice, AS Eesti Meedia then filed an action against AS Ekspress Grupp which on 10 January 2014 the board of the Court of Arbitration of the Estonian Chamber of Commerce and Industry decided to proceed with. AS Eesti Meedia requires AS Ekspress Grupp to pay EUR 8.6 million based on shareholders agreement in AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post, of which EUR 5.1 million is the ownership for 50% holding in the joint ventures and EUR 3.5 million is contractual penalty.

At this point it is difficult to assess the possible outcome of the litigation.

Note 13. Events after the balance sheet date

AS Ekspres Grupp has decided to terminate Delfi's activity in Ukraine from 1st of March 2014. During a six year-period, AS Ekspress Grupp has invested approx. EUR 2 million in the development of Delfi Ukraine but this has not brought the expected success in online portals market. The Group does not see a positive outlook for the future development of Delfi Ukraine, which would justify continuing the business and therefore has decided to stop its activity in Ukraine. Currently, negotiations with the management of the company are being held, as the management has expressed its willingness to continue the activities of the portal and use Delfi's trademark.

The termination of the activity in Ukraine will involve compensation to employees and premature termination of the contracts in total sum of approximately EUR 30 thousand. Allowance on trademark of Delfi Ukraine will result in a loss of approximately EUR 0.5 million, which is already reflected in the Group's financial results for 2013.