

# **EKSPRESS GRUPP**

**AS EKSPRESS GRUPP  
CONSOLIDATED INTERIM REPORT  
FOR THE FIRST QUARTER OF 2015**

**TABLE OF CONTENTS**

GENERAL INFORMATION.....	3
Management Board's confirmation of the Group's interim financial statements.....	4
MANAGEMENT REPORT.....	5
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line.....	7
FINANCIAL INDICATORS AND RATIOS – joint ventures recognised under the equity method.....	9
CORPORATE STRUCTURE.....	12
SEGMENT OVERVIEW.....	13
SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP.....	20
SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP.....	23
INTERIM CONSOLIDATED FINANCIAL STATEMENTS.....	25
Consolidated balance sheet (unaudited).....	25
Consolidated statement of comprehensive income (unaudited).....	26
Consolidated statement of changes in equity (unaudited).....	27
Consolidated cash flow statement (unaudited).....	28
SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	29
Note 1. General information.....	29
Note 2. Bases of preparation.....	30
Note 3. Financial risk management.....	30
Note 4. Business combinations.....	34
Note 5. Property, plant and equipment.....	36
Note 6. Intangible assets.....	36
Note 7. Bank loans and borrowings.....	37
Note 8. Segment reporting.....	38
Note 9. Earnings per share.....	40
Note 10. Management Board's share option plan.....	40
Note 11. Equity and dividends.....	40
Note 12. Related party transactions.....	41
Note 13. Contingent assets and liabilities.....	43
Note 14. Events after the balance sheet date.....	43

## GENERAL INFORMATION

Beginning of reporting period	1 January 2015
End of reporting period	31 March 2015
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt 11E, Tallinn 10151
Phone	669 8381
Fax	669 8081
E-mail	egrupp@egrupp.ee
Internet homepage	<a href="http://www.egrupp.ee">www.egrupp.ee</a>
Main field of activity	Management of publishing and related services
Management Board	Gunnar Kobin (chairman) Andre Veskimeister Pirje Raidma
Supervisory Board	Viktor Mahhov (chairman) Hans H. Luik Kari Sakari Salonen Harri Helmer Roschier Indrek Kasela Jaak Ennuste
Auditor	AS Deloitte Audit Eesti

### **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 43 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	<i>signed digitally</i>	30.04.2015
Pirje Raidma	Member of the Management Board	<i>signed digitally</i>	30.04.2015
Andre Veskimeister	Member of the Management Board	<i>signed digitally</i>	30.04.2015

## MANAGEMENT REPORT

In the first quarter of 2015, the consolidated EBITDA of Ekspress Group amounted to EUR 1.5 million which is 4% more than last year and net profit amounted to EUR 0.6 million which is 11% more than last year. At the same time revenue decreased by 4%, totalling EUR 14.2 million. The first quarter's EBITDA was also higher as compared to our forecasts and the growth of net profit was 20% higher than forecast for the current year. In the first quarter, the consolidated EBITDA margin of the Group increased from 9.8% to 10.7% year-on-year.

The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post) consolidated 50% line-by-line. Starting from 2014, in consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **new international financial reporting standards (IFRS)**. The change in this accounting policy does not affect the net profit, but it impacts the sales revenue and EBITDA. In its monthly reports, the management has continued to monitor the Group's performance on a basis of proportional consolidation of joint ventures and the syndicated loan contract also determines the calculation of some loan covenants by proportional consolidation. For the purpose of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line 50% as previously and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

In the first quarter, the EBITDA of the Group's subsidiaries calculated under the equity method was 7% lower than a year earlier, meaning that the joint ventures where the Group has a 50% holding posted a better result in the first quarter than subsidiaries.

The result of the Group's printing services company Printall was below last year's level. In annual comparison, revenue in the first quarter was 11% lower and the profit was as much as 20% lower. Weaker results of Printall were attributable to the financial crisis in Russia that has negatively affected export markets of the Scandinavian printing industry, causing Scandinavian enterprises to lose revenue from Russia and creating a major price pressure in the whole region. However, Printall has quickly responded to the situation and while in January, its EBITDA was 40% lower than a year earlier and 18% in February, in March the gap had decreased to 10% while exceeding the company's own forecast in March by 9%. For the quarter, the company is at present 13% below its forecast.

In the **media segment**, the total EBITDA earned by joint ventures and subsidiaries improved 20% from the year before, exceeding the Group's own forecasts by 34%.

Of joint ventures, the strongest year-on-year results were posted by AS SL Õhtuleht and AS Ajakirjade Kirjastus, earning significantly larger profits than a year earlier. Whereas the profit of AS SL Õhtuleht increased due to the impact of changes in printing contracts, AS Ajakirjade Kirjastus also benefited additionally from the successful operations in the advertising market and production of special projects.

The result of subsidiaries in the media segment was 17% lower than a year earlier, but exceeded the Group's budget by 19%. The biggest difference between last year's result and the budget for this year was the book series, which lasted throughout the first quarter in 2014, however were this year launched only in March. This mainly affects AS Eesti Ajalehed that only earned a profit of EUR 23 thousand from book series this year, as compared to a profit of EUR 133 thousand in the first quarter 2014. Due to the absence of book series in the first quarter, the revenue of AS Eesti Ajalehed was EUR 240 thousand lower as compared to the previous year and likewise, the revenue of the book publisher Hea Lugu was also EUR 187 thousand lower this year. At the same time, the result of AS Eesti Ajalehed for this year exceeded the company's own forecast by EUR 75 thousand. The better-than-forecast result is due to the decision made at the start of the year to merge AS Eesti Ajalehed and AS Delfi. The organisations were merged in January and the legal merger between the two companies will take effect on 1 July 2015. The biggest positive effect of the merger has been significant growth in advertising sales capacity, resulting in a 15% increase in advertising revenue in the first quarter, as compared to last year.

In the first quarter, the result of the media segment decreased mainly because of Delfi Lithuania that posted a 33% fall in its EBITDA year-on-year. In the opinion of the Lithuanian company's management, the result deteriorated mainly because of the changeover to euro at the beginning of the year. Since we saw a similar trend in Latvia a year ago, we expect consumption and advertising to recover after the initial shock has passed. In the meantime, Delfi Latvia posted an excellent result, having successfully overcome last year's euro shock and earning about EUR 100 thousand more in EBITDA in the first quarter than a year earlier, and turning EUR 63 thousand loss earned a year ago into a profit of EUR 43 thousand. Delfi Estonia also had a strong result, increasing its EBITDA by 21% as compared to the year earlier.

Summarising the result of the media segment in the first quarter, we can say that online advertising revenue increased by 18%, revenue from subscriptions and retail sales remain at the same level as the year ago, print advertising revenues grew by 8% mainly thanks to the good result of AS Eesti Ajalehed and revenue of digital subscriptions and newsstand sales increased by 41%.

In the first quarter, we launched Eesti Päevaleht digital edition in a new platform. The next product to be transferred into new platform will be digital edition of Eesti Ekspress.

Another significant event in the first quarter was the launch of the new entertainment business line. In the final week of March, we opened in Riga the first exhibition about the first and final voyage of MS Titanic. The exhibition will probably remain open until the beginning of August and revenue of the exhibition will be reflected largely in the Group's second-quarter result.

The modest start of the year has made us more cautious with regard of the second quarter. In the printing services segment, major price competition will prevail in Scandinavian markets, which will have negative impact on profitability of our printing services segment. However the company's new printing machine put into operation at the start of the year will provide a flexible position for operating in the challenging situation. At the same time has difficult economic situation in Scandinavia given rise to closing several printing houses there thus giving us opportunity for acquiring new clients. As for media segment, we are moderately optimistic. Comparison base is also distorted by the compensation received on the second quarter of last year as a result of court case which then ended. Based on the above, we expect our consolidated revenue to grow by approximately 3%, but our forecasts for EBITDA and net profit to decrease 3% and 9% respectively below last year's results. These figures also include the results of our 50%-owned joint ventures.

We continue developing Zave, our portal of discount offers and an innovative customer communication tool for retailers. In addition, we have set as our objective to significantly increase the number of digital subscriptions of Eesti Ekspress and Eesti Päevaleht.

We continue with the project in investing into Baltic startup companies with the objective of supporting young businesses that could develop their business with the help of the Group's marketing power in Baltic states and prepare expanding to larger international markets.

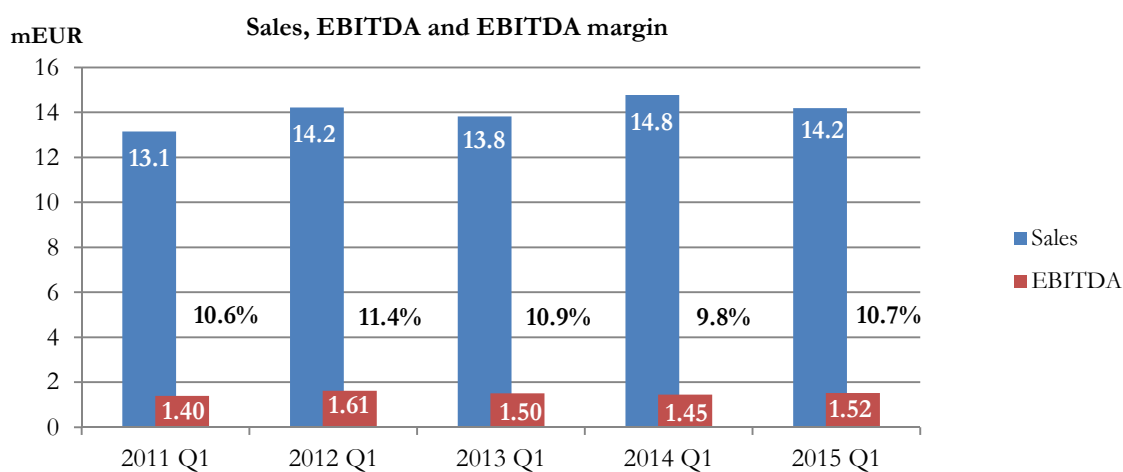
**Our mission** remains to offer new and interesting experiences both on paper and in digital media, without ever compromising on news quality, choice of topics and journalistic objectivity. **The company's goal** is to be a truly modern media company with a strong foothold in all markets where actively present, with a leading position in online media.

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

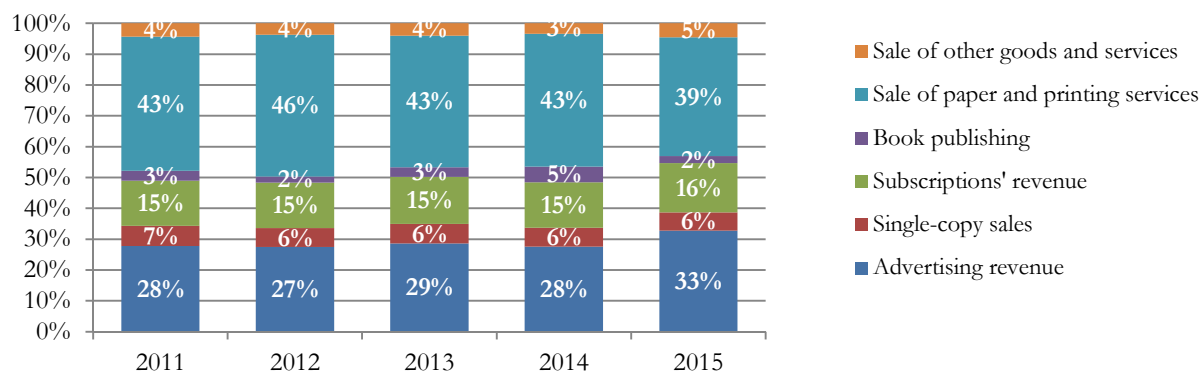
Starting from 2014, in consolidated financial reports 50% joint ventures are recognised under the equity method, in compliance with **new international financial reporting standards (IFRS)**. In its monthly reports, the management has continued to monitor the Group's performance on a basis of proportional consolidation of joint ventures and the syndicated loan contract also determines the calculation of some loan covenants by proportional consolidation. For the purpose of clarity, the management report shows two sets of indicators: one where joint ventures are consolidated line-by-line 50% as previously and the other where joint ventures are recognised under the equity method and their net result is presented as financial income in one line.

Performance indicators – joint ventures consolidated 50% (EUR thousand)	Q1 2015	Q1 2014	Change %	Q1 2013	Q1 2012	Q1 2011
<b>For the period</b>						
Sales	14 180	14 766	-4%	13 809	14 219	13 146
<b>EBITDA</b>	<b>1 517</b>	<b>1 454</b>	<b>4%</b>	<b>1 503</b>	<b>1 615</b>	<b>1 395</b>
<b>EBITDA margin (%)</b>	<b>10.7%</b>	<b>9.8%</b>		<b>10.9%</b>	<b>11.4%</b>	<b>10.6%</b>
Operating profit*	762	691	10%	840	756	555
Operating margin* (%)	5.4%	4.7%		6.1%	5.3%	4.2%
Interest expenses	(174)	(176)	1%	(197)	(488)	(559)
<b>Profit / (loss) for the period*</b>	<b>556</b>	<b>503</b>	<b>11%</b>	<b>638</b>	<b>179</b>	<b>(155)</b>
<b>Net margin* (%)</b>	<b>3.9%</b>	<b>3.4%</b>		<b>4.6%</b>	<b>1.3%</b>	<b>-1.2%</b>
Net profit / (loss) for the period in the financial statements (incl. impairments and gain on change of ownership interest)	556	503	11%	638	179	1 385
Net margin (%)	3.9%	3.4%		4.6%	1.3%	10.5%
Return on assets ROA (%)	0.7%	0.7%		0.8%	0.2%	1.6%
Return on equity ROE (%)	1.2%	1.2%		1.5%	0.5%	3.8%
<b>Earnings per share (EPS)</b>	<b>0.02</b>	<b>0.02</b>		<b>0.02</b>	<b>0.01</b>	<b>0.05</b>

\* The results exclude one-off gains in relation to the acquisition in Eesti Päevalehe AS in 2011.



## Sales revenue by activity in Q1



Balance sheet – joint ventures consolidated 50% (EUR thousand)	31.03.2015	31.12.2014	Change %
<b>As of the end of the period</b>			
Current assets	14 590	15 189	-4%
Non-current assets	63 538	65 665	-3%
<b>Total assets</b>	<b>78 128</b>	<b>80 854</b>	<b>-3%</b>
<i>incl. cash and bank</i>	<i>3 887</i>	<i>6 788</i>	<i>-43%</i>
<i>incl. goodwill</i>	<i>39 432</i>	<i>39 432</i>	<i>0%</i>
Current liabilities	13 179	14 110	-7%
Non-current liabilities	17 219	19 569	-12%
<b>Total liabilities</b>	<b>30 398</b>	<b>33 679</b>	<b>-10%</b>
<i>incl. borrowings</i>	<i>20 847</i>	<i>24 592</i>	<i>-15%</i>
<b>Equity</b>	<b>47 730</b>	<b>47 175</b>	<b>1%</b>

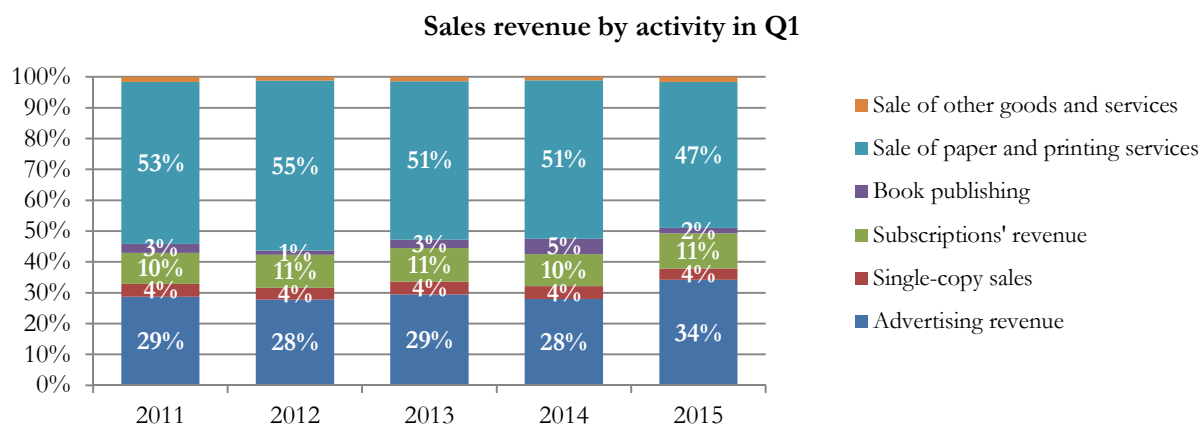
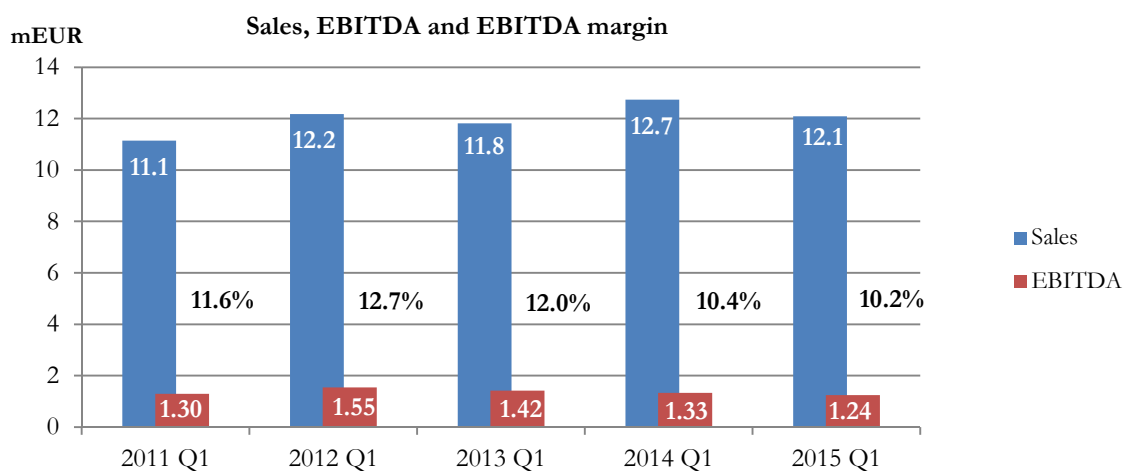
Financial ratios (%) – joint ventures consolidated 50%	31.03.2015	31.12.2014
Equity ratio (%)	61%	58%
Debt to equity ratio (%)	44%	52%
Debt to capital ratio (%)	26%	27%
Total debt/EBITDA ratio	2.33	2.61
Debt service coverage ratio	1.88	1.90
Liquidity ratio	1.11	1.08



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

Performance indicators – joint ventures under the equity method (EUR thousand)	Q1 2015	Q1 2014	Change %	Q1 2013	Q1 2012	Q1 2011
<b>For the period</b>						
Sales (only subsidiaries)	12 093	12 734	-5%	11 812	12 177	11 149
<b>EBITDA (only subsidiaries)</b>	<b>1 238</b>	<b>1 330</b>	<b>-7%</b>	<b>1 417</b>	<b>1 548</b>	<b>1 295</b>
<b>EBITDA margin (%)</b>	<b>10.2%</b>	<b>10.4%</b>		<b>12.0%</b>	<b>12.7%</b>	<b>11.6%</b>
Operating profit* (only subsidiaries)	543	593	-9%	777	720	496
Operating margin* (%)	4.5%	4.7%		6.6%	5.9%	4.4%
Interest expenses (only subsidiaries)	(155)	(176)	12%	(197)	(489)	(563)
Profit of joint ventures by equity method	194	98	97%	63	40	70
<b>Profit for the period*</b>	<b>556</b>	<b>503</b>	<b>11%</b>	<b>638</b>	<b>179</b>	<b>(155)</b>
<b>Net margin* (%)</b>	<b>4.6%</b>	<b>3.9%</b>		<b>5.4%</b>	<b>1.5%</b>	<b>-1.4%</b>
Net profit/(loss) for the period in the financial statements (incl. impairments and gain on change of ownership interest)	556	503	11%	638	179	1 385
Net margin (%)	4.6%	3.9%		5.4%	1.5%	12.4%
Return on assets ROA (%)	0.7%	0.7%		0.8%	0.2%	1.7%
Return on equity ROE (%)	1.2%	1.2%		1.5%	0.5%	3.8%
<b>Earnings per share (EPS)</b>	<b>0.02</b>	<b>0.02</b>		<b>0.02</b>	<b>0.01</b>	<b>0.05</b>

\* The results exclude one-off gains in relation to the acquisition in Eesti Päevalehe AS in 2011.



Balance sheet– joint ventures under equity method (EUR thousand)	31.03.2015	31.12.2014	Change %
<b>As at the end of the period</b>			
Current assets	11 712	12 303	-5%
Non-current assets	62 410	64 292	-3%
<b>Total assets</b>	<b>74 122</b>	<b>76 595</b>	<b>-3%</b>
<i>incl. cash and bank</i>	<i>2 290</i>	<i>5 275</i>	<i>-57%</i>
<i>incl. goodwill</i>	<i>38 153</i>	<i>38 153</i>	<i>0%</i>
Current liabilities	10 727	11 481	-7%
Non-current liabilities	15 665	17 939	-13%
<b>Total liabilities</b>	<b>26 392</b>	<b>29 420</b>	<b>-10%</b>
<i>incl. borrowings</i>	<i>19 482</i>	<i>23 152</i>	<i>-16%</i>
<b>Equity</b>	<b>47 730</b>	<b>47 175</b>	<b>1%</b>

Financial ratios (%) – joint ventures under the equity method	31.03.2015	31.12.2014
Equity ratio (%)	64%	62%
Debt to equity ratio (%)	41%	49%
Debt to capital ratio (%)	26%	27%
Total debt /EBITDA ratio	2.50	2.93
Debt service coverage ratio	1.75	1.77
Liquidity ratio	1.09	1.07

### ***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 2<sup>nd</sup> and 4<sup>th</sup> quarter of each year and the lowest in the 3<sup>rd</sup> quarter. Revenue is higher in the 4<sup>th</sup> quarter because of higher consumer spending during the Christmas season, accompanied by the increase in advertising expenditure. Advertising expenditure is usually the lowest during the summer months, as well as during the first months of the year following Christmas and New Year's celebrations. Book sales are the strongest in the last quarter of the year. Subscriptions and retail sales of periodicals do not fluctuate as much as advertising revenue. However the summer period is always more quiet and at the beginning of the school year in September there is an increase in subscriptions and retail sale which usually continues until next summer holiday period.

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

\* The results exclude one-off gains in relation to the acquisition in Eesti Päävalehe AS in 2011.

## CORPORATE STRUCTURE



## SEGMENT OVERVIEW

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

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

### Key financial data of the segments Q1 2011-2015

(EUR thousand)	Sales			Sales		
	Q1 2015	Q1 2014	Change %	Q1 2013	Q1 2012	Q1 2011
media segment (by equity method)	6 581	6 414	3%	5 923	5 633	5 228
<i>incl. revenue from all digital and online channels</i>	<i>3 336</i>	<i>2 787</i>	<i>20%</i>	<i>2 470</i>	<i>2 232</i>	<i>1 897</i>
printing services segment	6 318	7 062	-11%	6 617	7 376	6 470
entertainment segment	61	0	-	0	0	0
corporate functions	471	421	12%	355	139	26
intersegment eliminations	(1 338)	(1 163)	-15%	(1 084)	(971)	(576)
<b>TOTAL GROUP by equity method</b>	<b>12 093</b>	<b>12 734</b>	<b>-5%</b>	<b>11 812</b>	<b>12 177</b>	<b>11 149</b>
media segment by proportional consolidation	8 963	8 637	4%	8 106	7 869	7 367
<i>incl. revenue from all digital and online channels</i>	<i>3 551</i>	<i>2 987</i>	<i>19%</i>	<i>2 599</i>	<i>2 370</i>	<i>2 025</i>
printing services segment	6 318	7 062	-11%	6 617	7 376	6 470
entertainment segment	61	0	-	0	0	0
corporate functions	471	421	12%	355	139	26
intersegment eliminations	(1 633)	(1 354)		(1 269)	(1 165)	(717)
<b>TOTAL GROUP by proportional consolidation</b>	<b>14 180</b>	<b>14 766</b>	<b>-4%</b>	<b>13 809</b>	<b>14 219</b>	<b>13 146</b>

(EUR thousand)	EBITDA			EBITDA		
	Q1 2015	Q1 2014	Change %	Q1 2013	Q1 2012	Q1 2011
media segment by equity method	279	338	-17%	207	192	8
<i>media segment by proportional consolidation</i>	<i>558</i>	<i>466</i>	<i>20%</i>	<i>294</i>	<i>259</i>	<i>107</i>
printing services segment	1 161	1 459	-20%	1 414	1 529	1 496
entertainment segment	24	0	-	0	0	0
corporate functions	(226)	(467)	52%	(206)	(174)	(214)
intersegment eliminations	(0)	0	-100%	1	0	5
<b>TOTAL GROUP by equity method</b>	<b>1 238</b>	<b>1 330</b>	<b>-7%</b>	<b>1 417</b>	<b>1 548</b>	<b>1 295</b>
<b>TOTAL GROUP by proportional consolidation</b>	<b>1 517</b>	<b>1 454</b>	<b>4%</b>	<b>1 503</b>	<b>1 615</b>	<b>1 395</b>

EBITDA margin	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
media segment by equity method	4%	5%	3%	3%	0%
<i>media segment by proportional consolidation</i>	<i>6%</i>	<i>5%</i>	<i>4%</i>	<i>3%</i>	<i>1%</i>
printing services segment	18%	21%	21%	21%	23%
<b>TOTAL GROUP by equity method</b>	<b>10%</b>	<b>10%</b>	<b>12%</b>	<b>13%</b>	<b>12%</b>
<b>TOTAL GROUP by proportional consolidation</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>

**MEDIA SEGMENT**

The media segment includes Delfi operations in Estonia, Latvia and Lithuania as well as their parent company Delfi Holding. Starting from 1 March 2014, the operations of Delfi in Ukraine have been terminated. The EBITDA of Delfi Ukraine in the first quarter of 2014 also included expenses related to the termination of operations. The media segment also includes AS Eesti Ajalehed (publisher of Maaleht, Eesti Ekspress and Eesti Päevaleht), book publisher OÜ Hea Lugu as well as magazine publisher UAB Ekspress Leidyba in Lithuania, the latter having been merged with Delfi Lithuania on 1 July 2014.

This segment also includes joint ventures AS SL Õhtuleht (publisher of Õhtuleht and Linnaleht), magazine publisher AS Ajakirjade Kirjastus and home delivery company AS Express Post.

The EBITDA of Delfi Estonia, Latvia and Lithuania is now presented before any trademark royalties which are paid to their immediate parent company Delfi Holding.

**News portals owned by the Group**

Owner	Portal	Owner	Portal
Delfi Estonia	<a href="http://www.delfi.ee">www.delfi.ee</a>	AS Eesti Ajalehed	<a href="http://www.ekspress.ee">www.ekspress.ee</a>
	<a href="http://rus.delfi.ee">rus.delfi.ee</a>		<a href="http://www.maaleht.ee">www.maaleht.ee</a>
Delfi Latvia	<a href="http://www.delfi.lv">www.delfi.lv</a>		<a href="http://www.epl.ee">www.epl.ee</a>
	<a href="http://rus.delfi.lv">rus.delfi.lv</a>		
Delfi Lithuania	<a href="http://www.delfi.lt">www.delfi.lt</a>	AS SL Õhtuleht	<a href="http://www.ohhtuleht.ee">www.ohhtuleht.ee</a>
	<a href="http://ru.delfi.lt">ru.delfi.lt</a>		

**Classified portals owned by the Group**

Owner	Portal	Owner	Portal
Delfi Lithuania	<a href="http://www.alio.lt">www.alio.lt</a>	AS Eesti Ajalehed	<a href="http://www.ej.ee">www.ej.ee</a>
			<a href="http://www.ekspressauto.ee">www.ekspressauto.ee</a>

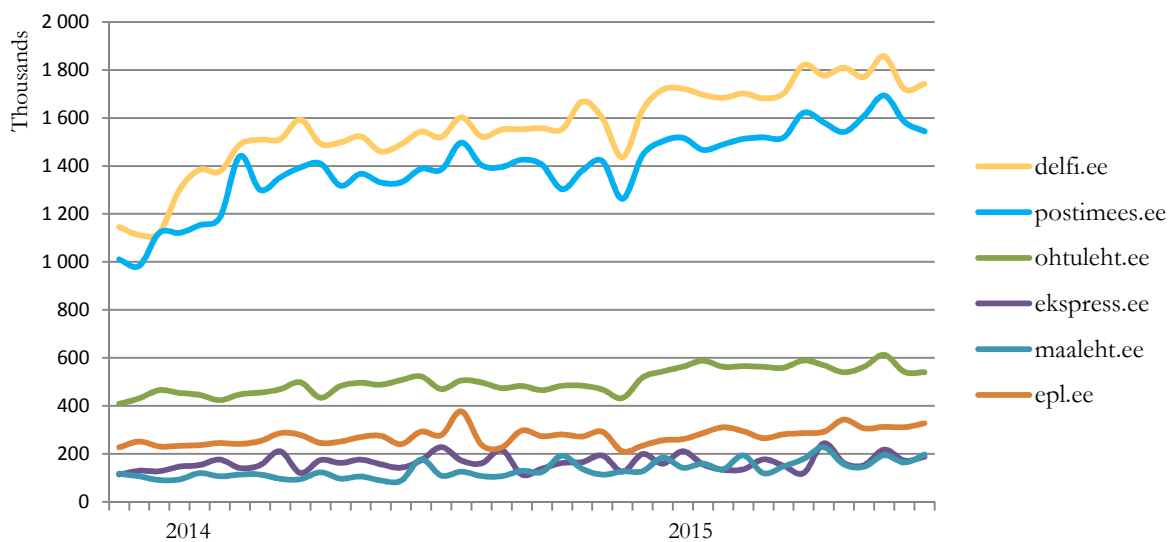
(EUR thousand)	Sales			EBITDA		
	Q1 2015	Q1 2014	Change %	Q1 2015	Q1 2014	Change %
Delfi Estonia	1 358	1 073	27%	93	77	21%
Delfi Latvia	676	494	37%	43	(64)	167%
Delfi Lithuania (incl. Ekspress Leidyba)	1 739	1 753	-1%	116	173	-33%
<i>incl. online revenue of Delfi Lithuania</i>	<i>1 208</i>	<i>1 155</i>	<i>5%</i>			
Delfi Ukraine	0	2	-100%	0	(51)	100%
AS Eesti Ajalehed	2 752	2 862	-4%	23	133	-83%
OÜ Hea Lugu	117	308	-62%	5	66	-92%
other companies (Delfi Holding)	0	0	-	(1)	(1)	0%
Intersegment eliminations	(61)	(78)	23%	(0)	5	-
<b>TOTAL subsidiaries</b>	<b>6 581</b>	<b>6 414</b>	<b>3%</b>	<b>279</b>	<b>338</b>	<b>-18%</b>
AS SL Õhtuleht*	1 014	948	7%	118	31	283%
AS Ajakirjade Kirjastus*	1 018	960	6%	73	10	626%
AS Express Post*	638	584	9%	88	84	6%
intersegment eliminations	(289)	(269)	-8%	(0)	3	-100%
<b>TOTAL joint ventures</b>	<b>2 381</b>	<b>2 224</b>	<b>7%</b>	<b>279</b>	<b>128</b>	<b>119%</b>
<b>TOTAL segment by proportional consolidation</b>	<b>8 963</b>	<b>8 637</b>	<b>4%</b>	<b>558</b>	<b>466</b>	<b>20%</b>

\*Proportional share of joint ventures

## Delfi Estonia

- Growth in the number of live webcasts of Delfi TV. Major projects included the celebration of the anniversary of the Republic of Estonia for the third year running, election studios and debates of parliamentary elections, sports broadcasts, etc.
- Successful launch of a new topical portal [www.lemmikloom.ee](http://www.lemmikloom.ee). Several new portals are being developed.
- Further development of [www.zave.ee](http://www.zave.ee), a pan-Baltic portal of discount offers giving readers overview about discount offers made by local retailers.
- Setting up a joint sales time of Delfi and AS Eesti Ajalehed.
- Other cooperation projects
  - Media partner for the Schenker volleyball league,
  - Media partner for the Schooldance festival, etc.

**Estonian online readership 2014-2015**



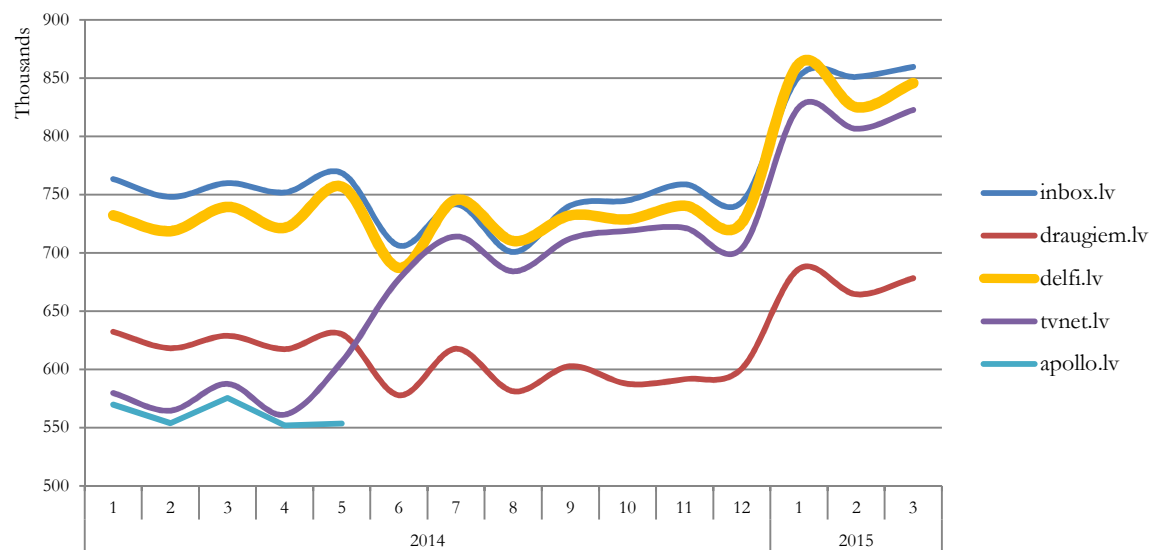
*TNSMetric weekly audience survey*

Delfi remains the largest internet portal in Estonia in the first quarter 2015. There are no substantial changes in competitive situation in Estonia. There is continuing trend of those internet users, who consume Delfi through mobile devices. As a result of this, the total amount of internet users increases and creates the situation where the percentage of the content consumed via mobile devices grows. Due to the latter, Delfi reached more than 1,8 million weekly browser views during the first quarter of 2015.

### Delfi Latvia

- Continuation of rapid development of Delfi TV and live webcasts.
- Launch of the new pet portal [www.MansDraugs.lv](http://www.MansDraugs.lv)
- Expanded content in the health portal [www.rutks.lv](http://www.rutks.lv)
- Launch of the mobile version for the forum of [www.Cālis.lv](http://www.Cālis.lv), a family and home portal.
- Further development of [www.zave.lv](http://www.zave.lv), a pan-Baltic portal of discount offers giving readers overview about discount offers made by local retailers.
- Media partner for several concert tours and artists.

### Latvian online readership 2014-2015



*Gemius.Audience monthly audience survey*

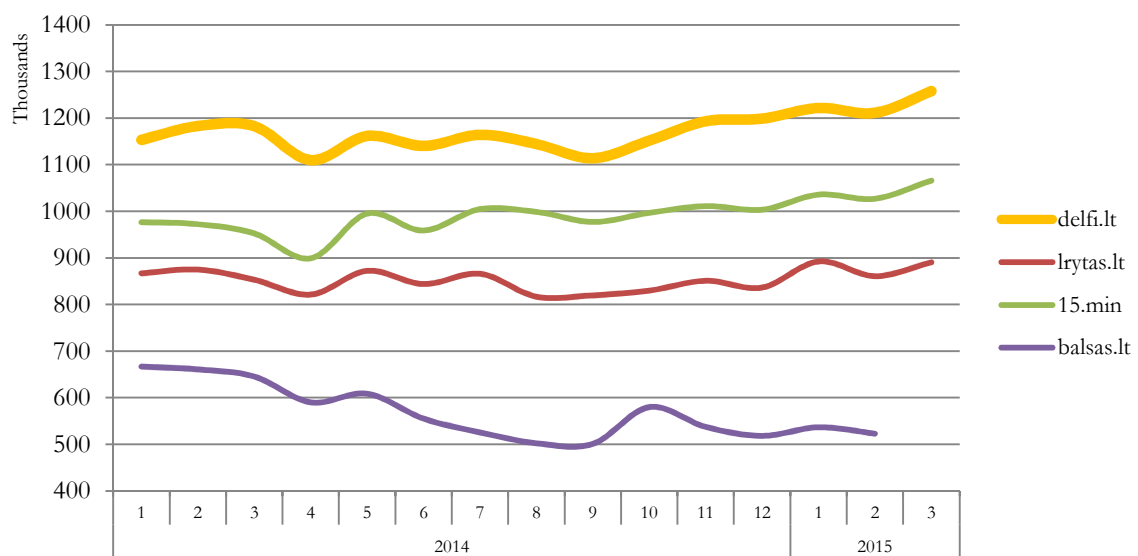
Delfi again reached the No 1 internet portal position in January 2015. However inbox.lv overcame this position in February and March. Delfi remains still confidently number one news portal in Latvia, followed by Tvnet.lv. This is pretty much the competitive situation in Latvia – three biggest portals competing for the leadership. During 2014 January research company Gemius changed the methodology of the research and now the studied target group is in age of 7-74 instead of the previous 15-74 years.



## Delfi Lithuania

- In January, news portal DELFI achieved record readership of 1.22 million users.
- In February, the readership of Delfi including all the topical portals amounted to a record 70% of the Lithuanian population.
- Delfi TV continued producing live webcast and streams, with a particular focus on basketball matches. Delfi has a long-term contract with the National Basketball League and Lithuanian Basketball Federation for broadcasting matches.
- Delfi acquired a licence of internet broadcaster. The company plans to produce more than thousand video streams this year.
- Launch of a new DIY portal [www.daraupats.lt](http://www.daraupats.lt), targeted at all people who want to do things themselves.
- Launch of new health, motorsport and culture subsites under Delfi.
- In February, Delfi Lithuania celebrated its 15<sup>th</sup> birthday by hosting a grand client event.

Lithuanian online readership 2014-2015

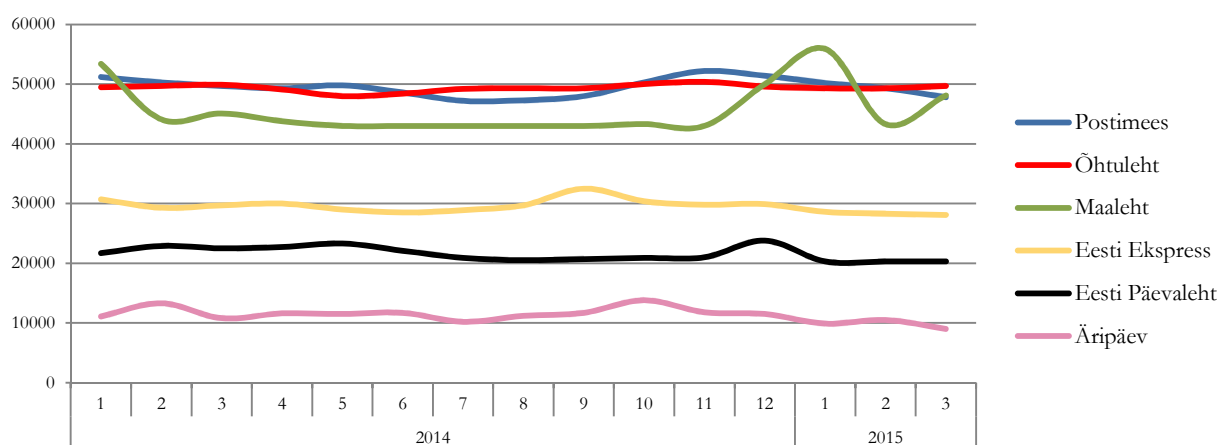


*Gemius Audience monthly audience survey*

Delfi remains the largest internet portal in Lithuania. In the first quarter of 2015 there are no substantial changes in the preferences of internet users. However competitive situation will become more tight in the future because of the acquisition of Tipro Group portals by MTG, who has merged them all under tv3.lt. As a result [www.tv3.lt](http://www.tv3.lt) became number three internet portals' group in Lithuania.

## Print-media in Estonia

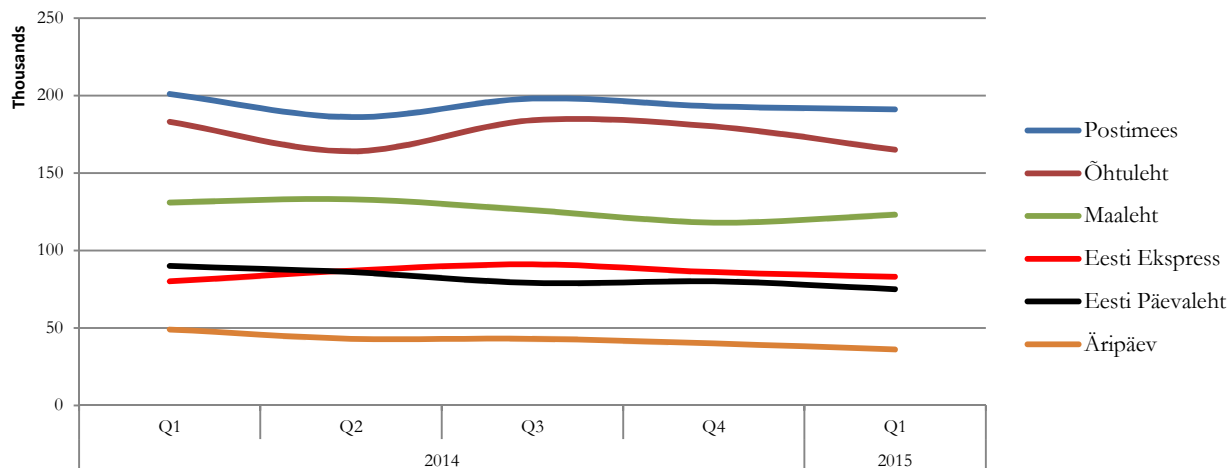
### Estonian newspaper circulation 2014-2015



*Estonian Newspaper Association data*

The circulation of the Estonian newspapers is slowly declining over the longer period. Daily newspapers are losing more in circulations, weeklies less. There have been also substantial changes in circulations during the first quarter of 2015. Õhtuleht became the biggest newspaper in Estonia in March. The second biggest newspaper is Maaleht. To the above figures of the Ekspress Group publications one also needs to add the number of digital subscribers which totalled more than 11 thousands for both Eesti Ekspress and Eesti Päevaleht, as of the end of the first quarter of 2015.

### Estonian newspaper readership 2014-2015



*Turn-nuringute AS*

Similar to the circulations, newspaper readership has been fairly stable, however in a longer term the readership of the printed newspapers is declining ca 3-5% per year. As this study does not cover readership of digital subscribers, it does not give the whole picture of readership of newspapers. The subscribers of the Group's digital newspapers exceed 11 thousand for both Eesti Päevaleht and Eesti Ekspress. Growing the amount of readers of digital newspapers remains the main task of the Group in recent years. The competition situation in the market has not substantially changed during the first quarter of 2015, but taking into consideration changes in circulation trends, the changes are also expected in the readership within this year.

## PRINTING SERVICES SEGMENT

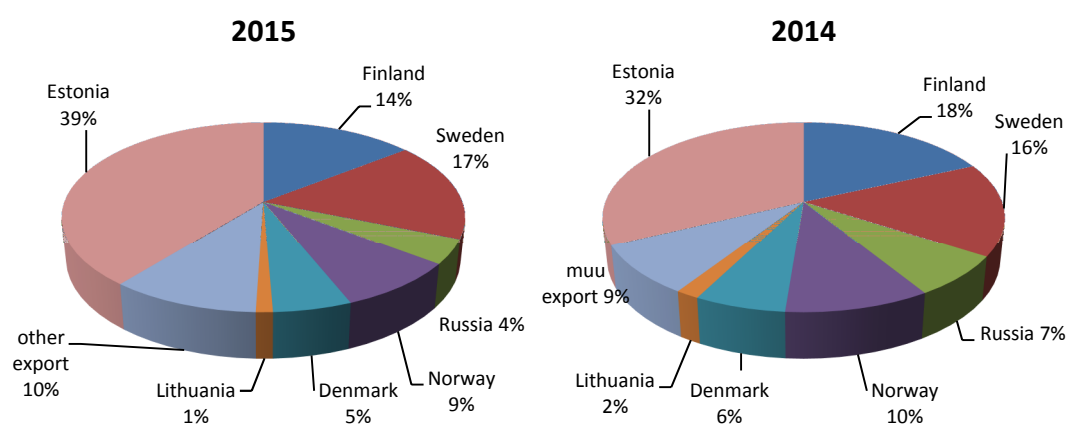
All printing services of the Group are provided by AS Printall which is one of the largest printing companies in Estonia. Printall is able to print both newspapers (coldset) and magazines (heatset).

(EUR thousand)	Sales			EBITDA		
	Q1 2015	Q1 2014	Change %	Q1 2015	Q1 2014	Change %
<b>AS Printall</b>	6 318	7 062	-11%	1 161	1 459	-20%

Sanctions against Russia and the related decrease in orders and price pressure in Scandinavia caused the first-quarter sales revenue and EBITDA to fall as compared to the year earlier. Due to changes in the political landscape there have been changes in the structure of export markets where the share of Russia continues to decrease.

A new sheet-fed printing machine ordered last June was installed at the beginning of 2015. The acquired machine will be used for printing magazine covers, small-circulation magazines and advertising products. Approximately 2/3 of the acquisition cost is financed with a long-term loan.

### Geographical break-down of printing services



### Printing services and the environment

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

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

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

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

## SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31.03.2015, the company's share capital is EUR 17 878 105 and it consists of 29 796 841 shares with the nominal value of EUR 0.60 per share. The share capital and the total number of shares have remained unchanged since 31.12.2011.

All shares are of one type and there are no ownership restrictions. The company does not have any shares granting specific controlling rights and the company lacks information about agreements dealing with the restrictions on voting rights of shareholders. The articles of association of the public limited company set no restrictions on the transfer of the shares of the public limited company. The agreements entered into between the public limited company and the shareholders set no restrictions on the transfer of shares. In the agreements concluded between the shareholders, they are only known to the company to the extent related to pledging of securities and that is public information.

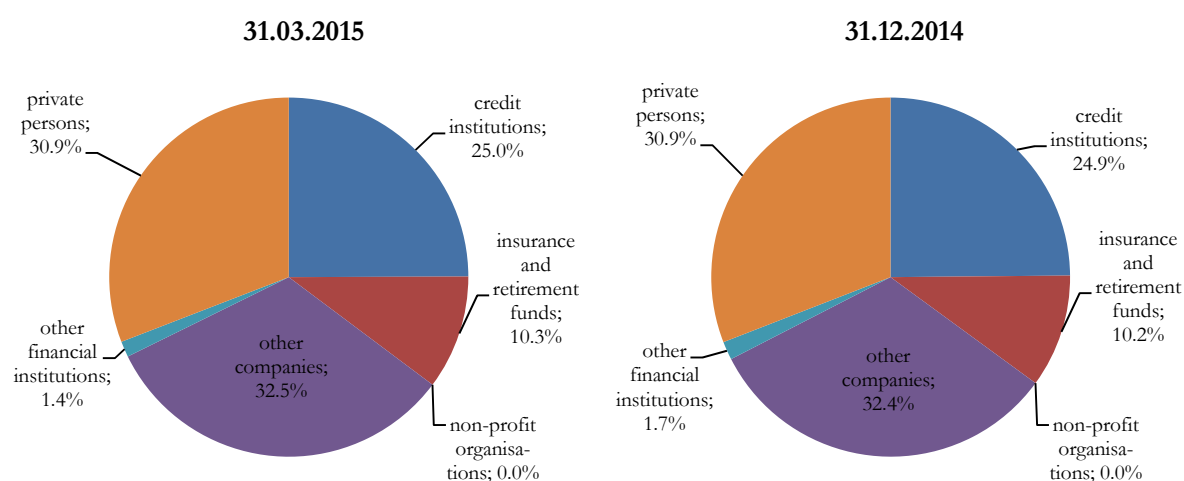
### Structure of shareholders as of 31.03.2015 according to the Estonian Central Register of Securities

Name	Number of shares	%
Hans Luik	16 597 532	55.70%
Hans Luik	7 963 307	26.73%
Hans Luik, OÜ HHL Rühm	8 627 325	28.95%
Hans Luik, OÜ Minigert	6 900	0.02%
ING Luxembourg S.A.	4 002 052	13.43%
Skandinaviska Enskilda Banken Ab Clients	2 132 939	7.16%
LHV Bank and funds managed by LHV Varahaldus	2 179 441	7.31%
Members of the Management and Supervisory Boards and their close relatives	39 364	0.13%
Viktor Mahhov, OÜ Flexinger	37 464	0.13%
Pirje Raidma, OÜ Aniston Trade	1 900	0.01%
Other minority shareholders	4 757 460	15.97%
Treasury shares	88 053	0.30%
<b>Total</b>	<b>29 796 841</b>	<b>100.0%</b>

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	31.03.2015		31.12.2014	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Credit institutions	2 943	9 194 958	2 981	9 209 326
Insurance and retirement funds	254	9 679 349	262	9 656 142
Other financial institutions	60	424 033	61	492 505
Other companies	12	7 434 792	12	7 405 159
Private persons	11	3 063 290	11	3 033 290
Non-profit organisations	2	419	2	419
<b>TOTAL</b>	<b>3 282</b>	<b>29 796 841</b>	<b>3 329</b>	<b>29 796 841</b>

**AS Ekspress Grupp share information and dividend policy****Share information**

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

Payment of **dividends** is decided annually and it depends on the Group's results of operations, fulfilment of conditions laid down in the syndicated loan contract and potential investment needs.

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

**The table below shows the stock trading history 2011-2015**

Price (EUR)	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Q1 2011
Opening price	1.15	1.12	1.06	1.03	1.53
Closing price	1.28	1.02	1.19	1.06	1.65
High	1.30	1.13	1.22	1.18	1.84
Low	1.07	0.99	1.03	1.00	1.40
Average	1.21	1.03	1.09	1.11	1.69
Traded shares, pieces	227 383	479 302	369 352	216 975	1 501 989
Sales, millions	0.27	0.49	0.40	0.24	2.54
Capitalisation at balance sheet date, millions	38.1	30.4	35.5	31.6	49.0

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 March 2015.



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



## **SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP**

The Supervisory Board of AS Ekspress Grupp has six members. At the General Meeting of Shareholders held on 20 June 2014, Aavo Kokk and Ville Jehe were recalled from the Supervisory Board and Indrek Kasela and Jaak Ennuste were elected as new members. The terms of authority of other members were extended by five years until 2019.

### **Viktor Mahhov (appointed until 20.05.2019)**

- Chairman of the Supervisory Board since 2006
- Eesti Energia Oil Shale Division, Finance Manager
- Completed graduate studies in economics at St. Petersburg University in 1992

### **Hans H. Luik (appointed until 20.05.2019)**

- Member of the Supervisory Board since 2004
- Member of the Management Board of OÜ HHL Rühm
- Member of the Management Board of OÜ Minigert
- Graduated from University of Tartu in 1984 with a degree in journalism

### **Harri Helmer Roschier (appointed until 20.05.2019) – independent 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

### **Kari Sakari Salonen (appointed until 20.05.2019)**

- Member of the Supervisory Board since 2012
- Member of the Management Board of KJK Management SA
- Member of the Supervisory Board of KJK Capital OY
- Member of the Supervisory Board of KJK Fund Sicav-SIF
- Member of the Supervisory Board of KJK Fund II Sicav-SIF
- Graduated from Espoo School of Economics in 1983

### **Indrek Kasela (appointed from 20.06.2014 until 20.05.2019) - independent supervisory board member**

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

### **Jaak Ennuste (appointed from 20.06.2014 until 20.05.2019) - independent supervisory board member**

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

## Management Board

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

### **Gunnar Kobin (term of contract until 31.12.2016)**

- Chairman of the Management Board since 2009
- CEO of the Group
- City Chairman of the Management Board of AS Ülemiste in 2005-2008
- Graduated from Tallinn University of Technology in 1993, specialising in production planning and management



### **Andre Veskimeister (term of contract until 16.12.2017)**

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



### **Pirje Raidma (term of contract until 16.12.2017)**

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





**INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Consolidated balance sheet (unaudited)**

(EUR thousand)	31.03.2015	31.12.2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2 284	3 656
Term deposit	6	19
Trade and other receivables	7 297	6 519
Corporate income tax prepayment	75	37
Inventories	2 050	2 072
<b>Total current assets</b>	<b>11 712</b>	<b>12 303</b>
<b>Non-current assets</b>		
Term deposit	0	1 600
Trade and other receivables	1 172	1 170
Deferred tax asset	65	65
Investments in joint ventures	694	500
Investments in associates	162	164
Property, plant and equipment (Note 5)	14 217	14 506
Intangible assets (Note 5)	46 100	46 287
<b>Total non-current assets</b>	<b>62 410</b>	<b>64 292</b>
<b>TOTAL ASSETS</b>	<b>74 122</b>	<b>76 595</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings (Note 7)	3 817	5 213
Trade and other payables	6 900	6 249
Corporate income tax payable	10	19
<b>Total current liabilities</b>	<b>10 727</b>	<b>11 481</b>
<b>Non-current liabilities</b>		
Long-term borrowings (Note 7)	15 665	17 939
<b>Total non-current liabilities</b>	<b>15 665</b>	<b>17 939</b>
<b>TOTAL LIABILITIES</b>	<b>26 392</b>	<b>29 420</b>
<b>EQUITY</b>		
Share capital (Note 11)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 11)	(95)	(64)
Reserves (Note 11)	1 470	1 440
Retained earnings	14 200	13 644
<b>TOTAL EQUITY</b>	<b>47 730</b>	<b>47 175</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>74 122</b>	<b>76 595</b>

The Notes presented on pages 29-43 form an integral part of the consolidated interim report.

**Consolidated statement of comprehensive income (unaudited)**

(EUR thousand)	Q1 2015	Q1 2014
Sales revenue	12 093	12 734
Cost of sales	(9 795)	(10 223)
<b>Gross profit</b>	<b>2 298</b>	<b>2 511</b>
Other income	107	116
Marketing expenses	(553)	(440)
Administrative expenses	(1 288)	(1 536)
Other expenses	(21)	(58)
<b>Operating profit</b>	<b>543</b>	<b>593</b>
Interest income	11	2
Interest expense	(155)	(176)
Foreign exchange gains/(losses)	0	36
Other finance costs	(16)	(16)
<b>Total finance income/costs</b>	<b>(160)</b>	<b>(154)</b>
Profit on shares of joint ventures	194	98
Profit (loss) on shares of associates	(15)	(12)
<b>Profit before income tax</b>	<b>562</b>	<b>525</b>
Income tax expense	(6)	(22)
<b>Net profit for the reporting period</b>	<b>556</b>	<b>503</b>
<b>Net profit for the reporting period attributable to:</b>		
Equity holders of the parent company	556	503
<b>Other comprehensive income (expense) that may be subsequently reclassified to profit or loss</b>		
Currency translation differences	0	(36)
<b>Total other comprehensive income (expense)</b>	<b>0</b>	<b>(36)</b>
<b>Comprehensive income (expense) for the reporting period</b>	<b>556</b>	<b>467</b>
Attributable to equity holders of the parent company	556	467
Basic and diluted earnings per share (Note 9)	0.02	0.02

The Notes presented on pages 29-43 form an integral part of the consolidated interim report.

**Consolidated statement of changes in equity (unaudited)**

(EUR thousand)	Share capital	Share premium	Treasury shares	Reserves	Currency translation reserve	Retained earnings	Total equity
<b>Balance on 31.12.2013</b>	<b>17 878</b>	<b>14 277</b>	<b>0</b>	<b>1 250</b>	<b>72</b>	<b>8 848</b>	<b>42 325</b>
Share option	0	0	0	34	0	0	34
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>34</i>	<i>0</i>	<i>0</i>	<i>34</i>
Net profit for the reporting period	0	0	0	0	0	503	503
Other comprehensive income	0	0	0	0	(36)	0	(36)
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(36)</i>	<i>503</i>	<i>467</i>
<b>Balance on 31.03.2014</b>	<b>17 878</b>	<b>14 277</b>	<b>0</b>	<b>1 284</b>	<b>36</b>	<b>9 351</b>	<b>42 826</b>
<b>Balance on 31.12.2014</b>	<b>17 878</b>	<b>14 277</b>	<b>(64)</b>	<b>1 440</b>	<b>0</b>	<b>13 644</b>	<b>47 175</b>
Purchase of treasury shares	0	0	(31)	0	0	0	(31)
Share option	0	0	0	30	0	0	30
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(31)</i>	<i>30</i>	<i>0</i>	<i>0</i>	<i>(1)</i>
Net profit for the reporting period	0	0	0	0	0	556	556
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>556</i>	<i>556</i>
<b>Balance on 31.03.2015</b>	<b>17 878</b>	<b>14 277</b>	<b>(95)</b>	<b>1 470</b>	<b>0</b>	<b>14 200</b>	<b>47 730</b>

The Notes presented on pages 29-43 form an integral part of the consolidated interim report.

**Consolidated cash flow statement (unaudited)**

(EUR thousand)	Q1 2015	Q1 2014
<b>Cash flows from operating activities</b>		
Operating profit for the reporting year	543	593
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 5)	695	736
(Gain)/loss on sale and write-down of property, plant and equipment	0	(3)
Change in value of share option (Note 10)	30	34
<b>Cash flows from operating activities:</b>		
Trade and other receivables	(820)	275
Inventories	22	229
Trade and other payables	661	(1 387)
<b>Cash generated from operations</b>	<b>1 131</b>	<b>477</b>
Income tax paid	(39)	(47)
Interest paid	(155)	(176)
<b>Net cash generated from operating activities</b>	<b>937</b>	<b>254</b>
<b>Cash flows from investing activities</b>		
Term deposit (placement)/release	1 600	0
Interest received	11	2
Purchase of property, plant and equipment (Note 5)	(220)	(175)
Proceeds from sale of property, plant and equipment	1	4
Loans granted	-	(20)
Loan repayments received	1	1
<b>Net cash used in investing activities</b>	<b>1 393</b>	<b>(188)</b>
<b>Cash flows from financing activities</b>		
Finance lease repayments	(20)	(18)
Change in use of overdraft	(1 117)	0
Repayments of bank loans (Note 7)	(2 533)	(914)
Purchase of treasury shares (Note 11)	(31)	0
<b>Net cash used in financing activities</b>	<b>(3 702)</b>	<b>(932)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1 372)</b>	<b>(866)</b>
Cash and cash equivalents at the beginning of the year	3 656	2 111
Cash and cash equivalents at the end of the year	2 284	1 245

The Notes presented on pages 29-43 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 30 April 2015.

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

Company name	Status	Ownership interest 31.03.2015	Ownership interest 31.12.2014	Main field of activity	Domicile
<b>Operating segment: corporate functions</b>					
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
<b>Operating segment: media (online and print media)</b>					
SIA Delfi Holding	Subsidiary	100%	100%	Management of online media subsidiaries	Latvia
AS Delfi	Subsidiary	100%	100%	Online media	Latvia
Cālis LV SIA	Subsidiary	100%	100%	Online media (in a merger process with Delfi Latvia)	Latvia
Delfi AS	Subsidiary	100%	100%	Online media	Estonia
Delfi UAB	Subsidiary	100%	100%	Online media and magazine publishing (merged with UAB Ekspress Leidyba on 1 July 2014)	Lithuania
UAB Sport Media	Subsidiary	51%	51%	Online broadcasting of basketball events (currently dormant)	Lithuania
Medipresa UAB	Associate	40%	40%	Wholesale of magazines-newspapers (owned by UAB Ekspress Leidyba until 1 July 2014)	Lithuania
AS Eesti Ajalehed	Subsidiary	100%	100%	Publishing of daily and weekly newspapers	Estonia
OÜ Hea Lugu	Subsidiary	100%	100%	Book publishing	Estonia
AS Ajakirjade Kirjastus	Joint venture	50%	50%	Magazine publishing	Estonia
AS SL Õhtuleht	Joint venture	50%	50%	Newspaper publishing	Estonia
AS Express Post	Joint venture	50%	50%	Periodicals' home delivery	Estonia
Adnet media UAB	Associate	49%	-	Online advertising solutions and network (acquired in Sept 2014)	Lithuania
Adnet Media OÜ	Associate	49%	-	Online advertising solutions and network (acquired in Sept 2014)	Estonia
Adnet media SIA	Associate	49%	-	Online advertising solutions and network (acquired in Sept 2014)	Latvia
<b>Operating segment: printing services</b>					
AS Printall	Subsidiary	100%	100%	Printing services	Estonia
<b>Operating segment: entertainment</b>					
Delfi Entertainment SIA	Subsidiary	100%	-	Arrangement of exhibitions (established in October 2014)	Latvia

## **Note 2. Bases of preparation**

The consolidated interim financial statements of AS Ekspress Grupp for the first quarter of 2015 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 December 2014.

The Management Board estimates that the interim consolidated financial statements for the first quarter of 2015 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.

Starting from 1 January 2015, several new standards, amendments to standards and interpretations were entered into force which became mandatory for the Group but none of which have an impact on the Group’s interim financial statements.

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

## **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 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	31.03.2015	31.12.2014
SEB	A1	A+	1 848	4 835
Swedbank	A1	A+	227	289
Nordea/Danske	Aa3/A2	AA-/A	198	141
<b>Total</b>			<b>2 273</b>	<b>5 265</b>

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

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidinfo and other similar databases. At the beginning clients' payment behaviour will be monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In case of large transactions, in particular in the segment of printing services, clients are requested to make prepayment or provide a guarantee letter.

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

**Liquidity risk**

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

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

To manage the liquidity risk, the Group uses different financing sources which include bank loans, overdraft, 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 still quite high leverage, thus 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 all 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 and the resulting change in average interest rates of banks. Interest rate change by 1 percentage point would change the Group's loan interest expense by ca 200 thousand euros per year.

Type of interest	Interest rate	31.03.2015 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan ( <i>Parent Company</i> )	2 812	9 911	12 723
	1-month Euribor + 2.5%	Syndicated loan ( <i>Printall</i> )	670	4 634	5 304
	3-month Euribor + 2.7%	Syndicated loan Tranche D( <i>Printall</i> )	255	1 071	1 326
	1-month Euribor + 2.3%	Finance lease ( <i>Printall, Delfi</i> )	80	49	129
	1-month Euribor + 1.9%	Overdraft	0	0	0

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

**Foreign exchange risk**

The Group's operating activities have an international dimension and therefore, the Group is somewhat exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income is primarily fixed in local currencies, i.e. the euros in Estonia, Latvia and Lithuania (Lithuanian litas in Lithuania until 31.12.2014). The Group also pays most of its suppliers and employees in local currencies. The subsidiaries are typically required to use the euro as the currency in foreign contracts. The subsidiary Printall exports outside of euro-zone and it also issues invoices denominated in Norwegian kroner and Swedish kronor. In addition, the Russian clients pay in Russian roubles, although the invoices issued have been denominated in euros and hence carry no exchange risk. The amounts received in foreign currencies are typically converted into euros immediately after their receipt, thereby reducing open foreign currency positions. Foreign exchange risk decreased year after year and is now on the level of 3-4% on average of the Group's revenue. No other means are used for hedging foreign exchange risk.

**Financial assets and financial liabilities by currency as of 31.03.2015**

(EUR thousand)	EUR	SEK	Other currencies	TOTAL
<b>Assets</b>				
Cash and cash equivalents	2 290	0	1	2 290
Receivables	7 048	576	98	7 722
<b>Total financial assets</b>	<b>9 338</b>	<b>576</b>	<b>99</b>	<b>10 013</b>
<b>Liabilities</b>				
Borrowings	19 482	0	0	19 482
Trade payables and accrued expenses	4 660	0	4	4 664
<b>Total financial liabilities</b>	<b>24 142</b>	<b>0</b>	<b>4</b>	<b>24 146</b>
<b>Net foreign currency position</b>	<b>(14 804)</b>	<b>576</b>	<b>95</b>	



**Financial assets and financial liabilities by currency as of 31.12.2014**

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

**Price risk**

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

**Operational risk**

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

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

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

**Equity ratios of the Group**

(EUR thousand)	31.03.2015	31.12.2014
Interest-bearing debt	19 482	23 152
Cash and bank accounts	2 290	5 275
Net debt	17 192	17 877
Equity	47 730	47 175
Total capital	64 922	65 052
<b>Debt to capital ratio</b>	<b>26%</b>	<b>27%</b>
Total assets	74 122	76 595
<b>Equity ratio</b>	<b>64%</b>	<b>62%</b>

**Note 4. Business combinations****Transactions with the shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht in 2014**

AS Ekspress Grupp and AS Eesti Meedia both owned 50% in joint ventures AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post. On 10 October 2013, AS Ekspress Grupp submitted to AS Eesti Meedia a notice in which the Group wished to exercise the contractual right to purchase the shares that Eesti Meedia held in the joint ventures SL Õhtuleht, Ajakirjade Kirjastus and Express Post. This right was provided for the contracting parties in the event the major shareholder of the other party changes. On 12 September 2013 AS Eesti Meedia announced of the transfer of the ownership interest of its sole shareholder to the new owner. 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 and AS Express Post. As a result of the decision, AS Ekspress Grupp was able to purchase the shares that AS Eesti Meedia owned in AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post and to resell the shares to OÜ Suits Meedia.

Due to the different views on the fulfilment of the shareholder contract, the dispute was handled at the Court of Arbitration. On 9 May 2014, AS Ekspress Grupp and AS Eesti Meedia signed a compromise contract in the arbitration proceeding which was brought to a conclusion by the ruling of the Court of Arbitration on 6 June. Pursuant to the court decision, AS Ekspress Grupp paid a total of EUR 3.3 million to AS Eesti Meedia and received the shares of AS Ajakirjade Kirjastus and AS SL Õhtuleht, which it sold to OÜ Suits Meedia. The owners of AS Express Post remain the same, i.e. both AS Eesti Meedia as well AS Ekspress Grupp retain their 50% ownership interest in this joint venture.

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

The table below shows 50% of the assets in the acquired entities as of 30 June 2014. As a result of the reorganisation, the financial income was recognised in the consolidated income statement in the amount of EUR 955 thousand in Q3 and EUR 978 thousand in Q4 that is attributable to the terminating of common joint ventures with AS Eesti Meedia and change in shareholdings. In November 2014, holding company OÜ Ajaleht Holding was merged with AS SL Õhtuleht and OÜ Ajakirjad Holding was merged with AS Ajakirjade Kirjastus.

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

### Other acquisitions

On 30 September 2014, the acquisition of a 49% holding in **Adnet Media UAB**, an associate, was completed. The agreement of purchase and sale of shares was signed already in November 2013, but it was subject to the approval of the Lithuanian Competition Authority. On the basis of the agreement of purchase and sale of shares, the Group has an option to acquire the remaining 51% of the shares of Adnet Media at the start of 2017. The 49% holding was acquired for a cash consideration in the amount of EUR 135 thousand. Adnet Media is engaged in internet advertising sales in Estonia, Latvia and Lithuania. The purpose of the acquisition is to enlarge the advertising product portfolio in the online media segment. The purchase analysis of Adnet Media was prepared on the basis of the balance sheet as of 30.09.2014. The consolidated net assets of the company were negative and goodwill was recognised in the amount of EUR 135 thousand. The investment in the associate is recognised in the Group's consolidated report under the equity method and the arising goodwill is included within the carrying amount of the investment in the balance sheet.

The table below presents an overview of acquired identifiable assets and liabilities at the time of acquisition. For preparation of the purchase analysis, the balance sheet of Adnet media UAB as of 30 September 2014.

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

**Note 5. Property, plant and equipment**

(EUR thousand)	Property, plant and equipment		Intangible assets	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
<b>Balance at beginning of the period</b>				
Cost	31 832	29 271	63 889	63 626
Accumulated depreciation and amortisation	(17 326)	(15 676)	(17 602)	(15 264)
<b>Carrying amount</b>	<b>14 506</b>	<b>13 595</b>	<b>46 287</b>	<b>48 362</b>
Acquisitions and improvements	172	133	48	51
Disposals (at carrying amount)	(1)	(1)	0	0
Write-offs and write-downs of PPE	(1)	0	0	(4)
Depreciation and amortisation	(460)	(493)	(235)	(243)
<b>Balance at end of the period</b>				
Cost	32 081	29 328	<b>63 946</b>	<b>63 672</b>
Accumulated depreciation and amortisation	(17 864)	(16 094)	<b>(17 847)</b>	<b>(15 506)</b>
<b>Carrying amount</b>	<b>14 217</b>	<b>13 234</b>	<b>46 100</b>	<b>48 166</b>

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

In June 2014, AS Printall concluded a contract to purchase a new sheet-fed printing machine for EUR 2.9 million (excl. VAT). By the end of quarter 80% of the total amount has been paid for. Approximately 2/3 of the cost will be financed through a bank loan, the remainder is own financing.

**Note 6. Intangible assets****Intangible assets by type**

(in thousand)	EUR	
	31.03.2015	31.12.2014
Goodwill	38 153	38 153
Trademarks	7 307	7 469
Other intangible assets	640	665
<b>Total intangible assets</b>	<b>46 100</b>	<b>46 287</b>

**Goodwill by cash-generating units and segments**

(in thousand)	EUR	
	31.03.2015	31.12.2014
Delfi Estonia	15 281	15 281
Delfi Latvia (incl. Calis.lv)	8 207	8 207
Delfi Lithuania (incl. Alio)	12 848	12 848
Maaleht (Eesti Ajalehed)	1 816	1 816
<b>Total goodwill</b>	<b>38 153</b>	<b>38 153</b>

**Note 7. Bank loans and borrowings**

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	Between 1-5 years
<b>Balance as of 31.03.2015</b>			
Long-term bank loans	<b>19 353</b>	3 737	15 616
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	<b>12 723</b>	2 812	9 911
<i>incl. syndicated and mortgage loan (AS Printall)</i>	<b>6 630</b>	925	5 705
Finance lease	<b>129</b>	80	49
<b>Total</b>	<b>19 482</b>	<b>3 817</b>	<b>15 665</b>
<b>Balance as of 31.12.2014</b>			
Overdraft	<b>1 117</b>	1 117	0
Long-term bank loans	<b>21 887</b>	4 016	17 870
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	<b>15 070</b>	3 139	11 931
<i>incl. syndicated and mortgage loan (AS Printall)</i>	<b>6 817</b>	877	5 940
Finance lease	<b>149</b>	80	69
<b>Total</b>	<b>23 153</b>	<b>5 213</b>	<b>17 939</b>

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

**Long term bank loan**

In July 2012, a new syndicated loan contract was signed for refinancing all the loan and lease obligations of AS Ekspress Grupp and AS Printall in the total amount of EUR 29.3 million. The parties to the contract include AS SEB Pank, Nordea Bank Estonian branch, AS Ekspress Grupp and AS Printall. The loan will mature on 25 July 2017. In July 2014 additional Term D facility agreement was signed in amount of EUR 2.3 million euros in order to finance the purchase of the new sheet-fed machine. Previous facilities carried the interest based on 1-month Euribor plus a margin of 2.5%. Term D facility carries interest based on 3-month Euribor plus a margin of 2.7. Upon expiry of the loan contract, the outstanding loan balance will be approximately EUR 11 million.

In March 2015, the Group repaid additionally a syndicated loan in the amount of EUR 1.6 million, which was received from release of the deposit that had been set up to guarantee the loan liabilities of joint ventures.

The loan is 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 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 31.03.2015, the carrying amount of the building was EUR 3.5 million and that of the registered immovable was 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 and at the end of each quarter, all financial ratios were in compliance with the loan covenants set in the loan contract.

**Overdraft facilities**

Date of contract	Bank	Limit (EUR thousand)	Used 31.03.2015 (EUR thousand)	Used 31.12.2014 (EUR thousand)	Interest rate	Expiration date of the contract
12.07.2012	Nordea Bank AB Estonia Branch	1 320	0	1 117	1 month Euribor + 1.9%	25.07.2017
12.07.2012	AS SEB Pank	1 680	0	0	1 month Euribor + 1.9%	25.07.2017
<b>Total</b>		<b>3 000</b>	<b>0</b>	<b>1 117</b>		

**Note 8. Segment reporting**

The management has determined the operating segments based on the reports reviewed by the Management Board of the Parent Company AS Ekspress Grupp. The Management Board considers the business from the company perspective.

Until June 2014, the Group divided its media companies into two different segments: online media and publishing of periodicals. However, due to the merger of UAB Delfi that had previously been included in the online media segment and magazine publisher UAB Ekspress Leidyba in Lithuania in July 2014, the fact that publishers of periodicals are increasingly more active in the online media market, and because AS Eesti Ajalehed and AS Delfi will merge in Estonia in 2015 similarly to Lithuania, all media activities are combined under one media segment.

Starting from the current year, the Group has ventured into the entertainment business by organizing an exhibition on MS Titanic that sank on her maiden voyage. Revenue and expenses from this activity will be recognised separately under the entertainment segment.

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

This segment includes subsidiaries AS Delfi, AS Delfi (Latvia), UAB Delfi (Lithuania), Delfi Holding SIA (Latvia), AS Eesti Ajalehed (publisher of newspapers Eesti Ekspress, Maaleht and Eesti Päevaleht), OÜ Hea Lugu and UAB Ekspress Leidyba. Until 1 March 2014 it also included Delfi Ukraine, the operations of Delfi Ukraine were discontinued as the Group did not see a positive outlook for the future development in Ukraine.

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

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

**Entertainment segment:** organization of exhibitions and other events. At present this new segment also includes Latvian company SIA Delfi Entertainment. Segment revenue comes from exhibition's tickets sales and from sale of other services related to the exhibition.

**The Group's corporate functions** are shown separately and they do not form a separate business segment. It includes the Parent Company AS Ekspress Grupp, which provides legal advice and accounting services to its group companies, a subsidiary OÜ Ekspress Digital that provides intra-group IT services, and OÜ Ekspress Finance, the main activity of which is intra-group financing.

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

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

Q1 2015 (EUR thousand)	Media	Printing services	Enter- tainment	Corporate functions	Elimi- nations	Total Group
<b>Sales to external customers (subsidiaries)</b>	<b>6 576</b>	<b>5 780</b>	<b>61</b>	<b>27</b>	<b>(351)</b>	<b>12 093</b>
Effect of joint ventures	2 381	(256)	0	(2)	(36)	2 087
Inter-segment sales	5	794	0	446	(1 245)	0
Total segment sales, incl. joint ventures	8 963	6 318	61	471	(1 633)	14 180
<b>EBITDA (subsidiaries)</b>	<b>279</b>	<b>1 161</b>	<b>24</b>	<b>(226)</b>	<b>0</b>	<b>1 238</b>
<b>EBITDA margin (subsidiaries)</b>	<b>4%</b>	<b>18%</b>	<b>39%</b>			<b>10%</b>
<i>EBITDA incl. joint ventures</i>	<i>558</i>	<i>1 161</i>	<i>24</i>	<i>(226)</i>	<i>(0)</i>	<i>1 517</i>
<i>EBITDA margin incl. joint ventures</i>	<i>6%</i>	<i>18%</i>	<i>39%</i>			<i>11%</i>
Depreciation (subsidiaries) (Note 5)						695
Operating profit (subsidiaries)						543
Investments (subsidiaries) (Note 5)						220

Q1 2014 (EUR thousand)	Media	Printing services	Corporate functions	Elimi- nations	Total Group
<b>Sales to external customers (subsidiaries)</b>	<b>6 391</b>	<b>6 591</b>	<b>2</b>	<b>(250)</b>	<b>12 734</b>
Effect of joint ventures	2 224	(165)	(1)	(26)	2 032
Inter-segment sales	23	636	420	(1 079)	0
Total segment sales, incl. joint ventures	8 637	7 062	421	(1 354)	14 766
<b>EBITDA (subsidiaries)</b>	<b>338</b>	<b>1 459</b>	<b>(467)</b>	<b>0</b>	<b>1 330</b>
<b>EBITDA margin (subsidiaries)</b>	<b>5%</b>	<b>21%</b>			<b>10%</b>
<i>EBITDA incl. joint ventures</i>	<i>466</i>	<i>1 459</i>	<i>(467)</i>	<i>(4)</i>	<i>1 454</i>
<i>EBITDA margin incl. joint ventures</i>	<i>5%</i>	<i>21%</i>			<i>10%</i>
Depreciation (subsidiaries) (Note 5)					736
Operating profit (subsidiaries)					593
Investments (subsidiaries) (Note 5)					185

**Note 9. Earnings per share**

**Basic earnings per share** have been calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Treasury shares owned by the Parent Company are not taken into account as shares outstanding.

EUR	Q1 2015	Q1 2014
Profit attributable to equity holders	556 465	502 830
Average number of ordinary shares	29 724 535	29 796 841
Basic and diluted earnings per share	0.02	0.02

As of 31.03.2015 and 31.03.2014, the Group had no instruments diluting earnings per share, diluted net profit per share was equal to regular net profit per share.

**Note 10. Management Board's share option plan**

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

Upon approving the share option, the option was recognised at its fair value and recognised on the one hand as a staff cost in the income statement and, on the other hand, as a share option reserve in equity. As of 31.03.2015 this reserve totalled EUR 550 thousand and the number of earned shares was 486 400. As of 31.12.2014, this reserve totalled EUR 520 thousand and the number of earned shares was 460 000. See Note 11.

For finding the fair value of the share option upon the issuing of the option (i.e. when it was approved by the General Meeting of Shareholders in November 2013), the *Black-Scholes-Merton* model was used. The assumptions used in the model were as follows: share price at the time of issuing the option: 1.16 euros, dividend rate: 0.01 euros per share, risk-free rate 2.96%, option term: slightly over 3 years.

**Note 11. Equity and dividends****Share capital and share premium**

As of 31 March 2015 and 31 December 2014, the share capital of AS Ekspress Grupp was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

**Treasury shares**

From 7 April 2014, AS SEB Pank has purchased back shares on behalf of the company within the framework of the share option programme. As of 31.03.2015, AS Ekspress Grupp had purchased ca 88 thousand treasury shares at the average price of EUR 1.08 for the total of EUR 95 thousand. As of 31.12.2014, AS Ekspress Grupp had purchased ca 62 thousand treasury shares at the average price of EUR 1.03 for the total of EUR 64 thousand.



**Dividends**

At the Ordinary General Meeting of Shareholders held on 20 June 2014, it was decided to pay dividends to shareholders in the amount of one euro cent per share in the total amount of EUR 298 thousand. Dividends were paid out on 2 October 2014. There was no accompanying income tax liability because the Company paid out dividends it had received from its joint ventures and subsidiaries, that had already paid corporate income tax on dividends or the profit of which had already been taxed in its domicile. Therefore, there was no additional tax to be paid on distribution of dividends from the Parent Company.

**Reserves**

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

(EUR thousand)	EUR	
	31.03.2015	31.12.2014
Statutory reserve capital	281	281
Additional cash contribution from shareholder	639	639
Share option reserve	550	520
<b>Total reserves</b>	<b>1 470</b>	<b>1 440</b>

**Note 12. Related party transactions**

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Supervisory and Management Board of all group companies, 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)	Q1 2015	Q1 2014
<b>Sales of goods</b>		
Associates	111	174
<b>Total sale of goods</b>	<b>111</b>	<b>174</b>
<b>Sale of services</b>		
Members of Supervisory Board and companies related to them	1	1
Joint ventures	535	342
<b>Total sale of services</b>	<b>536</b>	<b>343</b>
<b>Total sales</b>	<b>647</b>	<b>517</b>

PURCHASES (EUR thousand)	Q1 2015	Q1 2014
<b>Purchase of services</b>		
Members of Management Board and companies related to them	11	13
Members of Supervisory Board and companies related to them	65	63
Associates	1	0
Joint ventures	213	241
<b>Total purchases of services</b>	<b>290</b>	<b>317</b>

RECEIVABLES (EUR thousand)	31.03.2015	31.12.2014
<b>Short-term receivables</b>		
Members of Supervisory Board and companies related to them	1	5
Associates	208	241
Joint ventures	245	232
<b>Total short-term receivables</b>	<b>454</b>	<b>478</b>
<b>Long-term receivables</b>		
Members of Supervisory Board and companies related to them	160	160
Joint ventures	978	978
<b>Total long-term receivables</b>	<b>1 138</b>	<b>1 138</b>
<b>Total receivables</b>	<b>1 592</b>	<b>1 616</b>

LIABILITIES (EUR thousand)	31.03.2015	31.12.2014
<b>Current liabilities</b>		
Members of Management Board and companies related to them	4	4
Members of Supervisory Board and companies related to them	10	11
Joint ventures	90	85
<b>Total liabilities</b>	<b>104</b>	<b>100</b>

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. During the first quarter of 2015, a payment of EUR 15 thousand (2014: EUR 15 thousand) was made and there are no outstanding liabilities as of 31 March 2015 and 31 March 2014.

The management estimates that the transactions with related parties have been carried out at arms' length condition. As of 31.03.2015, the allowance for the receivable from the associate Medipresa UAB was made in the amount of EUR 62 thousand (31.12.2014: EUR 49 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

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

(EUR thousand)	Q1 2015	Q1 2014
Salaries and other benefits (without social tax)	229	210
Termination benefits (without social tax)	22	0
Share option	30	34
<b>Total (without social tax)</b>	<b>281</b>	<b>244</b>

The members of all management boards of the consolidated group companies (incl. managing directors of subsidiaries if these companies do not have management board as per Estonian law) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are usually payable in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 12 months' salary. Upon termination of an employment relationship, no compensation shall be paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board for a valid reason. As of 31 March 2015, the maximum gross amount of potential Key Management termination benefits was EUR 380 thousand (31 December 2014: EUR 357 thousand). No remuneration is paid separately to the members of the Supervisory Boards of the group companies and no compensation is paid if they are recalled.

### **Note 13. Contingent assets and liabilities**

#### **Contingent liabilities related to pending court cases**

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

#### **Contingent assets and liabilities arising from guarantees given**

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

### **Note 14. Events after the balance sheet date**

#### Transactions related to the merger of AS Delfi and AS Eesti Ajalehed.

In connection with the merger of AS Eesti Ajalehed and AS Delfi, the structure of the Delfi Group will change. At present all local undertakings of Delfi belong 100% to Latvian registered company SIA Delfi Holding that in turn is wholly-owned by AS Ekspress Grupp. SIA Delfi Holding will sell all its holdings to AS Ekspress Grupp, as a result of which local Delfi undertakings will remain in direct ownership of AS Ekspress Grupp. The new structure will also reflect the actual management structure in a better way as it has changed over the years because of economical considerations.

As at 1 July 2015, AS Delfi as the acquiring company will merge with AS Eesti Ajalehed. The name of the new merged company will be AS Ekspress Meedia. In the course of the merger, the capital structure of the new company has also been revised. To ensure that it complies with actual needs, before the merger the share capital of AS Delfi will be increased by a bonus issue, followed by the subsequent decrease. In the course of increasing and decreasing the share capital, the number of shares will remain the same and only the nominal value will change. The share capital of the new combined entity after the decrease of the share capital will be EUR 240 000 and the equity will amount to ca EUR 14 million.