

EKSPRESS GRUPP

**AS EKSPRESS GRUPP
CONSOLIDATED INTERIM REPORT
FOR THE SECOND QUARTER AND FIRST HALF-YEAR OF
2016**

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....	10
CORPORATE STRUCTURE as of 30.06.2016.....	14
SEGMENT OVERVIEW.....	15
SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP.....	23
SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP.....	26
INTERIM CONSOLIDATED FINANCIAL STATEMENT.....	28
Consolidated balance sheet (unaudited).....	28
Consolidated statement of comprehensive income (unaudited).....	29
Consolidated statement of changes in equity (unaudited).....	30
Consolidated cash flow statement (unaudited).....	31
SELECTED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	32
Note 1. General information.....	32
Note 2. Bases of preparation.....	33
Note 3. Financial risk management.....	33
Note 4. Property, plant and equipment, and intangible assets.....	36
Note 5. Intangible assets.....	37
Note 6. Bank loans and borrowings.....	37
Note 7. Segment reporting.....	38
Note 8. Earnings per share.....	40
Note 9. Management Board's share option plan.....	41
Note 10. Equity and dividends.....	41
Note 11. Related party transactions.....	42
Note 12. Contingent assets and liabilities.....	43
Note 13. Events after the balance sheet date.....	44

GENERAL INFORMATION

Beginning of reporting period	1 January 2016
End of reporting period	30 June 2016
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Parada 6, Tallinn 10151
Phone	669 8381
Fax	669 8081
E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related service
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 44 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	Management Board chairman	<i>signed digitally</i>	28.07.2016
Pirje Raidma	Management Board member	<i>signed digitally</i>	28.07.2016
Andre Veskimeister	Management Board member	<i>signed digitally</i>	28.07.2016

MANAGEMENT REPORT

In the second quarter of 2016, the revenue of the Group increased 3% as compared to the year before amounting to EUR 16.5 million. Considering only the Group's core business and excluding the revenue earned from the Titanic exhibition, the revenue increased even more impressively by 6%. Revenue grew both in the media and printing services segments. In comparison with the forecast, the actual result was 2% lower, mainly in the printing services segment that continues to be influenced by strong price competition in Scandinavia caused by sanctions imposed against Russia. In the second quarter, the Group's EBITDA increased 57% year on year, totalling EUR 2.3 million. Including elimination of the loss of EUR 1.1 million in connection with the Titanic exhibition, our profit in the core business was 11% lower than a year earlier and 12% lower than our forecast. The decrease in core business' EBITDA and net profit by EUR 0.3 million in a year are mainly attributable to the decision to deliberately increase the cost basis in the highly competitive media segment, lower page prices in advertising and strong price pressure in the printing services segment. The above figures include all our joint ventures (AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post) consolidated 50% line-by-line.

In the second quarter revenue in the **media segment** amounted to EUR 11.2 million and increased 7% year on year, whereas revenue from digital and online channels increased 15%. EBITDA totalled EUR 1.4 million, decreasing 12% or by approximately EUR 0.2 million compared to the second quarter of 2015. In the second quarter, Delfi Lithuania increased advertising revenue by 8% and EBITDA by 15% as compared to the year earlier, but the shortfall of the first quarter was not yet offset fully. In the second quarter, online advertising revenue grew strongly by 15%, but the Lithuanian magazine market continues to shrink. During the quarter, Ekspress Meedia posted strong growth in advertising sales in both online (16%) and in print (3%). The latter figure is significant, especially when taking into consideration the overall negative trend in the print market. This was achieved as a result of strong and efficient sales team, the increasingly versatile portfolio and innovative approach to advertising products and activities in the sales department. Subscription and retail sales revenue were both up by 3%, despite decreasing circulations. The decrease of EBITDA by EUR 0.3 million was attributable mainly to additional marketing costs of the new LP book series (last year's advertising costs related to Maaleht book series were recognised in the first quarter), increased personnel and growth in printing and delivery costs resulting from growth in advertising volumes. Of various projects, one should mention the arrangement of the historic basketball game Kalev25 that was sold out and that was viewed by a record number of people via Delfi TV. Ekspress Meedia also signed a new contract with the Estonian Basketball Federation, under which Delfi was granted three-year exclusive rights for web broadcasts. The Latvian Internet market has also shown good growth this year and in the second quarter Delfi Latvia increased its revenue by 14%. The competition situation between Internet portals remains tough which forces to continue investments in strong editorial offices. Despite that, Delfi Latvia managed to increase EBITDA 40% up to EUR 0.1 million in the second quarter.

The priority in the media segment continues to be innovation in developing different products and technical platforms. In all three countries, several new topical portals were launched, various new multimedia projects carried out, e-commerce services developed, and various advertising sales channels and solutions specific to target groups developed. Activities in social media also continue.

The revenue and profit growth of Ajakirjade Kirjastus 12% and 23%, respectively, were mainly attributable to the increase of our product portfolio. At the beginning of April, the company acquired from OÜ Presshouse Estonian largest women's weekly magazine Naisteleht, as well as the rights and obligations related to the publication of magazines Nipiraamat and Müstiline Ajalugu. As a result of the transaction, existing magazine Naised and new acquired Naisteleht were merged and reached significant synergy that has enabled to increase both revenue and profit.

In the second quarter, SL Õhtuleht increased its revenue 6%. The growth was attributable to advertising revenue, circulation sales revenue and new projects. The book about Estonian football player Raio Piiroja and the magazine dedicated to the UEFA European Championships were published. Structural changes in the advertising department have had a particularly good impact on the print advertising sale. In May and June, advertising sales of Õhtuleht increased 5% and in May Linnaleht posted the best revenue of recent six

years. Web advertising sales are growing at similar pace as print advertising. May was record month in web advertising sales of Õhtuleht. The number of digital subscribers has doubled since beginning of the year.

The **printing segment** has managed to halt the decrease of revenue and profit from last year. While in the first quarter the result was similar to the period a year earlier, the second-quarter revenue already increased 4%. While growth in the amount of orders and work volume was positive, continued price pressure does not allow revenue to increase at the same rate. In addition to competition in the export markets, Printall's print prices outside of euro-zone are negatively affected also by the strengthening of the euro. For us, the positive news has been the closure of printing houses in the first half of 2016 and the decrease in capacities on the Scandinavian print market as this is already having an impact in the more stable and improved price levels. Thanks to consistent sales work, we have attained new products and customers in Scandinavia. Awareness about Printall is also growing in other printing sectors than newspapers and magazines. The objective is to further expand from periodicals to the B2B segment that produces for own use product catalogues and other specific products that are suitable for our sheet-fed machines. The 10% decrease in EBITDA is attributable to the growth in labour costs resulting from increased volumes and, in particular, growth in salaries of lower-level positions.

In July, we signed a contract to acquire 50% holding in OÜ Linna Ekraanid, which is engaged in the sale of digital outdoor advertising in Estonia. In the second quarter of 2019, AS Ekspress Grupp will acquire the remaining 50% of the shares of OÜ Linna Ekraanid and thereby will become the company's sole shareholder.

The purpose of the acquisition is to create preconditions for the Group to set off a new business line and thereby expand the Group's portfolio of business areas. The objective of AS Ekspress Grupp is to develop the business line of digital outdoor advertising in all three Baltic countries and take the leading role in this business segment.

The financial position of the Group remains strong, the ratio of total debt and EBITDA is already approaching 2.0 and the debt service coverage ratio is almost 2.4.

Our outlook for the **next quarter and the whole year** remains modest. However, we expect the online media and print media to continue stable growth and the printing services segment to recover. We believe that the second half will be more positive than the start of the year. In the third quarter we expect the revenue of our core business to grow approximately 8% and EBITDA to remain on last year's level.

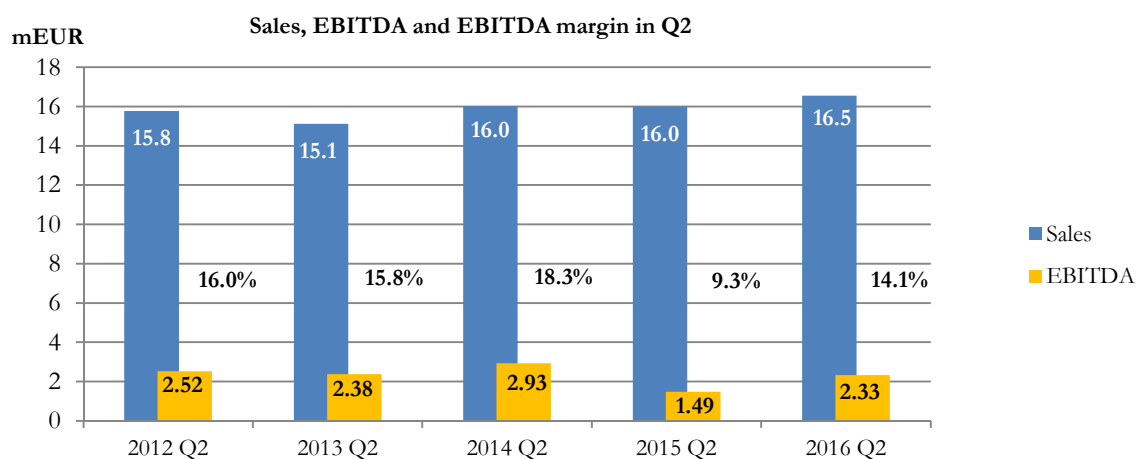
Our mission remains to offer new and interesting experiences both on paper and in digital media, without ever compromising on news quality, choice of topics and journalistic objectivity.

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

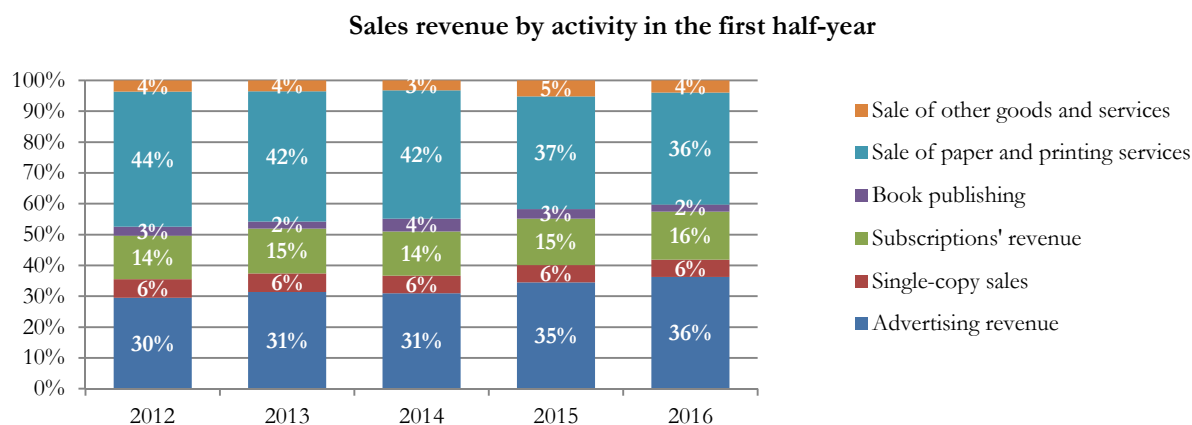
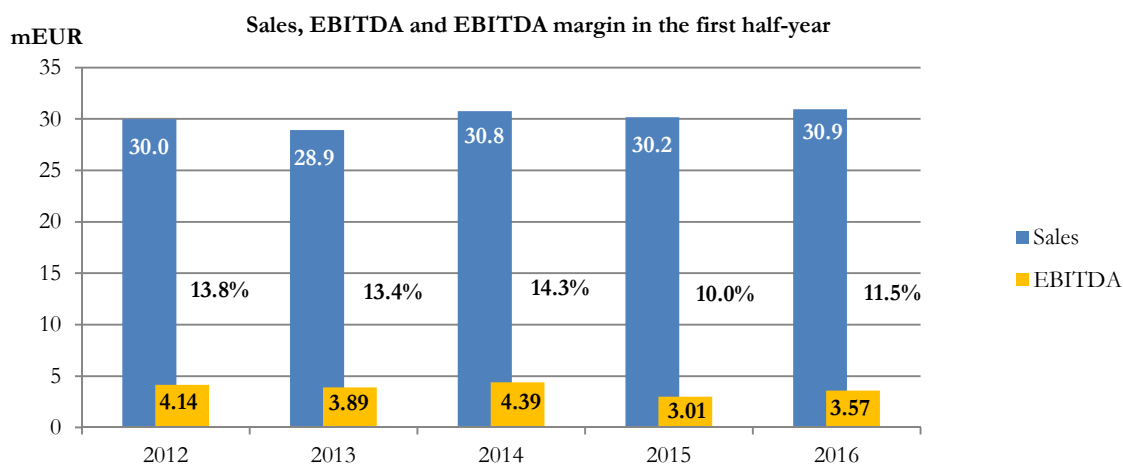
FINANCIAL INDICATORS AND RATIOS – joint ventures consolidated 50% line-by-line

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

Performance indicators – joint ventures 50% consolidated (EUR thousand)	Q2 2016	Q2 2015	Change %	Q2 2014	Q2 2013	Q2 2012
For the period						
Sales	16 545	15 998	3%	16 007	15 115	15 763
EBITDA	2 332	1 488	57%	2 935	2 384	2 525
EBITDA margin (%)	14.1%	9.3%		18.3%	15.8%	16.0%
Operating profit	1 546	745	107%	2 180	1 742	1 670
Operating margin (%)	9.3%	4.7%		13.6%	11.5%	10.6%
Interest expenses	(134)	(146)	8%	(181)	(178)	(553)
Net profit / (loss) for the period	1 324	481	175%	1 858	1 398	972
Net margin (%)	8.0%	3.0%		11.6%	9.3%	6.2%
Return on assets ROA (%)	1.7%	0.6%		2.4%	1.8%	1.1%
Return on equity ROE (%)	2.7%	1.0%		4.3%	3.3%	2.5%
Earnings per share (EPS)	0.05	0.02		0.06	0.05	0.03



Performance indicators – joint ventures consolidated 50% (EUR thousand)	1 st Half year 2016	1 st Half year 2015	Change %	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
For the period						
Sales	30 947	30 178	3%	30 773	28 925	29 982
EBITDA	3 574	3 005	19%	4 389	3 888	4 140
EBITDA margin (%)	11.5%	10.0%		14.3%	13.4%	13.8%
Operating profit	2 022	1 507	34%	2 871	2 582	2 426
Operating margin (%)	6.5%	5.0%		9.3%	8.9%	8.1%
Interest expenses	(269)	(320)	16%	(357)	(374)	(1 041)
Net profit / (loss) for the period	1 636	1 037	58%	2 361	2 036	1 151
Net margin (%)	5.3%	3.4%		7.7%	7.0%	3.8%
Return on assets ROA (%)	2.1%	1.3%		3.1%	2.6%	1.3%
Return on equity ROE (%)	3.4%	2.2%		5.5%	4.9%	3.1%
Earnings per share (EPS)	0.06	0.03		0.08	0.07	0.04

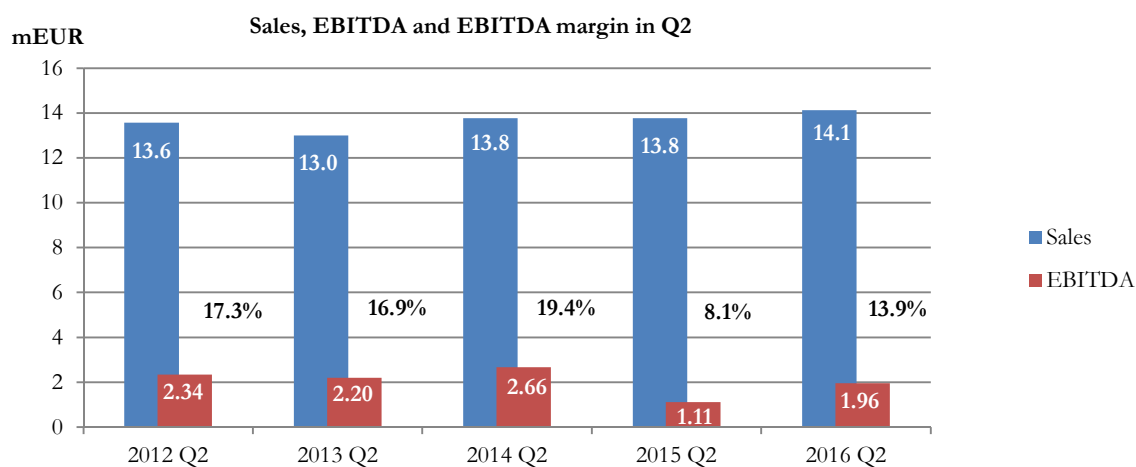


Balance sheet – joint ventures 50% consolidated (EUR thousand)	30.06.2016	31.12.2015	Change %
As of the end of the period			
Current assets	16 019	15 553	3%
Non-current assets	60 792	61 588	-1%
Total assets	76 811	77 141	0%
<i>incl. cash and bank</i>	<i>4 858</i>	<i>4 666</i>	<i>4%</i>
<i>incl. goodwill</i>	<i>38 232</i>	<i>38 232</i>	<i>0%</i>
Current liabilities	13 367	12 539	7%
Non-current liabilities	15 209	15 928	-5%
Total liabilities	28 576	28 467	0%
<i>incl. borrowings</i>	<i>17 520</i>	<i>18 787</i>	<i>-7%</i>
Equity	48 235	48 674	-1%

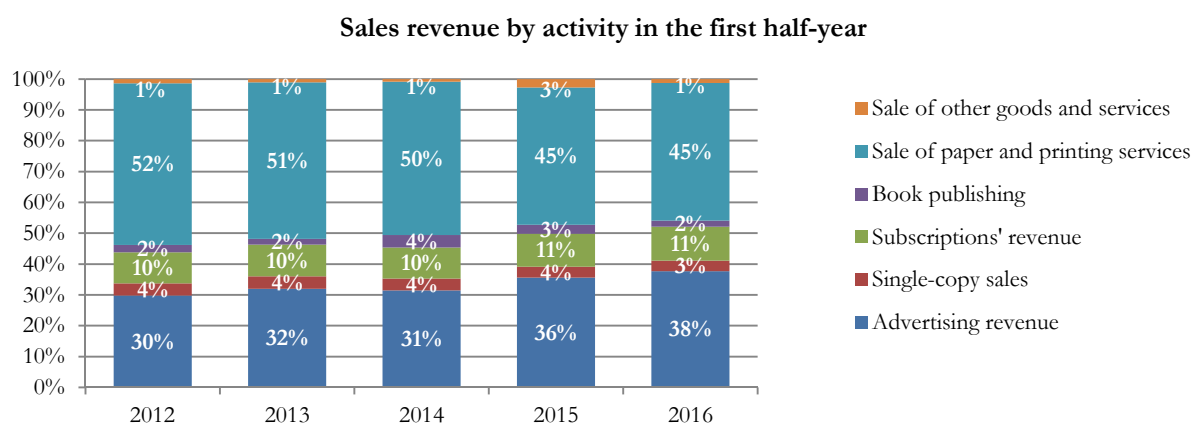
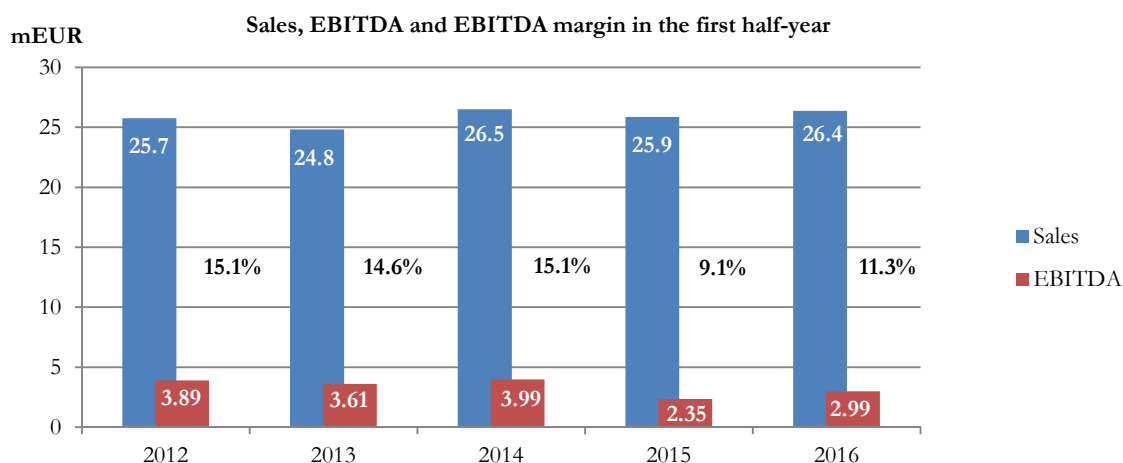
Financial ratios (%) – joint ventures consolidated 50%	30.06.2016	31.12.2015
Equity ratio (%)	63%	63%
Debt to equity ratio (%)	36%	39%
Debt to capital ratio (%)	21%	22%
Total debt /EBITDA ratio	2.08	2.39
Debt service coverage ratio	2.39	1.79
Liquidity ratio	1.20	1.24

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

Performance indicators – joint ventures under the equity method (EUR thousand)	Q2 2016	Q2 2015	Change %	Q2 2014	Q2 2013	Q2 2012
For the period						
Sales (only subsidiaries)	14 120	13 765	3%	13 764	12 998	13 570
EBITDA (only subsidiaries)	1 962	1 113	76%	2 664	2 196	2 345
EBITDA margin (%)	13.9%	8.1%		19.4%	16.9%	17.3%
Operating profit (only subsidiaries)	1 249	429	191%	1 936	1 576	1 516
Operating margin (%)	8.8%	3.1%		14.1%	12.1%	11.2%
Interest expenses (only subsidiaries)	(121)	(130)	7%	(181)	(178)	(553)
Profit of joint ventures by equity method	224	225	-1%	190	82	64
Net profit for the period	1 324	481	175%	1 858	1 398	972
Net margin (%)	9.4%	3.5%		13.5%	10.8%	7.2%
Return on assets ROA (%)	1.8%	0.6%		2.5%	1.8%	1.2%
Return on equity ROE (%)	2.7%	1.0%		4.2%	3.3%	2.5%
Earnings per share (EPS)	0.05	0.02		0.06	0.05	0.03



Performance indicators – joint ventures under equity method (EUR thousand)	1 st Half year 2016	1 st Half year 2015	Change %	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
For the period						
Sales (only subsidiaries)	26 375	25 858	2%	26 498	24 811	25 748
EBITDA (only subsidiaries)	2 987	2 351	27%	3 993	3 612	3 893
EBITDA margin (%)	11.3%	9.1%		15.1%	14.6%	15.1%
Operating profit (only subsidiaries)	1 573	972	62%	2 529	2 354	2 236
Operating margin (%)	6.0%	3.8%		9.5%	9.5%	8.7%
Interest expenses (only subsidiaries)	(241)	(285)	15%	(357)	(374)	(1 042)
Profit of joint ventures by equity method	356	419	-15%	288	146	104
Net profit for the period	1 636	1 037	58%	2 361	2 036	1 151
Net margin (%)	6.2%	4.0%		8.9%	8.2%	4.5%
Return on assets ROA (%)	2.2%	1.4%		3.2%	2.7%	1.5%
Return on equity ROE (%)	3.4%	2.2%		5.5%	4.9%	3.0%
Earnings per share (EPS)	0.06	0.03		0.08	0.07	0.04



Balance sheet– joint ventures under equity method (EUR thousand)	30.06.2016	31.12.2015	Change %
As of the end of the period			
Current assets	13 402	12 386	8%
Non-current assets	59 917	60 794	-1%
Total assets	73 319	73 180	0%
<i>incl. cash and bank</i>	<i>3 663</i>	<i>2 927</i>	<i>25%</i>
<i>incl. goodwill</i>	<i>36 953</i>	<i>36 953</i>	<i>0%</i>
Current liabilities	10 718	9 033	19%
Non-current liabilities	14 367	15 473	-7%
Total liabilities	25 085	24 506	2%
<i>incl. borrowings</i>	<i>16 570</i>	<i>17 687</i>	<i>-6%</i>
Equity	48 235	48 674	-1%

Financial ratios (%) – joint ventures by equity method	30.06.2016	31.12.2015
Equity ratio (%)	66%	67%
Debt to equity ratio (%)	34%	36%
Debt to capital ratio (%)	21%	23%
Total debt /EBITDA ratio	2.26	2.65
Debt service coverage ratio	2.30	1.67
Liquidity ratio	1.25	1.37

Cyclicality

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

Seasonality

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

Formulas used to calculate the financial ratios	
EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA does not include any impairment losses recognized during the period or result from restructuring.
EBITDA margin (%)	EBITDA/sales x 100
Operating margin* (%)	Operating profit*/sales x100
Net margin (%)	Net profit/sales x100
Earnings per share	Net profit / average number of shares
Equity ratio (%)	Equity/ (liabilities + equity) x100
Debt to equity ratio (%)	Interest bearing liabilities /equity x 100
Debt to capital ratio (%)	Interest bearing liabilities – cash and cash equivalents (net debt) / (net debt +equity) x 100
Total debt/EBITDA ratio	Interest bearing borrowings /EBITDA
Debt service coverage ratio	EBITDA/loan and interest payments for the period
Liquidity ratio	Current assets / current liabilities
Return on assets ROA (%)	Net profit /average assets x 100
Return on equity ROE (%)	Net profit /average equity x 100

CORPORATE STRUCTURE as of 30.06.2016

EKSPRESS GRUPP



SEGMENT OVERVIEW

The Group's activities are divided into two large segments - **media segment** and **printing services segment**. Last year, there was also an **entertainment segment**.

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

Key financial data of the segments Q2 2012-2016

(EUR thousand)	Sales			Sales		
	Q2 2016	Q2 2015	Change %	Q2 2014	Q2 2013	Q2 2012
media segment (by equity method)	8 511	7 984	7%	7 492	6 751	7 040
<i>incl. revenue from all digital and online channels</i>	4 740	4 116	15%	3 730	3 257	2 984
printing services segment	6 663	6 386	4%	7 210	7 131	7 482
entertainment segment	-	392	-	-	-	-
corporate functions	593	488	22%	423	385	279
intersegment eliminations	(1 648)	(1 485)		(1 361)	(1 270)	(1 231)
TOTAL GROUP by equity method	14 120	13 765	3%	13 764	12 998	13 570
media segment by proportional consolidation	11 231	10 507	7%	9 950	9 082	9 443
<i>incl. revenue from all digital and online channels</i>	5 067	4 400	15%	3 963	3 422	3 158
printing services segment	6 663	6 386	4%	7 210	7 131	7 482
entertainment segment	-	392	-	-	-	-
corporate functions	593	488	22%	423	385	279
intersegment eliminations	(1 943)	(1 775)		(1 576)	(1 483)	(1 441)
TOTAL GROUP by proportional consolidation	16 545	15 998	3%	16 007	15 115	15 763

(EUR thousand)	EBITDA			EBITDA		
	Q2 2016	Q2 2015	Change %	Q2 2014	Q2 2013	Q2 2012
media segment by equity method	1 059	1 256	-16%	1 261	800	956
<i>media segment by proportional consolidation</i>	1 430	1 631	-12%	1 532	989	1 138
printing services segment	1 148	1 271	-10%	1 537	1 599	1 563
entertainment segment	-	(1 129)	-	-	-	-
corporate functions	(246)	(285)	14%	(134)	(204)	(175)
intersegment eliminations	0	0		0	1	1
TOTAL GROUP by equity method	1 962	1 113	76%	2 664	2 196	2 345
TOTAL GROUP by proportional consolidation	2 332	1 488	57%	2 935	2 384	2 525

EBITDA margin	Q2 2016	Q2 2015	Q2 2014	Q2 2013	Q2 2012
media segment by equity method	12%	16%	17%	12%	14%
<i>media segment by proportional consolidation</i>	13%	16%	15%	11%	12%
printing services segment	17%	20%	21%	22%	21%
TOTAL GROUP by equity method	14%	8%	19%	17%	17%
TOTAL GROUP by proportional consolidation	14%	9%	18%	16%	16%

Key financial data of the segments in the first half-year 2012-2016

(EUR thousand)	Sales			Sales		
	1 st Half year 2016	1 st Half year 2015	Change %	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
media segment (by equity method)	15 282	14 565	5%	13 906	12 674	12 673
<i>incl. revenue from all digital and online channels</i>	8 298	7 466	11%	6 517	5 727	5 217
printing services segment	13 004	12 704	2%	14 272	13 749	14 858
entertainment segment	-	453	-	-	-	-
corporate functions	1 132	960	18%	844	740	420
intersegment eliminations	(3 043)	(2 823)		(2 524)	(2 353)	(2 202)
TOTAL GROUP by equity method	26 375	25 858	2%	26 498	24 811	25 748
media segment by proportional consolidation	20 428	19 469	5%	18 588	17 044	16 300
<i>incl. revenue from all digital and online channels</i>	8 906	7 966	12%	6 949	6 022	5 528
printing services segment	13 004	12 704	2%	14 272	13 749	14 858
entertainment segment	-	453	-	-	-	-
corporate functions	1 132	960	18%	844	740	420
intersegment eliminations	(3 617)	(3 408)		(2 931)	(2 752)	(2 608)
TOTAL GROUP by proportional consolidation	30 947	30 178	3%	30 773	28 925	29 982

(EUR thousand)	EBITDA			EBITDA		
	1 st Half year 2016	1 st Half year 2015	Change %	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
media segment by equity method	1 094	1 535	-29%	1 599	1 007	1 148
<i>media segment by proportional consolidation</i>	1 681	2 189	-23%	1 997	1 283	1 397
printing services segment	2 330	2 432	-4%	2 995	3 013	3 093
entertainment segment	(1)	(1 105)	100%	0	0	0
corporate functions	(436)	(511)	15%	(601)	(410)	(349)
intersegment eliminations	0	0		0	2	1
TOTAL GROUP by equity method	2 987	2 351	27%	3 993	3 612	3 893
TOTAL GROUP by proportional consolidation	3 574	3 005	19%	4 389	3 888	4 140

EBITDA margin	1 st Half year 2016	1 st Half year 2015	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
media segment by equity method	7%	11%	12%	8%	9%
<i>media segment by proportional consolidation</i>	8%	11%	11%	8%	9%
printing services segment	18%	19%	21%	22%	21%
TOTAL GROUP by equity method	11%	9%	15%	15%	15%
TOTAL GROUP by proportional consolidation	12%	10%	14%	13%	14%

MEDIA SEGMENT

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

The entities' EBITDA is presented before the trademark royalty fees that were paid to the direct parent company Delfi Holding until April 2015. In May 2015, Delfi group was restructured to better reflect the management structure that had changed over the years and as a consequence of which Delfi's local companies are directly owned by AS Ekspress Grupp.

In July 2015 AS Delfi and newspaper publisher AS Eesti Ajalehed were merged in Estonia. New company continued to operate under name of AS Ekspress Meedia. In 2014, Delfi UAB and magazine publisher Ekspress Leidyba UAB were merged in Lithuania.

News portals owned by the Group

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

(EUR thousand)	Sales			EBITDA		
	Q2 2016	Q2 2015	Change %	Q2 2016	Q2 2015	Change %
Ekspress Meedia AS (Delfi Eesti + Eesti Ajalehed)	5 218	5 008	4%	479	743	-36%
<i>incl. Delfi Estonia online revenue</i>	<i>1 906</i>	<i>1 647</i>	<i>16%</i>			
Delfi Latvia	893	785	14%	95	68	40%
Delfi Lithuania (incl. Ekspress Leidyba)	2 305	2 136	8%	505	440	15%
<i>incl. Delfi Lithuania online revenue</i>	<i>1 819</i>	<i>1 578</i>	<i>15%</i>			
OÜ Hea Lugu	97	124	-22%	(9)	6	-250%
OÜ Zave Media	0	0	-	(10)	0	-
Other companies (Delfi Holding)	0	0	-	(1)	(1)	0%
Intersegment eliminations	(2)	(69)		(0)	(0)	
TOTAL subsidiaries	8 511	7 984	7%	1 059	1 256	-16%
AS SL Õhtuleht*	1 134	1 074	6%	150	166	-10%
AS Ajakirjade Kirjastus*	1 218	1 088	12%	157	127	23%
AS Express Post*	680	626	9%	64	82	-21%
Intersegment eliminations	(312)	(265)		(0)	(0)	
TOTAL joint ventures	2 720	2 523	8%	371	375	-1%
TOTAL segment by proportional consolidation	11 231	10 507	7%	1 430	1 631	-12%

(EUR thousand)	Sales			EBITDA		
	1 st Half year 2016	1 st Half year 2015	Change %	1 st Half year 2016	1 st Half year 2015	Change %
Ekspress Meedia AS (Delfi Eesti + Eesti Ajalehed)	9 430	9 118	3%	677	861	-21%
<i>incl. Delfi Estonia online revenue</i>	<i>3 342</i>	<i>3 005</i>	<i>11%</i>			
Delfi Latvia	1 627	1 460	11%	92	111	-17%
Delfi Lithuania (incl. Ekspress Leidyba)	4 026	3 875	4%	402	556	-28%
<i>incl. Delfi Lithuania online revenue</i>	<i>3 061</i>	<i>2 787</i>	<i>10%</i>			
OÜ Hea Lugu	201	241	-17%	(17)	11	-255%
OÜ Zave Media	1	0	-	(60)	0	-
Other companies (Delfi Holding)	0	0	-	(1)	(4)	75%
Intersegment eliminations	(3)	(129)		1	(0)	
TOTAL subsidiaries	15 282	14 565	5%	1 094	1 535	-29%
AS SL Õhtuleht*	2 162	2 088	4%	247	284	-13%
AS Ajakirjade Kirjastus*	2 259	2 106	7%	203	200	2%
AS Express Post*	1 321	1 264	4%	137	170	-19%
Intersegment eliminations	(596)	(554)		(0)	(0)	
TOTAL joint ventures	5 146	4 904	5%	587	654	-10%
TOTAL segment by proportional consolidation	20 428	19 469	5%	1 681	2 189	-23%

*Proportional share of joint ventures

DELFI and related products

As a market leader Delfi continues to invest into new technologies and IT solutions to improve user experience of its readers and advertisers. Last year, new Delfi mobile applications for both IOS and Android devices were launched, enabling to use more creative solutions in the mobile environment. Programmatic advertising sales will be further developed in all three countries. Delfi TV platforms will continue to be enhanced and developed. The clients of Levira and Starman in Estonia are now able to watch Delfi TV broadcasts and programmes on television screens.

Starting from this year, our advertising sales departments are offering in addition to online advertising in our own portals also the possibility to buy advertising in other local or international channels. We also offer our customers a full advertising service from the idea to execution and booking media space.

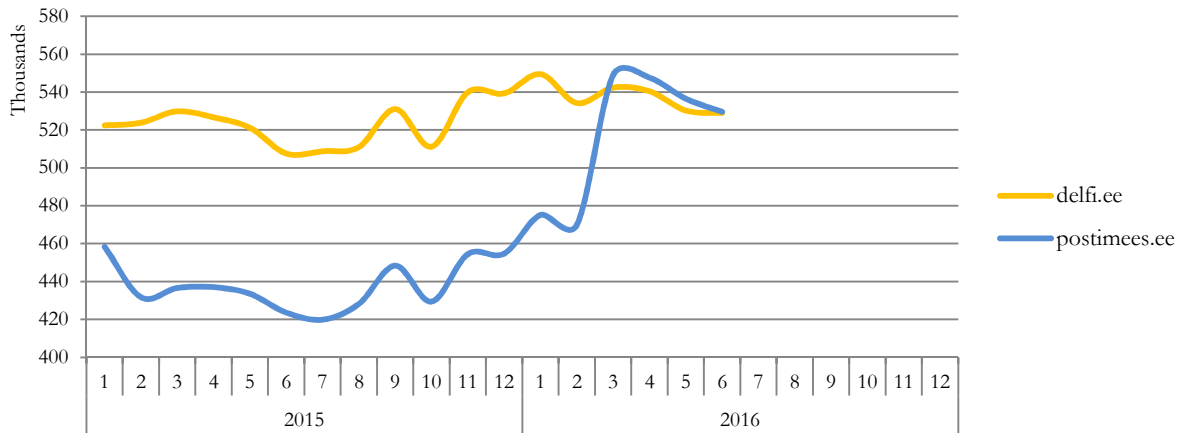
In Lithuania, Delfi was the first publisher that introduced Facebook messenger bots. Bot covered the whole information need and provided reminders in connection with the UEFA European Championship including the schedule, team rosters, results, news, etc. Delfi was also the first in Lithuania to use Facebook Live streaming. The solution to use Facebook Instant Article was completed and preparations are underway to launch AdFree Delfi in all Baltic countries.

The range of vertical products continues to expand. In the second quarter, Delfi launched in Latvia two video sub-verticals www.retplay.lv and www.360play.lv. In Lithuania, in cooperation with the Lithuanian Marketing Association (LiMA), a new unique website for marketing professionals was launched aimed at promoting communication between them. As a new e-commerce service, www.spetsialist.ee was launched in Estonia that accumulates and mediates jobseekers and people looking for handymen.

In all three Baltic countries the focus is on writing more long-read analytical articles in order to increase the value of Delfi to users. In Estonia this has been provided in co-operation with editorial teams of our daily and weekly newspapers Eesti Päevaleht, Eesti Ekspress and Maaleht. In the second quarter, an interactive multimedia project was presented in all Baltic countries that was dedicated to the 30th anniversary of the Chernobyl nuclear disaster. In Latvia, there was a longer project about Positivus music festival.

A lot of attention is being paid on socially responsible behaviour and to supporting various charity projects, cultural, sport, social and business events in all Baltic countries.

Estonian online readership 2015-2016

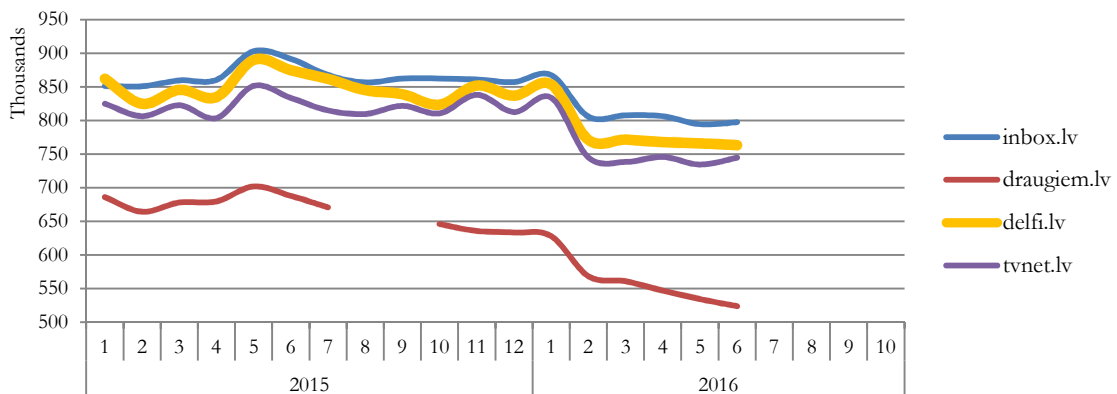


Gemius Audience monthly audience survey

In the first quarter of 2016, Postimees merged two classified portals www.kv.ee and www.osta.ee owned by Eesti Meedia into its postimees.ee domain. This increased the number of users of Postimees.ee by 17%. In the second quarter of 2016, the gap decreased to the minimum and the number of users of Delfi.ee and Postimees.ee are nearly the same. It was the second quarter in a row when the number of mobile users in Estonia was decreasing.

During 2016, the methodology of the online readership survey in Estonia, Latvia and Lithuania will change, as a result of which the readership of mobile devices and tablet PCs will be added to the above readership of computer users.

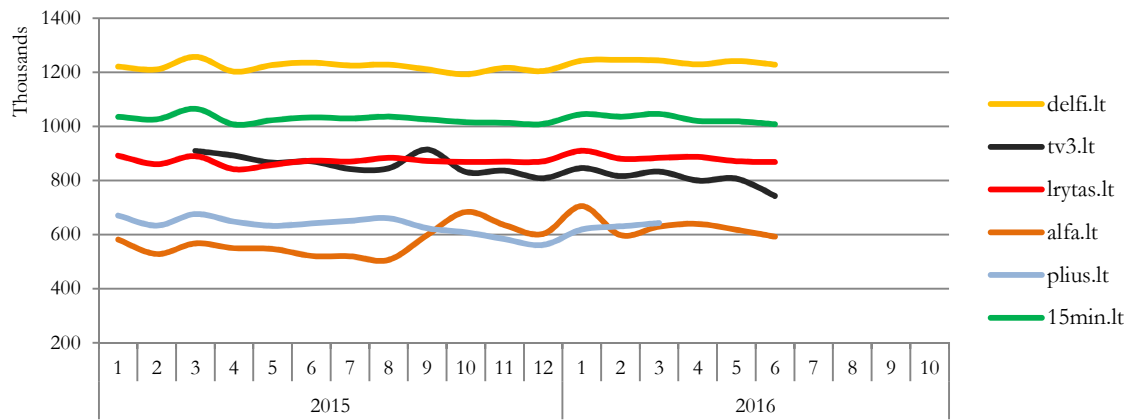
Latvian online readership 2015-2016



Gemius Audience monthly audience survey

Since at the beginning of 2016 Gemius changed its method of online survey, the online readership figure decreased in February. This figure shows only the online readership of PC users. Inbox.lv remains Latvia's largest portal among PC users. Delfi.lv has increased its lead over tvnet.lv. The local social network draugiem.lv steadily continues to lose users to Facebook. As in other Baltic countries, the main competition in Latvia is for attracting new mobile users. In the second quarter, there were no significant changes in the competition of the three largest portals.

Lithuanian online readership 2015-2016

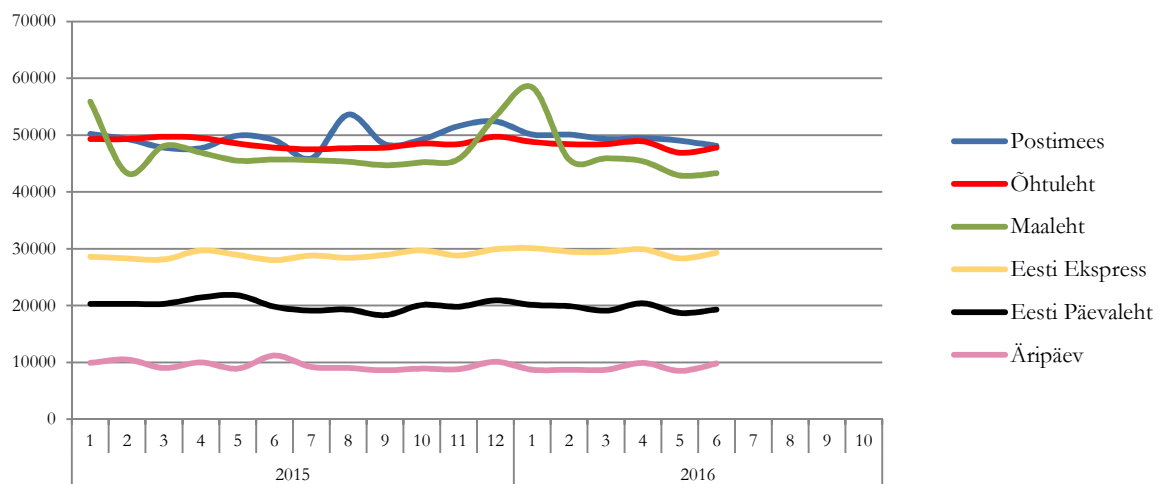


Gemius Audience monthly audience survey

Delfi.lt remains Lithuania’s largest online portal. In the second quarter 2016, there were no major changes in the preferences of online users in Lithuania. 15min.lt has somewhat lost readership, especially in the recent month. As in other markets, development and marketing activities in Lithuania are focused on increasing the number of mobile users. In this segment, Delfi has notably increased its readership.

Print media in Estonia

Estonian newspaper circulation 2015-2016

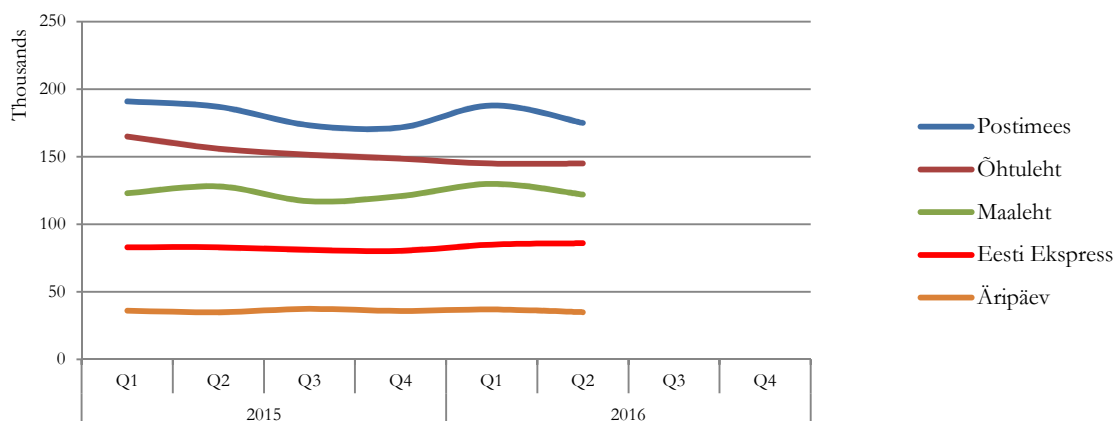


Estonian Newspaper Association data

Circulations of newspapers in Estonia have been falling moderately in the long run. In this respect, 2015 was a pleasant exception since newspaper circulations stabilized. We will probably see similar trends in 2016 – the first half of the year has been quite stable in comparison with earlier periods.

One also needs to add to the above readership the number of subscribers of digital newspapers. At the end of the second quarter 2016, Eesti Päevaleht had ca 18 thousand subscribers, Eesti Ekspress ca 9 thousand and Maaleht ca 6 thousand.

Estonian newspaper readership 2015-2016



Turn-nuringute AS

Similarly with the circulation of newspapers, the readership of publications also remained relatively stable in the second quarter of 2016. As compared to the second quarter 2015, readership of Eesti Ekspress and Eesti Päevaleht increased, while that of Postimees and Õhtuleht decreased. As this survey does not cover the readership of digital newspapers, it does not represent the complete readership. The number of digital subscriptions of periodicals of the Ekspress Group amounts to ca 30 thousand. Increasing the readership of digital newspapers remains the main task for the Group's publications.

PRINTING SERVICES SEGMENT

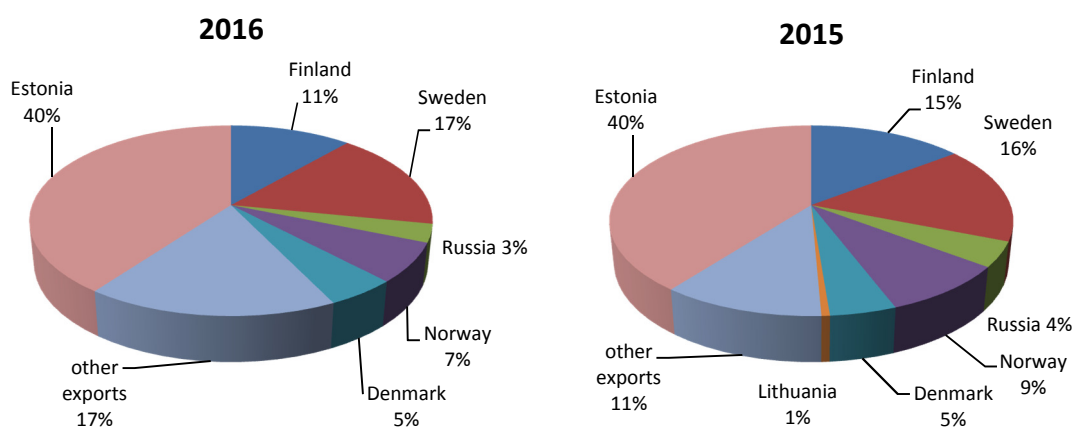
All printing services of the Group are provided by AS Printall which is one of the largest printing companies in Estonia. We are able to print high-quality magazines, newspapers, advertising materials, product and service catalogues, paperback books and other publications in our printing plant. The new printing machine installed in 2015 has enabled us to further expand the range of printed products.

(EUR thousand)	Sales			EBITDA		
	Q2 2016	Q2 2015	Change %	Q2 2016	Q2 2015	Change %
AS Printall	6 663	6 386	4%	1 148	1 271	-10%

(EUR thousand)	Sales			EBITDA		
	1st Half year 2016	1st Half year 2015	Change %	1st Half year 2016	1st Half year 2015	Change %
AS Printall	13 004	12 704	2%	2 330	2 432	-4%

The printing services segment continues to be negatively impacted by to the economic sanctions imposed to Russia, the negative impact of which on the Scandinavian printing industry also impacts us. The production volume of Printall continues to increase, but the price pressure is still strong due to the production capacity which has become available in Scandinavia as well as appreciating paper prices. The sales keep increasing, however the profit margin continues to fall due to lower prices.

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 30.06.2016, 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.

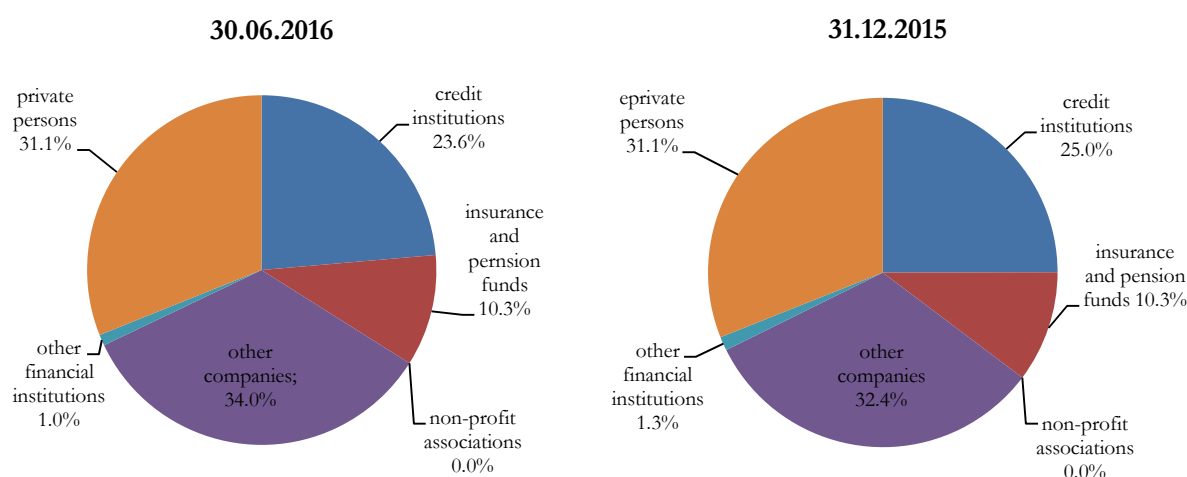
Structure of shareholders as of 30.06.2016 according to the Estonian Central Register of Securities

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%
LHV Bank and funds managed by LHV Varahaldus	2 179 441	7.31%
SEB S.A. CLIENT ASSETS UCITS	1 605 394	5.39%
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	4 695 131	15.76%
Treasury shares	677 927	2.28%
Total	29 796 841	100.0%

East Capital Asset Management AB has an ownership interest through the nominee account of SEB S.A. CLIENT ASSETS UCITS. KJK Fund SICAV-SIF has an ownership interest through the account of ING Luxembourg S.A.

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

Category	30.06.2016		31.12.2015	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
Private persons	2 799	9 254 855	2 862	9 253 538
Other companies	239	10 122 412	247	9 652 351
Other financial institutions	47	304 191	51	378 925
Credit institutions	14	7 038 031	13	7 448 318
Insurance and retirement funds	10	3 076 930	11	3 063 290
Non-profit organisations	3	422	2	419
TOTAL	3 112	29 796 841	3 186	29 796 841

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

ISIN	EE3100016965
Ticker symbol	EEG1T
List/segment	BALTIC MAIN LIST
Issuer	Ekspress Grupp (EEG)
Nominal value	EUR 0.60
Issued shares	29 796 841
Listed shares	29 796 841
Date of listing	05.04.2007

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

Date of the General Meeting	24.05.2013	20.06.2014	27.05.2015	13.06.2016
Period for which dividends are paid	2012	2013	2014	2015
Dividend payment per share (EUR)	1 cent	1 cent	4 cents	5 cents
Total payment of dividends (EUR thousand)	298	298	1 187	1 456
Date of fixing the list of dividend recipients	07.06.2013	09.07.2014	10.06.2015	29.06.2016
Date of dividend payment	01.10.2013	02.10.2014	02.10.2015	06.07.2016

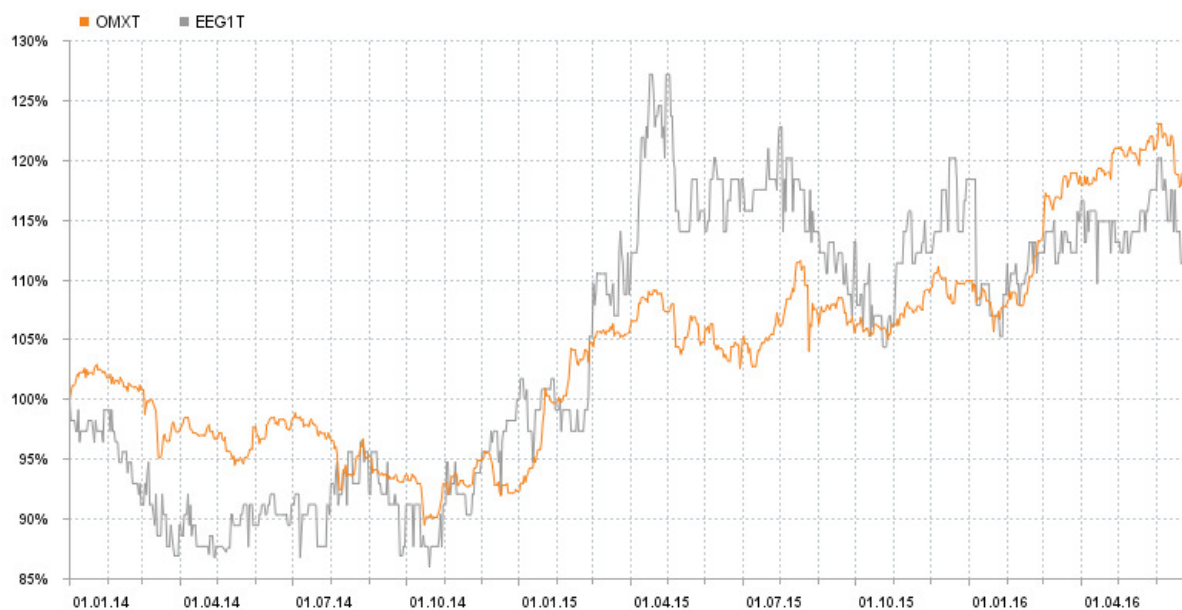
The table below shows the stock trading history 2012-2016

Price (EUR)	1 st Half year 2016	1 st Half year 2015	1 st Half year 2014	1 st Half year 2013	1 st Half year 2012
Opening price	1.35	1.15	1.12	1.06	1.03
Closing price	1.28	1.32	1.04	1.07	1.01
High	1.37	1.47	1.13	1.22	1.18
Low	1.18	1.07	0.79	1.03	0.99
Average	1.27	1.27	1.02	1.10	1.05
Traded shares, pieces	227 439	444 893	820 064	768 733	656 731
Sales, millions	0.29	0.57	0.84	0.85	0.69
Capitalisation at balance sheet date, millions	38.14	39.33	30.99	31.88	30.09

The price of the share of Ekspress Group (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2014 until 30 June 2016.



The share price comparison (%) with OMX Tallinn Stock Exchange index from 1 January 2014 – 30 June 2016.



SUPERVISORY AND MANAGEMENT BOARDS OF AS EKSPRESS GRUPP

The Supervisory Board of AS Ekspress Grupp has six members.

Viktor Mahhov (appointed until 20.05.2019)

- Chairman of the Supervisory Board since 2006
- AS Scandagra Estonia Finance Director
- Completed graduate studies in economics at St. Petersburg University in 1992

Hans H. Luik (appointed until 20.05.2019)

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

Harri Helmer Roschier (appointed until 20.05.2019) – independent Supervisory Board member

- Member of the Supervisory Board since 2007
- Chairman of the Board of (Directors) Avas Marketing Innovations OY
- Chairman of the Board of (Directors) Rostek OY
- Member of the Board of (Directors) Futurice OY
- HRC Invest OY Chairman of the Management Board
- Completed graduate studies in economics

Kari Sakari Salonen (appointed until 20.05.2019)

- Member of the Supervisory Board since 2012
- Member of the Board of (Directors) KJK Management SA
- Chairman of the Board of (Directors) KJK Capital Oy
- Chairman of the Board of (Directors) KJK Invest Oy
- KJK Fund Sicav-SIF Member of the Management Board
- Member of the Board of (Directors) KJK Fund II Sicav-SIF
- Member of the Supervisory Board of UAB “D Investuciju Valdymas”
- Graduated from Espoo School of Economics in 1983

Indrek Kasela (appointed until 20.05.2019) - independent supervisory board member

- Member of the Supervisory Board since 2014
- Partner of the private equity fund Amber Trust
- Chairman of the Management Board of AS PRFoods
- Member of the Supervisory Board of AS Toode, ELKE Grupi AS, EPhaG AS and Salva Kindlustuse AS
- Graduated from New York University in 1996 with a Master's degree in law. Bachelor's degree from Tartu University in 1994, has a certificate in EU law from Uppsala University.

Jaak Ennuste (appointed until 20.05.2019) - independent supervisory board member

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

Management Board

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



Andre Veskimeister (term of contract until 16.12.2017)

- Member of the Management Board since 2009
- Chief Innovation Officer 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 STATEMENT**Consolidated balance sheet (unaudited)**

(EUR thousand)	30.06.2016	31.12.2015
ASSETS		
Current assets		
Cash and cash equivalents	3 658	2 927
Term deposits	5	0
Trade and other receivables	7 226	6 741
Corporate income tax prepayment	78	0
Inventories	2 435	2 718
Total current assets	13 402	12 386
Non-current assets		
Trade and other receivables	1 144	1 149
Deferred tax asset	42	42
Investments in joint ventures	1 151	1 007
Investments in associates	206	215
Property, plant and equipment (Note 4)	13 035	13 791
Intangible assets (Note 4)	44 339	44 590
Total non-current assets	59 917	60 794
TOTAL ASSETS	73 320	73 180
LIABILITIES		
Current liabilities		
Borrowings (Note 6)	2 229	2 240
Trade and other payables	8 426	6 679
Corporate income tax payable	63	114
Total current liabilities	10 718	9 033
Non-current liabilities		
Long-term borrowings (Note 6)	14 341	15 447
Deferred tax liability	26	26
Total non-current liabilities	14 367	15 473
TOTAL LIABILITIES	25 085	24 506
EQUITY		
Share capital (Note 10)	17 878	17 878
Share premium	14 277	14 277
Treasury shares (Note 101)	(863)	(176)
Reserves (Note 10)	1 990	1 787
Retained earnings	14 953	14 908
TOTAL EQUITY	48 235	48 674
TOTAL LIABILITIES AND EQUITY	73 320	73 180

The Notes presented on pages 32-44 form an integral part of the consolidated interim report.

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q2 2016	Q2 2015	1 st Half year 2016	1 st Half year 2015
Sales revenue	14 120	13 765	26 375	25 857
Cost of sales	(10 947)	(11 550)	(21 146)	(21 344)
Gross profit	3 173	2 215	5 229	4 513
Other income	123	138	236	246
Marketing expenses	(684)	(579)	(1 201)	(1 132)
Administrative expenses	(1 340)	(1 314)	(2 649)	(2 603)
Other expenses	(23)	(31)	(42)	(52)
Operating profit	1 249	429	1 573	972
Interest income	10	11	19	22
Interest expense	(121)	(130)	(241)	(285)
Other finance costs	(18)	(19)	(33)	(34)
Net finance cost	(129)	(138)	(255)	(297)
Profit on shares of joint ventures	224	225	356	419
Profit from shares of associates	34	24	16	9
Profit before income tax	1 378	540	1 690	1 103
Income tax expense	(54)	(59)	(54)	(66)
Net profit for the reporting period	1 324	481	1 636	1 037
Net profit for the reporting period attributable to:				
Equity holders of the parent company	1 324	481	1 636	1 037
Other comprehensive income	0	0	0	0
Total comprehensive income	1 324	481	1 636	1 037
Attributable to equity holders of the parent company	1 324	481	1 636	1 037
Basic and diluted earnings per share (Note 8)	0.05	0.02	0.06	0.03

The Notes presented on pages 32-44 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	Retained earning	Total equity
Balance on 31.12.2014	17 878	14 277	(64)	1 440	13 644	47 175
Increase of statutory reserve capital	0	0	0	256	(256)	0
Purchase of treasury shares	0	0	(81)	0	0	(81)
Share option	0	0	0	64	0	64
Dividends paid	0	0	0	0	(1 187)	(1 187)
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(81)</i>	<i>320</i>	<i>(1 443)</i>	<i>(1 204)</i>
Net profit for the reporting period	0	0	0	0	1 037	1 037
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1 037</i>	<i>1 037</i>
Balance on 30.06.2015	17 878	14 277	(145)	1 760	13 238	47 008
Balance on 31.12.2015	17 878	14 277	(176)	1 787	14 908	48 674
Increase of statutory reserve capital	0	0	0	135	(135)	0
Purchase of treasury shares	0	0	(687)	0	0	(687)
Share option	0	0	0	68	0	68
Dividends paid	0	0	0	0	(1 456)	(1 456)
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>(687)</i>	<i>203</i>	<i>(1 591)</i>	<i>(2 075)</i>
Net profit for the reporting period	0	0	0	0	1 636	1 636
<i>Total comprehensive income for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1 636</i>	<i>1 636</i>
Balance on 30.06.2016	17 878	14 277	(863)	1 990	14 953	48 235

The Notes presented on pages 32-44 form an integral part of the consolidated interim report.

Consolidated cash flow statement (unaudited)

(EUR thousand)	1 st Half year 2016	1 st Half year 2015
Cash flows from operating activities		
Operating profit for the reporting year	1 573	972
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 4)	1 413	1 379
(Gain)/loss on sale and write-down of property, plant and equipment	(11)	(3)
Change in value of share option (Note 9)	68	64
Cash flows from operating activities:		
Trade and other receivables	(497)	170
Inventories	282	31
Trade and other payables	262	521
Cash generated from operations	3 090	3 134
Income tax paid	(184)	(66)
Interest paid	(241)	(285)
Net cash generated from operating activities	2 665	2 783
Cash flows from investing activities		
Term deposit release	0	1 600
Interest received	19	33
Purchase of property, plant and equipment (Note 4)	(407)	(457)
Proceeds from sale of property, plant and equipment	16	16
Loans granted	(9)	0
Loan repayments received	9	73
Net cash used in investing activities	(372)	1 254
Cash flows from financing activities		
Dividends received from joint ventures	246	278
Finance lease repayments	(42)	(40)
Change in use of overdraft	0	(1 117)
Loan received (Note 6)	11	0
Repayments of bank loans (Note 6)	(1 086)	(3 458)
Purchase of treasury shares (Note 10)	(687)	(81)
Net cash used in financing activities	(1 557)	(4 419)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	736	(382)
Cash and cash equivalents at the beginning of the year	2 927	3 656
Cash and cash equivalents at the end of the year	3 663	3 274

The Notes presented on pages 32-44 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: Parda 6, 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 28 July 2016.

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 30.06.2016	Ownership interest 31.12.2015	Main field of activity	Domicile
Operating segment: corporate functions					
Ekspress Grupp AS	Parent company			Holding company and support services	Estonia
Ekspress Digital OÜ	Subsidiary	100%	100%	Provision of IT services	Estonia
Ekspress Finance OÜ	Subsidiary	100%	100%	Provision of financing for the Group	Estonia
Operating segment: media (online and print media)					
Ekspress Meedia AS (former Delfi AS)	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers (from 1 July 2015 merged with AS Eesti Ajalehed)	Estonia
Delfi A/S	Subsidiary	100%	100%	Online media	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media and magazine publishing (merged with UAB Ekspress Leidyba on 1 July 2014)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Delfi Holding SIA	Subsidiary	100%	100%	Holding company (previously parent company to Delfi companies in different countries)	Latvia
Zave Media OÜ	Subsidiary	100%	100%	Developer of portal incorporating retailers' sales offers throughout Baltics (set up in June 2015)	Estonia
Hea Lugu OÜ	Subsidiary	100%	100%	Book publishing	Estonia
Ajakirjade Kirjastus AS	Joint venture	50%	50%	Magazine publishing	Estonia
SL Öhtuleht AS	Joint venture	50%	50%	Newspaper publishing	Estonia
Express Post AS	Joint venture	50%	50%	Home delivery of periodicals	Estonia
Adnet Media UAB	Associate	49%	49%	Online advertising solutions and network	Lithuania
Adnet Media OÜ	Associate	49%	49%	Online advertising solutions and network	Estonia
Adnet Media SIA	Associate	49%	49%	Online advertising solutions and network	Latvia
Operating segment: printing services					
Printall AS	Subsidiary	100%	100%	Printing services	Estonia
Operating segment: entertainment					
Delfi Entertainment SIA	Subsidiary	100%	100%	Arrangement of exhibitions	Latvia

Note 2. Bases of preparation

The consolidated interim financial statements of AS Ekspress Grupp for the first half-year of 2016 ended on 30 June 2016 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 2015.

The Management Board estimates that the interim consolidated financial statements for the first half-year of 2016 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 2016, 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.

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	30.06.2016	31.12.2015
SEB	Aa3	A+	2 541	2 266
Swedbank	Aa3	AA-	530	285
Nordea/Danske	Aa3/A2	AA-/A	573	364
Total			3 644	2 915

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 especially in Lithuania is to pay invoices 1-3 months past their due date and not to consider it as a violation of the credit discipline. Subsidiaries 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. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In case of large transactions, in particular in the segment of printing services, clients are requested to make prepayment or provide a guarantee letter.

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

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 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's overdraft loan is long-term in substance and related to the term of the syndicated loan contract. This essentially works as a long-term line of credit, the use of which the Group can regulate at its own discretion. The Group's leverage has reached moderate level, however liquidity risk management is still 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 taken by the Group are all tied to Euribor.

The Group's interest rate risk is related to short-term and long-term borrowings which 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 170 thousand euros per year.

Type of interest	Interest rate	30.06.2016 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	3-month Euribor + 2.5%	Syndicated loan (<i>Parent Company</i>)	1 528	8 680	10 208
	3-month Euribor + 2.5%	Syndicated loan (<i>Printall</i>)	686	5 654	6 340
	1-month Euribor + 2.3%	Finance lease (<i>Printall</i>)	15	8	23
	1-month Euribor + 1.9%	Overdraft	0	0	0

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

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is to some extent exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the functional currency of the Group. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The income of the Group's subsidiaries (exc. Printall) is fixed in local currencies, i.e. the euro. The Group also pays most of its suppliers and employees in euros. 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 the first half of 2016, such foreign exchange risk was on a level of ca 5% of Group's revenue (1st half of 2015: ca. 6.5%). 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. No other means are used for hedging foreign exchange risk.

As of 30.06.2016, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 142 thousand and other currencies (NOK, USD) in the amount of EUR 79 thousand. As of 31.12.2015, the Group had foreign currency risk related to the Swedish krona in the amount of EUR 465 thousand and other currencies (GBP, NOK, USD) in the amount of EUR 21 thousand.

Price risk

The price of paper affects the activities of the Group the most. Taking into consideration various criteria, the Group has determined the most optimal way for accepting paper risk and thus it does not consider it necessary to use derivative instruments to hedge this 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 and in-house lawyers. The management considers the legal protection of the Group to be good.

The management estimates that the dependence of the Group's activities on IT systems is higher than average and 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 the subsidiaries.

Capital risk

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

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

Equity ratios of the Group

(EUR thousand)	30.06.2016	31.12.2015
Interest-bearing debt	16 570	17 687
Cash and bank accounts	3 663	2 927
Net debt	12 907	14 760
Equity	48 235	48 674
Total capital	61 142	63 434
Debt to capital ratio	21%	23%
Total assets	73 320	73 180
Equity ratio	66%	67%

Note 4. Property, plant and equipment, and intangible assets

(EUR thousand)	Property, plant and equipment		Intangible assets	
	1 st Half year 2016	1 st Half year 2015	1 st Half year 2016	1 st Half year 2015
Balance at beginning of the period				
Cost	32 543	31 832	63 834	63 889
Accumulated depreciation and amortisation	(18 752)	(17 326)	(19 244)	(17 602)
Carrying amount	13 791	14 506	44 590	46 287
Acquisitions and improvements	279	906	128	138
Disposals (at carrying amount)	(5)	(9)	0	0
Write-offs and write-downs of PPE	(1)	(4)	0	(1)
Depreciation and amortisation	(1 030)	(933)	(383)	(446)
Balance at end of the period				
Cost	32 689	32 761	63 967	64 035
Accumulated depreciation and amortisation	(19 654)	(18 295)	(19 627)	(18 057)
Carrying amount	13 035	14 466	44 339	45 978

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

Note 5. Intangible assets**Intangible assets by type**

(in thousands)	EUR	
	30.06.2016	31.12.2015
Goodwill	36 953	36 953
Trademarks	6 652	6 911
Other intangible assets	734	726
Total intangible assets	44 339	44 590

Goodwill by cash-generating units and segments

(in thousands)	EUR	
	30.06.2016	31.12.2015
Delfi Estonia	15 281	15 281
Delfi Latvia	7 007	7 007
Delfi Lithuania	12 848	12 848
Maaleht	1 816	1 816
Total goodwill	36 953	36 953

Note 6. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		Up to 1 year	Between 1-5 years
Balance as of 30.06.2016			
Long-term bank loans	16 547	2 214	14 333
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	10 208	1 528	8 680
<i>incl. syndicated and mortgage loan (AS Printall)</i>	6 340	686	5 654
Finance lease	23	15	8
Total	16 570	2 229	14 341
Balance as of 31.12.2015			
Long-term bank loans	17 621	2 184	15 437
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	10 955	1 507	9 449
<i>incl. syndicated and mortgage loan (AS Printall)</i>	6 666	678	5 988
Finance lease	65	56	9
Total	17 686	2 240	15 447

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

Long term bank loan

In September 2015, the joint syndicated loan of AS Ekspress Grupp and AS Printall was refinanced. As a result of the transaction, the new maturity date of the loan is October 2020. The main changes relate to the annual principal loan repayment and the applied interest rate. The annual loan repayment is approximately EUR 2 million and from 25 September 2015, the interest rate is 3-month EURIBOR + margin. Upon the expiration of the loan contract, the total loan balance will be ca EUR 7 million. In June 2016, SEB assumed the full ownership in the syndicate, remaining the only creditor.

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

The syndicated and other loans are secured by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the commercial pledge on the assets of AS Printall in the amount of EUR 19 million, the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million, the value of all of which is included within the net assets of the Group. In addition, the mortgage has been set on the registered immovable and production facilities of AS Printall in the amount of EUR 9 million. As of 30.06.2016, the carrying amount of the building was EUR 3.3 million and that of the registered immovable was EUR 0.4 million. The ultimate controlling shareholder has also given a personal guarantee in the amount of EUR 4 million to cover the syndicated loan and overdraft agreements.

According to the conditions of the loan agreement, the borrower must 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 end of quarter, all financial ratios were in compliance with the loan covenants set in the loan contract.

Overdraft facilities

As of 30.06.2016, the Group had overdraft facilities with Nordea Bank AB Estonia branch in the amount of EUR 1.3 million and SEB Bank in the amount of EUR 1.7 million. Neither overdraft facility had been used as of 30.06.2016 and 31.12.2015. In July 2016, the overdraft agreement with Nordea Bank AB Estonia branch was terminated. At the same time, SEB Bank increased the overdraft limit to EUR 3 million. The overdraft contract is in force until 25.10.2020.

Note 7. Segment reporting

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

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

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

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

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

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

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

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

The 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.

Q2 2016 (EUR thousand)	Media	Printing services	Enter- tainment	Corporate functions	Elimi- nations	Total Group
Sales to external customers (subsidiaries)	8 510	6 070	0	40	(500)	14 120
Effect of joint ventures	2 720	(265)	0	(19)	(12)	2 425
Inter-segment sales	1	858	0	572	(1 431)	0
<i>Total segment sales, incl. joint ventures</i>	<i>11 231</i>	<i>6 663</i>	<i>0</i>	<i>593</i>	<i>(1 943)</i>	<i>16 545</i>
EBITDA (subsidiaries)	1 059	1 148	0	(246)	0	1 962
EBITDA margin (subsidiaries)	12%	17%				14%
<i>EBITDA incl. joint ventures</i>	<i>1 430</i>	<i>1 148</i>	<i>0</i>	<i>(246)</i>	<i>0</i>	<i>2 332</i>
<i>EBITDA margin incl. joint ventures</i>	<i>13%</i>	<i>17%</i>				<i>14%</i>
Depreciation (subsidiaries) (Note 4)						715
Operating profit (subsidiaries)						1 249
Investments (subsidiaries) (Note 4)						202

1st Half year 2016 (EUR thousand)	Media	Printing services	Enter- tainment	Corporate functions	Elimi- nations	Total Group
Sales to external customers (subsidiaries)	15 281	11 884	0	67	(858)	26 375
Effect of joint ventures	5 146	(518)	0	(31)	(25)	4 572
Inter-segment sales	1	1 638	0	1 096	(2 735)	0
<i>Total segment sales, incl. joint ventures</i>	<i>20 428</i>	<i>13 004</i>	<i>0</i>	<i>1 132</i>	<i>(3 618)</i>	<i>30 947</i>
EBITDA (subsidiaries)	1 094	2 330	(1)	(436)	0	2 987
EBITDA margin (subsidiaries)	7%	18%				11%
<i>EBITDA incl. joint ventures</i>	<i>1 681</i>	<i>2 330</i>	<i>(1)</i>	<i>(436)</i>	<i>0</i>	<i>3 574</i>
<i>EBITDA margin incl. joint ventures</i>	<i>8%</i>	<i>18%</i>				<i>12%</i>
Depreciation (subsidiaries) (Note 4)						1 413
Operating profit (subsidiaries)						1 573
Investments (subsidiaries) (Note 4)						407

Q2 2015 (EUR thousand)	Media	Printing services	Enter- tainment	Corporate functions	Elimi- nations	Total Group
Sales to external customers (subsidiaries)	7 981	5 855	392	9	(471)	13 765
Effect of joint ventures	2 523	(246)	0	(3)	(41)	2 233
Inter-segment sales	3	777	0	482	(1 262)	0
<i>Total segment sales, incl. joint ventures</i>	<i>10 507</i>	<i>6 386</i>	<i>392</i>	<i>488</i>	<i>(1 774)</i>	<i>15 998</i>
EBITDA (subsidiaries)	1 256	1 271	(1 129)	(285)	0	1 113
EBITDA margin (subsidiaries)	16%	20%	-288%			8%
<i>EBITDA incl. joint ventures</i>	<i>1 631</i>	<i>1 271</i>	<i>(1 129)</i>	<i>(285)</i>	<i>0</i>	<i>1 488</i>
<i>EBITDA margin incl. joint ventures</i>	<i>16%</i>	<i>20%</i>	<i>-288%</i>			<i>9%</i>
Depreciation (subsidiaries) (Note 4)						684
Operating profit (subsidiaries)						429
Investments (subsidiaries) (Note 4)						822

1st Half year 2015 (EUR thousand)	Media	Printing services	Enter- tainment	Corporate functions	Elimi- nations	Total Group
Sales to external customers (subsidiaries)	14 557	11 636	453	36	(824)	25 858
Effect of joint ventures	4 904	(503)	0	(4)	(77)	4 320
Inter-segment sales	9	1 571	0	928	(2 508)	0
<i>Total segment sales, incl. joint ventures</i>	<i>19 469</i>	<i>12 704</i>	<i>453</i>	<i>960</i>	<i>(3 408)</i>	<i>30 178</i>
EBITDA (subsidiaries)	1 535	2 432	(1 105)	(511)	0	2 351
EBITDA margin (subsidiaries)	11%	19%	-244%			9%
<i>EBITDA incl. joint ventures</i>	<i>2 189</i>	<i>2 432</i>	<i>(1 105)</i>	<i>(511)</i>	<i>0</i>	<i>3 005</i>
<i>EBITDA margin incl. joint ventures</i>	<i>11%</i>	<i>19%</i>	<i>-244%</i>			<i>10%</i>
Depreciation (subsidiaries) (Note 4)						1 379
Operating profit (subsidiaries)						972
Investments (subsidiaries) (Note 4)						1 044

Note 8. Earnings per share

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

EUR	Q2 2016	Q2 2015	1st Half year 2016	1st Half year 2015
Profit attributable to equity holders	1 323 599	480 898	1 636 060	1 037 363
Average number of ordinary shares	29 339 452	29 684 528	29 486 199	29 704 421
Basic and diluted earnings per share	0.05	0.02	0.06	0.03

As the Group had no instruments diluting earnings per share as of 30.06.2016 and 31.12.2015, **diluted net profit per share** was equal to regular net profit per share.

Note 9. 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 as a staff cost in the income statement and, on the side, as a share option reserve in equity. As of 30.06.2016, this reserve totalled EUR 679 thousand and the number of earned shares was 600 400. As of 31.12.2015, this reserve totalled EUR 611 thousand and the number of earned shares was 540 400. See also Note 10.

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

Note 10. Equity and dividends

Share capital and share premium

As of 30 June 2016 and 31 December 2015, 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 April 2014 until May 2016 SEB Bank has purchased back shares on behalf of the company within the framework of the share option programme. In May 2016 also an OTC buy-back transaction was taken place. As of 30.06.2016, AS Ekspress Grupp had purchased ca 678 thousand treasury shares at the average price of EUR 1.27 per share for the total of EUR 863 thousand. As of 31.12.2015, AS Ekspress Grupp had purchased 149 thousand at the average price of EUR 1.18 per share for the total of EUR 178 thousand.

Dividends

At the Ordinary General Meeting of Shareholders held on 13 June 2016, it was decided to pay dividends to shareholders in the amount of five euro cents per share in the total amount of EUR 1 456 thousand. Dividends were paid out on 6 July 2016. 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 which had already been taxed in its domicile. Therefore, no additional tax is 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 9).

(EUR thousand)	EUR	
	30.06.2016	31.12.2015
Statutory reserve capital	672	537
Additional cash contribution from shareholder	639	639
Share option reserve	679	611
Total reserves	1 990	1 787

Note 11. Related party transactions

Transactions with related parties are transactions with shareholders, associates, joint ventures, members of the Key Management of all group companies, their immediate family members and the companies under their control or significant influence.

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

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

SALES (EUR thousand)	1st Half year 2016	1st Half year 2015
Sales of goods		
Associates	243	243
Total sale of goods	243	243
Sale of services		
Members of Supervisory Board and companies related to them	5	4
Joint ventures	1 146	1 050
Total sale of services	1 151	1 054
Total sales	1 394	1 297

PURCHASES (EUR thousand)	1st Half year 2016	1st Half year 2015
Purchase of services		
Members of Management Board and companies related to them	21	20
Members of Supervisory Board and companies related to them	146	133
Associates	0	1
Joint ventures	488	428
Total purchases of services	655	582

RECEIVABLES(EUR thousand)	30.06.2016	31.12.2015
Short-term receivables		
Members of Supervisory Board and companies related to them	4	6
Associates	321	245
Joint ventures	237	247
Total short-term receivables	562	498
Long-term receivables		
Members of Supervisory Board and companies related to them	160	160
Joint ventures	898	907
Total long-term receivables	1 058	1 067
Total receivables	1 620	1 565

LIABILITIES (EUR thousand)	30.06.2016	31.12.2015
Current liabilities		
Members of Management Board and companies related to them	3	3
Members of Supervisory Board and companies related to them	11	14
Joint ventures	103	87
Total liabilities	117	104

According to the decision of the General Meeting held on 2 June 2009 and 4 May 2012, Hans H. Luik receives 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. In the first half of 2016, a payment of EUR 30 thousand (2015: EUR 30 thousand) was made and there are no outstanding liabilities as of 30 June 2016 and 31 December 2015.

The management estimates that the transactions with related parties have been carried out at arms' length basis. As of 30.06.2016, an allowance for the receivable from the associate Medipresa UAB was made in the amount of EUR 23 thousand (31.12.2015: EUR 13 thousand) in accordance with the ownership interest in the negative equity of Medipresa UAB.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	1 st Half year 2016	1 st Half year 2015
Salaries and other benefits (without social tax)	660	591
Termination benefits (without social tax)	0	42
Share option	68	64
Total (without social tax)	728	697

The members of all management boards of the group companies (incl. key management of foreign subsidiaries if these companies do not have management board as per Estonian Commercial Code) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be usually paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 30 June 2016, the maximum gross amount of potential Key Management termination benefits was EUR 523 thousand (31 December 2015: EUR 508 thousand). No remuneration is paid separately or in addition to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Chairman of the Management Board of the Group also participates in share option plan described in Note 9.

Note 12. Contingent assets and liabilities

Contingent liabilities arising from pending court cases

The Group's subsidiaries have several pending court cases, the impact of which on the Group's financial results is insignificant.

OÜ Grupivara, minority shareholder of AS Ekspress Grupp, holding 100 shares in the Company, has challenged in the court the results of the impairment tests of goodwill of Delfi Latvia and Delfi Estonia in the financial statements for the years 2013 and 2014. OÜ Grupivara claims that bigger impairment losses on goodwill should have been recognized in the annual reports. Hence, the annual reports should have not been approved and a decision to pay dividends should have not been made.

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

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 13. Events after the balance sheet date

On 22 July 2016, AS Ekspress Grupp acquired a 50% holding in Linna Ekraanid OÜ which is engaged in the sale of digital outdoor advertising in Estonia. A payment of ca EUR 0.9 million was made for the acquisition. AS Ekspress Grupp will also acquire the remaining 50% of the shares of Linna Ekraanid OÜ in the second quarter of 2019 and thereby will become the company's sole shareholder. The purchase price for the other 50% of the holding is related to the actual results achieved and it will be determined at the beginning of 2019.

The purpose of the acquisition is to create preconditions for AS Ekspress Grupp to set off a new business line and thereby enlarge the group's business areas. AS Ekspress Grupp's purpose is to develop digital outdoor advertising business line in every Baltic country and take the leading role in this market.