



**Ekspress Grupp**  
**CONSOLIDATED ANNUAL REPORT**  
**2009**

(Translation of the Estonian original)

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## GENERAL INFORMATION

Beginning of the financial year	1 January
Ending of the financial year	31 December
Name of the Company	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt.11 E, 10151 Tallinn
Phone no.	+372 669 8081
Fax no	+372 669 8180
E-mail	<a href="mailto:egrupp@egrupp.ee">egrupp@egrupp.ee</a>
Internet homepage	<a href="http://www.egrupp.ee">www.egrupp.ee</a>
Main field of activity	Publishing and related services (5814)
CEO	Gunnar Kobin
Auditor	AS PricewaterhouseCoopers

The Annual Report consists of Management Report, Consolidated Financial Statements, Independent Auditor's Report and loss allocation proposal. The document comprises of 98 pages.

## **MANAGEMENT BOARD'S CONFIRMATION ON THE MANAGEMENT REPORT**

The Management Board confirms that the management report of AS Ekspress Grupp presented on pages 4 to 25 presents a true and fair view of the business developments and results, of the financial position, and includes the description of major risks and doubts for the Parent company and consolidated companies as a group.

Gunnar Kobin                      Chairman of the Management Board   signed digitally   04 March 2010

Erle Oolup                         Member of the Management Board   signed digitally   04 March 2010

Andre Veskimeister            Member of the Management Board   signed digitally   04 March 2010

## STATEMENT OF THE CHAIRMAN

The year 2009 has been one of the most difficult years for Ekspress Grupp ever. Because of global and local economic crisis, the advertising revenue in some segments declined over 40% as compared to 2008. The overall sales (excluding Ekspress Hotline which was sold) dropped by 22%. Still, the company was able to reduce costs – cutting labour costs, merging subsidiaries and reducing the number of printed pages.

The results for 2009 were also affected by extraordinary costs. In the 2009, the goodwill of Delfi was written off by EEK 91.4 million (EUR 5.8 million). We also wrote off EEK 9.1 million (EUR 0.6 million) of accounts receivable and paid EEK 5.3 million (EUR 0.34 million) as layoff compensation to employees.

It has been the deliberate policy of the management to have a very conservative approach regarding the value of the company's assets. Our main aim has been to restructure the company to guarantee long term liquidity and profitability. Without extraordinary items, the gross profit of the company in 2009 was EEK 7 million (EUR 0.5 million).

The Company is highly leveraged and the cash flow position was rather critical throughout the year. We reached a longer term solution in early 2010 when we signed a syndicate loans restructuring agreement with the lenders and completed an exit from two non strategic segments (information services and book sales).

We see 2010 to be more stable. The advertising market is still very weak, but we will continue to restructure operations. The cash position of the company is already reasonably strong and will be even stronger after the new share issue in the spring of 2010.

In the Online media segment we see mainly growth in Ukraine both in the number of visitors and in advertising revenues. In the Baltics we want to keep our No 1 position. The revenues will be likely rather low in Latvia because of the bad macroeconomic position of the country. But we hope to compensate the decline in Latvia with revenue growth in Estonia and Lithuania. We are also in the process to reorganize the classified advertising sites (automobiles, real-estate). In December those business lines were merged with Delfi organization across Baltics.

In publishing segment we want to keep the 2009 levels. In the first half of 2010 we could see further decline in revenues, but after that we forecast growth of advertising revenues. We do not plan aggressive growth in traditional media segment, but we will use all the opportunities. In 2010 we plan to start to consolidate our book publishing activities in Estonia and to start more active book publishing in Lithuania. We also monitor the global and regional developments in the e-book business.

In printing services segment our main objective is to increase aggressively export efforts to Scandinavia and Western Europe. And we will look for the opportunities to increase operations efficiency.

## MANAGEMENT REPORT

The following report comments the financial results of Ekspress Grupp in 2009, related market developments and management decisions.

### Key financial results of 2009

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Sales revenue	983 530	1 254 851	62 859	80 200	-22%
Gross profit	165 740	302 205	10 593	19 315	-45%
EBITDA	51 506	171 409	3 292	10 955	-70%
Operating profit (loss)	(98 745)	112 353	(6 309)	7 181	-188%
Net profit (loss)	(189 014)	45 981	(12 079)	2 939	-511%

### Highlights of 2009

#### Management

- From September 2009 the company has new management team: Gunnar Kobin, Andre Veskimeister and Erle Oolup.
- In December 2009 Sven Nuutmann was appointed as Chairman and CEO of Delfi Group.

#### Financial

- In October 2009 the management opened discussions with banks syndicate to restructure the debt of Ekspress Grupp. The agreement was reached and signed in February 2010.

#### Operations

- In October 2009 AS Maaleht and Eesti Ekspressi Kirjastuse AS were merged to a company AS Eesti Ajalehed
- All classified advertising portals (verticals were merged with Delfi organization). Only job portal [www.hyppeaud.ee](http://www.hyppeaud.ee) remains under Eesti Päevalehe AS and [www.ekspressjob.ee](http://www.ekspressjob.ee) remains under AS Eesti Ajalehed.
- It was decided to exit information services business and the process of the sale of AS Ekspress Hotline and its subsidiaries was started. On 25 February 2010, AS Ekspress Grupp concluded an agreement on completion of the sales transaction of AS Ekspress Hotline.
- In January 2010 it was decided to exit book sales business and the process of the sale of Rahva Raamat AS was started. On 9 February 2010, Eesti Ajalehed AS, a subsidiary of AS Ekspress Grupp, and OÜ Raamatumaja concluded an Agreement of Purchase and Sale of the shares of Rahva Raamat AS.
- The sale of Ekspress Hotline and its subsidiaries and Rahva Raamat has no significant influence on future business results of Ekspress Grupp, as both have been rather low EBITDA margin activities.

- In April 2009 regular mail business in Estonia was opened to competition. AS Express Post started immediately to deliver the service and to compete with Eesti Post.

### Overview of segments

The company has been operating in following segments:

- Online media
- Publishing (newspapers, magazines and books)
- Information services (discontinued operation)
- Printing services
- Book sales (retail and wholesale)

With the sale of Ekspress Hotline and its subsidiaries and Rahva Raamat the company will exit information services and book sales segments. Those segments will not appear in the future reports. Ekspress Hotline group is not consolidated in the 2009 financial statements, but is presented as a discontinued operation. Rahva Raamat is consolidated, as it became discontinued operation after 31 December 2009.

### Key segment data 2008/2009 (not including information services)

Revenue (thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Online media	118 292	162 484	7 560	10 385	-27%
Publishing	396 258	553 205	25 326	35 356	-28%
Printing services	355 125	422 997	22 697	27 034	-16%
Book sales	188 575	207 790	12 052	13 280	-9%
Corporate functions	2 277	2 551	145	164	-11%
Intersegment eliminations	(76 997)	(94 176)	(4 921)	(6 019)	18%
<b>TOTAL</b>	<b>983 530</b>	<b>1 254 851</b>	<b>62 859</b>	<b>80 200</b>	<b>-22%</b>

### EBITDA MARGIN

Online media	-6%	18%
Publishing	3%	11%
Printing services	17%	21%
Book sales	2%	3%
Corporate functions	-635%	-375%
Intersegment eliminations	1%	4%
<b>TOTAL</b>	<b>5%</b>	<b>14%</b>

### Online media segment 2009

Online media segment includes Delfi operations in Estonia, Latvia, Lithuania and Ukraine. It also includes online operations of Eesti Päevalehe AS, Eesti Ajalehed AS (Maaleht and Eesti Ekspress), and AS SL Õhtuleht.

### Revenues

(thousand)	EEK		EUR		Change%
	2009	2008	2009	2008	
Delfi Estonia	34 533	60 712	2 207	3 880	-43%
Delfi Latvia	28 058	46 556	1 793	2 975	-40%
Delfi Lithuania	45 156	55 731	2 886	3 562	-19%
Delfi Ukraine	44	51	3	3	0%
Other	11 146	15 957	711	1 021	-30%
Inter-segment eliminations	(645)	(16 523)	(40)	(1 056)	96%
<b>TOTAL</b>	<b>118 292</b>	<b>162 484</b>	<b>7 560</b>	<b>10 385</b>	<b>-27%</b>

\* The inter-segment revenues eliminated

EBITDA

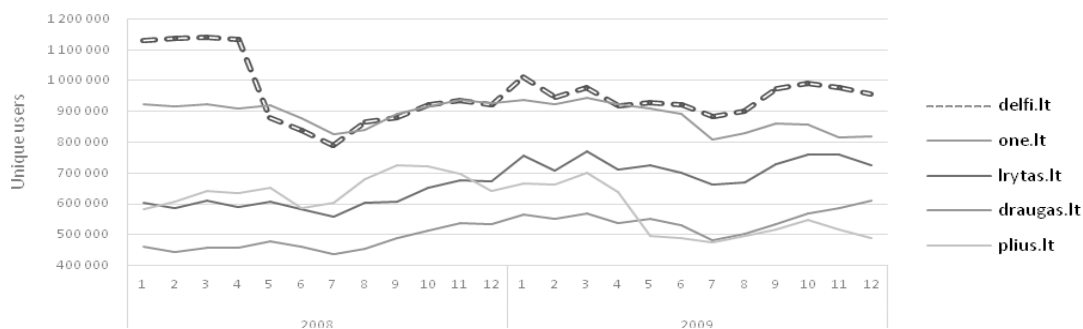
(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Delfi Estonia	2 175	28 847	139	1 844	-92%
Delfi Latvia	(2 611)	12 583	(167)	804	-121%
Delfi Lithuania	1 440	11 206	92	716	-87%
Delfi Ukraine	(5 279)	(2 237)	(337)	(143)	-136%
Other	(2 778)	(6 562)	(178)	(419)	58%
Inter-segment eliminations	150	(14 112)	10	(902)	101%
<b>TOTAL</b>	<b>(6 903)</b>	<b>29 725</b>	<b>(441)</b>	<b>1 900</b>	<b>-123%</b>

List of newssites owned by Ekspress Grupp

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

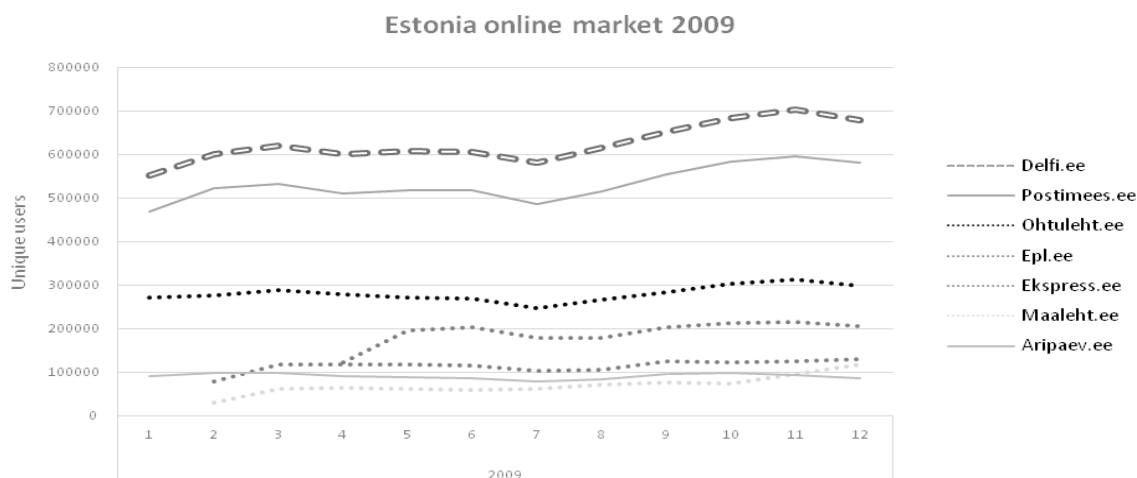
The total number of Ekspress Grupp web sites unique users in 2009 reached 3.4 million monthly. This is 28% more than in December 2008. In the Baltics the total monthly number of unique users in December 2009 was 3.01 million. The largest growth experienced Delfi.ua (814%) and Maaleht.ee (197%)

Lithuania online market 2008-2009





In Lithuania Delfi is the most visited web site. In 2009 there was further increase by 4% and the total monthly number of unique users reached 954 819 people.



In Estonia Delfi is the most visited site, but in 2009 the number of unique users still increased by 24%. By the end of 2009 Delfi had in Estonia 678 121 monthly unique users.



In Latvia Delfi is third largest site by the number of visitors, but the largest newsportal. In 2009 the number of unique users increased by 6%. By the end of 2009 Delfi had in Latvia 653 743 monthly unique users.



While small in relative terms, Ukraine's internet media market is growing fast and exhibits some of the largest growth opportunities ahead. Most of the traffic is concentrated in the capital, Kyiv. The upside potential for the internet is big. The Ukrainian internet market according to the Group management estimates was 8.6 million EUR in 2008 and 9.5 million EUR in 2009

### Publishing segment 2009

Publishing segment includes newspaper and magazine publishing of Eesti Päevalehe AS, AS Eesti Ajalehed (Maaleht and Eesti Ekspress), AS SL Õhtuleht, AS Linnaleht, UAB Express Leidyba and AS Ajakirjade Kirjastus.

All newspaper and magazine publishing units (except AS Linnaleht) of Ekspress Grupp are also publishing books.

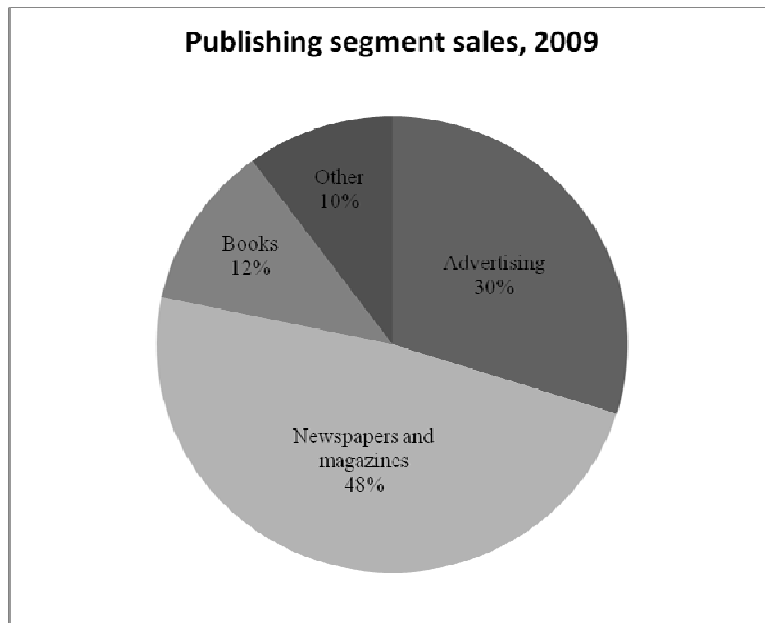
Revenues (thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Eesti Päevalehe AS**	63 155	83 146	4 036	5 314	-24%
Eesti Ajalehed AS	88 530	130 011	5 658	8 309	-32%
AS Maaleht	36 645	56 922	2 342	3 638	-36%
SL Õhtuleht AS**	57 199	71 632	3 656	4 578	-20%
AS Ajakirjade Kirjastus**	75 147	110 836	4 803	7 084	-32%
UAB Ekspress Leidyba	55 216	80 529	3 529	5 147	-31%
AS Express Post**	39 590	40 901	2 531	2 612	-3%
Inter-segment eliminations	(19 224)	(20 772)	(1 229)	(1 326)	7%
<b>TOTAL</b>	<b>396 258</b>	<b>553 205</b>	<b>25 326</b>	<b>35 356</b>	<b>-28%</b>

\* The inter-segment revenues eliminated

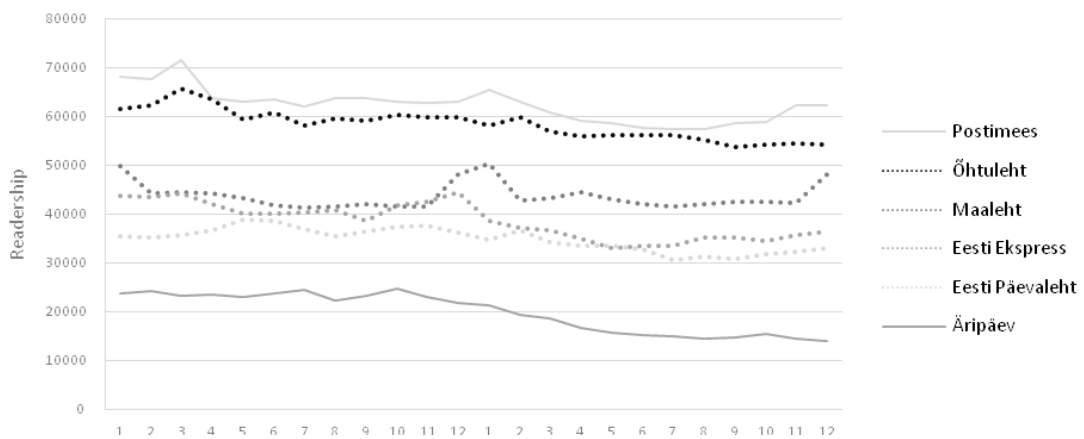
\*\* proportional part from joint ventures

EBITDA (thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Eesti Päevalehe AS**	(1 108)	4 497	(71)	287	-125%
Eesti Ajalehed AS	1 466	25 415	94	1 624	-94%
AS Maaleht	1 955	4 819	125	308	-59%
SL Õhtuleht AS**	7 853	12 724	502	813	-38%
AS Ajakirjade Kirjastus	364	6 966	23	445	-95%
UAB Ekspress Leidyba	2 284	1 892	146	121	21%
AS Express Post**	4 814	2 977	307	189	62%
Inter-segment eliminations	(7 248)	(123)	(463)	(6)	-7617%
<b>TOTAL</b>	<b>10 380</b>	<b>59 167</b>	<b>663</b>	<b>3 781</b>	<b>-82%</b>

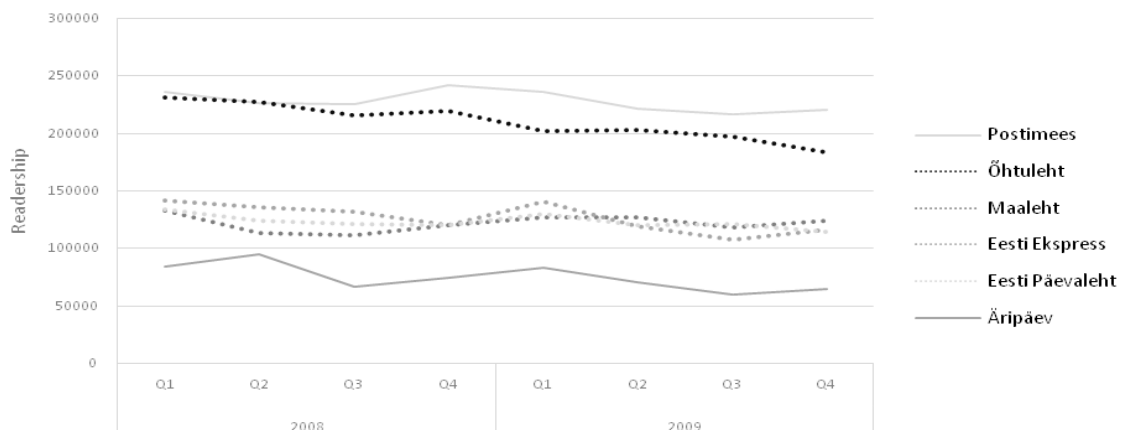
\*\* proportional part from joint ventures



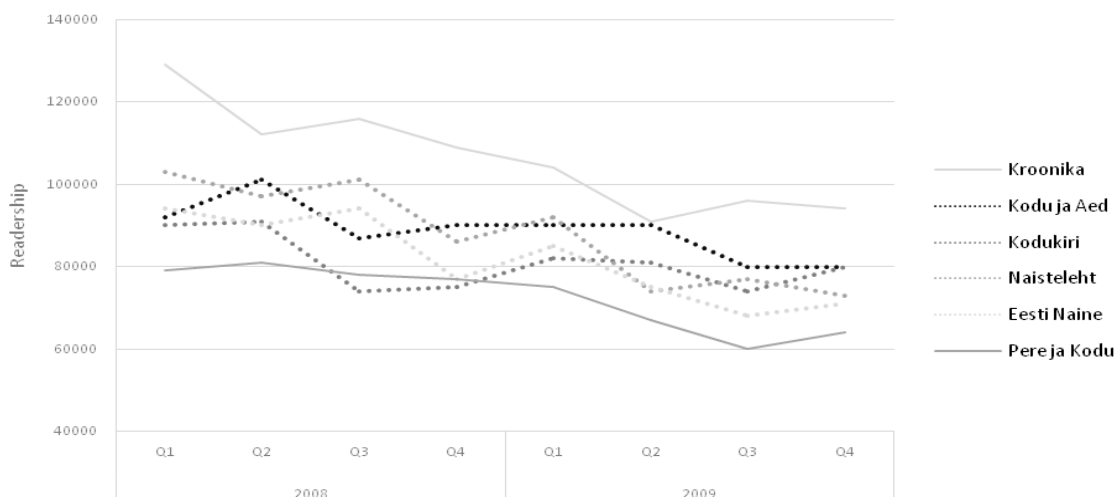
Estonian Newspaper circulation 2008-2009



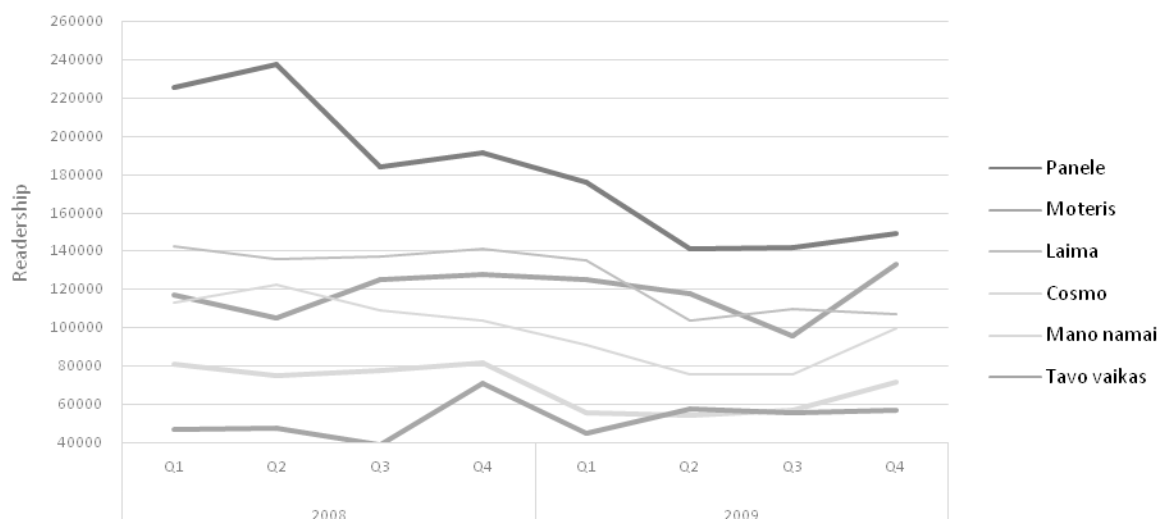
Estonian Newspaper readership 2008-2009



**Estonian Magazines readership 2008-2009**



**Lithuania Magazines readership 2008-2009**



The publishing segment was seriously affected in 2009 by economic recession. Both the circulation and advertising revenues were in decline. The newspaper circulation market declined 15% and advertising market 42%.

The Group publishing units responded to the trend with different classical countermeasures like cutting labor costs and reducing the number of pages. The Group also decided to merge Maaleht and Eesti Ekspress to one company – AS Eesti Ajalehed. This allowed to cut management costs and reach more synergy in advertising sales.

Ajakirjade Kirjastus merged in September magazines Anne and Stiil to a new title Anne&Stiil.

In January 2009 Ekspress Leidyba closed life style magazine Sveika! and sold in June crossword titles.

But there were also a number of creative actions:

- Eesti Päevaleht launched very successful historical novel series of 50 books with very cheap price and allowed just for to subscribers to buy the books. It supported the circulation, but also generated good profits from book sales.
- Eesti Päevaleht launched e-shop what already from third month started to generate profit. A number of advertisers joined the project and share the revenues with Eesti Päevaleht.
- Maaleht changed in February its layout. Now it is more colorful and modern.
- In October Eesti Ekspress celebrated its 20<sup>th</sup> birthday and related to this subscription promotion campaign. The campaign attracted over 4000 new subscribers what is more than 10% of subscription base.
- In November Eesti Ajalehed AS started a new periodical publication “Who is who”.
- In 4<sup>th</sup> quarter Õhtuleht started a new real estate advertising supplement.
- In 4<sup>th</sup> quarter Ajakirjade Kirjastus started 2 new titles: “Käsityö” for Finnish market and Tvojo TV for Estonian Russian speaking market.
- In December Ajakirjade Kirjastus had subscription promotion campaign what attracted almost 13000 new subscribers.

Publishing segment also includes **periodicals distribution activities**. Those activities are concentrated to AS Express Post where the Ekspress Grupp ownership is 50%.

2009 was the best ever year for Express Post. Both the business results and the delivery accuracy were better than on previous years. The growth engine have been direct mailing clients as because of recession many advertisers switched from display and print advertising to direct mail. In April 2009 Estonian regular mail market was also opened for competition and Express Post could also enter to this business.

### Printing services segment 2009

All the printing services of Ekspress Grupp are concentrated to AS Printall what is the largest printing company in Estonia. Printall is able to print both newspapers (coldest) and magazines (heatset).

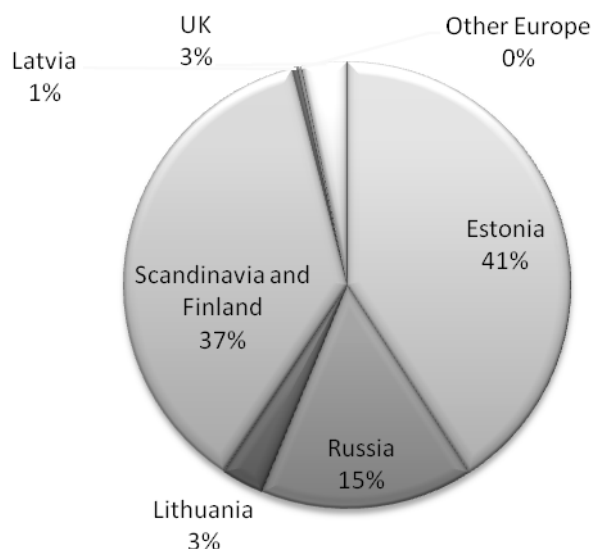
#### Revenues

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
AS Printall	355 125	422 997	22 697	27 034	-16%

#### EBITDA

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
AS Printall	59 554	88 402	3 806	5 650	-33%

### Printing revenue split, geographical



Printall has managed to maintain a relatively stable customer base including approximately 300 customers in total. In 2009 63 clients generated 80% of the revenues. The most important customers are: in Estonia Ajakirjade Kirjastus, Eesti Päevaleht and Eesti Ekspress; in Russia: Fishpress and Rovesnik; in Finland: Sanoma; in Sweden: Next world Sverige and Hjemmet Mortensen; in Norway: Symbolon Forlag.

Printall has exported printing services for almost ten years. It provides printing services for customers in Russia, Finland, Sweden, Norway, the Netherlands, United Kingdom, Latvia and Lithuania.

The share of exports in revenues in 2009 was 59,2%. The sales to Russia decreased by 30,1% and sales to Western Europe increased by 20,6% compared to 2008.

Starting from March 2009 Printall is also printing all the magazines Ekspress Grupp is publishing in Lithuania.

### Book sales segment 2009

The book sales of Ekspress Grupp have been concentrated to Rahva Raamat AS. In February 2010 the agreement was signed to sell the company to the management of Rahva Raamat AS. The agreed sales price is 33 million EEK (EUR 2,1 million).

#### Revenues

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Rahva Raamat AS	188 575	207 790	12 052	13 280	-9%

#### EBITDA

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Rahva Raamat AS	3 427	7 176	219	459	-52%

### **Information services (discontinued operations)**

In earlier reports Ekspress Grupp also had information services segment and all the segment activities were concentrated to AS Ekspress Hotline and its subsidiaries. In April 23, 2009 Ekspress Grupp and OÜ Cheh (manager of BaltCap investment funds) signed agreement to sell 100% of AS Ekspress Hotline shares to OÜ Cheh. The transaction was completed on 25 February 2010 and the control over AS Ekspress Hotline and its subsidiaries was assigned to buyer.

### **Management view on 2010**

The Group's strategic objective is to become the leading media group in the Baltic States, and to continue developing its existing operations by expanding into new media formats and new markets.

The Group intends to achieve its strategic objectives by:

- ***Focusing on producing content and delivering it through different channels.*** Management believes that the core competence and core business of Ekspress Grupp is to produce media content – news, educational content, entertaining content, etc.
- ***Consolidating online operations.*** Internet-based media is the fastest growing media sector. The Group has the largest Baltic online company Delfi. But the Group also has many other online activities in other subsidiaries. These comprise online versions of the newspaper and magazine titles, online telephone directories and portals for classified advertising. Management is seeking to consolidate some of those under Delfi brand and will seek for more synergies and cross-promotion between all those ventures. Management will develop online media as its primary business line and will take advantage of rapidly growing trend of user generated content.
- ***Maintaining newspaper and magazine circulation.*** Management believes that stable circulation figures of the newspapers and magazines of the Group and its affiliates are essential in order for the Group to increase again after the economic recession its advertising revenues. Management intends to continue focusing on editorial quality and continue promotion campaigns both in the publications of the Group and its affiliates and in media owned by third parties, in order to ensure continued interest towards its publications.
- ***Developing new channels.*** Management is also preparing to deliver printed newspapers and magazines through different electronic carriers (e-book readers, tablet pc-s and mobile phones) for the paid subscription or pay-per-view model.
- ***Growing the business in the Baltic States and Ukraine.*** Management plans to strengthen the Group's presence in Estonia, Latvia, Lithuania and Ukraine. The Group's online company Delfi is present in all those markets, but the Management thinks that there are remarkable organic growth opportunities as well as good prospects for cheap acquisitions.
- ***Maintaining control over key support functions.*** Management considers the control of the printing and distribution one of its key long-term strategies. The Printall printing facility gives the Group the operational flexibility to deal with unexpected print run fluctuations and to ensure the quality of printing. Owning a significant minority interest in Medipresa, a Lithuanian magazine wholesaler enables the Group to ensure the timely delivery of its magazines and to reach all key retail outlets in Lithuania. Management

believes that these are both key factors in enhancing circulation. Similarly, the Group's 50 per cent interest in the delivery company Express Post is vitally important. Express Post is the only postal delivery company in Estonia that has the capacity to meet the requirements of the Group for an early morning delivery in a cost-efficient way.

- **Controlling and reducing costs.** In 2008 and 2009 because of economic recession advertising revenues of the Group have declined dramatically. In response the Group has been cutting costs and will reduce the cost level even further. Management takes the situation as opportunity to restructure operations, merge business units, disinvest from non-strategic businesses, etc.
- **Improving financial situation.** Related with the purchase of Delfi in 2007 the Group is highly leveraged. To improve the situation the Group has sold in 2010 Ekspress Hotline and its subsidiaries and Rahva Raamat. Management is considering also sale and lease-back of some real estate assets. Management has negotiated with the lenders to restructure its debt with an aim to secure the principal payments and offer more comfort for both banks and investors. The agreement was reached and signed in February 2010.

## Employees

As of the end of December 2009, Ekspress Group employed 2 037 people (As of 31 December 2008: 2 393 people). The average number of employees in 2009 was 2 115 (2008: 2 375). In 2009, the personnel costs of the Ekspress Group totalled EEK 321.5 million (EUR 20.5 million), (2008: EEK 361.6 million (EUR 23.1 million))\*.

\*proportional part from joint ventures

## Number of employees by segments

Segment	Number of employees		Average number of employees	
	31.12.2009	31.12.2008	2009	2008
Online media	197	197	196	190
Periodicals	1 381	1 622	1 425	1 648
Printing services	185	211	196	212
Book sales	106	134	105	94
Information services (discontinued)	161	221	186	224
Other segments	7	8	7	7
<b>Total</b>	<b>2 037</b>	<b>2 393</b>	<b>2 115</b>	<b>2 375</b>

## Shares and shareholders of Ekspress Group

The share capital of the public limited company is EEK 208 488 410 (EUR 13 324 738) which consists of the shares with the nominal value of EEK 10 ( EUR 0.6). All shares are of one type and there are no ownership restrictions.

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 between the shareholders, they are only known to the extent that is related to pledged securities and is public information.

The following persons have significant holdings in AS Ekspress Group as of 31 December 2009:



- Hans Luik who controls 14 243 812 shares which makes up 68.32% of the share capital of the public limited company.
- ING Luxembourg S.A whose customers hold 2 083 159 shares which makes up 9.99% of the share capital of the public limited company.

The information given in the table is calculated on the basis of shareholdings as at the date of 31.12.2009

Name	Number of shares	%
ING Luxembourg S.A.	2 083 159	9,99%
Members of Management and Supervisory Boards and their immediate family members		
Hans Luik	10 766 800	51,64%
Hans Luik, OÜ HHL Rühm	3 470 036	16,64%
Hans Luik , OÜ Minigert	6 900	0,03%
Hans Luik, Selle Luik	76	0,00%
Gunnar Kobin, OÜ Griffen SVP	240 385	1,15%
Ville Jehe, OÜ Octoberfirst	55 656	0,27%
Viktor Mahhov, OÜ Flexinger	33 910	0,16%
Härmo Värk, Holderstone OÜ	10 000	0,05%
Other minority shareholders	4 181 919	20,06%
<b>Total</b>	<b>20 848 841</b>	<b>100,00%</b>

The public limited company does not have any shares granting specific rights of control.  
 The public limited company does not possess information on agreements with regard to restrictions on the voting rights of shareholders.

### Share information

The share price in Estonian kroons and trading statistics on OMX Tallinn Stock Exchange from 1 January to 31 December 2009.



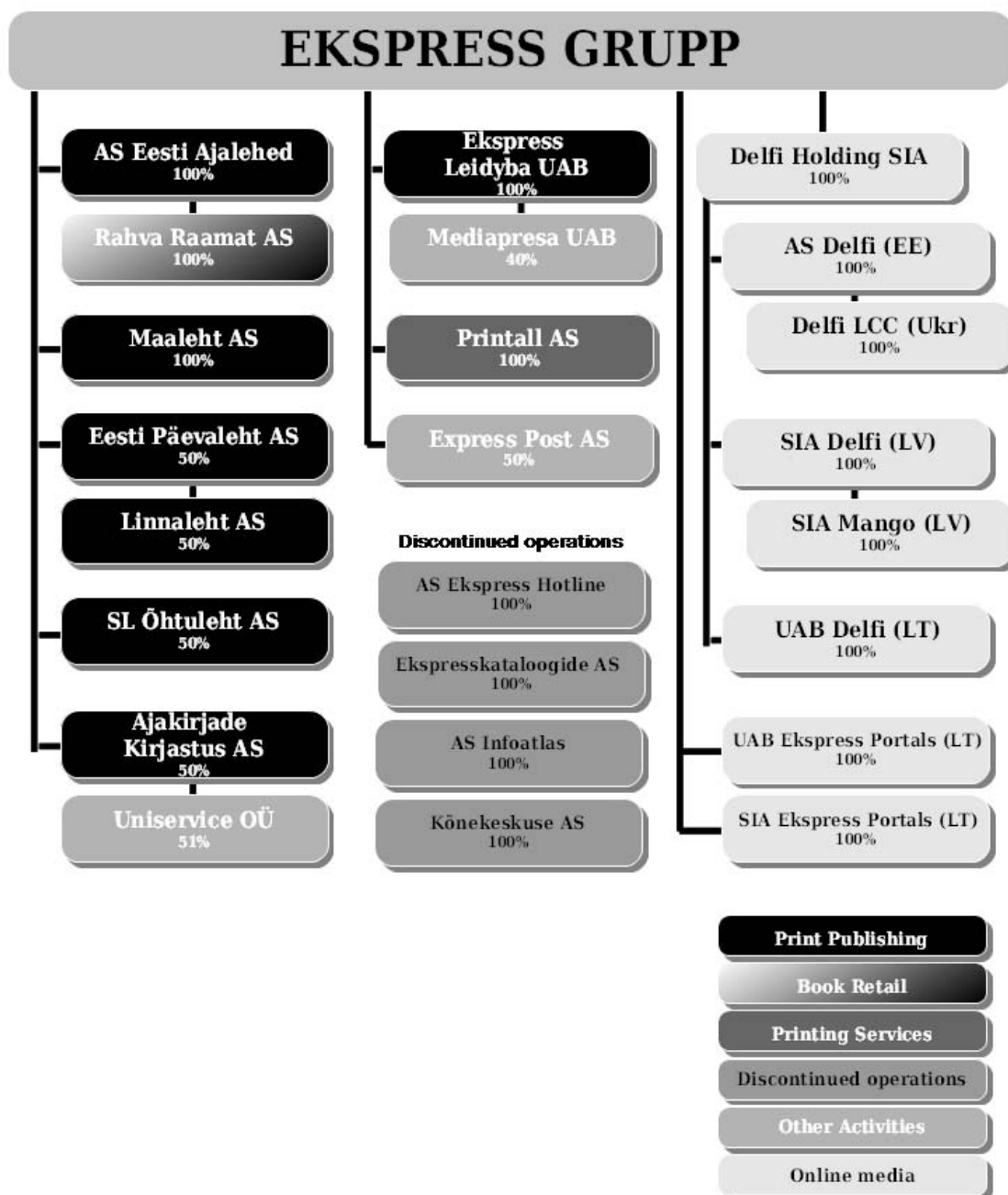
The share price in Estonian kroons and trading statistics on OMX Tallinn Stock Exchange from 1 January to 31 December 2008.



Security trading history

Price	2009		2008	
	EEK	EUR	EEK	EUR
Open	12,20	0,78	72,13	4,61
High	23,47	1,50	72,44	4,63
Low	6,10	0,39	10,17	0,65
Traded volume (shares)	2 461 534	2 461 534	3 503 571	3 503 571
Turnover, million	34,05	2,18	133,93	8,56
Capitalisation, million	336,00	21,47	234,50	14,99

## Ekspress Grupp Structure



### Key financial indicators of Ekspress Group 2008-2009

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Accounting period</b>				
Sales	983 530	1 254 851	62 859	80 200
Gross profit	165 740	302 205	10 593	19 315
Operating profit (loss)	(98 745)	112 353	(6 309)	7 181
Net profit (loss) for the period	(189 014)	45 981	(12 079)	2 939
<b>At the end of the period</b>				
	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Total current assets	216 141	286 720	13 812	18 325
Assets of discontinued operations	93 457	0	5 973	0
Total non-current assets	1 180 248	1 419 812	75 431	90 741
<b>Total assets</b>	<b>1 489 846</b>	<b>1 706 532</b>	<b>95 216</b>	<b>109 066</b>
Short-term liabilities	426 761	458 130	27 275	29 279
Liabilities of discontinued operations	17 231	0	1 101	0
Long-term liabilities	597 068	637 529	38 159	40 745
<b>Total liabilities</b>	<b>1 041 060</b>	<b>1 095 659</b>	<b>66 535</b>	<b>70 024</b>
Total equity	448 786	610 873	28 681	39 042

### Performance indicators

(%)		2009	2008
Sales growth (%)	$(\text{sales 12 months 2009} - \text{sales 12 months 2008}) / \text{sales 12 months 2008} * 100$	-22%	16%
Gross profit margin (%)	$\text{gross profit} / \text{sales} * 100$	17%	24%
Net profit margin (%)	$\text{net profit} / \text{sales} * 100$	-19%	4%
Equity ratio (%)	$\text{equity} / (\text{equity} + \text{debt}) * 100$	30%	36%
ROA (%)	$\text{net profit} / \text{average assets} * 100$	-12%	3%
ROE (%)	$\text{net profit} / \text{average equity} * 100$	-32%	8%
Operating profit margin (%)	$\text{operating profit} / \text{sales} * 100$	-10%	9%
Liquidity ratio	$\text{current assets} / \text{current liabilities}$	51%	63%
Debt equity ratio (%)	$\text{interest bearing liabilities} / \text{equity} * 100$	170%	142%
Financial leverage (%)	$\text{interest bearing liabilities} - \text{cash and cash equivalents} / \text{interest bearing liabilities} + \text{equity} * 100$	60%	55%
Earnings per share	$\text{net profit} / \text{average number of shares}$		
		EEK	2,42
		EUR	0,15

### Revenue by Group companies\*

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Eesti Ajalehed AS***	93 676	134 982	5 987	8 627	-31%
Delfi consolidated	107 702	147 477	6 883	9 425	-27%
AS Printall	355 125	422 997	22 697	27 034	-16%
AS Maaleht***	36 645	56 922	2 342	3 638	-36%
UAB Ekspress Leidyba	55 216	80 529	3 529	5 147	-31%
Rahva Raamat AS	188 571	207 790	12 052	13 280	-9%
Eesti Päevalehe AS**	131 026	175 054	8 374	11 188	-25%
AS SL Õhtuleht**	121 508	151 124	7 766	9 659	-20%
AS Express Post**	79 180	81 800	5 061	5 228	-3%
AS Ajakirjade Kirjastus**	150 294	221 672	9 606	14 167	-32%
AS Linnaleht	16 876	29 506	1 079	1 886	-43%
UAB Medipresa	143 669	154 330	9 182	9 863	-7%

\*with intergroup transactions uneliminated

\*\*joint ventures 100%

\*\*\*AS Maaleht operations were transferred to Eesti Ajalehed AS during the year

### EBITDA by Group Companies \*

(thousand)	EEK		EUR		Change %
	2009	2008	2009	2008	
Eesti Ajalehed AS	(3 904)	11 172	(250)	714	-135%
Delfi consolidated	2 109	36 231	135	2 316	-94%
AS Printall	59 554	88 402	3 806	5 432	-30%
AS Maaleht	1 955	4 819	125	308	-59%
UAB Ekspress Leidyba	2 284	1 892	146	121	21%
Rahva Raamat AS	3 427	7 176	219	459	-52%
Eesti Päevalehe AS**	(3 364)	10 022	(215)	641	-134%
AS SL Õhtuleht**	16 662	27 250	1 065	1 742	-39%
AS Express Post**	9 630	5 954	615	381	62%
AS Ajakirjade Kirjastus**	728	13 932	47	890	-95%
AS Linnaleht	190	(1 049)	12	(67)	118%
UAB Medipresa	907	359	58	23	153%

\*with intergroup transactions uneliminated

\*\*joint ventures 100%

## REPORT OF CORPORATE GOVERNANCE CODE

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

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

### Clause 2.2.7 of CGC

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

Group discloses the total amount of the remuneration paid to the members of the Supervisory Board and the Management Board, but not the remuneration of each member individually. The Group does not disclose the basic salary, performance pay, compensation for termination of contract and other benefits, bonus systems and their important features, because those constitute sensitive information for the members of the Management Board and the disclosure of such information is not inevitably necessary for judgment of the company's management quality. Neither does the Group wish to disclose such information to its competitors.

Upon termination of contract, a member of Management Board is paid compensation in accordance with the conditions prescribed in the contract of service concluded with the member. Compensation for termination of contract with members of the Management Board are payable only in the case if termination is initiated by the company. If a member of the Management Board is removed without a good reason, compensation for termination of contract is paid in the amount of four months' salary. No compensation for termination of employment relationship is paid if a member of the Management Board leaves at his or her own initiative, or a member of the Management Board is removed by a member of the Supervisory Board with a good reason.

### Clause 2.3.2 of CGC

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

In 2009, no significant transactions were made between the Group and a member of the Management Board.

### Clause 3.2.5 of CGC

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

In 2009, no remunerations were determined to members of the Supervisory Board. The annual General Meeting held on 2 June 2009 approved the payment of guarantee fee to Hans Luik of 1,5% p.a. on the guarantee amount for the personal guarantee of EUR 4 000 000 on loan agreement and overdraft agreements concluded between AS Ekspress Grupp and SEB Bank, Danske Bank AS Eesti branch and Nordea Bank Finland Plc Eesti branch. The fee is payable until the maturity date of the guarantee.

## **Election and authority of the governing bodies of Ekspress Group**

### **General Meeting**

The General Meeting is the highest directing body of Ekspress Group. An annual General Meeting shall be held once a year not later than six months after the end of the financial year. A special General Meeting shall be called in the cases prescribed by law.

The annual General Meeting of Ekspress Group for 2009 was held on 2 June 2009 at the address Narva mnt. 11E, Tallinn. The General Meeting approved Ekspress Group's 2008 annual report, profit distribution proposal and the payment of guarantee fee to Hans Luik.

### **Supervisory Board**

The Supervisory Board of the Company plans the activities of the Company, organise the management of the Company and supervise the activities of the Management Board.

In accordance with the articles of association, the Supervisory Board shall comprise three to seven members. The number of members shall be determined by the General Meeting. Members of the Supervisory Board shall be elected by the General Meeting for a term of five years.

The Supervisory Board of Ekspress Group has seven members. The Supervisory Board comprises the Chairman of the Supervisory Board Viktor Mahhov and members of the Supervisory Board Hans H Luik, Kalle Norberg, Härmo Värk, Harri Helmer Roschier, Ville Jehe and Antti Partanen.

In 2009, seven meetings of the Supervisory Board were held.

### **Management Board**

Authorities of the Management Board of the company are specified in the Commercial Code and those are limited to the extent determined in the articles of association of the Company. The Management Board of Ekspress Group does not have any right to issue shares of the Company.

Election of members of the Management Board is in the competence of the company. Members of the Management Board shall be elected for a term of up to three years. In order to elect and remove members of the Management Board, simple majority of the Supervisory Board is required. In order to resign from the position as a member of the Management Board, the member shall give one month's notice to the Supervisory Board of the company.

There are no agreements between Ekspress Group and members of the Management Board which would deal with benefits in connection with takeover of a public limited company provided for in Chapter 19 of the Securities Market Act.

In accordance with the articles of association, the Management Board shall comprise one to five members.

The Management Board of Ekspress Group has three members. The Management Board comprises Chairman of the Management Board Gunnar Kobin, and members of the Management Board Erle Oolup and Andre Veskimeister. At the meetings of Supervisory Board held on 3 September 2009, Priit Leito was removed from the position as a Chairman of the Management Board and Gunnar Kobin was elected as a new Chairman of the Management



Board. At the meetings of Supervisory Board held on 22 September 2009, Anne Kallas and Kaido Ulejev were removed from the position as members of the Management Board and Erle Oolup and Andre Veskimeister were elected as new members of the Management Board.

Upon takeover of the company pursuant to Chapter 19 of the Securities Market Act, the current co-shareholder in companies AS SL Õhtuleht, AS Ajakirjade Kirjastus and AS Express Post, where the company has a shareholding, has the right to acquire at a fair price the shareholding of the company in the aforementioned companies.

## CONSOLIDATED FINANCIAL STATEMENTS

### MANAGEMENT BOARD'S CONFIRMATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of Ekspress Grupp Group 2009 consolidated financial statements as presented on pages 26 to 93.

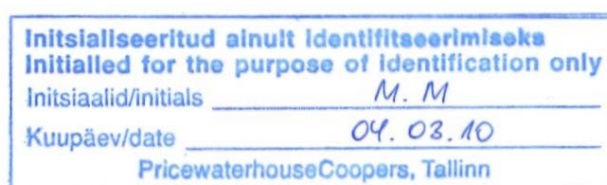
The Management Board confirms that:

1. the accounting policies and presentation of information is in compliance with International Financial Reporting Standards as adopted by the European Union;
2. the financial statements present a true and fair view of the financial position, the results of the operations and the cash flows of the Group;
3. all Group companies are going concerns.

Gunnar Kobin            Chairman of the Management Board   signed digitally   04 March 2010

Erle Oolup            Member of the Management Board   signed digitally   04 March 2010

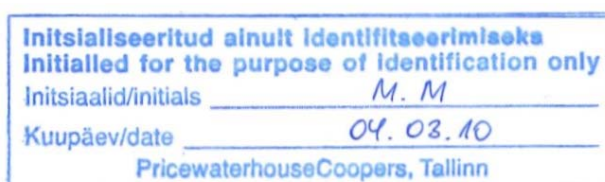
Andre Veskimeister   Member of the Management Board   signed digitally   04 March 2010



## Consolidated statement of financial position

(thousand)	EEK		EUR		Notes
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	39 953	46 388	2 553	2 965	5
Other financial assets at fair value through profit or loss	892	8 025	57	513	6
Trade and other receivables	120 136	166 649	7 677	10 651	7
Inventories	55 160	65 658	3 525	4 196	11
<b>Total current assets</b>	<b>216 141</b>	<b>286 720</b>	<b>13 812</b>	<b>18 325</b>	
<b>Assets of discontinued operations</b>	<b>93 457</b>	<b>0</b>	<b>5 973</b>	<b>0</b>	14
<b>Non-current assets</b>					
Trade and other receivables	5 697	4 218	364	268	12
Investments in associates	640	302	41	19	16
Investment property	6 360	12 341	406	789	17
Property, plant and equipment	345 938	389 572	22 109	24 898	18
Intangible assets	821 613	1 013 379	52 511	64 767	19
<b>Total non-current assets</b>	<b>1 180 248</b>	<b>1 419 812</b>	<b>75 431</b>	<b>90 741</b>	
<b>TOTAL ASSETS</b>	<b>1 489 846</b>	<b>1 706 532</b>	<b>95 216</b>	<b>109 066</b>	
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>					
<b>Liabilities</b>					
<b>Current liabilities</b>					
Borrowings	143 093	176 219	9 145	11 262	21
Trade and other payables	283 668	281 911	18 130	18 017	20
<b>Total current liabilities</b>	<b>426 761</b>	<b>458 130</b>	<b>27 275</b>	<b>29 279</b>	
<b>Liabilities of discontinued operations</b>	<b>17 231</b>	<b>0</b>	<b>1 101</b>	<b>0</b>	14
<b>Non-current liabilities</b>					
Borrowings	583 047	627 811	37 263	40 124	21
Other long term liabilities	28	163	2	10	
Derivative instruments	13 993	9 555	894	611	33
<b>Total non-current liabilities</b>	<b>597 068</b>	<b>637 529</b>	<b>38 159</b>	<b>40 745</b>	
<b>Total liabilities</b>	<b>1 041 060</b>	<b>1 095 659</b>	<b>66 535</b>	<b>70 024</b>	
<b>Equity</b>					
Capital and reserves attributable to equity holders of the Parent company					
Share capital	208 488	189 711	13 325	12 125	
Share premium	192 883	183 495	12 327	11 727	
Reserves	(313)	4 125	(20)	264	
Retained earnings	45 805	231 899	2 927	14 821	
Currency translation reserve	1 635	1 355	104	87	
<b>Total capital and reserves attributable to equity holders of the Parent company</b>	<b>448 498</b>	<b>610 585</b>	<b>28 663</b>	<b>39 024</b>	
Minority interest	288	288	18	18	
<b>Total equity</b>	<b>448 786</b>	<b>610 873</b>	<b>28 681</b>	<b>39 042</b>	32
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 489 846</b>	<b>1 706 532</b>	<b>95 216</b>	<b>109 066</b>	

The Notes presented on pages 31 to 93 form an integral part of the consolidated financial statements



## Consolidated statement of comprehensive income

(thousand)	EEK		EUR		Notes
	2009	2008*	2009	2008*	
Sales	983 530	1 254 851	62 859	80 200	25
Costs of sales	817 790	952 646	52 266	60 885	26
<b>Gross profit</b>	<b>165 740</b>	<b>302 205</b>	<b>10 593</b>	<b>19 315</b>	
Marketing expenses	40 480	54 853	2 587	3 506	27
Administrative expenses	129 728	141 395	8 291	9 037	28
Impairment of goodwill	91 445	0	5 844	0	19
Other income	5 490	10 170	352	650	29
Other expenses	8 322	3 774	532	241	29
<b>Operating profit (loss)</b>	<b>(98 745)</b>	<b>112 353</b>	<b>(6 309)</b>	<b>7 181</b>	
Financial income	1 979	2 998	126	192	30
Financial expenses	(47 767)	(62 242)	(3 053)	(3 978)	30
<b>Net financial expenses</b>	<b>(45 788)</b>	<b>(59 244)</b>	<b>(2 927)</b>	<b>(3 786)</b>	28
Share of profit (loss) of associates	189	(627)	12	(40)	16
<b>Profit (loss) before income tax</b>	<b>(144 344)</b>	<b>52 482</b>	<b>(9 224)</b>	<b>3 355</b>	
Income tax expense	(3 960)	(4 455)	(253)	(285)	9
<b>Profit (loss) for the year from continuing operations</b>	<b>(148 304)</b>	<b>48 027</b>	<b>(9 477)</b>	<b>3 070</b>	
Loss for the year from discontinued operations	(40 710)	(2 046)	(2 602)	(131)	14
<b>Profit (loss) for the year</b>	<b>(189 014)</b>	<b>45 981</b>	<b>(12 079)</b>	<b>2 939</b>	
<b>Attributable to:</b>					
Equity holders of the Parent company	(189 014)	45 962	(12 079)	2 938	
Minority interest	0	19	0	1	
<b>Other comprehensive income</b>					
Currency translation differences	280	875	17	56	
Hedging reserve	(4 438)	(9 555)	(284)	(611)	33
Reclassification of investment property	0	3 414	0	218	17
<b>Other comprehensive income (expense) for the year</b>	<b>(4 158)</b>	<b>(5 266)</b>	<b>(267)</b>	<b>(337)</b>	
<b>Total comprehensive income (expense) for the year</b>	<b>(193 172)</b>	<b>40 696</b>	<b>(12 346)</b>	<b>2 601</b>	
<b>Attributable to:</b>					
Equity holders of the Parent company	(193 172)	40 677	(12 346)	2 600	
Minority interest	0	19	0	1	
Basic and diluted earnings per share for profit attributable to the equity holders of the Parent company from continuing operations	(7,13)	2,53	(0,46)	0,16	32
Basic and diluted earnings per share for profit attributable to the equity holders of the Parent company from discontinued operations	(1,96)	(0,11)	(0,13)	(0,01)	32

\*2008 figures adjusted for discontinued operations

The Notes presented on pages 31 to 93 form an integral part of the consolidated financial statements

## Consolidated statement of changes in equity

th EEK	Attributable to equity holders of the parent company						Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currency translation reserve	Total		
<b>Balance on 31.12.2007</b>	<b>189 711</b>	<b>183 495</b>	<b>10 222</b>	<b>185 981</b>	<b>480</b>	<b>569 889</b>	<b>953</b>	<b>570 842</b>
Total comprehensive income	0	0	(6 141)	45 962	875	40 696	19	40 715
Reserve capital increase	0	0	44	(44)	0	0	0	0
Change of minority interest	0	0	0	0	0	0	(684)	(684)
<b>Balance on 31 .12.2008</b>	<b>189 711</b>	<b>183 495</b>	<b>4 125</b>	<b>231 899</b>	<b>1 355</b>	<b>610 585</b>	<b>288</b>	<b>610 873</b>
Total comprehensive income	0	0	(4 438)	(189 014)	280	(193 172)	0	(193 172)
Cancellation of share options	0	0	0	2 920	0	2 920	0	2 920
Share capital increase	18 777	9 388	0	0	0	28 165	0	28 165
<b>Balance on 31 .12.2009</b>	<b>208 488</b>	<b>192 883</b>	<b>(313)</b>	<b>45 805</b>	<b>1 635</b>	<b>448 498</b>	<b>288</b>	<b>448 786</b>

th EUR	Attributable to equity holders of the parent company						Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currency translation reserve	Total		
<b>Balance on 31.12.2007</b>	<b>12 125</b>	<b>11 727</b>	<b>653</b>	<b>11 886</b>	<b>31</b>	<b>36 422</b>	<b>61</b>	<b>36 483</b>
Total comprehensive income	0	0	(392)	2 938	56	2 602	1	2 603
Reserve capital increase	0	0	3	(3)	0	0	0	0
Change of minority interest	0	0	0	0	0	0	(44)	(44)
<b>Balance on 31 .12.2008</b>	<b>12 125</b>	<b>11 727</b>	<b>264</b>	<b>14 821</b>	<b>87</b>	<b>39 024</b>	<b>18</b>	<b>39 042</b>
Total comprehensive income	0	0	(284)	(12 081)	17	(12 348)	0	(12 348)
Cancellation of share options	0	0	0	187	0	187	0	187
Share capital increase	1 200	600	0	0	0	1 800	0	1 800
<b>Balance on 31 .12.2009</b>	<b>13 325</b>	<b>12 327</b>	<b>(20)</b>	<b>2 927</b>	<b>104</b>	<b>28 663</b>	<b>18</b>	<b>28 681</b>

Further information on share capital and reserves can be found in Note 32.

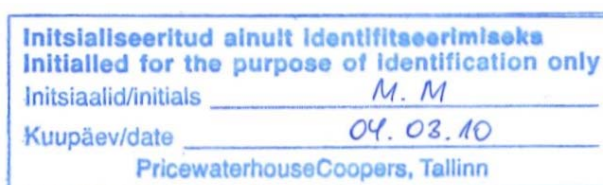
The Notes presented on pages 31 to 93 form an integral part of the consolidated financial statements

## Consolidated cash flow statement

(thousand)	EEK		EUR		Notes
	2009	2008*	2009	2008*	
<b>Cash flows from operating activities from continuing operations</b>					
Operating profit (loss) for the period	(98 745)	112 353	(6 309)	7 181	
Adjustments for:					
Depreciation, amortization and impairment of property, plant and equipment and intangibles	150 251	59 056	9 603	3 774	17,18,19
Profit (loss) on sale and writedowns of property, plant and equipment	1 015	224	65	14	
<b>Changes in working capital:</b>					
Trade and other receivables	40 814	(3 093)	2 608	(198)	
Inventories	7 031	(32)	449	(2)	
Trade and other payables	21 215	(485)	1 356	(31)	
<b>Cash generated from operations</b>	<b>121 581</b>	<b>168 023</b>	<b>7 770</b>	<b>10 739</b>	
Income tax paid	(6 135)	(4 455)	(392)	(285)	
Interest paid	(45 783)	(58 054)	(2 926)	(3 710)	
<b>Net cash generated from operating activities from continuing operations</b>	<b>69 663</b>	<b>105 514</b>	<b>4 452</b>	<b>6 744</b>	
<b>Net cash used in operating activities from discontinued operations</b>	<b>(1 235)</b>	<b>(516)</b>	<b>(79)</b>	<b>(33)</b>	
<b>Cash flows from investing activities from continuing operations</b>					
Investments in business combinations	0	(445)	0	(28)	13, 14
Proceeds from financial assets	0	7 500	0	479	
Interest received	1 829	1 161	117	74	
Purchase of property, plant and equipment	(12 799)	(32 205)	(818)	(2 058)	18, 19
Proceeds from sale of property, plant and equipment	5 868	895	375	57	18, 19
Loans granted	(1 722)	(4 182)	(110)	(267)	
Loan repayments received	2 755	236	176	15	
<b>Net cash used in investing activities from continuing operations</b>	<b>(4 069)</b>	<b>(27 040)</b>	<b>(260)</b>	<b>(1 728)</b>	
<b>Net cash generated from investing activities from discontinued operations</b>	<b>1 518</b>	<b>616</b>	<b>97</b>	<b>39</b>	
<b>Cash flows from financing activities from continuing operations</b>					
Share issue	28 166	0	1 800	0	32
Finance lease payments made	(36 764)	(35 043)	(2 350)	(2 240)	22
Change in overdraft used	7 836	(46 988)	501	(3 003)	21
Proceeds from borrowings	12 539	42 521	801	2 718	21
Repayments of borrowings	(84 089)	(61 617)	(5 374)	(3 938)	21
<b>Net cash used in financing activities from continuing operations</b>	<b>(72 312)</b>	<b>(101 127)</b>	<b>(4 622)</b>	<b>(6 463)</b>	
<b>Net cash used in financing activities from discontinued operations</b>	<b>0</b>	<b>(29)</b>	<b>0</b>	<b>(2)</b>	
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6 435)</b>	<b>(22 582)</b>	<b>(411)</b>	<b>(1 443)</b>	
Cash and cash equivalents at the beginning of the period	46 388	68 970	2 965	4 408	
Cash and cash equivalents at the end of the period	39 953	46 388	2 553	2 965	

\*2008 figures adjusted for discontinued operations

The Notes presented on pages 31 to 93 form an integral part of the consolidated financial statements



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. General information

Until the end of 2009 the main fields of activities of Ekspress Grupp and its subsidiaries (the Group) included online media, publishing newspapers and magazines, printing services, book sales and information services in phone directories, information hotlines and online. From 2010 the Group will exit the book sales, information services in phone directories and information hotline activities.

AS Ekspress Grupp (registration number 10004677, address: Narva mnt.11E, 10151 Tallinn) is a holding company registered in Estonia. There are 13 subsidiaries, 5 joint ventures and 2 associated companies, belonging to the consolidation group as of 31.12.2009.

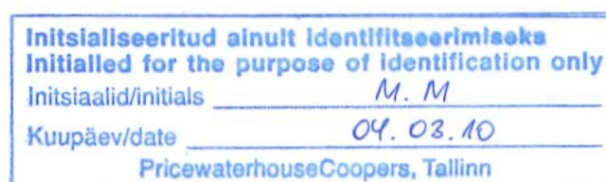
Pursuant to the Commercial Code of the Republic of Estonia, the annual report including the consolidated financial statements prepared by the Management Board and approved by the Supervisory Board of the Parent company will be approved by the general meeting of shareholders. These consolidated financial statements have been approved by the Management Board on 4 March 2010.

The consolidated statements of AS Ekspress Grupp for 2009 reflect the results of the following group companies:

Name	Status	Shareholding 31.12.2009	Shareholding 31.12.2008	Main field of activities	Location
AS Ekspress Grupp	Parent Company			Holding Company	Estonia
Eesti Ajalehed AS*	Subsidiary	100%	100%	Newspaper publishing	Estonia
Maaleht AS**	Subsidiary	100%	100%	Newspaper publishing	Estonia
UAB Ekspress Leidyba	Subsidiary	100%	100%	Magazine publishing	Lithuania
SIA Delfi Holding	Subsidiary	100%	100%	Holding Company	Latvia
Delfi AS	Subsidiary	100%	100%	Online classified ads	Estonia
Delfi AS	Subsidiary	100%	100%	Online classified ads	Latvia
Mango.lv SIA	Subsidiary	100%	100%	Online classified ads	Latvia
SIA Ekspress Portals	Subsidiary	100%	100%	Online classified ads	Latvia
UAB Ekspress Portals	Subsidiary	100%	100%	Online classified ads	Lithuania
Delfi UAB	Subsidiary	100%	100%	Online classified ads	Lithuania
TOV Delfi.	Subsidiary	100%	100%	Online classified ads	Ukraine
AS Printall	Subsidiary	100%	100%	Printing services	Estonia
Rahva Raamat AS	Subsidiary	100%	100%	Books retail sale	Estonia
Eesti Päevalehe AS	Joint venture	50%	50%	Newspaper publishing	Estonia
AS SL Õhtuleht	Joint venture	50%	50%	Newspaper publishing	Estonia
AS Express Post	Joint venture	50%	50%	Periodicals' home delivery	Estonia
AS Ajakirjade Kirjastus	Joint venture	50%	50%	Magazine publishing	Estonia
Uniservice OÜ	Joint venture	26%	26%	Magazine publishing	Estonia
Medipresa UAB	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
AS Linnaleht	Associate	25%	25%	Newspaper publishing	Estonia

\*On 1 October 2009 the net assets and business activities of AS Maaleht were sold to Eesti Ekspressi Kirjastuse AS. The new business name of the company is AS Eesti Ajalehed.

\*\*On 30 December 2009, AS Ekspress Grupp and AS Maaleht signed a merger agreement and at the end of the merger proceeding AS Maaleht is deemed to be liquidated. The acquiring company will continue business under the name AS Ekspress Grupp.





### Dormant companies

Name	Status	Shareholding 31.12.2009	Shareholding 31.12.2008	Main field of activities	Location
OÜ Ekspress Internet	Subsidiary	80%	80%	Online classified ads	Estonia

### Companies forming the discontinued operations (see Notes 13, 14 and 24 for further information).

Name	Status	Shareholding 31.12.2009	Shareholding 31.12.2008	Main field of activities	Location
AS Ekspress Hotline	Subsidiary	100%	100%	Information services	Estonia
Ekspresskataloogide AS	Subsidiary	100%	100%	Phone directories	Estonia
AS InfoAtlas	Subsidiary	100%	100%	Phone directories	Estonia
Kõnekeskuse AS	Subsidiary	100%	100%	Call centre services	Estonia
<b>Dormant companies</b>					
Teletell Infoline SRL	Subsidiary	100%	100%	Information services	Romania
Express Online SRL	Subsidiary	100%	100%	Call centre services	Romania

## Note 2. Summary of significant accounting policies

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

### Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss and investment property, which are presented at fair value, as disclosed in the accounting policies below.

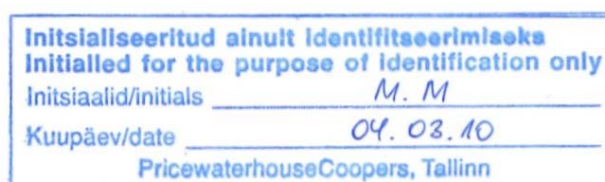
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or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

The functional currency of AS Ekspress Grupp is Estonian kroon (EEK). These financial statements are presented in thousand of Estonian kroons (EEK) and Euros (EUR), unless indicated otherwise. The financial statements are presented in Euros, as this is required by the Stock Exchange.

### Comparability

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their effect is explained in the respective notes. When the presentation of items in the financial statements or their classification method has been amended, then the comparative information of previous periods has also been restated.

### Change in presentation of primary financial statements





In 2009, results of information services segment (subsidiary AS Ekspress Hotline with its subsidiaries) have been presented as a single amount in the statement of comprehensive income and as the loss of discontinued operations. Statement of comprehensive income for 2008 has been adjusted accordingly.

**Standards, amendments to standards and interpretations which became effective in the financial year of the Group beginning on 1 January 2009.**

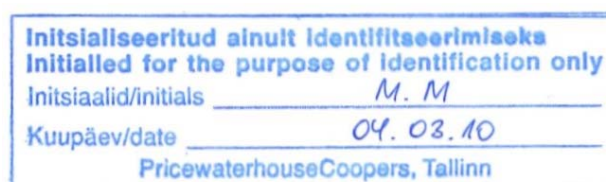
**IAS 1, Presentation of Financial Statements.** In connection with changes in IAS 1 “Presentation of Financial Statements”, which became effective as of 1 January 2009, in the Group’s 2009 consolidated financial statements the consolidated income statement was replaced by a consolidated statement of comprehensive income. The comprehensive income statement also includes all non-owner changes previously recognized in equity. In connection with the compilation of the consolidated comprehensive income statement, the presentation of the report on changes in equity also changed. The report on changes in equity does not recognize statement of comprehensive income elements as separate changes. Pursuant to IAS 1, the term “balance sheet” used previously is replaced by the term “statement of financial position”. The revised IAS 1 had an impact on the presentation of primary financial statements but had no impact on the recognition or measurement of specific transactions and balances.

**IFRS 8 “Operating Segments”.** The standard applies to entities whose debt or equity instruments are traded in a public market, or that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about the operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The number of reportable segments presented has not changed due to the adoption of IFRS 8.

**IAS 23, Borrowing Costs.** The main change to IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The amendment to the standard did not impact the financial statements of the Group since the Group had already earlier capitalised borrowing costs.

**Improvements to International Financial Reporting Standards issued in May 2008.** The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary (effective for annual periods beginning on or after 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments did not have an impact on the Group’s financial statements.

**Vesting Conditions and Cancellations—Amendment to IFRS 2, Share-based Payment.** The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of the amendment did not have any material effect on the Group’s financial statements.



**IFRIC 13, Customer Loyalty Programmes.** IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The adoption of the amendment did not have any material effect on the Group's financial statements.

**Improving disclosures on financial instruments - Amendment to IFRS 7, Financial Instruments: Disclosures.** The amendment requests additional disclosures on fair value measurements and liquidity risk. An entity is required to disclose analysis of financial instruments by using three-level hierarchy for fair value measurement. The amendment (a) explains that liquidity analysis by contractual maturities must contain the issued financial guarantees in the maximum amount of the guarantee and in the earliest period in which the guarantee could be called; and (b) requests disclosure of remaining contractual maturities for those financial derivative instruments for which contractual maturities are essential for an understanding of the timing of the cash flows. In addition, an entity must disclose a maturity analysis of financial assets it holds for managing liquidity risk if that information is necessary to the users of its financial statements to understand the nature and extent of liquidity risk. The enhanced disclosures are included in these financial statements.

**The following amendments and interpretations to existing standards became mandatory for the Group from 1 January 2009 but are not relevant to the Group's operations**

**Puttable Financial Instruments and Obligations Arising on Liquidation— IAS 32 and IAS 1 Amendment.**

**IFRIC 14, IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

**Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—IFRS 1 and IAS 27 Amendment**

**New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

**IAS 27, Consolidated and Separate Financial Statements.** (effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that transactions which lead to changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

**IFRS 3, Business Combinations.** (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its

scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its financial statements.

**Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement.** (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group is currently assessing the impact of the interpretation on its financial statements

**Improvements to International Financial Reporting Standards, issued in April 2009-** (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010; the improvements have not yet been adopted by the EU).-The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have any material effect on its financial statements.

**IFRS 9, Financial Instruments Part 1: Classification and Measurement, issued in November 2009** (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU).- IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised

and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

***Amendment to IAS 24, Related Party Disclosures, issued in November 2009*** (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).-The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements.

***New standards, amendments and interpretations to standards that are not yet effective and are not expected to have a material effect on Group's financial reporting***

***Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009*** (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, early adoption permitted).

***IFRIC 12, Service Concession Arrangements.*** (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, early adoption permitted).

***IFRIC 15, Agreements for the Construction of Real Estate*** (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, early adoption permitted).

***IFRIC 16, Hedges of a Net Investment in a Foreign Operation.*** (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, early adoption permitted).

***IFRIC 17, Distributions of Non-Cash Assets to Owners*** (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, early adoption permitted).

***IFRIC 18, Transfers of Assets from Customers.*** (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, early adoption permitted).

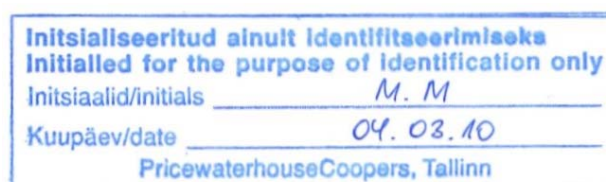
***Classification of Rights Issues - Amendment to IAS 32, issued in October 2009*** (effective for annual periods beginning on or after 1 February 2010).

***IFRS 1, First-time Adoption of International Financial Reporting Standards,*** revised in December 2008(effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, early adoption permitted)

***Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2*** (effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU)

***Additional Exemptions for First-time Adopters - Amendments to IFRS 1***(effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

***IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments*** (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).-





***Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14***-(effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

***Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1***-(effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).

## Consolidation

### Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is assumed if the Group has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed on the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

### Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

### Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

The purchase method of accounting is used to account for the acquisition of associates like for the acquisition of subsidiaries by the Group.

#### Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

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

#### Parent company separate financial statements – primary statements presented as additional disclosure to these consolidated financial statements.

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (parent company) shall be disclosed in the Notes to the consolidated financial statements. In preparing the primary financial statements of the parent company the same accounting policies have been used as in preparing the consolidated financial statements. The accounting policy for reporting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the Annual Report in conjunction with IAS 27 "Consolidated and Separate Financial Statements".

In the parent separate primary financial statements, disclosed to these consolidated financial statements (see Note 38), the investments into the shares of subsidiaries are accounted for at cost less any impairment recognized.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and short-term deposits up to three months term. Bank overdrafts and shares of liquid funds are not classified as cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Shares of liquid funds are classified as financial assets at fair value through profit or loss.

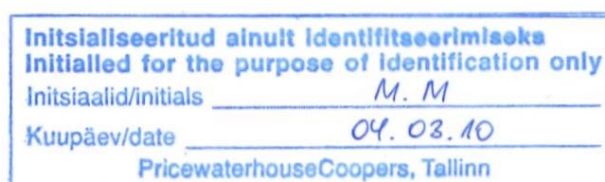
#### **Foreign currency translation**

##### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Estonian kroons and Euros.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions of the central banks of the countries where respective group companies are located. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.



### Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated to Estonian kroons at the closing rate on the date of that balance sheet;
- (b) income and expenses for each income statement are translated to Estonian kroons at average exchange rates;
- (c) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When a subsidiary is partially or wholly disposed of through sale, liquidation, repayment of share capital or abandonment, the exchange differences deferred in equity are reclassified to profit or loss.

The Group has group entities in Estonia, Latvia, Lithuania and Ukraine. Since the Estonian kroon and Lithuanian litas are both pegged to the Euro, the translation from these currencies to Group's presentation currency does not give rise to currency translation differences. The exchange differences of LVL and UAH are recognised directly in the equity as a 'currency translation reserve'.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method for inventories used in periodicals and book sales segments and weighted average cost method for inventories used in printing segment. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

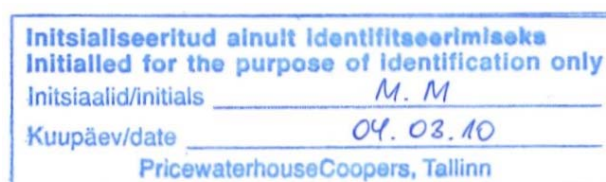
### **Financial assets**

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

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are initially recognised at cost, which is the fair value of the consideration received from or paid for the financial investment (does not include transaction costs). After initial recognition, financial assets in this category are measured at fair value. Changes in fair values of these assets are recognised consistently, either as a profit or loss in the income statement of the accounting period.

In case of listed securities, the bid price is considered as the fair value of investments. To find the fair value of investments not actively traded in the market, alternative methods such as the price of recent transactions (under market conditions), specific purchase offers made, the discounted cash flow method or option valuation models are used.



### Loans and receivables

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

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

of estimated future cash flows, discounted at the initial effective interest rate.

### **Investment property**

Properties (land, buildings) owned or leased at finance lease terms by the Company to earn lease income or for capital appreciation and not used in the Company's own economic activities are recognised as an investment property. Investment property is initially measured at cost, including any directly attributable expenditure (interest expenses). After initial recognition, the investment property is carried at fair value based on the market value determined annually by independent appraisers and the judgment of the management, using the prices of transactions involving comparable properties in the region. The rental income earned on investment properties is recognised in the income statement line "Other income". Changes in fair value of investment properties are recorded in the income statement lines "Other income"/ "Other expenses".

If the non-current assets in the Company's own use are reclassified as investment properties, the difference between the carrying amount and fair value is recognised in the equity as a revaluation reserve. If the difference arising from revaluation compensates for the write-down expense arising from impairment occurred in the previous periods, the change in the value is directly recognised in the income statement as an income at the value which recovers the previous write-down expense. The equity reserve that was created upon initial valuation of investment property at fair value is entered to retained earnings when the item of investment property is disposed of.

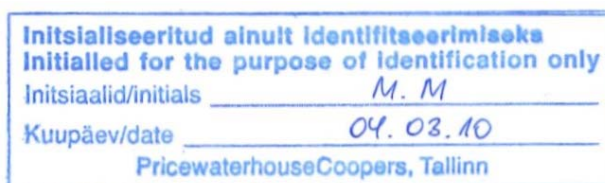
### **Property, plant and equipment**

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

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items (including the custom duties and other non refundable taxes). Cost includes direct and indirect costs related to acquisition of property, plant and equipment necessary to bring them to their present state and condition, as well as estimates of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item. The cost of self-constructed assets includes the cost of materials and direct labour.

Cost includes borrowing costs incurred on specific or general funds borrowed to finance construction of qualifying assets.

If the fixed asset object consists of components, which have significantly different useful lives, the components will be recorded as independent fixed asset objects, with separate depreciation rates assigned according to their useful life. Groups of fixed assets with similar estimated useful lives will be recorded as aggregates.





If the recoverable amount of an asset is estimated to be less than its carrying amount, the assets are presented at their estimated recoverable value. Recoverable value is the higher of a particular asset's fair value less costs to sell, or value in use. The anticipated future discounted cash flows are used as the basis for determining value in use (see also part of accounting policies "Impairment of non-financial assets"). Impairment losses in fixed assets are expressed as an increase in accumulated depreciation and are recognised as an expense in the income statement. A recovery in value in use is recognised as a reversal of impairment loss.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation rates are set separately to each asset depending on its estimated useful life. Depreciation of an asset is started when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases on the earlier of the date that asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognised. Depreciation does not cease when the asset becomes idle or is retired from the active use unless the asset is fully depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. When the residual value of the asset exceeds its carrying amount, the depreciation of the asset is ceased.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss in the income statement.

Depreciation is calculated linearly based on the following assumed useful lives:

Buildings 20-30 years

Plant and equipment:

Machinery 8-12 years

Other equipment:

Vehicles 5-10 years

Furniture, fittings and equipment 3-5 years

Freehold land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

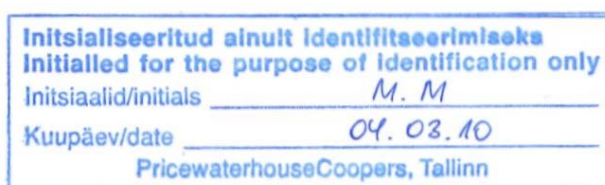
### **Intangible assets**

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary/joint venture on the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is included in "intangible assets", goodwill on acquisitions of associates is included in "investments in associates". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The basis for the recoverable amount of a cash generating unit are the expected cash flows of that cash generating unit, which are discounted using the weighted average cost of capital. When the



carrying amount of the investment is not recoverable, the investment is written down to its recoverable amount and an impairment loss is recognised. When the carrying amount of the investment is recoverable, no impairment loss is recognised.

#### Trademarks

Trademarks are shown at the acquisition cost, including purchase price and other costs directly attributable to the preparation of the usage of the asset. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks which have a finite useful life and are carried at acquisition cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the acquisition cost of trademarks over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and, if necessary, an impairment loss is recognised (see also the impairment of assets).

The estimated useful lives of trademarks:

Trademarks 20-50 years

The amortisation rates are assessed for appropriateness on each balance sheet date.

#### Client relationships

Client relationships acquired in a business combination are recognized at fair value at the acquisition date. The client relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over the expected life of the customer relationship, 5 years.

#### Research and development costs

Development costs are costs which are made upon implementation of research results for elaboration of new products and services. Costs related to surveys and research conducted for generation of new scientific or technical knowledge are recognised as an expense in the income statement as of the moment they are incurred. Development costs are capitalised only if: a) completing the intangible asset so that it will be available for use or sale is technically feasible; b) the company has intention and adequate technical, financial and other resources to complete the intangible asset; c) the company has the ability to use or sell the intangible asset; d) the company has the ability to reliably measure the expenditures attributable to the intangible asset during its development and e) the company can demonstrate how the intangible asset will generate future economic benefits.

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

#### Other intangible assets

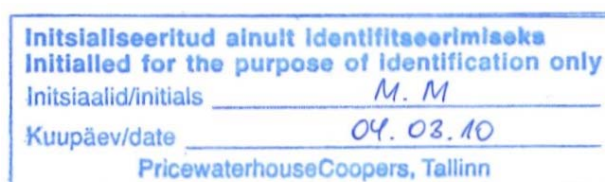
Other intangible assets (including computer software) are stated at historical cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis.

The estimated useful lives of other intangible assets:

Other intangible assets 3-5 years

#### **Impairment of non-financial assets**

Assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and



assets with infinite useful life (land) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Under those circumstances the recoverable amount is compared to the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment on each reporting date.

### **Financial liabilities**

All financial liabilities (trade payables, borrowings, accrued expenses and other borrowings) are initially recognised at the fair value of the consideration receivable for financial liabilities which also includes all transaction costs incurred on the trade date. After initial recognition, financial liabilities are measured at amortised cost. The amortised cost of the short-term liabilities normally equals their nominal value; therefore short-term liabilities are stated in the balance sheet in their redemption value. The amortised cost of long-term liabilities is calculated using the effective interest rate method.

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

### **Provisions**

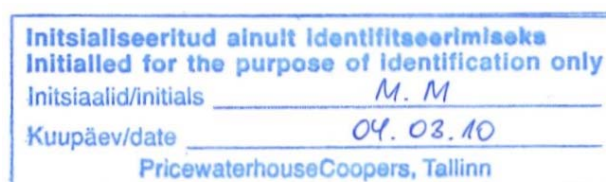
Liabilities that have arisen during the financial year or prior periods, which have a legal or contractual basis, which are expected to result in the outflow of resources, and which can be reliably measured, but for which the actual payment amount and payment date has not been definitely determined, are recorded as provisions on the balance sheet. The provisions are recognised based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the balance sheet in the amount which according to the management is necessary as of the balance sheet date for settling the obligation or transfer it to the third party. The provision expense is included in the income statement of the period. Provisions are not recognised for future operating losses.

### **Contingent liabilities**

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

### **Payables to employees**

Payables to employees include the obligation arising from bonus policy which is approved with the order of the Management Board. Payables to employees include also vacation payroll accrual calculated in accordance with employment contracts and the local laws in force as of the balance sheet date. The liability related to the payment of vacation payroll accrual together with social security and unemployment insurance payments is included within 'current liabilities' in the balance sheet and as personnel costs in the income statement.



## Leases

Leases of plant, property and equipment under which the lessee assumes substantially all risks and rewards incidental to ownership are classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value on the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Assets leased under finance leases are depreciated in accordance with the depreciation policy described above, with the depreciation period being the shorter of the estimated useful life of the asset and the lease term.

Rentals payable under operating leases are charged to expense on a straight-line basis over the term of the relevant lease, irrespectively from the execution of payments. Assets leased under operating lease are not recognised in the balance sheet.

## Derivatives and hedging

Derivatives are recognised upon their initial recognition at fair value on the date of entering into a derivative contract. After initial recognition, derivatives are revalued on each balance sheet date to their current fair value. The method for recognising gains or losses on a change in the value depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the hedged item. The Group has cash flow hedging instruments, the objective of which is to fix interest expenses in the case of loans with floating interest rate

Upon inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, hedging objectives and strategy for making different hedging transactions. Besides, upon inception of a transaction as well as on an ongoing basis, it is documented as to whether the derivatives used in hedging transactions are effective for setting off cash flows of hedged items.

Fair values of derivative instruments used for hedging purposes are presented in 32. Movements in hedging reserve included in equity are shown in Note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining useful life of an hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

## Cash flow hedge

The effective portion in the fair value change of derivative instruments which are designated and qualify as a cash flow hedge is recognised in other comprehensive income. Gain or loss related to the ineffective portion is immediately recognised in the income statement as other operating income or other operating expenses.

The amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged sale takes place).

When a hedging instrument expires or is sold or when a hedge no longer meets the hedge accounting criteria, any cumulative gain or loss included in equity will remain in equity and will be recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When the occurrence of a forecast transaction is no longer expected, the cumulative gain or loss included in equity will be immediately transferred to the income statement as other operating income or other operating expenses.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

### Sales of goods - wholesale

Sales of goods is recognised when a group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. Books, newspapers and magazines are often sold with a right to return. Accumulated experience is used to estimate and provide for such returns at the time of sale as a deduction from the sales.

### Sales of goods - retail

Sales of goods are recognised when a group entity sells a product to the customer. Retail sales in bookstores are usually in cash or by credit card. The customer payments for the subscription of books, newspapers and magazines are apportioned according to the subscription period and recognised in income as the publication is issued. Customer prepayments for publications issued in future period are recorded as deferred income.

### Sales of services

Revenue from sales of services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from sales and intermediation of media and advertising services is recognised as income in the same period when the advertising is published. Revenue from production of media and advertising services is recognised as revenue according to the percentage-of-completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract.

Revenue from classified directories mainly comprising advertising revenue, is recognised in the income statement upon completion of delivery to the users of the directories.

Revenue of multi-period advertising packages is recognised on a linear basis over the package duration.

### Interest income

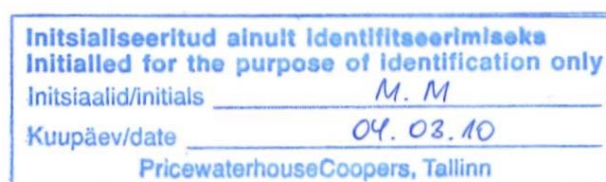
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### Dividend income

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

## Statutory reserve

The statutory reserve in equity is a mandatory reserve, created in accordance with Estonian Commercial Code and it can only be used for covering losses or conversion to the share capital. At each year at least 1/20 of net profit should be recognised as statutory reserve until the statutory reserve comprises 1/10 of share capital. The distribution to shareholders from the statutory reserve is not permitted.





### Transaction costs recognised in equity

Transaction costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### Earnings per share

Basic earning per share is calculated by dividing the profit of the year attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. Diluted earning per share is calculated based on profit or loss attributable to the ordinary equity holders of the parent company, and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### Dividend distribution

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

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

### Subsequent events

Significant events that occurred during the preparation of the annual accounts and are related to transactions that took place during the financial year, and confirm the conditions that existed on the date of the financial statement, are considered in the valuation of assets and liabilities.

Significant events that occurred during the preparation of the annual accounts and are not considered in the valuation of assets and liabilities, but significantly influence the results of the next financial year, are disclosed in the Notes to the annual accounts.

### Segment reporting

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

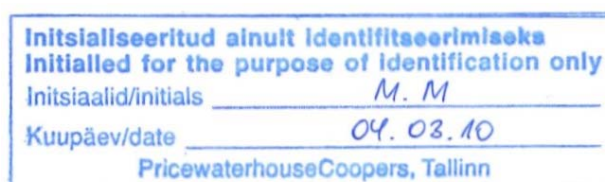
Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating marker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the board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

### Corporate income tax and deferred tax

#### Corporate income tax in Estonia

According to the Income Tax Act applicable in Estonia, the annual profit earned by entities is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, expenses not related to business and adjustments of transfer price. From 1 January 2009, the profit distributed as dividends is subject to income tax of 21/79 (in 2008: 21/79) of the net amount to be paid out. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are actually paid. The obligation to pay income tax arises on the 10<sup>th</sup> day of the month following the payment of dividends.

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



Corporate income tax in Lithuania, Latvia, Romania and Ukraine

In accordance with the local income tax laws, the net profit of companies located in Latvia, Lithuania, Romania and Ukraine that has been adjusted for the permanent and temporary differences as stipulated by law is subject to corporate income tax (the income tax rate is 15% in Latvia, in Lithuania 20%, in Ukraine 25%, up to 16 % in Romania. There have been no changes in tax rates in Latvia, Romania and Ukraine compared to year 2008. In Lithuania the corporate income tax rate in 2008 was 15%.

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

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

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

### **Note 3. Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

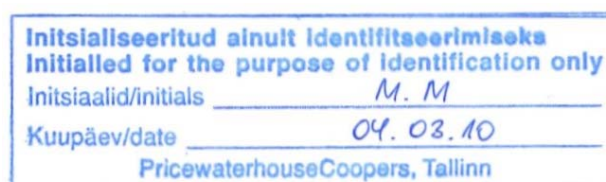
The preparation of the annual financial statements involves estimates made by the Management Board of the parent about circumstances that influence the Group's and the parent Company's assets and liabilities as of the balance sheet date, and about income received and expenses incurred during the financial year. These estimates are based upon up-to-date information about the state of the Group and take into consideration the Group's plans and risks as they stand on the date of the financial statements' preparation.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include assessment of useful lives of intangible assets identified (Note 19), valuation of inventory (Note 11), valuation of goodwill (Note 19), determination of useful lives of property, plant and equipment (Note 18) and valuation of receivables and loans granted (Notes 4, 7, 34).

a) Estimation of useful lives of intangible assets

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

According to the estimations the useful lives for trademarks is 20-50 years, based on past experiences on useful lives of similar trademarks (carrying amount as of 31.12.2009 is EEK 144 752 thousand (EUR 9 251 thousand) and as of 31.12.2008, EEK 163 904 thousand (EUR 10 475 thousand)). The



trademarks in online segment is the title of the online portal "Delfi", the trademarks in periodicals segment are mainly the titles of different regular publications (magazines, newspapers) and trademark of book sales segment is "Rahva Raamat", the title of a bookstore chain.

### Carrying amounts of trademarks by segments

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Online media	116 776	119 221	7 462	7 620
Periodicals	27 545	31 843	1 761	2 034
Book sales	1 951	2 048	125	131
Information services (discontinued operations):	0	10 792	0	690
<b>Trademarks Total</b>	<b>146 272</b>	<b>163 904</b>	<b>9 348</b>	<b>10 475</b>

The useful life of client relationships is estimated to be 5 years based on the statistical data of sales of media agencies such as turnover and purchase volumes (carrying amount as of 31.12.2009 EEK 18 209 thousand (EUR 1 164 thousand) and as of 31.12.2008, EEK 24 831 thousand (EUR 1 587 thousand)). Like in 2008, no changes were made in amortisation rates in 2009.

If the useful lives of trademarks and client relationships increased/decreased by 10%, the annual amortisation charge would decrease/increase by EEK 478 and 662 thousand (EUR 31 thousand and 42 thousand). The total decrease/increase in the amortisation charge of intangible assets in case of an increase/decrease in useful lives by 10% would be EEK 1 988 thousand (EUR 127 thousand).

For recoverable amount testing see section c).

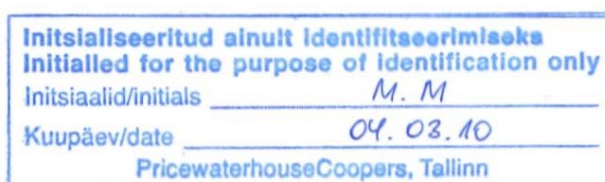
#### b) Valuation of Inventory

Upon valuation of inventories, the management will rely on its best knowledge taking into consideration historical experience, general background information and assumptions and preconditions of the future events. In determining the impairment of finished goods (carrying amount 31.12.2009 EEK 12 368 thousand (EUR 790 thousand) and 31.12.2008 EEK 11 465 thousand (EUR 733 thousand)), the sales potential as well as the net realisable value of finished goods is considered, upon valuation of raw materials and materials (carrying amount 31.12.2009 EEK 22 049 thousand (EUR 1 410 thousand) and 31.12.2008 EEK 27 460 thousand (EUR 1 754 thousand)), their potential of usage in producing the finished goods and generating income is considered; upon valuation of work in progress (carrying amount 31.12.2009 EEK 3 113 thousand (EUR 199 thousand) and 31.12.2008 EEK 7 382 thousand (EUR 472 thousand)), their stage of completion that can reliably be measured is considered.

#### c) Valuation of Goodwill

The management has carried out impairment tests as at 31.12.2009 and 31.12.2008 for goodwill which arose upon acquisition of the following cash generating units or companies: AS Delfi (Estonia), Delfi AS (Latvia), Delfi UAB (Lithuania), UAB Ekspress Leidyba, an employment ads portal within AS Eesti Päevaleht (hyppelaud.ee), a wholesale division within Rahva Raamat AS, AS Ajakirjade Kirjastuse and an automobile portal (ekspressauto.ee) and Maaleht within AS Eesti Ajalehed, and impairment test for cash generating unit of Ekspress Hotline (discontinued operation) as at 31.12.2008.

Future expected cash flows based on the budgeted sales volumes in the Latvian, Lithuanian and Estonian market respectively have been taken into consideration in finding the recoverable amount of the investments. The future expected cash flows have been discounted using the weighted average cost of capital (WACC). As a result of the impairment tests, goodwills in cash generating units Delfi EE and Delfi LV were written down in the total amount of EEK 91 445 thousand (EUR 5 844 thousand) in 2009 (no impairment loss was recognised in 2008). See Note 19.





The discontinued operation (Ekspress Hotline cash-generating unit) was remeasured to fair value based on the expected sales price and loss was recognised in the amount of EEK 41 023 thousand (EUR 2 622 thousand) in 2009 (no impairment loss was recognised in 2008). See Note 14.

#### d) Valuation of useful lives of Property, plant and equipment

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

According to the estimates the useful lives for buildings is 20-30 years, depending on their structure and purpose (book value 31.12.2009 EEK 81 553 thousand (EUR 5 213 thousand) and 31.12.2008 EEK 95 092 thousand (EUR 6 078 thousand)). The useful life of plant and equipment is 5-10 years (book value 31.12.2009 EEK 230 532 thousand (EUR 14 733 thousand) and 31.12.2008 EEK 252 019 thousand (EUR 16 107 thousand)) depending on their usage. The useful life of other equipment is 3-5 years (book value 31.12.2009 EEK 26 606 thousand (EUR 1 700 thousand) and 31.12.2008 EEK 35 432 thousand (EUR 2 264 thousand), depending on the nature of each asset and its purpose. There have been no changes in depreciation rates during 2009 and 2008.

If the useful lives increased/decreased by 10% the annual depreciation charge would decrease/increase EEK 418 thousand, 2 374 thousand and 1 124 thousand (EUR 27 thousand, 152 thousand and 72 thousand) of 'Buildings', 'Plant and equipment' and 'Other equipment' respectively. The total decrease/increase in the depreciation charge in case of increase/decrease in useful lives of 10% would be EEK 3 916 thousand (EUR 251 thousand).

e) Assessment of the value of receivables is based on the management's estimates, taking into account recoverability of receivables and due dates for those receivables that were not collected according to the original terms of receivables. The management's estimates are used for assessing the value. The estimates are made based on financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. As a result of changes in the market conditions or economic situation, the current estimates of the management may significantly change.

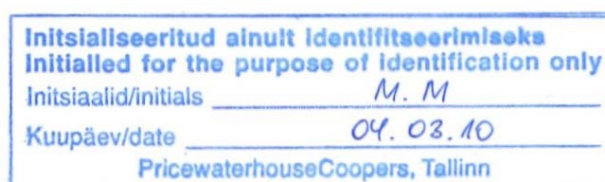
## Note 4. Financial risk management

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

Several financial risks are related to the activities of the Group, of which the more substantial impact is imposed by 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 level of the Group 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 Board of the parent. The Supervisory Board of the parent exercises supervision over the measures applied by the Management Board for hedging risks. The Group assesses and limits risks through systematic risk management. The management of the Group has involved in the management of financial risks the financial unit of the Group that deals with the financing of the parent and its subsidiaries and, as a direct result thereof,



with the management of liquidity risk and interest rate risk, as well as the managements and financial units of the subsidiaries. The risk management is exercised over the joint ventures within the Group in cooperation with the media group being the other shareholder of the joint venture.

### 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 cash equivalents, money market funds, trade receivables, other receivables and loans granted.

Since the Group invests the available liquid assets to a substantial extent in the banks with credit rating "A" in short-term interest-bearing instruments, such as overnight deposits, money market funds and short-term deposits, they do not result in any credit risk for the Group.

### Cash and cash equivalents at bank classified by credit rating

Moody's	Standard & Poor's	31.12.2009		31.12.2008	
		EEK	EUR	EEK	EUR
A1	A	4 341	277	37 882	2 421
A2	A	25 742	1 645	0	0
Aa3	A+	7 942	508	5 781	369
Other banks		362	23	1 993	127
<b>Total (Note 5)</b>		<b>38 387</b>	<b>2 453</b>	<b>45 656</b>	<b>2 918</b>

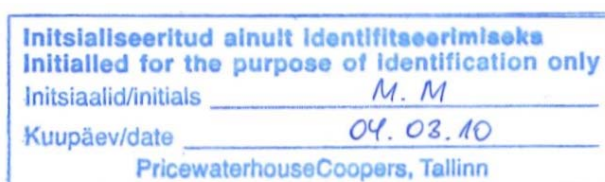
The credit rating applies on long-term deposits as published in the Financial Stability Review / Bank of Estonia 2009/2.

The Group is not open to a substantial extent to any credit risk in connection with any client or counterparty. The payment discipline of clients is continuously monitored to reduce credit risk, credit policy has been established to ensure the sale or services to clients with an adequate credit history and the application of prepayments to clients with a higher risk category. According to the credit policy, different client groups are subject to different payment terms, credit limit, possible grace period. Clients are classified on the basis of their size, reputation, results of credit background check and history of payment behaviour. At the first level, the advertising clients are handled in 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 the 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 credit discipline.

In the case of new clients, their credit background is controlled with the help of financial information databases such as Krediidinfo. At the beginning, their payment behaviour is also monitored with heightened interest. Upon following the payment discipline, it is possible to receive more flexible credit conditions, such as a longer payment term, higher credit limit, etc. Upon violation of the payment discipline, stricter credit conditions are applied. In addition, in the publishing segment, the Group's subsidiaries use a program that provides major media companies information about their debtors.

In case of large transactions, in particular in the segment of printing services, clients are requested to provide credit insurances.

The Group is not aware of any substantial risks in connection with the clients and partners. In the management's judgment, there is no credit risk in loans of related parties.



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

Trade receivables and other short-term receivables	Not due	Overdue >= 7 days	Overdue >7 to <=60 days	Overdue > 60 days	Total receivables
31.12.2009 (thousand)					
EEK	96 518	5 955	8 769	1 401	<b>112 643</b>
EUR	6 170	381	560	89	<b>7 198</b>

Trade receivables and other short-term receivables	Not due	Overdue >= 7 days	Overdue >7 to <=60 days	Overdue > 60 days	Total receivables
31.12.2008 (thousand)					
EEK	104 014	11 841	28 079	9 537	<b>153 471</b>
EUR	6 647	757	1 795	610	<b>9 809</b>

In 2009, the Group has written down uncollectible receivables in the amount of 12 837 thousand kroons (820 thousand euros) (31.12.2008: 2 810 kroons (180 thousand euros)) in accordance with the rules for valuation of trade receivables applicable in the Group based on the estimated cash flows. The Group's management is aware that credit risk is higher under the conditions of economic recession and therefore credit risk management is a priority field. As a specific measure, the credit policies applicable in companies within the Group have been harmonised and made stricter. A weekly reporting routine on trade receivables has been established, which enables the Group's management to receive information on an ongoing basis and intervene when necessary if the debtor is an international group operating in several Baltic States.

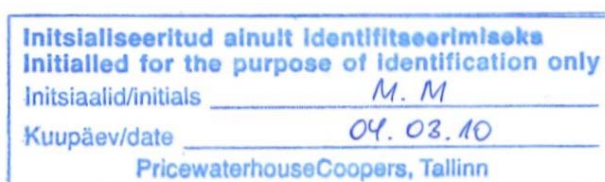
Since a significant part of other receivables is due from related parties, in the judgment of the management the given receivables do not contain a credit risk.

### Liquidity risk

Liquidity risk means that the Group might not have liquid assets to fulfill 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. According to the Group's policy, the ideal liquidity level (cash at bank) is 10% and the minimum liquidity level is 5% of the sales revenue at all times. To manage the liquidity risk as effectively as possible, the bank accounts of the parent 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. The group account is used in Estonia, Latvia and Lithuania. According to the policy of the Group, the subsidiaries that have joined the group account prepare each week cash flow projections for next two months. In 2009, the Group has managed to keep the liquidity level on Group's account in accordance with the rules, but it has been on a minimum level most of the time.

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



Overdraft credit is used to finance working capital, bank loans and investment loans are used to acquire financial investments and non-current assets. The Group has high leverage and the cash flow position was throughout the year 2009 rather critical. In the judgment of the management, liquidity risk is reduced by the agreement for the restructuring of a syndicated loan, entered into between Ekspress Group and SEB Bank, Danske Bank A/S Eesti branch and Nordea Bank on 5 February 2010. Liquidity risk is also reduced by the matter that the Group does not pay the shareholders any dividends for the financial year ended on 31.12.2009. The Group's management has taken notice of the higher liquidity risk and is actively searching for additional financing possibilities. The Group's management actively deals with involvement of additional capital and has completed exit from two non strategic segments (information services and book sales) in early 2010, see Notes 13, 14 and 37 for further information.

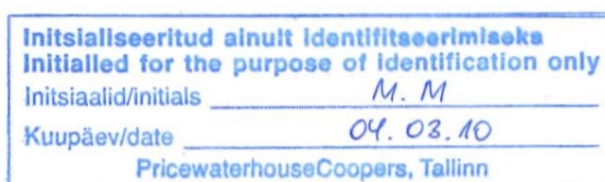
#### Analysis of undiscounted financial liabilities by payment terms as of 31 December 2009

31.12.2009 EEK thousand	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	Carrying amount
Bank loans	7 756	55 380	67 878	612 573	622 209
Finance lease payments	3 498	6 979	31 248	73 787	103 931
Other loans	143	17 787	21 500	0	38 300
Trade payables	86 935	1 070	443	0	88 449
Other payables	76 920	32 472	0	0	109 392
<b>Total</b>	<b>175 253</b>	<b>113 687</b>	<b>121 070</b>	<b>686 360</b>	<b>962 281</b>

31.12.2008 EEK thousand	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Bank loans	11 396	22 672	149 362	665 692	11 396	<b>664 238</b>
Finance lease payments	3 616	7 348	32 897	125 659	3 616	<b>139 792</b>
Other loans	21 204	399	41 643	0	21 204	<b>60 750</b>
Trade payables	52 942	22 580	5 012	0	52 942	<b>80 534</b>
Other payables	43 168	19 890	8 522	0	43 168	<b>71 580</b>
<b>Total</b>	<b>132 325</b>	<b>72 888</b>	<b>237 436</b>	<b>791 351</b>	<b>132 325</b>	<b>1 016 894</b>

31.12.2009 EUR thousand	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	Carrying amount
Bank loans	496	3 539	4 338	39 151	<b>39 766</b>
Finance lease payments	224	446	1 997	4 716	<b>6 642</b>
Other loans	9	1 137	1 374	0	<b>2 448</b>
Trade payables	5 556	68	28	0	<b>5 653</b>
Other payables	4 916	2 075	0	0	<b>6 991</b>
<b>Total</b>	<b>11 201</b>	<b>7 265</b>	<b>7 737</b>	<b>43 867</b>	<b>61 500</b>

Other liabilities include payables to employees, taxes payable, payables to joint ventures (trade payables), accrued interest and other accrued liabilities, see Note 20.



31.12.2008 EUR thousand	<= 1 month	> 1month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Bank loans	728	1 449	9 546	42 545	0	42 452
Finance lease payments	231	470	2 103	8 031	92	8 934
Other loans	1 355	25	2 661	0	0	3 883
Trade payables	3 384	1 443	320	0	0	5 147
Other payables	2 759	1 271	545	0	0	4 574
<b>Total</b>	<b>8 457</b>	<b>4 658</b>	<b>15 175</b>	<b>50 576</b>	<b>92</b>	<b>64 990</b>

The maturity analysis of the financial liabilities does not include the effect of the restructuring of the syndicate loan which became effective after the balance sheet date (please see Note 37: Subsequent events).

The future cash flows have been estimated on the basis of floating interest rates applicable as of the balance sheet date of 31.12.2009 and 31.12.2008. 50% of the repayments of the syndicated loan (carrying amount EEK 232.8 million (EUR 14.9) as at 31.12.2009, EEK 291 million (EUR 18.6 million) at 31.12.2008, see Note 21, 33) is accounted for at the rate fixed by the interest-swap.

### Interest rate risk

Since the Group does not have any significant interest-bearing financial assets, the Group's income and cash flow of operating activities are substantially independent from changes in the interest rate occurring in the market.

Interest rate risk means that a change of the interest rate 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 partially fixed and partially tied to Euribor.

The interest rate risk of the Group is related to short-term and long-term debt obligations which have been assumed at a floating interest rate. The interest rate risk is mainly related to the fluctuation of Euribor and the resulting change of average interest rates of banks. Although in the short run a decline in Euribor over the last year, which is caused by reduction of the euro base interest rate of both the US and European Central Bank, has positively influenced the Group's cash flows and profit, in the long run a floating interest rate is risky because a growth of consumption necessary to overcome the economic crisis would also bring about a rise in Euribor.

If the interest rate increased by 100 basis points the interest expense would increase by EEK 30 328 thousand (EUR 1 938 thousand) (2008: EEK 25 614 thousand (EUR 1 637 thousand)).

The Group manages the interest risk by using derivative instruments for hedging purposes. On 30 September 2008, the Group entered into interest rate swap contracts with the banks that issued the syndicated loan in order to hedge fluctuations of Euribor on 50% of the loan repayments until the end of the loan annuity schedule in September 2012.



The table below gives an overview of the debt obligations as of the balance sheet date, differentiated by a fixed interest rate and a floating interest rate based on 6 months' Euribor. The division of main installments of the interest bearing obligations into up to 1 year, 1 to 5 years and more than 5 years has been selected in consideration of the consistency of information presentation.

31.12.2009 EEK thousand	Interest rate type	Interest rate	<= 1 year	>1 year and <=5 years	Carrying amount
Bank loans	floating	6 months euribor + 3,5%	96 261	517 726	613 987
Finance lease payments	floating	6 months euribor +1,05%	38 610	65 321	103 931
Short-term loans	floating	1 month euribor + 3,5%	8 222	0	8 222
Other loans	Fixed	6% per a year	38 300	0	38 300

31.12.2008 EEK thousand	Interest rate type	Interest rate	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Bank loans	floating	6 months euribor + 1,7%	107 828	524 338	0	632 166
	Fixed	6% per a year	32 072	0	0	32 072
Finance lease payments	floating	6 months euribor + 1,2%	36 319	102 109	1 364	139 792
Other loans	Fixed	6% per a year	60 750	0	0	60 750

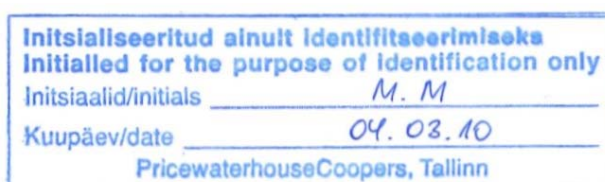
31.12.2009 EUR thousand	Interest rate type	Interest rate	<= 1 year	>1 year and <=5 years	Carrying amount
Bank loans	floating	6 months euribor + 3,5%	6 152	33 089	39 241
Finance lease payments	floating	6 months euribor +1,05%	2 468	4 175	6 643
Short-term loans	floating	1 month euribor + 3,5%	525	0	525
Other loans	Fixed	6% per a year	2 448	0	2 448

31.12.2008 EUR thousand	Interest rate type	Interest rate	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Bank loans	floating	6 months euribor + 1,7%	6 891	33 511	0	40 402
	Fixed	6% per a year	2 050	0	0	2 050
Finance lease payments	floating	6 months euribor + 1,2%	2 321	6 526	87	8 934
Other loans	Fixed	6% per a year	3 883	0	0	3 883

### Foreign exchange risk

The Group's operating activities have an international dimension and therefore the Group is exposed to foreign exchange risks. Foreign exchange risk arises when the future business transactions or recognised assets or liabilities are fixed in a currency which is not a functional currency of the company. According to the policy established by the Group's management, the companies within the Group are required to manage their foreign exchange risk with regard to functional currency.

All group companies are required to use the Euro as a currency unit in international agreements. Of foreign currencies, the Group's settlements in significant amounts are made in euros, to a smaller extent in Russian roubles, Swedish kronas, Lithuanian litai and Latvian lats, and in insignificant amounts in Ukrainian hryvnias. The average change of the Latvian lat exchange rate to Estonian kroon in 2009 was -0.25% (2008: -0.35%), Russian roubles exchange rate to Estonian kroon in 2009 -6.82% (2008: -13.2%) and Swedish kronas exchange rate to Estonian kroon in 2009 7.06% (2008: -14.07%). The exchange rate of euro and Lithuanian litas to Estonian kroon is fixed. Hence, the Group does not



have any significant amounts exposed to foreign exchange risk. Therefore, the Group does not use derivatives for hedging the risk. The Group pays most of its suppliers of paper and other materials in euros, while the domestic suppliers and employees are paid in Estonian kroons, Lithuanian litas, Latvian lats and Ukrainian hryvnias.

The Group companies have changed their open foreign currency positions to minimum. In the judgment of the management of the Group, Ekspress Group does not have any significant currency risks.

### Price risk

In the judgment of the management, price risk does not have any substantial impact on the activities of the Group, because the company does not have any substantial investments in equity instruments.

Of the price risk related to raw materials, the price of paper affects the activities of the Group the most. In a situation where 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.

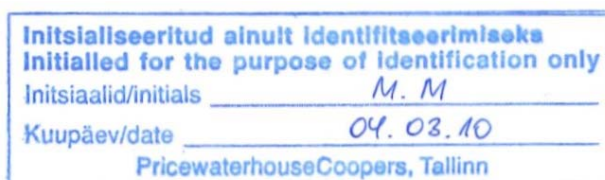
The involvement of employees in the risk assessment process improves the general risk culture. Upon performance of transactions, systems of transaction limits and competences are used to minimise possible losses. The useable four-eye principle, under which the confirmation of at least two mutually independent employees or units 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 purchase and sale and 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. Dependence of the Group's activities on IT systems is considered to be low by the management, except for with regard to online media, which directly depends on the functioning of the IT systems and investments for the increase of whose security and reliability are continuously made. Reliability for managing operational risk is borne by the management of the Group.

### Capital risk

The main objective of the Group upon managing the capital risk is to ensure the sustainability of the Group in order to ensure income for shareholders and benefits for other interest groups, while maintaining the optimal capital structure in order to reduce the price of the capital. In order to maintain or improve the structure of the capital, the Group may regulate the dividends payable to the shareholders, return the paid-up share capital, issue new shares or sell assets to reduce obligations.

According to the practice common in the industry, the Group uses the debt to capital ratio to monitor the 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 cash equivalents from the total debt (current and non-current liabilities recognised in the balance sheet of consolidated financial statements). The total capital is recognised as the aggregate of equity and net debt. In 2009, like in 2008, the objective of the Group was to maintain the debt to capital ratio in the range of 55-65%. The debt to capital ratio of 60% as of 31.12.2009 is substantially higher than as of 31.12.2008: 55%.

According to the conditions stipulated in the loan agreement, the Group uses for monitoring capital also the equity ratio which is received by dividing equity with total assets. The equity ratio comprised 30% as of 31.12.2009 and 36% as of 31.12.2008. See also Note 21 for financial covenants.



**Equity ratio of the Group**

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Interest bearing debt (Note 21)	726 140	804 030	46 408	51 386
Cash and cash equivalents (Note 5)	39 953	46 388	2 553	2 965
Net debt	686 187	757 642	43 854	48 422
Equity	448 786	610 873	28 681	39 042
<b>Total capital</b>	<b>1 135 689</b>	<b>1 368 515</b>	<b>72 583</b>	<b>87 464</b>
Debt to capital ratio	60%	55%	60%	55%
Assets total	1 490 562	1 706 532	95 263	109 067
Equity ratio	30%	36%	30%	36%

Fair value

The Group estimates that the fair values of the financial assets (Notes 5,7,8,10,12) and financial liabilities (Notes 20-22) denominated in the balance sheet at amortised cost do not differ significantly from their carrying amounts presented in the Group's consolidated balance sheet on 31 December 2009 and 31 December 2008. Since the long-term debt obligations of the Group bear a floating interest rate, which changes according to the fluctuations of the market interest rate, the discount rate used in the cash flow model is adjusted in calculating fair value for debt obligations. New transaction information might not be available as of the year-end and although the company can determine the general level of market interest rates, the company might not know which credit or other risk level the participants in market would take into account for determining the price of an instrument on that date. The company might not have data deriving from recent transactions to determine the required price difference of credit in respect of the base interest rate in order to use that price difference for determining the discount rate necessary for calculation of present value. Due to the above, the management is of opinion that fair value of non-current liabilities is not substantially different from their carrying amount. Trade receivables and supplier payables have short maturities, therefore in the judgment of the management their carrying amount is similar to their fair value. Fair value of financial liabilities is determined on the basis of discounted future contractual cash flows, using a market interest rate which is available for the Group upon using similar financial instruments.

The following table present the Group's financial assets and liabilities that are measured at fair value by the level in the fair value hierarchy as at 31 December 2009

	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Total
Financial assets at fair value through profit or loss (Note 6)	892	0	892
<b>Total financial assets</b>	<b>892</b>	<b>0</b>	<b>892</b>
Derivatives used for hedging (Note 33)	0	13 993	13 993
<b>Total financial liabilities</b>	<b>0</b>	<b>13 993</b>	<b>13 993</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as trading securities or available-for-sale.



The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

## Note 5. Cash and cash equivalents

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Cash in hand	940	732	60	47
Cash at bank	38 387	45 656	2 453	2 918
Cash in transit	626	0	40	0
<b>Cash and cash equivalents in consolidated cash flow statement</b>	<b>39 953</b>	<b>46 388</b>	<b>2 553</b>	<b>2 965</b>

## Note 6. Other financial assets at fair value through profit or loss

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Listed shares	12	1	1	0
Money market funds	880	8 024	56	513
<b>Total</b>	<b>892</b>	<b>8 025</b>	<b>57</b>	<b>513</b>

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Swedbank Money Market Fund interest rate	2,40%	6,09%	2,40%	6,09%
SEB Money Market Fund interest rate	-	3,87%	-	3,87%
Interest income	592	513	38	33

All instruments are held for trading purposes.

## Note 7. Trade and other receivables

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Trade receivables (Note 8)	80 567	113 315	5 149	7 242
Prepaid taxes (Note 9)	3 701	4 449	237	284
Other receivables (Note 10)	32 076	40 156	2 049	2 566
Prepayments	3 792	8 729	242	559
<b>Total trade and other receivables</b>	<b>120 136</b>	<b>166 649</b>	<b>7 677</b>	<b>10 651</b>

## Note 8. Trade receivables

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Trade receivables	93 163	122 157	5 954	7 807
Allowance for doubtful receivables	(12 596)	(8 842)	(805)	(565)
<b>Total trade receivables</b>	<b>80 567</b>	<b>113 315</b>	<b>5 149</b>	<b>7 242</b>

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Allowance for doubtful receivables at the beginning of the period	(7 342)	(5 520)	(469)	(353)
Proceeds from doubtful receivables during the period	4 830	188	309	12
Allowance of doubtful receivables recognized during the period	(12 837)	(2 810)	(820)	(180)
Receivables written off from balance sheet during the period	2 753	(700)	176	(45)
<b>Allowance for doubtful receivables at the end of the period from continuing operations</b>	<b>(12 596)</b>	<b>(8 842)</b>	<b>(804)</b>	<b>(566)</b>
Allowance for doubtful receivables at the end of the period from discontinued operations		(1 500)		(97)

Impairment losses recognised during the period are reported in the income statement as "Other expenses". For further information on ageing of receivables see Note 4.

## Note 9. Taxes

EEK th	31.12.2009		31.12.2008	
	Prepayment	Liability	Prepayment	Liability
Corporate income tax on fringe benefits	2 694	650	3 210	57
Personal income tax	24	4 922	0	6 003
Social security tax	0	11 183	0	13 113
Unemployment insurance tax	0	963	0	278
Contributions to mandatory funded pension	0	120	0	497
Value added tax	983	3 817	1 239	2 327
<b>Taxes total (Note 7, 20)</b>	<b>3 701</b>	<b>21 655</b>	<b>4 449</b>	<b>22 275</b>

EUR th	31.12.2009		31.12.2008	
	Prepayment	Liability	Prepayment	Liability
Corporate income tax	172	42	205	4
Personal income tax	2	315	0	384
Social security tax	0	714	0	838
Unemployment insurance tax	0	62	0	18
Contributions to mandatory funded pension	0	8	0	32
Value added tax	63	243	79	148
<b>Taxes total (Note 7, 20)</b>	<b>237</b>	<b>1 384</b>	<b>284</b>	<b>1 424</b>

## Corporate income tax

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Estonia</b>				
Dividend distribution attracting income tax from joint ventures	23 515	12 266	1 503	784
Tax rate	21/79	21/79	21/79	21/79
<b>Tax expense (dividend income tax expense (Note 34))</b>	<b>(6 251)</b>	<b>(3 261)</b>	<b>(400)</b>	<b>(208)</b>
<b>Latvia</b>				
Profit (loss) before tax	<b>(101 331)</b>	12 861	(6 476)	822
Tax rate	15%	15%	15%	15%
Calculated income tax	(15 200)	1 929	(971)	123
Impact of income/expenses not deductible for tax purposes	12 720	(343)	813	(22)
<b>Current income tax expense</b>	<b>(228)</b>	<b>(1 586)</b>	<b>(15)</b>	<b>(101)</b>
Deferred income tax gains/ (losses)	2 707	0	173	0
<b>Lithuania</b>				
Profit (loss) before tax	<b>(619)</b>	8 676	(40)	554
Tax rate	20%	20%	20%	20%
Calculated income tax	(124)	1 735	(8)	83
Impact of income/expenses not deductible for tax purposes	1 085	(671)	69	(43)
<b>Current income tax expense</b>	<b>(188)</b>	<b>(947)</b>	<b>(12)</b>	<b>(61)</b>
Deferred income tax gains/ (losses)	0	77	0	5
<b>Ukraine</b>				
Profit (loss) before tax	<b>(6 002)</b>	(2 841)	(384)	(182)
Tax rate	25%	25%	25%	25%
Calculated income tax	(1 501)	(710)	(96)	(27)
Impact of income/expenses not deductible for tax purposes	1 413	(552)	90	(35)
<b>Current income tax expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deferred income tax gains/ (losses)	0	1 262	0	81
<b>Group income tax expense</b>	EEK		EUR	
	2009	2008	2009	2008
Current income tax expense	(6 667)	(5 794)	(426)	(370)
Deferred income tax gains	2 707	1 339	173	86
<b>Total income tax expense</b>	<b>(3 960)</b>	<b>(4 455)</b>	<b>(253)</b>	<b>(285)</b>

## Note 10. Other receivables

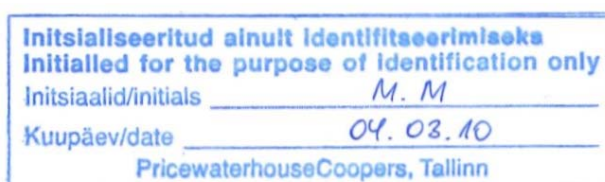
(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Receivables from associated companies (Note 35)</b>	<b>4 566</b>	<b>7 039</b>	<b>292</b>	<b>450</b>
Trade receivables	4 566	7 039	292	450
<b>Receivables from joint ventures</b>	<b>4 831</b>	<b>6 697</b>	<b>309</b>	<b>428</b>
Trade receivables	3 831	6 697	245	428
Other receivables	1 000	0	64	0
<b>Receivables from related parties (Note 35)</b>	<b>3 054</b>	<b>3 145</b>	<b>195</b>	<b>201</b>
Other receivables	3 054	3 145	195	201
<b>Other short-term debts</b>	<b>19 625</b>	<b>23 275</b>	<b>1 253</b>	<b>1 487</b>
Loans granted	17 602	18 894	1 124	1 207
Accrued interest receivable	438	210	28	13
Other receivables	1 585	4 171	101	267
<b>Total other short-term receivables</b>	<b>32 076</b>	<b>40 156</b>	<b>2 049</b>	<b>2 566</b>

Guarantees received as collateral for loans granted by joint ventures

– Ajakirjade Kirjastus (Lender) Loan Agreement with Kroonpress in the total amount of EEK 13 500 thousand (EUR 863 thousand) is secured by Surety Agreement concluded between Ajakirjade Kirjastus and Eesti Meedia under which the latter guarantees the obligations of Kroonpress under the loan agreement. In the balance sheet the loan amounted as of 31.12.09 EEK 6 750 ( EUR 431 thousand) and 31.12.08 EEK 7 750 thousand (EUR 495 thousand). Loan matures in 2010, interest rate 2.7%.

– SL Õhtuleht (Lender) Loan Agreement with Kroonpress in the total amount of EEK 12 000 thousand (EUR 767 thousand) is secured by Surety Agreement concluded between SL Õhtuleht and Eesti Meedia under which the latter guarantees the obligations of Kroonpress under the loan agreement. In the balance sheet the loan amounted as of 31.12.09 EEK 6 000 thousand( EUR 383 thousand) and 31.12.08 EEK 7 000 thousand ( EUR 447 thousand). Loan matures in 31.03.2010, interest rate 2.7%.

– AS Express Post (Lender) Loan Agreement with Kroonpress in the total amount of EEK 9 500 thousand (EUR 607 thousand) is secured by Surety Agreement concluded between AS Express Post and Eesti Meedia under which the latter guarantees the obligations of Kroonpress under the loan agreement. In the balance sheet the loan amounted as of 31.12.2009 EEK 4 750 thousand (EUR 304 thousand) and 31.12.2008: EEK 4 000 thousand (EUR 256 thousand). Loan matures in 2010, interest rate 2.7%.



## Note 11. Inventories

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Raw materials	22 049	27 460	1 410	1 754
Work in progress	3 113	7 382	199	472
Finished goods	12 368	11 465	790	733
Goods for resale	17 630	19 351	1 126	1 237
<b>Total inventories</b>	<b>55 160</b>	<b>65 658</b>	<b>3 525</b>	<b>4 196</b>

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Finished goods	2 727	2 403	174	154
<b>Allowance for impairment recognized in income statement</b>	<b>2 727</b>	<b>2 403</b>	<b>174</b>	<b>154</b>
Inventories at the custody of third parties	2 807	2 488	179	159
Inventories of third parties held at the custody of the Group (books)	91 402	104 858	5 842	6 702

## Note 12. Non-current trade and other receivables

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Loans granted	1 800	1 800	115	115
Long-term receivables to buyers	0	457	0	29
Deferred income tax assets (Note 9)	3 807	1 772	243	112
Prepayments	90	189	6	12
<b>Total non-current trade and other receivables</b>	<b>5 697</b>	<b>4 218</b>	<b>364</b>	<b>268</b>

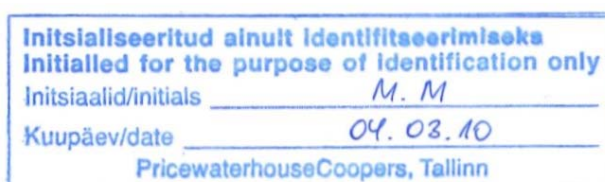
Deferred tax assets derive mainly from deferred tax losses, which can be used within five years.

All granted loans are payable at the latest in five years and are bearing market interest rate (5-6% per annum).

## Note 13. Disposals

On 23 April 2009, AS Ekspress Grupp signed a contract for the sale of 100% of the shares in AS Ekspress Hotline and its subsidiaries AS Kõnekeskus, Ekspresskataloogide AS and AS Infoatlas to Cheh OÜ, a holding company that belongs to the investment fund BaltCap. On 29 September 2009, the Estonian Competition Authority made a decision authorising the aggregation of AS Ekspress Hotline and its subsidiaries and SIA Contact Holding. As a result of the decision, AS Ekspress Grupp has the right to sell its share of AS Ekspress Hotline and its subsidiaries according to the terms which were announced in the company's stock market release on 24 April 2009.

On 25 February 2010, AS Ekspress Grupp concluded an agreement on completion of sales transaction of AS Ekspress Hotline. The renegotiated sales price amounted to EEK 75.2 million (EUR 4.9 million). The consideration for the transaction consists of the following parts: EEK 46.9 million (EUR 3 million) is payable on the transaction date, about EEK 28.3 million (EUR 1.8 million) is subject to an off-set with the payable by AS Ekspress Grupp to Ekspress Hotline Group (Note 20). Ekspress Hotline is presented as a discontinued operation in these financial statements (Note 14).



Due to the sale of the crosswords activity of the Lithuanian magazine publisher Ekspress Leidyba at the price of EEK 5.4 million (EUR 0.3 million), which was below the carrying amount, the management wrote off goodwill in the amount of EEK 0.6 million (EUR 0.04 million) (see Note 19).

#### Note 14. Assets and liabilities of discontinued operations

The assets and liabilities related to Ekspress Hotline and its subsidiaries (forming the information services segment) have been presented as held for sale following the approval of the Competition Authorities on the sales transaction as described in Note 13.

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	882	1 734	56	111
Trade and other receivables	38 506	41 144	2 461	2 630
Inventories	2 376	3 467	152	222
<b>Total current assets</b>	<b>41 764</b>	<b>46 345</b>	<b>2 669</b>	<b>2 963</b>
<b>Non-current assets</b>				
Investment property	3 341	3 341	214	214
Property, plant and equipment	9 322	11 704	596	748
Intangible assets	39 030	79 825	2 494	5 102
<b>Total non-current assets</b>	<b>51 693</b>	<b>94 870</b>	<b>3 304</b>	<b>6 064</b>
<b>TOTAL ASSETS OF DISCONTINUED OPERATIONS</b>	<b>93 457</b>	<b>141 215</b>	<b>5 973</b>	<b>9 027</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	17 231	24 489	1 101	1 565
<b>TOTAL LIABILITIES OF DISCONTINUED OPERATIONS</b>	<b>17 231</b>	<b>24 489</b>	<b>1 101</b>	<b>1 565</b>
Sales	59 799	70 659	3 822	4 516
Expenses	60 491	72 705	3 866	4 647
including depreciation	2 324	2 019	149	129
<b>Loss from discontinued operations</b>	<b>(692)</b>	<b>(2 046)</b>	<b>(44)</b>	<b>(131)</b>
Loss recognised on the remeasurement of assets of discontinued operations	(40 018)	0	(2 558)	0
Loss for the year from discontinued operations	(40 710)	(2 046)	(2 602)	(131)
Currency translation reserve	1 004	906	64	58

Loss recognised on the remeasurement of assets of discontinued operations mainly relates to the impairment of goodwill and is derived based on the actual sales price (see Note 13).

## Note 15. Joint ventures

Financial information is presented representing the consolidated share of joint ventures.

Company name	Ownership %	
	31.12.2009	31.12.2008
Eesti Päevalehe AS	50	50
AS SL Õhtuleht	50	50
AS Express Post	50	50
AS Ajakirjade Kirjastus	50	50
OÜ Uniservice	26	26

The Parties undertake to keep the equity of joint venture in 20% limit of the total assets of the joint venture. Equity valuation is based on balance sheets presented by Management Boards of the joint venture.

Uniservice OÜ is a 51% subsidiary of the joint venture AS Ajakirjade Kirjastus, thereof Ekspress Grupp has joint control over the assets, liabilities, revenues and expenditures of Uniservice OÜ.

### Condensed financials of joint ventures:

	Ajakirjade Kirjastuse AS	AS SL Õhtuleht	Eesti Päevalehe AS	AS Express Post	OÜ Uniservice	Total
EEK th						
on 31 December 2009						
Current assets	29 201	21 220	9 350	25 002	32	84 805
Non-current assets	2 334	1 425	12 615	2 297	15	18 686
<b>Assets total</b>	<b>31 535</b>	<b>22 645</b>	<b>21 965</b>	<b>27 299</b>	<b>47</b>	<b>103 491</b>
Current liabilities	17 288	10 254	14 921	16 879	238	59 580
Non-current liabilities	28	0	41	0	0	69
<b>Liabilities total</b>	<b>17 316</b>	<b>10 254</b>	<b>14 962</b>	<b>16 879</b>	<b>238</b>	<b>59 649</b>
Revenue total	75 147	60 754	65 513	39 590	245	241 249
Expenses total	77 436	56 115	68 566	36 025	293	238 435
<b>Net profit/loss</b>	<b>(2 289)</b>	<b>4 639</b>	<b>(3 053)</b>	<b>3 565</b>	<b>(48)</b>	<b>2 814</b>
on 31 December 2008						
Current assets	41 044	31 412	15 860	22 505	57	110 878
Non-current assets	2 624	2 026	15 347	3 154	17	23 168
<b>Assets total</b>	<b>43 668</b>	<b>33 438</b>	<b>31 207</b>	<b>25 659</b>	<b>74</b>	<b>134 046</b>
Current liabilities	18 455	12 213	20 820	17 304	217	69 009
Non-current liabilities	149	13	0	0	0	162
<b>Liabilities total</b>	<b>18 604</b>	<b>12 226</b>	<b>20 820</b>	<b>17 304</b>	<b>217</b>	<b>69 171</b>
Revenue total	110 836	75 562	87 527	40 900	187	315 012
Expenses total	104 236	64 890	84 172	38 620	353	292 271
<b>Net profit/loss</b>	<b>6 600</b>	<b>10 672</b>	<b>3 355</b>	<b>2 280</b>	<b>(166)</b>	<b>22 741</b>



EUR th	Ajakirjade Kirjastuse AS	AS SL Õhtuleht	Eesti Päevalehe AS	AS Express Post	OÜ Uniservice	Total
on 31 December 2009						
Current assets	1 866	1 356	598	1 598	2	5 420
Non-current assets	149	91	806	147	1	1 194
<b>Assets total</b>	<b>2 015</b>	<b>1 447</b>	<b>1 404</b>	<b>1 745</b>	<b>3</b>	<b>6 614</b>
Current liabilities	1 105	655	954	1 079	15	3 808
Non-current liabilities	2	0	3	0	0	5
<b>Liabilities total</b>	<b>1 107</b>	<b>655</b>	<b>957</b>	<b>1 079</b>	<b>15</b>	<b>3 813</b>
Revenue total	4 803	3 883	4 187	2 530	16	15 419
Expenses total	4 949	3 587	4 382	2 302	19	15 239
<b>Net profit/loss</b>	<b>(146)</b>	<b>296</b>	<b>(195)</b>	<b>228</b>	<b>(3)</b>	<b>180</b>
on 31 December 2008						
Current assets	2 623	2 008	1 014	1 438	4	7 087
Non-current assets	168	129	981	202	1	1 481
<b>Assets total</b>	<b>2 791</b>	<b>2 137</b>	<b>1 995</b>	<b>1 640</b>	<b>5</b>	<b>8 568</b>
Current liabilities	1 179	781	1 331	1 106	14	4 411
Non-current liabilities	10	1	0	0	0	11
<b>Liabilities total</b>	<b>1 189</b>	<b>782</b>	<b>1 331</b>	<b>1 106</b>	<b>14</b>	<b>4 422</b>
Revenue total	7 084	4 829	5 594	2 614	12	20 133
Expenses total	6 662	4 147	5 380	2 468	23	18 680
<b>Net profit/loss</b>	<b>422</b>	<b>682</b>	<b>214</b>	<b>146</b>	<b>(11)</b>	<b>1 453</b>

## Note 16. Associated companies

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Increasing holding in associated companies	150	0	10	0
Carrying amount of shares of associated companies	640	302	41	19
<b>Share of loss in associates recognized in income statement</b>				
Profit/(loss) from the disposal of shares of associates	0	(4)	0	0
Share of profit/(loss) of associates	189	(627)	12	(40)
<b>Total profit/(loss) of associates</b>	<b>189</b>	<b>(631)</b>	<b>12</b>	<b>(40)</b>

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Company name	Ownership %	
	31.12.2009	31.12.2008
AS Linnaleht	25	25
UAB Medipresa	40	40

**Condensed financials of associated companies:**

EEK th	AS Linnaleht	UAB Medipresa	Total
<b>on 31 December 2009</b>			
Assets total	2 670	32 872	<b>35 542</b>
Liabilities total	2 015	31 680	<b>33 695</b>
Revenues total	16 876	143 669	<b>160 545</b>
Expenses total	16 861	143 207	<b>160 068</b>
Net profit/loss	15	462	<b>477</b>
<b>on 31 December 2008</b>			
Assets total	3 751	27 729	<b>31 480</b>
Liabilities total	3 712	27 000	<b>30 712</b>
Revenues total	29 506	154 246	<b>183 752</b>
Expenses total	30 830	154 225	<b>185 055</b>
Net profit/loss	(1 324)	21	<b>(1 303)</b>

EUR th	AS Linnaleht	UAB Medipresa	Total
<b>on 31 December 2009</b>			
Assets total	171	2 101	<b>2 272</b>
Liabilities total	129	2 025	<b>2 154</b>
Revenues total	1 079	9 182	<b>10 261</b>
Expenses total	1 078	9 152	<b>10 230</b>
Net profit/loss	1	30	<b>31</b>
<b>on 31 December 2008</b>			
Assets total	240	1 772	<b>2 012</b>
Liabilities total	237	1 726	<b>1 963</b>
Revenues total	1 886	9 858	<b>11 744</b>
Expenses total	1 971	9 857	<b>11 828</b>
Net profit/loss	(85)	1	<b>(84)</b>

**Note 17. Investment property**

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Investment properties as of 1 January</b>	<b>12 341</b>	<b>3 732</b>	<b>789</b>	<b>239</b>
Reclassification from property, plant and equipment as of 1 January 2008 (Note18)	0	2 172	0	139
Revaluation to fair value through profit or loss	(2 640)	3 023	(169)	193
Change in fair value at reclassification through equity	0	3 414	0	218
<b>Reclassification to discontinued operations (Note 14)</b>	<b>(3 341)</b>	<b>0</b>	<b>(214)</b>	<b>0</b>
<b>Investment properties as of 31 December</b>	<b>6 360</b>	<b>12 341</b>	<b>406</b>	<b>789</b>

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The fair value of Printall investment property (carrying amount EEK 6 360 thousand as of 31.12.2009, EEK 9 000 thousand as of 31.12.2008) has been valued at the balance sheet date by a professional appraiser. The fair value is determined by the sales comparison method as of 31.12.2009. As of 31.12.2008 the value was determined by reference to a prospectively agreed sales price.

## Note 18. Property, plant and equipment

EEK th	Land	Buildings	Plant and equipment	Other equipment	Unfinished buildings and prepayments	Fixed assets total
<b>Balance on 31 December 2007</b>						
Acquisition cost	8 698	112 024	324 965	62 339	38 412	<b>546 438</b>
Accumulated depreciation	0	(14 961)	(90 003)	(36 594)	0	<b>(141 558)</b>
<b>Book value</b>	<b>8 698</b>	<b>97 063</b>	<b>234 962</b>	<b>25 745</b>	<b>38 412</b>	<b>404 880</b>
Acquisitions	0	2 060	5 302	11 765	10 014	<b>29 141</b>
Disposals (at carrying amount)	0	0	(86)	(589)	0	<b>(675)</b>
Write-offs (at carrying amount)	0	0	(13)	(215)	0	<b>(228)</b>
Reclassification	(2 172)	355	37 495	9 972	(47 923)	<b>(2 273)</b>
Acquired through business combinations	0	0	0	(108)	0	<b>(108)</b>
Depreciation including depreciation of discontinued operations	0	(4 386)	(25 641)	(11 112)	0	<b>(41 139)</b>
Currency translation differences	0	(385)	0	(868)	0	<b>(1 253)</b>
<b>Balance on 31 December 2008</b>						<b>0</b>
Acquisition cost	6 526	114 439	366 220	78 600	503	<b>566 288</b>
Accumulated depreciation	0	(19 347)	(114 201)	(43 168)	0	<b>(176 716)</b>
<b>Book value</b>	<b>6 526</b>	<b>95 092</b>	<b>252 019</b>	<b>35 432</b>	<b>503</b>	<b>389 572</b>
Acquisitions	0	171	2 634	4 284	1 568	<b>8 657</b>
Disposals (at carrying amount)	0	0	(13)	(365)	0	<b>(378)</b>
Write-offs (at carrying amount)	0	(146)	(373)	(123)	0	<b>(642)</b>
Reclassification	0	202	0	788	(1 349)	<b>(359)</b>
Property, plant and equipment of discontinued operations	0	(9 584)	0	(2 168)	0	<b>(11 752)</b>
Depreciation	0	(4 182)	(23 736)	(11 242)	0	<b>(39 160)</b>
<b>Balance on 31 December 2009</b>						
Acquisition cost	6 526	101 916	367 609	74 746	722	<b>551 519</b>
Accumulated depreciation	0	(20 363)	(137 078)	(48 140)	0	<b>(205 581)</b>
<b>Book value</b>	<b>6 526</b>	<b>81 553</b>	<b>230 531</b>	<b>26 606</b>	<b>722</b>	<b>345 938</b>

EUR th	Land	Buildings	Plant and equipment	Other equipment	Unfinished buildings and prepayments	Fixed assets total
<b>Balance on 31 December 2007</b>						
Acquisition cost	556	7 160	20 769	3 984	2 455	<b>34 924</b>
Accumulated depreciation	0	(956)	(5 752)	(2 339)	0	<b>(9 047)</b>
<b>Book value</b>	<b>556</b>	<b>6 204</b>	<b>15 017</b>	<b>1 645</b>	<b>2 455</b>	<b>25 877</b>
Acquisitions	0	131	339	751	640	<b>1 861</b>
Disposals (at carrying amount)	0	0	(5)	(38)	0	<b>(43)</b>
Write-offs (at carrying amount)	0	0	(1)	(14)	0	<b>(15)</b>
Reclassification	(139)	23	2 396	637	(3 063)	<b>(146)</b>
Acquired through business combinations	0	0	0	(7)	0	<b>(7)</b>
Depreciation including depreciation of discontinued operations	0	(280)	(1 639)	(710)	0	<b>(2 629)</b>
Currency translation differences	0	(25)	0	(55)	0	<b>(80)</b>
<b>Balance on 31 December 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Acquisition cost	417	7 314	23 406	5 023	32	<b>36 192</b>
Accumulated depreciation	0	(1 236)	(7 299)	(2 759)	0	<b>(11 294)</b>
<b>Book value</b>	<b>417</b>	<b>6 078</b>	<b>16 107</b>	<b>2 264</b>	<b>32</b>	<b>24 898</b>
Acquisitions	0	11	168	274	100	<b>553</b>
Disposals (at carrying amount)	0	0	(1)	(23)	0	<b>(24)</b>
Write-offs (at carrying amount)	0	(9)	(24)	(8)	0	<b>(41)</b>
Reclassification	0	13	0	50	(86)	<b>(23)</b>
Property, plant and equipment of discontinued operations	0	(613)	0	(139)	0	<b>(752)</b>
Depreciation	0	(267)	(1 517)	(718)	0	<b>(2 502)</b>
<b>Balance on 31 December 2009</b>						
Acquisition cost	417	6 514	23 494	4 777	46	<b>35 248</b>
Accumulated depreciation	0	(1 301)	(8 761)	(3 077)	0	<b>(13 139)</b>
<b>Book value</b>	<b>417</b>	<b>5 213</b>	<b>14 733</b>	<b>1 700</b>	<b>46</b>	<b>22 109</b>

Information on pledged property, plant and equipment is presented in Note 21.

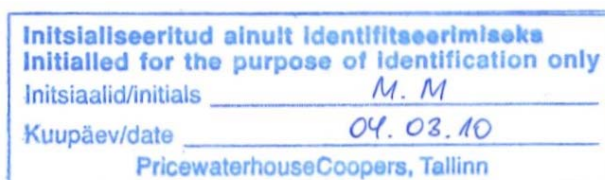
Disclosures on non-current assets leased under the finance lease terms are presented in Note 22.

**Note 19. Intangible assets**

EEK th	Good-will	Trade-marks	Develop-ment	Client relation-ship	Compu-ter software	Prepay-ments	Total intangible assets
<b>Balance on 31 December 2007</b>							
Acquisition cost	802 628	174 979	4 189	33 108	30 384	3 438	<b>1 048 726</b>
Accumulated amortisation	0	(6 000)	(137)	(1 655)	(17 515)	0	<b>(25 307)</b>
<b>Book value</b>	<b>802 628</b>	<b>168 979</b>	<b>4 052</b>	<b>31 453</b>	<b>12 869</b>	<b>3 438</b>	<b>1 023 419</b>
Acquisitions	0	0	3 617	0	5 530	1 665	<b>10 812</b>
Disposals (at carrying amount)	0	0	0	0	(178)	0	<b>(178)</b>
Write-offs (at carrying amount)	0	0	0	0	0	0	<b>0</b>
Reclassification	0	45	(400)	0	1 709	(1 253)	<b>101</b>
Disposals	(795)	0	0	0	(28)	0	<b>(823)</b>
Amortisation	0	(5 120)	(1 663)	(6 622)	(6 531)	0	<b>(19 936)</b>
including depreciation of discontinued operations	0	(642)	0	0	(124)	0	<b>(766)</b>
Currency translation differences	0	0	0	0	(16)	0	<b>(16)</b>
<b>Balance on 31 December 2008</b>							
Acquisition cost	801 833	175 085	7 406	33 108	36 947	3 850	<b>1 058 229</b>
Accumulated amortisation	0	(11 181)	(1 800)	(8 277)	(23 576)	0	<b>(44 834)</b>
Currency translation differences	0	0	0	0	(16)	0	<b>(16)</b>
<b>Book value</b>	<b>801 833</b>	<b>163 904</b>	<b>5 606</b>	<b>24 831</b>	<b>13 355</b>	<b>3 850</b>	<b>1 013 379</b>
Acquisitions	0	0	2 371	0	2 313	542	<b>5 226</b>
Disposals (at carrying amount)	(3 930)	(2 009)	0	0	(65)	0	<b>(6 004)</b>
Write-offs (at carrying amount)	0	(294)	(71)	0	(69)	0	<b>(434)</b>
Reclassification	0	0	0	0	1 952	(1 593)	<b>359</b>
Intangible assets of discontinued operations (Note 14)	(67 961)	(10 791)	0	0	(1 097)	0	<b>(79 849)</b>
Amortization	0	(4 538)	(3 593)	(6 622)	(4 892)	0	<b>(19 645)</b>
Impairment	(91 445)	0	0	0	0	0	<b>(91 445)</b>
Currency translation differences	0	0	0	0	26	0	<b>26</b>
<b>Balance on 31 December 2009</b>							
Acquisition cost	729 942	159 203	9 706	33 108	37 453	2 799	<b>972 211</b>
Accumulated amortization and impairment	(91 445)	(12 931)	(5 393)	(14 899)	(25 940)	0	<b>(150 608)</b>
Currency translation differences	0	0	0	0	10	0	<b>10</b>
<b>Book value</b>	<b>638 497</b>	<b>146 272</b>	<b>4 313</b>	<b>18 209</b>	<b>11 523</b>	<b>2 799</b>	<b>821 613</b>

EUR th	Good-will	Trade-marks	Develop-ment	Client relation-ship	Computer software	Prepay-ments	Total intangible assets
<b>Balance on 31 December 2006</b>							
Acquisition cost	51 297	11 183	268	2 116	1 942	220	<b>67 026</b>
Accumulated amortisation	0	(383)	(9)	(106)	(1 119)	0	<b>(1 617)</b>
<b>Book value</b>	<b>51 297</b>	<b>10 800</b>	<b>259</b>	<b>2 010</b>	<b>823</b>	<b>220</b>	<b>65 409</b>
Acquisitions	0	0	231	0	353	106	<b>690</b>
Disposals (at carrying amount)	0	0	0	0	(10)	0	<b>(10)</b>
Write-offs (at carrying amount)	0	0	0	0	0	0	<b>0</b>
Reclassification	0	3	(26)	0	109	(80)	<b>6</b>
Disposals	(51)	0	0	0	(2)	0	<b>(53)</b>
Amortisation	0	(328)	(106)	(423)	(417)	0	<b>(1 274)</b>
including depreciation of discontinued operations	0	(41)	0	0	(8)	0	<b>(49)</b>
Currency translation differences	0	0	0	0	(1)	0	<b>(1)</b>
<b>Balance on 31 December 2008</b>							
Acquisition cost	51 246	11 190	473	2 116	2 363	246	<b>67 634</b>
Accumulated amortisation	0	(715)	(115)	(529)	(1 507)	0	<b>(2 866)</b>
Currency translation differences	0	0	0	0	(1)	0	<b>(1)</b>
<b>Book value</b>	<b>51 246</b>	<b>10 475</b>	<b>358</b>	<b>1 587</b>	<b>855</b>	<b>246</b>	<b>64 767</b>
Acquisitions	0	0	152	0	146	35	<b>333</b>
Disposals (at carrying amount)	(251)	(128)	0	0	(4)	0	<b>(383)</b>
Write-offs (at carrying amount)	0	(19)	(5)	0	(4)	0	<b>(28)</b>
Reclassification	0	0	0	0	125	(102)	<b>23</b>
Intangible assets of discontinued operations	(4 343)	(690)	0	0	(70)	0	<b>(5 103)</b>
Amortization	0	(290)	(230)	(423)	(313)	0	<b>(1 256)</b>
Impairment	(5 844)	0	0	0	0	0	<b>(5 844)</b>
Currency translation differences	0	0	0	0	2	0	<b>2</b>
<b>Balance on 31 December 2009</b>							
Acquisition cost	46 652	10 175	620	2 116	2 394	179	<b>62 136</b>
Accumulated amortization and impairment	(5 844)	(827)	(345)	(952)	(1 658)	0	<b>(9 626)</b>
Currency translation differences	0	0	0	0	1	0	<b>1</b>
<b>Book value</b>	<b>40 808</b>	<b>9 348</b>	<b>275</b>	<b>1 164</b>	<b>737</b>	<b>179</b>	<b>52 511</b>

Information on intangible assets pledged as collateral for loans is provided in Note 21.



### Goodwill by cash generating units

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Delfi EE (Estonia)	238 001	246 276	15 211	15 740
Delfi LV (Latvia)	149 586	232 756	9 560	14 876
Delfi LT (Lithuania)	195 841	195 841	12 517	12 517
Hyppelaud.ee (AS Eesti Päevaleht)	386	386	25	25
Ekspress Auto (Eesti Ajalehed)	1 100	1 100	70	70
Ajakirjade Kirjastus	7 128	7 128	456	456
Ekspress Leidyba	10 160	14 090	649	901
Eesti Ajalehed (Maaleht) *	28 414	28 414	1 815	1 814
Rahva Raamat (wholesale)	7 881	7 881	504	504
Ekspress Hotline (Discontinued operations, Note 14)	0	67 961	0	4 343
<b>Goodwill Total</b>	<b>638 497</b>	<b>801 833</b>	<b>40 807</b>	<b>51 246</b>

\* 31.12.08 adjusted retrospectively

### Dividing of goodwill by segments

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Online media	584 914	676 359	37 382	43 227
Periodicals	45 702	49 632	2 921	3 172
Book sales	7 881	7 881	504	504
Discontinued operations (see Note 14)	0	67 961	0	4 343
<b>Goodwill Total</b>	<b>638 497</b>	<b>801 833</b>	<b>40 807</b>	<b>51 246</b>

In all the impairment tests, the discounted cash flow method was used except for Rahva Raamat (wholesale) for which the fair value less costs to sell method was used because the value of Rahva Raamat has been determined in a sales transaction that was completed after the balance sheet date. For determining the recoverable amount of Rahva Raamat, the management has used the sales price as the basis, see details on the sales price and net assets of the segment disposed also in Note 37 Events after the balance sheet date.

For each cash generating unit acquired, 5-year revenue forecasts have been prepared for the respective cash-generating units. Revenue growth, and variable and fixed costs have been estimated of the basis of prior period results and strategic developments planned for the near future. Calculations have been performed using nominal growth rates, with consideration of inflation.

In 2009, the management has revised the estimates used for the impairment testing to accommodate the changes in the macroeconomic environment. Revenue estimates in the period 2010-2014 are based on the management's budget. Increase in fixed costs is based on CPI growth in the region.

The applied revenue growth rates are as follows:

Cash generating unit	2010		2011-2014		Terminal value growth	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Delfi EE	18%	25%	17-30%	15-21%	3%	3%
Delfi LV	0%	16%	17-35%	12-27%	4%	4%
Delfi LT	-7%	16%	17-35%	14-25%	4%	4%
Hyppeaud.ee	30%	25%	15-25%	15-25%	3%	3%
Eesti Ajalehed (Ekspress Auto)	34%	30%	18-30%	30-50%	2%	3%
Ajakirjade Kirjastus	3%	5%	4-6%	5%	2%	3%
Ekspress Leidyba	-15%	6%	6-10%	6%	2%	3%
Eesti Ajalehed (Maaleht)	-2%	10%	4-6%	10-15%	2%	3%

The present value and the terminal value of the cash flows for the following five years were determined using the weighted average cost of capital as the discount rate, where the expected ROE is 7.80% - 14.8% (2008: 13.74% - 17.60%) and the return on debt is 7.6% for Estonia and 9.6% for Latvia and 8.6% for Lithuania (2008: 6.0%-9.5%), which equals the estimated average interest rate on loans granted in local currencies and offered to Ekspress Group by banks as of 31.12.2009 and 31.12.2008. The debt ratio is based on the average debt ratio of the market available in the database of Damodaran Online as of 31.12.2009 - 40% for online media units (31.12.2008: 28.7%) and 55% for publishing units (31.12.2008: 42.5%) which is also similar to the Group's capital structure. The cost of equity has been calculated using CAPM (Capital Asset Pricing Model). The equity betas of the units used in the model have been calculated using the inputs from the database of Damodaran Online. The yields on long-term government bonds issued in Latvia and Lithuania in December 2009 have been used as the basis for determining the risk rates of these countries. In respect of Estonia, the country's risk rate has been derived from the yield of a 10-year German bond and the rate of CDS (Currency Default Swap) of the Estonian kroon as of 31.12.2009.

The applied discounts rates are as follows:

Cash generating unit	31.12.2009	31.12.2008
Delfi EE	9.74%	12.38%
Delfi LV	12.74%	14.11%
Delfi LT	12.07%	14.60%
Hyppeaud.ee	12.00%	12.38%
Eesti Ajalehed (Ekspress Auto)	10.18%	12.38%
Ajakirjade Kirjastus	9.76%	11.79%
Ekspress Leidyba	11.26%	15.64%
Eesti Ajalehed (Maaleht)	9.76%	11.79%



Difference between carrying amount and recoverable amount of cash generating units:

thousand EEK	31.12.2009	31.12.2008
Delfi EE	-8 275	4 085
Delfi LV	-83 170	21 267
Delfi LT	36 991	58 286
Maaleht	21 155	71 435
Other	243 443	203 773

thousand EUR	31.12.2009	31.12.2008
Delfi EE	-529	261
Delfi LV	-5 316	1 359
Delfi LT	2 364	3 725
Maaleht	1 352	4 566
Other	15 559	13 023

Other cash generating units are Ajakirjade Kirjastus, Ekspress Leidyba, Hypepelaud.ee and Eesti Ajalehed (Ekspress Auto).

Goodwill of Delfi Group was written off in the amount of EEK 91 445 thousand (EUR 5 844 thousand) in 2009 (2008: 0).

The Group's management considers the key assumptions used for the purpose of impairment testing of all acquired cash generating units to be realistic. If there is a major unfavourable change in any of the key assumptions used in the test, an additional impairment loss may be recognised. If the following changes were to occur in the assumptions used for test of Delfi LT and Maaleht, the recoverable value would be equal to the carrying value:

#### Delfi LT

Decrease in revenue growth	450 b.p.
Increase in discount rate	100 b.p.
Decrease in terminal value growth rate	150 b.p.

#### Maaleht

Decrease in revenue growth	100 b.p.
Increase in discount rate	250 b.p.
Decrease in terminal value growth rate	350 b.p.

## Note 20. Trade and other payables

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Trade payables	88 449	80 534	5 653	5 147
including trade payables to related party	833	524	53	33
Payables to employees	24 112	33 781	1 541	2 159
Taxes payable (Note 9)	21 655	22 275	1 384	1 424
Deferred income*	47 527	69 046	3 038	4 413
Payables to associates	0	3	0	0
Payables to joint ventures	20 472	21 636	1 308	1 383
Trade payables	2 972	2 886	190	184
Loans received**	17 500	18 750	1 118	1 198
Liability to discontinued operation (cash on Ekspress Hotline's Group account)	32 472	0	2 075	0
Accrued interest	3 528	3 444	225	220
Loans received from related party (Note 35)	20 800	42 000	1 330	2 684
Other accrued liabilities	24 653	9 192	1 576	587
<b>Trade and other payables total</b>	<b>283 668</b>	<b>281 911</b>	<b>18 130</b>	<b>18 017</b>

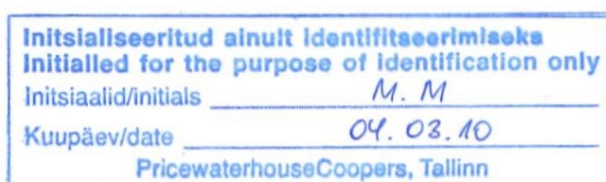
\* Deferred income includes the amounts received from clients for subscriptions of periodicals, which will be recognised as income in future periods according to the periodicals published

\*\* Loans received from joint ventures

Printall (Borrower) Loan Agreement with Ajakirjade Kirjastus in the amount of EEK 13 500 thousand (EUR 863 thousand). In the balance sheet the loan amounted as of 31.12.2009: EEK 6 750 thousand (EUR 431 thousand) and 31.12.2008: EEK 7 750 thousand (EUR 495 thousand). Loan matures in 2010 and interest rate is 2.7%.

Printall (Borrower) Loan Agreement with AS SL Õhtuleht in the amount of 12 000 th. kroons (EUR 767 thousand). In the balance sheet the loan amounted as of 31.12.2009: EEK 6 000 thousand (EUR 383 thousand) and 31.12.2008: EEK 7 000 thousand (EUR 447 thousand). Loan matures in 31.03.2010 and interest rate is 2.7%.

Printall (Borrower) Loan Agreement with AS Express Post in the amount of EEK 9 500 thousand (EUR 607 thousand). In the balance sheet the loan amounted as of 31.12.2009: EEK 4 750 thousand (EUR 304 thousand) and 31.12.2008: EEK 4 000 thousand (EUR 256 thousand). Loan matures in 2010 and interest rate is 2.7%.



## Note 21. Bank loans and borrowings

EEK th	Total amount	Repayment term			Interest rate
		up to 1 year	1 to 5 years	over 5 years	
<b>Balance on 31.12.2009</b>					
Bank overdraft	39 909	39 909	0	0	4,13%
Short-term bank loans	8 222	8222	0	0	5,81%
Long-term bank loans	574 078	56 352	517 726	0	4,58%
Finance lease (Note 22)	103 931	38 610	65 321	0	3,24%
<b>Total</b>	<b>726 140</b>	<b>143 093</b>	<b>583 047</b>	<b>0</b>	
<b>Balance on 31.12.2008</b>					
Bank overdraft	32 072	32 072	0	0	6,20%
Long-term bank loans	632 166	107 828	524 338	0	5,45%
Finance lease (Note 22)	139 792	36 319	102 109	1 364	5,62%
<b>Total</b>	<b>804 030</b>	<b>176 219</b>	<b>626 447</b>	<b>1 364</b>	

EUR th	Total amount	Repayment term			Interest rate
		up to 1 year	1 to 5 years	over 5 years	
<b>Balance on 31.12.2009</b>					
Bank overdraft	2 551	2 551	0	0	4,13%
Short-term bank loans	525	525	0	0	5,81%
Long-term bank loans	36 689	3 602	33 087	0	4,58%
Finance lease (Note 22)	6 643	2 468	4 175	0	3,24%
<b>Total</b>	<b>46 408</b>	<b>9 145</b>	<b>37 263</b>	<b>0</b>	
<b>Balance on 31.12.2008</b>					
Bank overdraft	2 050	2 050	0	0	6,20%
Long-term bank loans	40 402	6 891	33 511	0	5,45%
Finance lease (Note 22)	8 934	2 321	6 526	87	5,62%
<b>Total</b>	<b>51 386</b>	<b>11 262</b>	<b>40 037</b>	<b>87</b>	

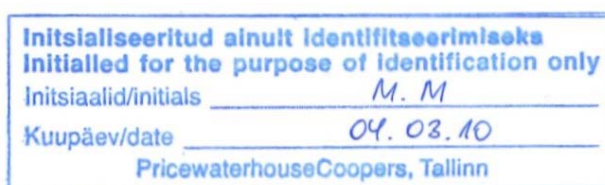
The effective interest rates are very close to the nominal interest rates.

A loan agreement has been concluded between the syndicate of SEB, Danske Bank A/S Estonia Branch ( Sampo Bank) and Nordea Bank and Ekspress Group on 28 August 2007 in the amount of EEK 674.4 million (EUR 43.1 million) for purchasing Delfi Group and Maaleht. The loan repayment date is 25.09.2012.

On 24 March 2009, the syndicate of SEB Bank, Danske Bank A/S Estonia Branch (Sampo Bank) and Nordea Bank and AS Ekspress Grupp entered into an amendment to the loan agreement entered into on 28 August 2007, according to which the Group pays the principal in a reduced amount in the period from 1 March 2009 to 25 January 2010. Difference in payments are added to the bullet amount of the loan. The repayment profiles were amended in such a way that AS Ekspress Grupp will begin repaying the difference in the form of installments starting from February 2010 until December 2012 under a ten year annuity profile and starting from January 2013 until December 2014 under a five year annuity profile.

Interest rate is 3.5%+ 6 month Euribor, from 25 January 2010 the new interest rate is 4% + 6 month Euribor, from 25 February 2010 the new interest rate is 3,75% + 6 month Euribor. (See Note 37 for subsequent events on loan refinancing in 2010.)

The outstanding loan balance as of 31.12.2009: EEK 526.9 million (EUR 33.7 million). The loan is secured by the Group's assets as follows:



- with a mortgage on the registered immovable located at Peterburi Rd 64A in the mortgage amount of EEK 50 million (EUR 3.2million);
- with a pledge on the shares of Delfi Estonia, Delfi Latvia, Delfi Lithuania, Maaleht, Eesti Ajalehed, Printall, Eesti Päevaleht and Delfi Holding, and with the guarantee of the said subsidiaries in the total amount of EUR 43.1 million (EEK 674.4 million);
- with a combined pledge in the amount of EEK 4 million (EUR 0.3 million) on the following trademarks: Eesti Ekspress, Delfi and Maaleht.

According to the conditions of the loan agreement, the borrower must comply with the levels established for certain financial ratios, such as net interest-bearing borrowings /EBITDA, EBITDA/interest and principal payments related to interest-bearing borrowings and equity /balance sheet total.

As of the balance sheet date, there could have risen a conflict with the levels established for certain financial ratios, but before the balance sheet date an agreement was reached with banks, according to which the conflict with financial ratios does not qualify the breach of the loan agreement.

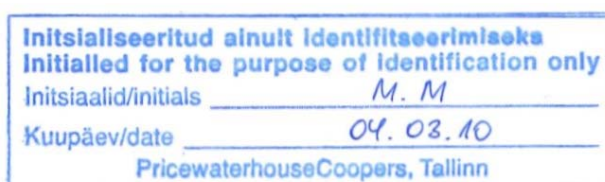
On 30 September 2009, AS Ekspress Grupp and Nordea Bank Finland Plc entered into a loan agreement with a limit of EUR 0.96 million (EEK 15 million). The overdraft interest rate is 3.5%+ 1 month EURIBOR and the maturity term is 30 March 2010.

On 01 October 2009, AS Ekspress Grupp and Danske Bank A/S Estonia Branch ( Sampo Bank) entered into an overdraft agreement, according to which the overdraft amount is EUR 0.96 million (EEK 15 million). The overdraft interest rate is 3.5%+ 6 month EURIBOR and the maturity term is 31 March 2010.

On 19 October 2009, AS Ekspress Grupp and AS SEB Pank entered into an overdraft agreement with a limit of EUR 0.96 million (EEK 15 million). The overdraft interest rate is 3.5%+ 1 month EURIBOR and the maturity term is 20 April 2010.

A loan agreement of AS Printall (borrower) in the amount of EEK 75 million (EUR 4.8 million), with the term of 15.12.2013 is secured with a mortgage in the amount of EEK 100 million (EUR 6.4 million) on registered immovable property located at Peterburi Rd 64A, Tallinn (the carrying amount of the building as of 31.12.2009: EEK 71.8 million (EUR 4.6 million), the carrying amount of the land property EEK 6.4 million (EUR 0.4 million), the carrying amount of the investment property EEK 6,4 million (EUR 0.4 million).The outstanding loan balance as of 31.12.2009: EEK 47.2 million (EUR 3.0 million), 31.12.2008: EEK 58.1 million (EUR 3.7 million). Financial lease agreements contain among other things certain conditions for ratios of the company with which the financial indicators of the company must comply. As of the balance sheet date, all the ratios were in compliance with the conditions established by the financial institutions.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.



## Note 22. Finance lease

### Finance lease – the Group as the lessee

(thousand)	EEK		
	Plant and machinery	Other equipment	Total
<b>Balance on 31.12.2008</b>			
Acquisition cost	272 601	3 973	276 574
Accumulated depreciation	(44 154)	(160)	(44 314)
<b>Net book amount</b>	<b>228 447</b>	<b>3 813</b>	<b>232 260</b>
<b>Balance on 31.12.2009</b>			
Acquisition cost	272 854	4 323	277 177
Accumulated depreciation	(61 197)	(211)	(61 408)
<b>Net book amount</b>	<b>211 657</b>	<b>4 112</b>	<b>215 769</b>

(thousand)	EUR		
	Plant and machinery	Other equipment	Total
<b>Balance on 31.12.2008</b>			
Acquisition cost	17 422	254	17 676
Accumulated depreciation	(2 822)	(10)	(2 832)
<b>Net book amount</b>	<b>14 600</b>	<b>244</b>	<b>14 844</b>
<b>Balance on 31.12.2009</b>			
Acquisition cost	17 439	276	17 715
Accumulated depreciation	(3 911)	(13)	(3 925)
<b>Net book amount</b>	<b>13 528</b>	<b>263</b>	<b>13 790</b>

The information about finance lease liabilities is presented in Note 21.

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Finance lease liabilities at 31 December</b>	<b>103 931</b>	<b>139 792</b>	<b>6 643</b>	<b>8 934</b>
Principal payments during the financial year	36 927	33 275	2 360	2 127
Interest expenses during the financial year	3 982	8 332	254	533
Average annual interest rate	3,24%	5,69%	3,24%	5,69%

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Finance lease liabilities – minimum lease payments:</b>				
No later than 1 year	41 725	43 861	2 667	2 803
Later than 1 year and no later than 5 years	73 787	125 659	4 716	8 031
Later than 5 years	0	3 616	0	231
<b>Total</b>	<b>115 512</b>	<b>173 136</b>	<b>7 383</b>	<b>11 065</b>
Future finance charges on finance leases	11 581	33 344	740	2 131
Present value of finance lease liabilities	103 931	139 792	6 643	8 934

## Note 23. Operating lease

### Group as the lessee

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Total operating lease payments expensed</b>	<b>27 547</b>	<b>22 747</b>	<b>1 760</b>	<b>1 453</b>
Facilities	22 411	18 609	1 432	1 189
Motor vehicles	5 136	4 138	328	264
<b>Future minimum lease payments under non-cancellable operating leases</b>	<b>12 524</b>	<b>20 429</b>	<b>800</b>	<b>1 306</b>
Less than one year	4 976	7 159	318	458
Between one and five years	7 548	13 270	482	848

## Note 24. Segment reporting

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

**Online media:** administration of online classified portals, intermediation of internet advertising services. This segment is represented by the group companies AS Delfi, AS Delfi (Latvia), UAB Delfi (Lithuania), TOV Delfi (Ukraine), OÜ Ekspress Internet, SIA Ekspress Portals (Latvia), UAB Ekspress Portals (Lithuania) as well as the web publications of AS Eesti Päevaleht, SL Õhtuleht AS and AS Eesti Ajalehed; and the automobile, real estate and employment web environments of AS Eesti Ajalehed.

**Periodicals:** publishing newspapers, magazines, custom publications and books in Estonia and Lithuania, publishing advertising in the publications. This segment is represented by the group companies AS Eesti Ajalehed (representing the publications Eesti Ekspress and Maaleht), AS Ajakirjade Kirjastus, AS SL Õhtuleht, Eesti Päevalehe AS, UAB Ekspress Leidyba, AS Linnaleht, AS Express Post.

**Printing services:** rendering printing and related services. This segment is represented by Group company AS Printall.

**Book sales:** retail and wholesale of books. This segment is represented by Group company Rahva Raamat AS. The segment has been disposed of in 2010 (see Note 37 for further information)

**Information services (discontinued operations):** information hotline services, publishing phone directories, advertising services, call centre services. This segment is represented by group companies AS Ekspress Hotline with its subsidiaries AS Ekspresskataloogid, AS Infoatlas and AS Kõnekeskus.

The Board assesses the performance of the operating segments based on a measure of operating profit. For external reporting management also uses EBITDA, as it is widely used in the business, but the measure of EBITDA is not used internally on a regular basis.

According to the parent company management's estimate, the inter-segment transactions have been carried out at arm's length and the conditions applied do not differ materially as compared to the transactions with third parties. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.



The amounts provided to the Board with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

	Online media	Periodicals	Printing services	Book sales	Corporate Functions	Eliminations	Total
2009 EEK th							
<b>Sales to external customers</b>	<b>114 601</b>	<b>373 793</b>	<b>306 335</b>	<b>188 151</b>	<b>650</b>	<b>0</b>	<b>983 530</b>
Inter-segment sales	3 691	22 465	48 790	424	1 627	(76 997)	0
Total gross segment sales	118 292	396 258	355 125	188 575	2 277	(76 997)	983 530
<b>Operating profit</b>	<b>(118 133)</b>	<b>1 074</b>	<b>35 252</b>	<b>(1 324)</b>	<b>(15 126)</b>	<b>(488)</b>	<b>(98 745)</b>
Capital expenditure	4 649	3 847	1 924	3 284	179	0	13 883
Depreciation, amortisation (Note 18,19)	19 786	9 306	24 302	4 751	660	0	58 805
Impairment of intangible assets (Note 19)	91 445	0	0	0	0	0	91 445
2009 EUR th							
<b>Sales to external customers</b>	<b>7 324</b>	<b>23 890</b>	<b>19 579</b>	<b>12 025</b>	<b>41</b>	<b>0</b>	<b>62 859</b>
Inter-segment sales	236	1 436	3 118	27	105	(4 922)	0
Total gross segment sales	7 560	25 326	22 697	12 052	146	(4 922)	62 859
<b>Operating profit</b>	<b>(7 550)</b>	<b>69</b>	<b>2 253</b>	<b>(85)</b>	<b>(966)</b>	<b>(30)</b>	<b>(6 309)</b>
Capital expenditure	295	246	123	210	12	0	886
Depreciation, amortisation (Note 18,19)	1 265	595	1 553	304	41	0	3 758
Impairment of intangible assets (Note 19)	5 844	0	0	0	0	0	5 844
2008 EEK th							
<b>Sales to external customers</b>	<b>160 199</b>	<b>523 488</b>	<b>363 496</b>	<b>207 009</b>	<b>659</b>	<b>0</b>	<b>1 254 851</b>
Inter-segment sales	2 285	29 717	59 501	781	1 892	(94 176)	0
Total gross segment sales	162 484	553 205	422 997	207 790	2 551	(94 176)	1 254 851
<b>Operating profit</b>	<b>11 065</b>	<b>49 121</b>	<b>61 570</b>	<b>4 248</b>	<b>(10 159)</b>	<b>(3 492)</b>	<b>112 353</b>
Capital expenditure *	8 443	8 861	6 696	14 560	466	0	39 026
Depreciation, amortisation (Note 18,19)	18 660	10 046	26 832	2 929	589	0	59 056
2008 EUR th							
<b>Sales to external customers</b>	<b>10 239</b>	<b>33 457</b>	<b>23 231</b>	<b>13 230</b>	<b>43</b>	<b>0</b>	<b>80 200</b>
Inter-segment sales	146	1 899	3 803	50	121	(6 019)	0
Total gross segment sales	10 385	35 356	27 034	13 280	164	(6 019)	80 200
<b>Operating profit</b>	<b>707</b>	<b>3 139</b>	<b>3 935</b>	<b>271</b>	<b>(648)</b>	<b>(223)</b>	<b>7 181</b>
Capital expenditure *	540	565	427	930	30	0	2 492
Depreciation, amortisation (Note 18,19)	1 193	642	1 714	187	38	0	3 774



\* Difference between capital expenditure between Notes 18,19 and segment disclosures is explained by the capital expenditure of assets of discontinued operations.

Capital expenditure comprises additions to property, plant and equipment (Note 18) and intangible assets (Note 19), including additions resulting from acquisitions through business combinations.

Segment income and expenses are directly related to the segment – revenue from sales to customers, cost of sales, depreciation, amortisation and impairment related to the activity. Operating income and expenses of corporate functions include the income and expenses of group management.

The assets of the segment mainly consist of inventories and fixtures employed by the segment, also other necessary working capital (e.g. cash). The liabilities of the segments are related to the borrowings and deferred income from subscribers, also for rental agreements, payroll and taxes. Payables for the inventories are mostly to the group and joint venture companies and have thus been partly or fully eliminated in consolidation.

The corporate functions are presented separately, although these do not form a separate business segment. The corporate function assets are the office equipment used for general administration, other equipment and current assets related to general activities. The corporate function liabilities arise from the holding activities of group companies.

The significant noncurrent assets located outside Estonia are mainly represented by the online trademarks of Delfi Group (in Latvia EEK 36.8 million, EUR 2.4 million as of 31.12.2009, EEK 37.6 million, EUR 2.4 million as of 31.12.2008, in Lithuania EEK 30.3 million, EUR 1.9 million as of 31.12.2009, EEK 31.0 million, EUR 2.0 million as of 31.12.2008), goodwill of Delfi Group and Ekspress Leidyba (see Note 19 for details by geographical area).

Analysis of revenue by category and geographical location of customers is provided in Note 25.

## Note 25. Net sales

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Revenue by activities</b>				
Advertising revenue	220 557	347 295	14 096	22 196
including barter	5 404	8 636	345	552
Single-copy sales revenue, net	69 158	91 712	4 420	5 861
Subscriptions' revenue	122 536	137 225	7 831	8 770
Book sales revenue	212 180	235 074	13 561	15 025
Printing services' and paper sales	302 423	359 526	19 328	22 978
Other revenues	56 676	84 019	3 623	5 370
<b>Revenue total</b>	<b>983 530</b>	<b>1 254 851</b>	<b>62 859</b>	<b>80 200</b>
<b>Revenue by geographical location of customers</b>				
Estonia	651 124	857 225	41 614	54 787
Scandinavia	131 253	78 345	8 389	5 007
Lithuania	107 534	116 731	6 873	7 460
Russia	54 845	137 185	3 505	8 768
Latvia	24 915	52 950	1 592	3 384
Other Europe	13 738	12 134	878	776
Canada, USA, Australia	121	281	8	18
<b>Total</b>	<b>983 530</b>	<b>1 254 851</b>	<b>62 859</b>	<b>80 200</b>

## Note 26. Cost of sales

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Raw materials and consumables used	364 558	412 599	23 300	26 370
Services purchased	114 834	167 845	7 339	10 727
Salaries and social taxes	256 158	292 089	16 371	18 668
Depreciation, amortization	38 655	37 685	2 471	2 409
Rental expenses	11 453	8 180	732	523
Other expenses	32 132	34 248	2 053	2 188
<b>Total</b>	<b>817 790</b>	<b>952 646</b>	<b>52 266</b>	<b>60 885</b>

## Note 27. Marketing expenses

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Marketing	29 804	42 255	1 905	2 700
Salaries and social taxes	10 437	12 326	667	788
Rental expenses	185	166	12	11
Depreciation, amortization	54	106	3	7
<b>Total</b>	<b>40 480</b>	<b>54 853</b>	<b>2 587</b>	<b>3 506</b>

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## Note 28. Administrative expenses

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Raw materials and consumables used	5 466	6 777	349	433
Repairs and maintenance	10 064	9 762	643	624
Communication expenses	4 005	4 859	256	311
Rental expenses	15 909	18 571	1 017	1 187
Services purchased	19 273	22 983	1 232	1 469
Salaries and social taxes	54 916	57 178	3 510	3 654
Depreciation, amortization	20 095	21 265	1 284	1 359
<b>Total administrative expenses</b>	<b>129 728</b>	<b>141 395</b>	<b>8 291</b>	<b>9 037</b>

## Note 29. Other income and expenses

### Other income

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Profit from sale of PPE	93	170	6	11
Fines and penalties received	34	136	2	9
Currency exchange gains	26	1 158	2	74
Other income	5 337	8 706	342	556
<b>Total</b>	<b>5 490</b>	<b>10 170</b>	<b>352</b>	<b>650</b>

### Other expenses

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Losses from sale and writeoffs of PPE	1 108	393	71	25
Currency exchange losses	352	455	22	29
Fines and penalties paid	7	190	0	12
Other expenses	6 855	2 736	439	175
<b>Total</b>	<b>8 322</b>	<b>3 774</b>	<b>532</b>	<b>241</b>

## Note 30. Financial income/ expenses

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Interest income	1 979	2 701	126	173
Interest expenses	(46 024)	(58 038)	(2 941)	(3 709)
Currency exchange losses	(417)	(1 590)	(27)	(102)
Other financial income	0	295	0	19
Other financial expenses	(1 326)	(2 612)	(85)	(167)
<b>Financial income/-expenses total</b>	<b>(45 788)</b>	<b>(59 244)</b>	<b>(2 927)</b>	<b>(3 786)</b>

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### Note 31. Expenses by nature

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Depreciation, amortization	58 804	59 056	3 757	3 774
Salaries and social taxes	321 511	361 593	20 548	23 110
Raw materials and consumables used	370 024	419 376	23 649	26 803
Rental expenses	27 547	26 917	1 761	1 720
Services purchased	134 107	190 828	8 571	12 196
Marketing	29 804	42 255	1 905	2 701
Repairs and maintenance	10 064	9 762	643	624
Communication expenses	4 005	4 859	256	311
Other expenses	32 132	34 248	2 054	2 189
<b>Total cost of sales, distribution and administrative expenses</b>	<b>987 998</b>	<b>1 148 894</b>	<b>63 144</b>	<b>73 428</b>
<b>Average number of employees</b>	<b>2 115</b>	<b>2 375</b>	<b>2 115</b>	<b>2 375</b>

### Note 32. Equity

The share capital of the public limited company is EEK 208 488 410 (EUR 13 324 738) which consists of the shares with the nominal value of EEK 10 (EUR 0.6). All shares are of one type and there are no ownership restrictions.

The extraordinary meeting of shareholders held on 12 December 2008 decided to increase the share capital through the issue of new shares. The share issue totalled 1 877 760 shares with the subscription price of 15 kroons (0.96 euros) per share. As of 12 January 2009 the share issue was fully subscribed and EEK 28.2 million (EUR 1.8 million) was paid for the new shares.

Subscribers were:

HHL Rühm with 1 393 575 shares

ING Luxembourg with 432 025 shares

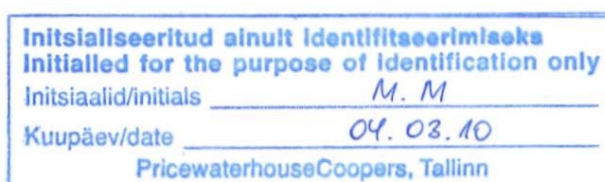
SEB with 52160 shares

The share capital of Ekspress Grupp increased from EEK 189 710 810 (EUR 12 124 731) to EEK 208 488 410 (EUR 13 324 838) and share premium from EEK 183 495 (EUR 11 727) to EEK 192 883 (EUR 12 327).

### Reserves

Reserves include:

- Statutory legal reserve required by the Commercial Code. Subject to the approval of the general meeting, the reserve may be used for covering cumulated losses, if the latter cannot be covered with other unrestricted equity, and for increasing share capital.
- Other reserves - additional payments in cash from shareholders EEK 10 000 thousand (639 th euros) as a general-purpose additional equity contribution by founding shareholder, a hedging reserve derived from interest rate swaps EEK 13 993 thousand (EUR 894 thousand) and revaluation of investment property EEK 3 414 thousand (EUR 218 thousand).



## Reserves

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Statutory legal reserve</b>	<b>266</b>	<b>266</b>	<b>17</b>	<b>17</b>
<b>Other reserves</b>				
Additional payments in cash from shareholders	10 000	10 000	639	639
Revaluation of investment property	3 414	3 414	218	218
Hedging reserve (Note 33)	(13 993)	(9 555)	(894)	(611)
<b>Other reserves total</b>	<b>(579)</b>	<b>3 859</b>	<b>(37)</b>	<b>247</b>

## Employee share options

On the extraordinary general meeting of shareholders held on 21 January 2008, it was decided to grant the Supervisory Board the right to increase the share capital of the Company in the period from 22.01.2008 to 21.01.2011 by up to 470 000 shares. According to the share option programme approved by the Supervisory Board, Ekspress Group was to issue up to 470 000 options, while the number of options granted to one person is a maximum of 100 000. Each option granted the right to one share on the exercise date. The share option was planned to be exercised in the first half year of 2009, 2010 and 2011 each year accordingly 1/3 of the volume determined to the entitled person. On 12 March 2008, agreements of stock call option were concluded with the members of the management of the Group and its subsidiaries included in the option program. As of 31 December 2009, contracts for share purchase option concluded with members of the Management Board of Group's subsidiaries have been terminated. The fair value of employee services received under the share options programme were recognised as payroll expenses during the vesting period and an equity reserve respectively and at the cancellation the equity reserve was released to retained earnings in the amount of EEK 2.9 million (EUR 0.2 million).

## Earnings per share

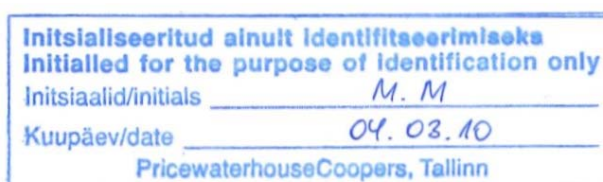
**Basic earnings per share** have been calculated by dividing the profit attributable to equity holders of the Parent company by the weighted average number of shares outstanding during the period.

EEK	2009	2008
Profit (loss) attributable to equity holders of the Parent Company from continuing operations	(148 302 442)	48 007 539
Profit (loss) attributable to equity holders of the Parent Company from discontinued operations	(40 710 127)	(2 046 100)
The average number of ordinary shares	20 787 106	18 971 081
Basic and diluted earnings per share from continuing operations	(7,13)	2,53
Basic and diluted earnings per share from discontinued operations	(1,96)	(0,11)

EUR	2009	2008
Profit (loss) attributable to equity holders of the Parent Company from continuing operations	(9 478 254)	3 068 241
Profit (loss) attributable to equity holders of the Parent Company from discontinued operations	(2 601 851)	(130 770)
The average number of ordinary shares	20 787 106	18 971 081
Basic and diluted earnings per share from continuing operations	(0,46)	0,16
Basic and diluted earnings per share from discontinued operations	(0,13)	(0,01)

In view of the fact that the Group has not dilutive potential ordinary shares at the end of 2009 and 2008 years, diluted earnings per share equals basic earnings per share.

Calculation of weighted average number of shares is based on following data:



On 12 January 2009 the share capital of Ekspress Grupp increased from EEK 189 710 810 (EUR 12 124 731) to EEK 208 488 410 (EUR 13 324 838).

### Note 33. Derivative instruments

(thousand)	Non- current liabilities			
	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Interest rate swap	13 993	9 555	894	611
<b>Total</b>	<b>13 993</b>	<b>9 555</b>	<b>894</b>	<b>611</b>

#### *Interest rate swap*

The principal part of the loan of interest rate swaps in force comprised EEK 254.6 million (EUR 16.3 million) as of 31.12.2009 (31.12.2008: EEK 291 million (EUR 18.6 million)).

As of 31.12.2009, the fixed interest rates were 6% and the floating interest rate was based on EURIBOR. Gains and losses recognised in the hedging reserve in equity (Note 32) on interest rate swap contracts as at 31 December 2009 will be continuously released to the income statement until the repayment of the bank borrowings (Note 21).

### Note 34. Contingent liabilities

#### **Contingent income tax liability:**

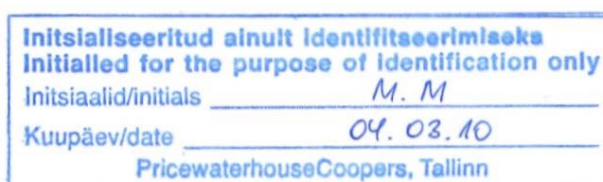
The consolidated retained earnings of Group as of 31 December 2009 amounted to EEK 45 805 thousand (EUR 2 927 thousand) (31 December 2008: EEK 231 899 thousand (EUR 14 821 thousand)). Income tax of 21/79 of net dividend paid is imposed on the profit distributed as dividends. Thus, the retained earnings as of 31 December 2009 that can be paid out as dividends to the shareholders, amount to EEK 36 186 thousand (EUR 2 313 thousand) and the corresponding income tax would amount to EEK 9 619 thousand (EUR 615 thousand). As of 31 December 2008 it would have been possible to pay out dividends to the shareholders in the amount of EEK 183 200 thousand (EUR 11 709 thousand) and the corresponding income tax would have amounted to EEK 48 699 thousand (EUR 3 112 thousand).

#### **Contingent liabilities related to Tax Inspection:**

Tax authorities have the right to review the Group's tax records for up to 6 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits in any of the group companies' during 2008-2009. The management believes that there are no any circumstances which may lead the tax authorities to impose significant additional taxes on the group companies.

#### **Contingent liabilities arising from pending court case**

According to the notice by the Harju County Court of 9 December 2009 OÜ Autoportaal has filed in the named court an action against Eesti Ajalehed in the amount of EEK 9.6 million for the breach of copyright of OÜ Autoportaal. According to the statement of claim, Eesti Ajalehed is using without the respective consent of OÜ Autoportaal, in Internet portal [www.ekspressauto.ee](http://www.ekspressauto.ee), the works of OÜ Autoportaal which are published on the website [www.auto24.ee](http://www.auto24.ee). Eesti Ajalehed does not admit the claim and contests it. Eesti Ajalehed is, *inter alia*, of the opinion that OÜ Autoportaal does not





enjoy the copyright in and to the referred works, as the information used by Eesti Ajalehed originates from the websites of car sellers with whom Eesti Ajalehed has partnership relations in place. It is a very complicated legal dispute, so it is difficult to assess the likelihood of settlement. If the action to be accommodated, the full amount of satisfaction of a monetary claim the action is unlikely, since the action has been taken as a basis for calculating the amount of damages the function where the entire cost of the applicant's business is taken into account in the defendant's income, and this in turn, the applicant's damage. No provisions have been recognised as of 31.12.2009.

BF Regens' action against AS Printall is in the legislative proceeding of Harju County Court, with the payment sum of EEK 2 812 518 and with a fine for delay of EEK 748 125, with 11 January 2010 as the term when obligation falls due. Action is invoked on an authorisation agreement, according to which the plaintiff helped to draft the defendant's application for financing to Enterprise Estonia. AS Printall's opinion is that satisfaction of the action is unlikely because according to the conditions of the contract concluded by the Parties, the Contract expired when Enterprise Estonia delivered their negative decision, i.e., 31 December 2008. It was not stipulated in any of the Contract's conditions that the Contract would be valid with all other applications submitted to Enterprise Estonia by AS Printall. No provisions have been recognised as of 31.12.2009.

### Note 35. Related party transactions

Transactions with related parties are transactions with shareholders, joint ventures, associates, unconsolidated subsidiaries, key management, Management Board, Supervisory Board, their immediate family members and the companies under their control or significant influence.

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

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

#### Sales

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Sale of goods</b>				
members of Management Boards and companies related to them	1	0	0	0
associated companies	23 535	26 315	1 504	1 682
<b>Sale of goods total</b>	<b>23 536</b>	<b>26 315</b>	<b>1 504</b>	<b>1 682</b>
<b>Sale of services</b>				
members of Management Boards and companies related to them	0	3	0	0
members of Supervisory boards and companies related to them	79	399	5	26
associated companies	5 211	10 136	333	648
<b>Sale of services total</b>	<b>5 290</b>	<b>10 538</b>	<b>338</b>	<b>674</b>
<b>Sales total</b>	<b>28 826</b>	<b>36 853</b>	<b>1 842</b>	<b>2 356</b>



### Purchases

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Purchase of services</b>				
members of Management Boards and companies related to them	680	773	43	49
members of Supervisory Boards and companies related to them	11 411	9 601	729	614
associated companies	535	69	34	4
<b>Purchase of services total</b>	<b>12 626</b>	<b>10 443</b>	<b>806</b>	<b>667</b>

### Receivables

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Short-term receivables</b>				
members of Supervisory Boards and companies related to them	3 054	3 145	195	201
associated companies	4 566	7 039	292	450
<b>Short-term receivables total</b>	<b>7 620</b>	<b>10 184</b>	<b>487</b>	<b>651</b>
<b>Long-term receivables</b>				
members of Supervisory Boards and companies related to them	1 550	1 550	99	99
<b>Long-term receivables total</b>	<b>1 550</b>	<b>1 550</b>	<b>99</b>	<b>99</b>
<b>Receivables total</b>	<b>9 170</b>	<b>11 734</b>	<b>586</b>	<b>750</b>

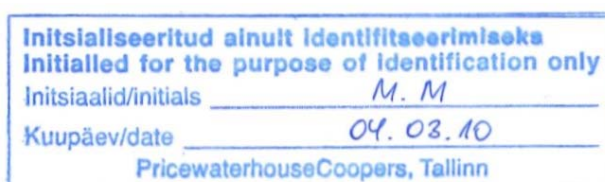
### Liabilities

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Short-term liabilities</b>				
members of Management boards and companies related to them	41	11	3	1
members of Supervisory boards and companies related to them	21 592	42 512	1 380	2 717
<b>Liabilities total</b>	<b>21 633</b>	<b>42 523</b>	<b>1 383</b>	<b>2 718</b>

AS Ekspress Grupp (Borrower) and HHL Rühm OÜ (related company of the Group's shareholder) have concluded a short term Loan Agreement in March 2008 in the amount of EEK 30 million (EUR 1.9 million). Loan interest rate is 6%. In the balance sheet the loan amounted as of 31.12.2009 EEK 21 million (EUR 1.3 million). The amount paid during 2009 was of EEK 22.2 million (EUR 1.4 million).

The annual general meeting held on 2 June 2009 approved the payment of guarantee fee to Hans Luik of 1,5% p.a. on the guarantee amount for the personal guarantee of EUR 4 000 000 on loan agreement and overdraft agreements concluded between AS Ekspress Grupp and SEB Bank, Danske Bank AS Eesti branch and Nordea Bank Finland Plc Eesti branch. The fee is payable until the maturity date of the guarantee. The amount paid during 2009 was of EEK 0.5 million (EUR 0.03 million). In balance sheet the guarantee fee amounted as of 31.12.2009 EEK 0.

The Management Board of the Parent company consists of 3 members and the Supervisory Board of 7 members.



### Key management and Supervisory Board remuneration

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Salaries and other short-term employee benefits (paid)	18 859	18 422	1 205	1 177
<b>Total</b>	<b>18 859</b>	<b>18 422</b>	<b>1 205</b>	<b>1 177</b>

Members of the Management Board are entitled to compensation at the termination of their contracts. The key management terminations benefits are obligations only in case of termination of contracts is originated by Group. If a member of the Management Board is recalled without a substantial reason, the member will be paid compensation for termination of the contract up to 4 months' salary. Upon termination of employment relationship, no compensation will be paid if a member of the Management Board leaves at his or her initiative or if a member of the Management Board is removed by the Supervisory Board with a good reason. Potential key management termination benefits as of 31.12.2009 is EEK 3 472 thousand (EUR 222 thousand) and 31.12.2008 was EEK 5 997 thousand (EUR 383 thousand).

Transactions with related parties have been carried out at arms' length conditions according to management.

### Note 36. Going concern

As of 31 December 2009, the current liabilities of the Group exceeded the current assets by 210.6 million kroons (13.5 million euros). The financial statements of the Group have been prepared under the going concern assumption, because in the judgment of the management, the negative working capital as at 31 December 2009 does not cause any financial difficulties for the Group during the 12 months from signing these financial statements.

The working capital deficit is planned to be covered as follows during 2010:

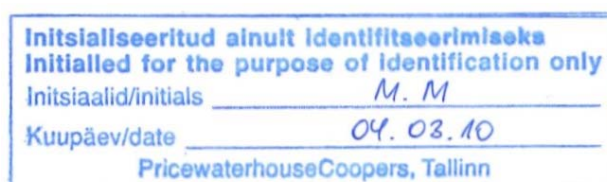
- 1) part of the current portion of the long-term loan and lease obligations in the amount of EEK 30.1 million (EUR 1.9 million) is staggered according to the agreement of the syndicated loan and Printall lease agreements and will not be payable in 2010 (see Note 37).
- 2) exit has been completed from two non strategic segments (information services and book sales) in early 2010, see Notes 14 and 37.
- 3) current liabilities including deferred income and prepayments received from customers in the total amount of EEK 50.8 million (EUR 3.2 million), which will be recognised as income during 2010.
- 4) unused overdraft of SEB, Sampo Bank and Nordea Bank can be used in the total amount of EEK 5.1 million (EUR 0.3 million)
- 5) the remaining deficit of working capital is additionally financed by the cash flow generated by the Group (total cash flow budget for 2010 EEK 79.5 million (EUR 5.1 million)

Additionally to the above, the Group's management actively deals with involvement of additional capital, details of which will be made public after the issue of those financial statements.

### Note 37. Subsequent events

#### AS Ekspress Grupp concluded loan restructuring agreements

On 5 February 2010 an amendment agreement to the loan contract concluded on 28 August 2007 was concluded between AS Ekspress Grupp and a syndicate consisting of SEB Bank, Sampo Bank and Nordea Bank. According to the agreement new loan deadline was set being 25 January 2015 instead of previously agreed 25 September 2012.



The repayment profiles were amended in such a way that AS Ekspress Grupp will begin repaying the loan in the form of installments starting from February 2010 until December 2012 under a ten year annuity profile and starting from January 2013 until December 2014 under a five year annuity profile.

In connection with the restructuring of the loans of AS Ekspress Grupp, loan and lease commitments for the subsidiary Printall AS were also reviewed, and amendments for loan and lease contracts were concluded. According to the agreements, loan and lease deadlines are extended for one year and between January 2010 and December 2011 principal payments of the loan are reduced by 50%.

Information about the disposal of Ekspress Hotline see Note 13.

### Disposal of Rahva Raamat AS

On 9 February 2010, Eesti Ajalehed AS, a subsidiary of AS Ekspress Grupp, and OÜ Raamatumaja concluded an Agreement of Purchase and Sale of the shares of Rahva Raamat AS, forming the book sales segment of the Group. The sales price is EEK 33 million (EUR 2.1 million) and profit on disposal EEK 6.3 million (EUR 0.4 million). The deal was closed on 18 February 2010. AS Ekspress Grupp's decision to divest Rahva Raamat AS follows the Group's strategy to focus more on its core activities in printed and digital media. New owner of the company is the management of Rahva Raamat AS.

Information about the assets and liabilities of Rahva Raamat AS as at 31.12.2009 and 31.12.2008 is provided below; the respective amounts have not been reclassified as held for sale as at 31.12.2009 as the decision of disposal of the segment was made in 2010. However, disposal of Rahva Raamat will be presented as discontinued operation in 2010 financial statements.

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	780	2 505	50	160
Trade and other receivables	33 664	29 889	2 152	1 910
Inventories	14 051	15 800	898	1 010
<b>Total current assets</b>	<b>48 495</b>	<b>48 194</b>	<b>3 100</b>	<b>3 080</b>
<b>Non-current assets</b>				
Property, plant and equipment	16 829	18 705	1 076	1 195
Intangible assets	1 143	734	73	47
<b>Trademark</b>	<b>1 951</b>	<b>2 048</b>	<b>125</b>	<b>131</b>
<b>Goodwill</b>	<b>7 881</b>	<b>7 881</b>	<b>504</b>	<b>504</b>
<b>Total non-current assets</b>	<b>27 804</b>	<b>29 368</b>	<b>1 778</b>	<b>1 877</b>
<b>TOTAL ASSETS</b>	<b>76 299</b>	<b>77 562</b>	<b>4 878</b>	<b>4 950</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Finance lease ( short-term part)	945	747	60	48
Trade and other payables	46 526	45 842	2 974	2 930
<b>Total current liabilities</b>	<b>47 471</b>	<b>46 589</b>	<b>2 974</b>	<b>2 930</b>
Finance lease ( long-term part)	1 496	2 206	96	141
Total long term liabilities	<b>1 496</b>	<b>2 206</b>	<b>96</b>	<b>141</b>
<b>TOTAL LIABILITIES</b>	<b>48 967</b>	<b>48 795</b>	<b>96</b>	<b>141</b>
Sales	188 571	207 790	12 052	13 280
Expenses	189 908	203 575	12 137	13 011
<b>Profit (loss) from discontinued operations</b>	<b>(1 337)</b>	<b>4 215</b>	<b>(85)</b>	<b>269</b>
<b>Basic and diluted earnings per share from discontinued operations of Rahva Raamat</b>	<b>0.06 EEK</b>	<b>0.22 EEK</b>	<b>0.00 EUR</b>	<b>0.01 EUR</b>

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### Note 38. Financial information on the parent company

As required by Estonian Accounting Law the separate non-consolidated primary reports of the parent company shall be disclosed in the consolidated annual report.

#### Statement of financial position AS Ekspress Grupp (parent company)

(thousand)	EEK		EUR	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on hand and in banks	7 694	1 535	492	98
Trade receivables	51	2 923	3	187
Prepaid taxes	361	247	23	16
Other receivables	153 861	97 897	9 832	6 257
Prepayments	125	565	8	36
<b>Total trade and other receivables</b>	<b>154 398</b>	<b>101 632</b>	<b>9 866</b>	<b>6 496</b>
Inventories	0	6 863	0	439
<b>Total current assets</b>	<b>162 092</b>	<b>110 030</b>	<b>10 358</b>	<b>7 033</b>
<b>Non-current assets</b>				
Long-term financial investments	1 550	1 550	99	99
Shares of subsidiaries	109 616	264 043	7 006	16 875
Loans to subsidiaries	838 388	772 131	53 583	49 348
Shares of joint ventures	48 461	48 461	3 097	3 097
Property, plant and equipment	1 243	3 177	79	203
Intangible assets	839	1 279	54	82
<b>Total non-current assets</b>	<b>1 000 097</b>	<b>1 090 641</b>	<b>63 918</b>	<b>69 704</b>
<b>TOTAL ASSETS</b>	<b>1 162 189</b>	<b>1 200 671</b>	<b>74 276</b>	<b>76 737</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
<b>Borrowings</b>	85 418	129 321	5 459	8 265
<b>Trade and other payables</b>				
Trade payables	976	2 859	62	183
Payables to employees	393	3 393	25	217
Taxes payable	287	1 199	18	77
Other liabilities	367 471	313 368	23 486	20 028
Deferred income	0	10 511	0	672
<b>Total trade and other payables</b>	<b>369 127</b>	<b>331 330</b>	<b>23 591</b>	<b>21 177</b>
<b>Total current liabilities</b>	<b>454 545</b>	<b>460 651</b>	<b>29 050</b>	<b>29 442</b>
Borrowings	481 371	477 025	30 765	30 487
Derivative instruments	13 993	9 555	894	611
<b>Total non-current liabilities</b>	<b>495 364</b>	<b>486 580</b>	<b>31 659</b>	<b>31 098</b>
<b>Total liabilities</b>	<b>949 909</b>	<b>947 231</b>	<b>60 709</b>	<b>60 540</b>
<b>Equity</b>				
Share capital	208 488	189 711	13 325	12 125
Share premium	192 883	183 495	12 327	11 727
Reserve capital increase	265	265	17	17
Other reserves	(3 993)	445	(255)	28
Retained earnings	(185 363)	(120 476)	(11 847)	(7 700)
<b>Total equity</b>	<b>212 280</b>	<b>253 440</b>	<b>13 567</b>	<b>16 197</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES TOTAL</b>	<b>1 162 189</b>	<b>1 200 671</b>	<b>74 276</b>	<b>76 737</b>

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**Statement of comprehensive income AS Ekspress Grupp (parent company)**

(thousand)	EEK		EUR	
	2009	2008	2009	2008
Net sales	38 921	59 474	2 488	3 801
Cost of sales	31 985	45 227	2 044	2 891
<b>Gross profit</b>	<b>6 936</b>	<b>14 247</b>	<b>444</b>	<b>910</b>
Marketing expenses	2 249	1 725	144	110
Administrative expenses	21 619	19 626	1 383	1 254
Other income	3 716	435	237	28
Other expenses	279	88	18	6
<b>Operating loss</b>	<b>(13 495)</b>	<b>(6 757)</b>	<b>(864)</b>	<b>(432)</b>
<b>Net financial expenses</b>				
Shares of income of joint ventures	29 869	12 266	1 909	784
Interest income	58 133	55 828	3 715	3 568
Interest expenses	(49 976)	(58 373)	(3 194)	(3 731)
Currency exchange losses	(19)	(1)	(1)	0
Other financial income/expenses	(92 319)	(1 738)	(5 900)	(111)
Net financial expenses	(54 312)	7 982	(3 471)	510
Net income before taxes	<b>(67 807)</b>	<b>1 225</b>	<b>(4 335)</b>	<b>78</b>
<b>Profit (loss) for the year</b>	<b>(67 807)</b>	<b>1 225</b>	<b>(4 335)</b>	<b>78</b>
<b>Other comprehensive income</b>				
Hedging reserve	(4 438)	(9 555)	(283)	(611)
Revaluation of investment property	0	206	0	13
<b>Other comprehensive income (expense) for the year</b>	<b>(4 438)</b>	<b>(9 349)</b>	<b>(283)</b>	<b>(598)</b>
<b>Total comprehensive income (expense) for the year</b>	<b>(72 245)</b>	<b>(8 124)</b>	<b>(4 618)</b>	<b>(520)</b>

**Statement of change in equity AS Ekspress Grupp (parent company)**

EEK th					
	Share capital	Share premium	Reserves	Retained earnings	Total equity
<b>Balance on 31 December 2007</b>	189 711	183 495	10 222	(121 658)	<b>261 770</b>
Total comprehensive income	0	0	(9 555)	1 225	(8 330)
Reserve capital increase	0	0	43	(43)	0
<b>Total changes</b>	<b>0</b>	<b>0</b>	<b>(9 512)</b>	<b>1 182</b>	<b>(8 330)</b>
<b>Balance on 31 December 2008</b>	<b>189 711</b>	<b>183 495</b>	<b>710</b>	<b>(120 476)</b>	<b>253 440</b>
Carrying amount of holdings under control or significant influence					<b>(312 504)</b>
Value of holdings under control or significant influence, calculated under equity method					<b>669 649</b>
<b>Adjusted unconsolidated equity as of 31.12.2008</b>					<b>610 585</b>
Total comprehensive income	0	0	(4 438)	(67 807)	(72 245)
Cancellation of share options	0	0	0	2 920	2 920
Share capital increase	18 777	9 388	0	0	28 165
<b>Total changes</b>	<b>18 777</b>	<b>9 388</b>	<b>(4 438)</b>	<b>(64 887)</b>	<b>(41 160)</b>
<b>Balance on 31 December 2009</b>	<b>208 488</b>	<b>192 883</b>	<b>(3 728)</b>	<b>(185 363)</b>	<b>212 280</b>
Carrying amount of holdings under control or significant influence					<b>(158 077)</b>
Value of holdings under control or significant influence, calculated under equity method					<b>392 660</b>
<b>Adjusted unconsolidated equity as of 31.12.2009</b>					<b>446 863</b>

The adjusted unconsolidated equity is the basis for the determination of distributable equity according to the Estonian Accounting Law.



EUR th	Share capital	Share premium	Reserves	Retained earnings	Total equity
<b>Balance on 31 December 2007</b>	12 125	11 727	653	(7 775)	<b>16 730</b>
Total comprehensive income	0	0	(611)	78	(533)
Reserve capital increase	0	0	3	(3)	0
<b>Total changes</b>	<b>0</b>	<b>0</b>	<b>(608)</b>	<b>75</b>	<b>(533)</b>
<b>Balance on 31 December 2008</b>	<b>12 125</b>	<b>11 727</b>	<b>45</b>	<b>(7 700)</b>	<b>16 197</b>
Carrying amount of holdings under control or significant influence					(19 972)
Value of holdings under control or significant influence, calculated under equity method					42 799
<b>Adjusted unconsolidated equity as of 31.12.2008</b>					<b>39 024</b>
Total comprehensive income	0	0	(283)	(4 335)	(4 618)
Cancellation of share options	0	0	0	188	188
Share capital increase	1 200	600	0	0	1 800
<b>Total changes</b>	<b>1 200</b>	<b>600</b>	<b>(283)</b>	<b>(4 147)</b>	<b>(2 630)</b>
<b>Balance on 31 December 2009</b>	<b>13 325</b>	<b>12 327</b>	<b>(238)</b>	<b>(11 847)</b>	<b>13 567</b>
Carrying amount of holdings under control or significant influence					(10 103)
Value of holdings under control or significant influence, calculated under equity method					25 096
<b>Adjusted unconsolidated equity as of 31.12.2009</b>					<b>28 560</b>

The adjusted unconsolidated equity is the basis for the determination of distributable equity according to the Estonian Accounting Law.

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**AS Ekspress Grupp cash flow statement (parent company)**

(thousand)	EEK		EUR	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Operating profit (loss) for the period	<b>(13 495)</b>	<b>(6 757)</b>	<b>(864)</b>	<b>(432)</b>
Adjustments for:				
Depreciation, amortization and impairment of property, plant and equipment and intangibles	1 862	2 006	119	128
Profit / (loss) on sale of property, plant and equipment	(473)	(26)	(30)	(2)
<b>Changes in working capital:</b>				
Trade and other receivables	34 389	51 493	2 198	3 291
Inventories	6 863	(123)	439	(8)
Trade and other payables	35 053	10 255	2 240	655
<b>Cash generated from operations</b>	<b>64 199</b>	<b>56 848</b>	<b>4 102</b>	<b>3 632</b>
Interest paid	(49 976)	(58 373)	(3 194)	(3 731)
<b>Net cash generated from operating activities</b>	<b>14 223</b>	<b>(1 525)</b>	<b>908</b>	<b>(99)</b>
<b>Cash flows from investing activities</b>				
Investments in financial assets at fair value through profit or loss	0	(537)	0	(34)
Proceeds from financial assets at fair value through profit or loss	0	6 000	0	383
Interest received	112	30 235	7	3 568
Dividends received	27 869	12 266	1 781	784
Purchase of property, plant and equipment	(554)	(1 215)	(35)	(78)
Proceeds from sale of property, plant and equipment	620	156	40	10
Loans granted	(3 279)	(433)	(210)	(28)
Loan repayments received	29	267	2	17
<b>Net cash used in investing activities</b>	<b>24 797</b>	<b>46 739</b>	<b>1 585</b>	<b>4 622</b>
<b>Cash flows from financing activities</b>				
Share emission	28 166	0	1 800	0
Change in overdraft used	7 836	(46 988)	501	(3 003)
Proceeds from borrowings	4 317	42 000	276	2 684
Repayments of borrowings	(73 180)	(51 364)	(4 677)	(3 283)
<b>Net cash generated from financing activities</b>	<b>(32 861)</b>	<b>(56 352)</b>	<b>(2 100)</b>	<b>(3 602)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6 159</b>	<b>(11 138)</b>	<b>393</b>	<b>921</b>
Cash and cash equivalents at the beginning of the period	1 535	12 673	98	810
Cash and cash equivalents at the end of the period	7 694	1 535	492	98

## INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)\*

To the Shareholders of AS Ekspress Grupp

We have audited the accompanying consolidated financial statements of AS Ekspress Grupp and its subsidiaries (the Group) which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management Board's Responsibility for the Financial Statements

Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

### Basis for Qualified Opinion

As described in Note 13 to the consolidated financial statements, since April 2009 the Group has been in negotiations about the disposal of one of its business units (AS Ekspress Hotline). The sales transaction was completed in February 2010 whereby the final amount and components of the sales consideration differ from those assumed to be received when 2008 consolidated financial statements were prepared. The transaction resulted in a loss of approximately 40 million kroons (2.6 million euros), which is recognised as a loss from measurement to fair value less cost to sell of the assets of AS Ekspress Hotline in 2009. We were unable to assess the fair value less cost to sell of AS Ekspress Hotline as of 31 December 2008 and whether part of that loss should have been recognised in 2008 already. Our Independent Auditor's Report on 2008 consolidated financial statements was also qualified in that respect.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Emphases of Matters**

Without further qualifying our opinion, we draw attention to:

- a) Note 19 in the consolidated financial statements, which discloses significant assumptions and inputs used by management in impairment testing of the Group's assets (incl. goodwill) and the impact of possible changes in those assumptions and inputs on the results of the impairment tests;
- b) the fact that the working capital of the Group is negative and management has disclosed its activity plan to cover the working capital deficit in Note 36.



Ago Vilu  
AS PricewaterhouseCoopers



Eva Jansen  
Authorised Auditor

4 March 2010

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\* *This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

**2009 LOSS ALLOCATION PROPOSAL**

(thousand)	2009	
	EEK	EUR
<b>Retained earnings attributable to equity holders of the parent company:</b>		
Retained earnings of previous periods	234 819	15 008
Loss for 2009	(189 014)	(12 080)
<b>Total distributable profits on 31.12.2009</b>	<b>45 805</b>	<b>2 928</b>
<b>Retained earnings after allocations</b>	<b>45 805</b>	<b>2 928</b>

## DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board has prepared the management report and the consolidated financial statements of AS Ekspress Grupp for the year ended on 31 December 2009.

The Supervisory Board of AS Ekspress Grupp has reviewed the annual report, prepared by the Management Board, consisting of the management report, the consolidated financial statements, the Management Board's recommendation for profit allocation and the independent auditor's report, and has approved the annual report for presentation on the annual general meeting

\_\_\_\_\_  
Chairman of the Supervisory Board  
Viktor Mahhov

\_\_\_\_\_  
Member of the Supervisory Board  
Hans Luik

\_\_\_\_\_  
Member of the Supervisory Board  
Kalle Norberg

\_\_\_\_\_  
Member of the Supervisory Board  
Härmo Värk

\_\_\_\_\_  
Member of the Supervisory Board  
Harri Helmer Roschier

\_\_\_\_\_  
Member of the Supervisory Board  
Ville Jehe

\_\_\_\_\_  
Member of the Supervisory Board  
Antti Mikael Partanen

signed digitally

\_\_\_\_\_  
Chairman of the Management Board  
Gunnar Kobin

signed digitally

\_\_\_\_\_  
Member of the Management Board  
Erle Oolup

signed digitally

\_\_\_\_\_  
Member of the Management Board  
Andre Veskimeister

**List of fields of activity**

EMTAK	Sale by activities	EEK th		EUR th	
		2009	2008	2009	2008
73121	Advertising revenue	220 557	347 295	14 096	22 196
18111	Newspaper printing	22 772	31 246	1 455	1 997
18122	Magazine printing	279 651	328 280	17 873	20 981
58131	Newspaper publishing	120 391	133 480	7 694	8 531
58141	Magazine publishing	71 304	95 457	4 557	6 101
47611	Book retail sale	109 296	98 313	6 985	6 283
46491	Book wholesale	102 884	136 761	6 575	8 741
82991	Other business	56 675	84 019	3 624	5 370
	<b>Total</b>	<b>983 530</b>	<b>1 254 851</b>	<b>62 859</b>	<b>80 200</b>