



AS EKSPRESS GRUPP
CONSOLIDATED INTERIM REPORT
FOR THE THIRD QUARTER AND
FIRST NINE MONTHS OF 2012

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GENERAL INFORMATION

Beginning of reporting period	1 January 2012
End of reporting period	30 September 2012
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt 11 E. 10151 Tallinn
Phone	669 8381
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E-mail	egrupp@egrupp.ee
Internet homepage	www.egrupp.ee
Main field of activity	Publishing and related services
Management Board	Gunnar Kobin (Chairman) Andre Veskimeister Pirje Raidma Madis Tapupere
Supervisory Board	Viktor Mahhov (Chairman) Hans H. Luik Aavo Kokk Antti Mikael Partanen (until 04.05.2012) Kari Sakari Salonen (since 04.05.2012) Harri Helmer Roschier Ville Jehe
Auditor	AS PricewaterhouseCoopers

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

The Management Board confirms that the management report and interim consolidated financial statements of AS Ekspress Grupp disclosed on pages 5 to 39 present a true and fair view of the key events which have occurred during the reporting period and their effect on the Group's financial position, results and cash flows, and they include a description of major risks and related party transactions of great significance.

Gunnar Kobin	Chairman of the Management Board	<i>signed digitally</i>	02.11.2012
Pirje Raidma	Member of the Management Board	<i>signed digitally</i>	02.11.2012
Andre Veskimeister	Member of the Management Board	<i>signed digitally</i>	02.11.2012
Madis Tapupere	Member of the Management Board	<i>signed digitally</i>	02.11.2012

MANAGEMENT REPORT

The following report presents the consolidated financial information of AS Ekspress Grupp, the related market developments and management decisions. The financial indicators and ratios show the outcome of the Group's continuing operations, i.e. they express the consolidated operating results of online media, periodicals and printing services segments.

Key financial indicators and financial ratios

Financial indicators (EUR thousand)	Q3 2012	Q3 2011	Change %	9 months 2012	9 months 2011	Change %
For the reporting period						
Sales	13 278	12 969	2%	43 260	41 078	5%
Gross profit	2 678	2 879	-7%	9 273	8 884	4%
EBITDA*	1 495	1 564	-4%	5 636	4 982	13%
Operating profit*	676	715	-5%	3 101	2 406	29%
Net profit/(loss) for the period*	263	118	123%	1 413	361	291%
Extraordinary gain from the acquisition of Eesti Päevalehe AS	0	0	0%	0	1 540	-100%
Net profit for the period in the interim financial statements	263	118	123%	1 413	1 901	-26%

* excluding the net extraordinary gain in relation to the acquisition of Eesti Päevalehe AS. In the 1st quarter of 2011, an additional 50% ownership interest in Eesti Päevalehe AS was acquired. The transaction was accounted for in two parts: firstly, as the sale of the current 50% ownership interest on which the net extraordinary gain totalled EUR 1 540 thousand and secondly, as the acquisition of the wholly-owned subsidiary (see Note 4 to the interim financial statements).

Profitability ratios (%)	Q3 2012	Q3 2011	9 months 2012	9 months 2011
Sales growth (%)	2.4%	9.7%	5.3%	11.2%
Gross margin (%)	20.2%	22.2%	21.4%	21.6%
EBITDA margin (%)*	11.3%	12.1%	13.0%	12.1%
Operating margin (%)*	5.1%	5.5%	7.2%	5.9%
Net margin (%) *	2.0%	0.9%	3.3%	0.9%
ROA (%)	0.3%	0.1%	1.8%	2.3%
ROE (%)	0.7%	0.3%	3.6%	5.0%
Earnings per share (EPS) EUR	0.01	0.00	0.05	0.06

* excluding the net extraordinary gain in relation to the acquisition of Eesti Päevalehe AS (see above)

Formulas used to calculate the financial ratios:

Sales growth (%)	$(\text{sales 2012} - \text{sales 2011}) / \text{sales 2011} * 100$
Gross margin (%)	$\text{gross profit} / \text{sales} * 100$
EBITDA margin (%)	$\text{EBITDA} * / \text{sales} * 100$
Operating margin (%)	$\text{operating profit} * / \text{sales} * 100$
Net margin (%)	$\text{net profit} * / \text{sales} * 100$
Earnings per share	$\text{net profit} / \text{average number of shares}$
ROA (%)	$\text{net profit} / \text{average assets} * 100$
ROE (%)	$\text{net profit} / \text{average equity} * 100$

* excluding the net extraordinary gain in relation to the acquisition of Eesti Päevalehe AS.

Financial indicators (EUR thousand)	30.09.2012	31.12.2011	Change %
As of the end of the period			
Current assets	12 054	12 523	-4%
Non-current assets	66 923	68 986	-3%
Total assets	78 977	81 509	-3%
Current liabilities	13 751	16 547	-17%
Non-current liabilities	25 247	26 574	-5%
Total liabilities	38 998	43 121	-10%
Equity	39 979	38 388	4%

Financial position ratios (%)	30.09.2012	31.12.2011
Equity ratio (%)	51%	47%
Liquidity ratio	0.9	0.8
Debt to equity ratio (%)	75%	83%
Debt to capital ratio (%)	41%	44%

Formulas used to calculate the financial ratios:

Equity ratio (%)	$\text{equity} / (\text{liabilities} + \text{equity}) * 100$
Liquidity ratio	$\text{current assets} / \text{current liabilities}$
Debt to equity ratio (%)	$\text{interest bearing liabilities} / \text{equity} * 100$
Debt to capital ratio (%)	$\text{interest bearing liabilities} - \text{cash and cash equivalents (net debt)} / (\text{net debt} + \text{equity}) * 100$

In the first nine months of the current year, the consolidated net profit of AS Ekspress Grupp totalled EUR 1.4 million which almost fourfolded as compared to last year. In a year, EBITDA increased by 13% and totalled EUR 5.6 million. In the 3rd quarter, the Group's net profit totalled EUR 263 thousand and EBITDA totalled EUR 1.5 million. We were able to offset a few percentage point drop in EBITDA by lower finance costs, as a result of which the net profit increased by 123% in the 3rd quarter as compared to the same period last year.

Over the last nine months, almost all segments demonstrated profit (EBITDA) growth. The ability of the printing services segment to generate profit growth has essentially remained at the same level as last year after normalising the result by a one-off extraordinary expense in the second quarter. The ability of online media to generate a profit has improved by 63% in a year, and that of periodicals by 21%. In the online media segment, Delfi Estonia has increased its profit the most, i.e. by 350% in the first nine months of the year while Delfi Latvia has stayed at the same level and Delfi Lithuania has increased its profit by 132%. In the periodicals segment, AS Eesti Ajalehed and OÜ Hea Lugu have been able to become profitable and earn a profit of EUR 398 thousand in the first nine months of the year as compared to the previous loss of EUR 18 thousand. AS SL Õhtuleht has also increased its profit. Magazine publishers both in Lithuania and Estonia have not reached previous year's levels.

In the online media segment, Delfi Lithuania managed to improve its EBITDA result in the 3rd quarter as compared to last year while the reference base of Delfi Latvia was impacted by election advertising which lifted sales last September. The results of all companies in the online media segment have been impacted by higher impairment losses related to overdue invoices. For Delfi Estonia, the result has also been impacted by one-off redundancy compensations which were related to the reorganisation of the Company's finance function and higher business trip expenses related to the coverage of the Olympic Games. For Delfi Estonia, the EBITDA result is also impacted by the depreciation expense which had previously been included among depreciation and amortisation cost. However in conjunction with the relocation of the editorial staff and the transfer of the related assets to the Daily news department in AS

Eesti Ajalehed depreciation charge now makes up a part of the content production service of AS Eesti Ajalehed that is provided to AS Delfi. In collaboration with the magazine publisher UAB Ekspress Leidyba, Delfi Lithuania successfully launched two new online portals www.cosmopolitan.lt and www.moteris.lt. We are very positive about the competitiveness of both of them. Despite relatively weak September, we are cautiously optimistic about the last quarter and believe that the weakness in the advertising market which prevailed in the online media segment in the summer will not be carried forward to the last quarter of the year.

In the periodicals segment, Estonian and Lithuanian magazine publishers incurred a loss in the third quarter. The advertising revenue of both companies was lower than last year, the result of the Estonian publisher was also impacted by higher book discounts. Retail and subscription sales of both magazine publishers were also lower than last year. We are currently making some rearrangements to our product portfolio in order to improve the operating results of AS Ajakirjade Kirjastus. We combined two weekly magazines Kroonika and Nädal. We will also discontinue the publishing of some smaller-scale projects with a lower publication frequency. We have also started negotiations to amend the lease agreement of offices in order to lower annual rental costs. In addition to the effect from the combination of two magazines, we also hope to improve the company's operating results already in the last quarter of the current year with the help of these steps. The management of the Lithuanian magazine publisher also has the task of optimisation of the product portfolio.

In the 3rd quarter, AS Eesti Ajalehed demonstrated solid results despite the weak situation in the advertising market in the summer. The company's sales were boosted by the DVD project of the book publishing company OÜ Hea Lugu and Eesti Päevaleht concerning the best Estonian films, which has helped to cover the shortfall in sales and profits related to advertising and newspaper sales. However, when analysing the behavioural pattern of the Group's entire portfolio of periodicals, then despite the difficult market situation, we have managed to limit the decline in advertising, newspaper and subscription sales to a few percentage points in the segment as a whole as compared to the 3rd quarter last year.

In the printing services segment, the EBITDA of the printing company declined by 8% in the 3rd quarter, but the result for the 9 months of the year essentially remained at the same level as last year. The company's client structure has not significantly changed; however, the share of exports has increased further, making up nearly 70% of sales.

The key event in the 3rd quarter was appointment of the new Chairman of the Management Board of Delfi Estonia. The current chairman of the Management Board has been offered to continue as the member of the Management Board of AS Eesti Ajalehed responsible for the content production unit of the company. A new Chairman of the Management Board also took office at the Group's book-publishing company OÜ Hea Lugu.

In the 3rd quarter, the refinancing of all Group's loans by the new syndicate was completed. On 12 July 2012, Ekspress Grupp entered into a new syndicated loan contract and refinanced all Group's current loan and finance lease obligations to banks and leasing companies. The refinancing transaction was completed on 23 July 2012. The parties to the new syndicate are SEB Pank and Nordea Bank Estonia. As a result of this transaction, the Group will have significant savings of interest expenses and there will more cash available to be used for new investments.

Overview of the Group's segments**Key financial data of the segments in Q3 2011/2012**

(EUR thousand)	Sales			EBITDA		
	Q3 2012	Q3 2011	Change %	Q3 2012	Q3 2011	Change %
online media	2 282	2 033	12%	208	232	-10%
periodicals	5 729	5 608	2%	182	190	-4%
printing services	6 263	6 126	2%	1 310	1 417	-8%
central functions	268	64	319%	(206)	(278)	26%
intersegment eliminations	(1 264)	(862)	-47%	1	3	-67%
TOTAL	13 278	12 969	2%	1 495	1 564	-4%

Key financial data of the segments for the first 9 months 2011/2012

(EUR thousand)	Sales			EBITDA		
	9 months 2012	9 months 2011	Change %	9 months 2012	9 months 2011	Change %
online media	7 381	6 390	16%	1 190	729	63%
periodicals	18 115	17 526	3%	595	490	21%
printing services	21 121	19 593	8%	4 402	4 464	-1%
central functions	688	138	399%	(553)	(712)	22%
intersegment eliminations	(4 045)	(2 569)	-57%	2	11	-82%
TOTAL*	43 260	41 078	5%	5 636	4 982	13%

* excluding the net extraordinary gain in relation to the acquisition of Eesti Päevalehe AS.

EBITDA margin	Q3 2012	Q3 2011	9 months 2012	9 months 2011
online media	9%	11%	16%	11%
periodicals	3%	3%	3%	3%
printing services	21%	23%	21%	23%

The segments' EBITDA does not include goodwill impairment. This is included within the corporate function. Segment results also exclude intragroup management fees. Volume-based and other fees payable to advertising agencies have not been deducted from the advertising sales of segments, because the Group's management monitors the gross income of companies and segments. Discounts and volume rebates are reported as a reduction of the Group's sales and are shown in the aggregate line of eliminations.

News portals owned by the Group

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

Online media segment

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

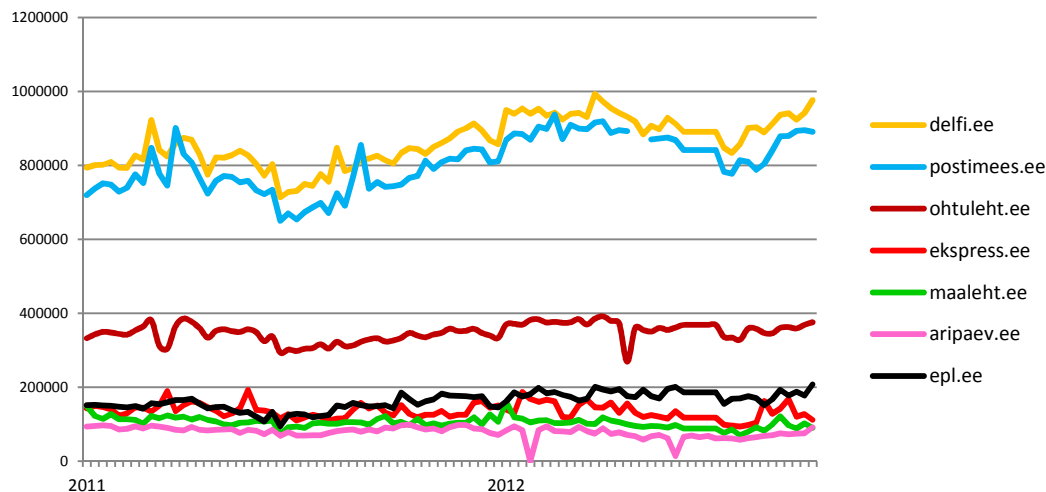
(EUR thousand)	Sales			EBITDA		
	Q3 2012	Q3 2011	Change %	Q3 2012	Q3 2011	Change %
Delfi Estonia	710	697	2%	(59)	(16)	-269%
Delfi Latvia	547	468	17%	27	50	-46%
Delfi Lithuania	1 004	846	19%	222	98	127%
Delfi Ukraine	21	15	40%	(66)	(55)	-20%
other Delfi companies	0	7	-100%	86	154	-44%
intersegment eliminations	0	0	-	(2)	1	-
TOTAL	2 282	2 033	12%	208	232	-10%

(EUR thousand)	Sales			EBITDA		
	9 months 2012	9 months 2011	Change %	9 months 2012	9 months 2011	Change %
Delfi Estonia	2 518	2 263	11%	162	36	350%
Delfi Latvia	1 639	1 423	15%	94	95	-1%
Delfi Lithuania	3 162	2 649	19%	850	367	132%
Delfi Ukraine	57	39	46%	(201)	(197)	-2%
other Delfi companies	5	16	-69%	289	427	-32%
intersegment eliminations	0	0	-	(4)	1	-
TOTAL	7 381	6 390	16%	1 190	729	63%

Delfi Estonia

- Delfi had its highest number of users ever, i.e. almost 1 million weekly users which represents ca. 80% of all Estonian Internet users. This result reinforces Delfi's position as the most popular website in Estonia while also widening the gap with its closest competitors.
- The number of people who use Delfi via their mobile phones has increased at a fast pace. Successful coverage of the Olympic Games has increased the number of people using Delfi via mobile phones to 100 000 users per week.
- Delfi launched a new location-based weather forecast section, where it is possible to view the weather forecast for more than 5 000 different locations in Estonia.
- The weather forecast is now also available in Delfi's mobile version
- New categories and subsites such as Eesti otsib superstaari (*Estonia is Searching for a Superstar*), Tähed jääl (*Stars on Ice*), Spordimeditsiin (*Sports medicine*, news feed to EOK page), Kuldnemask (*Golden Mask*), Puhka Eestis (*Visit Estonia*), Purjetamine (*Sailing*), Kirev maailm (*Colourful World*), Suvetüdruk (*Summer Girl*), Kuldrula (*Golden Skateboard*), Viru Folk, etc.
- Functionality to share the news in social networks in Russian-language Delfi.

Estonian online readership 2011-2012



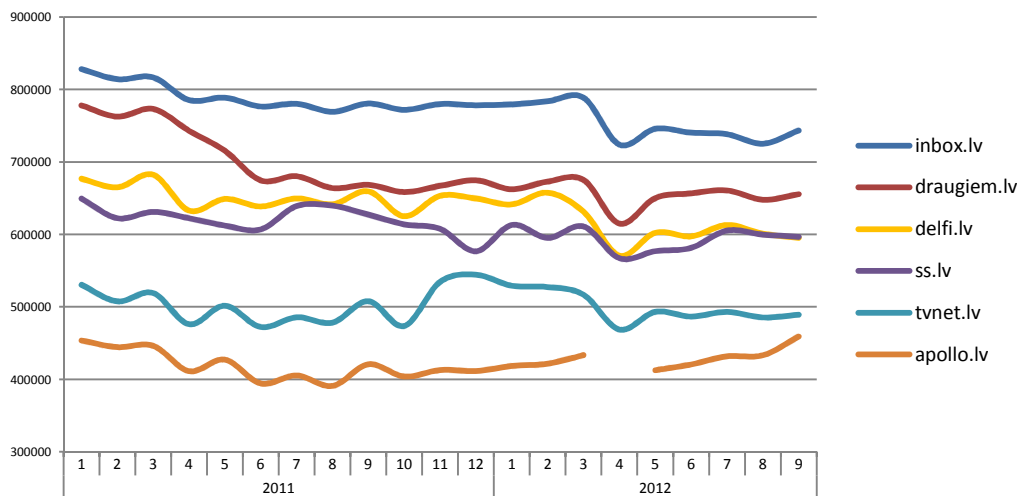
TNSMetrix weekly audience survey

In the 3rd quarter of 2012, there were no major changes in the Estonian Internet market. The user trend follows a pattern of growth similarly to last year. Two media portals - Delfi and Postimees – dominate the market. Delfi.ee continues to be the online environment with the highest number of users in Estonia. The online version of Eesti Päevaleht www.epl.ee is steadily increasing its number of users, which is about to exceed 200 thousand users on a weekly basis.

Delfi Latvia

- Fast and widespread coverage of summer events in Delfi attracted many new readers. The coverage of Positivus Festival in Delfi was especially popular among readers.
- Launch of a renewed version of Delfi Easy page.
- Content and functional development of subsections (Auto, Woman, Technology).
- Reorganisation of the editorial staff to ensure better news coverage on weekends.
- Delfi launched a new location-based weather forecast section.
- The weather forecast is now also available in Delfi's mobile version.

Latvian online readership 2011-2012



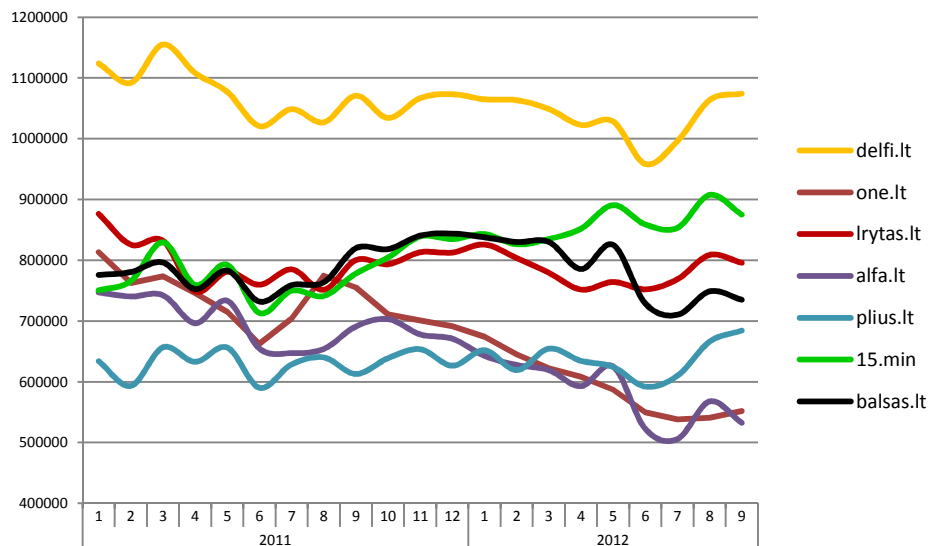
GemiusAudience monthly audience survey

After the statistical reduction of the total number of Latvian internet users in April, the total number of Latvian internet users has grown modestly. The most popular websites among the Latvian internet users continue to be the e-mail environment Inbox and the social network Draugiem. Delfi Latvia (Delfi.lv) continues to be the most popular news portal. In the 3rd quarter, the number of readers of apollo.lv grew at the fastest pace.

Delfi Lithuania

- In collaboration with Ekspress Leidyba, a Cosmopolitan portal www.cosmopolitan.lt was launched at the beginning of August and the portal www.moteris.lt was launched in October.
- Preparations are underway to launch the portal www.panele.lt.
- Delfi launched a new location-based weather forecast section.
- The weather forecast is now also available in Delfi's mobile version.

Lithuanian online readership 2011-2012



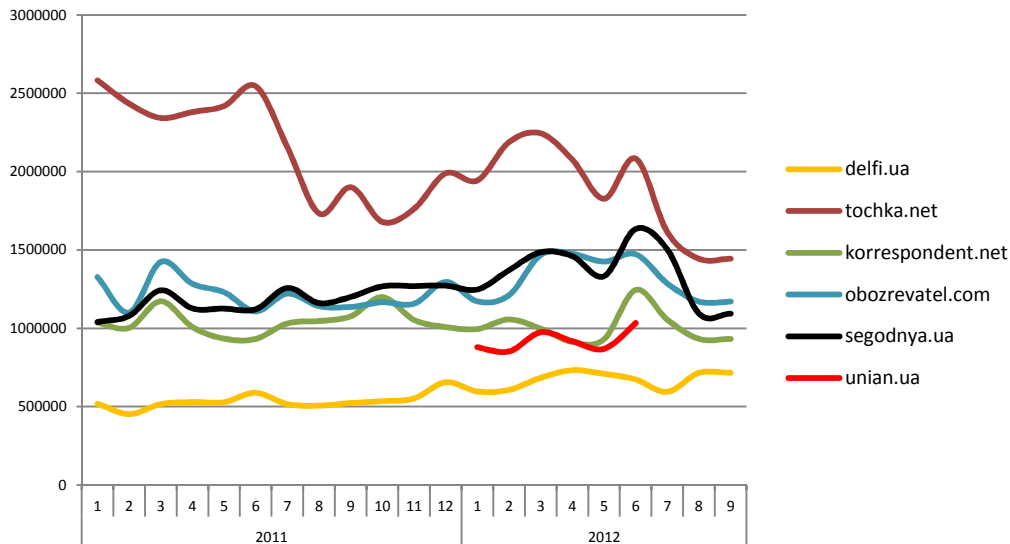
GemiusAudience monthly audience survey

Delfi continues to be the uncontested market leader among Lithuanian internet users with more than one million unique users. Similarly to Latvia, the total statistical number of internet users was restated in the summer of 2012, which reduced the number of users of all internet portals. Thereafter, Delfi has increased its number of users in September to the highest level this year. Despite aggressive expansion of Schibsted in Lithuania, the gap between Delfi and 15min has increased over the last few months for the benefit of Delfi and in September 2012, Delfi.lt had almost 200 thousand users more than 15min.lt.

Delfi Ukraine

- Marketing actions in social media and collaboration projects with radio and TV channels to improve Delfi's visibility in the market.
- Delfi.ua has increased production of women oriented news content due to the profile of portal readers.

Ukrainian online readership 2011-2012



GemiusAudience monthly audience survey

For the moment there is no usership data available for September – the graph for September is based on august data.

In Ukraine the internet portals are still looking for the right business model. The biggest portals are changing their strategies and have been rejecting traffic buying from each other. It has been also affected their usership figures and in Q3 main portals have lost mentionable amount of users. Delfi.ua has not using this kind of methods and in opposite growing it's userbase organically.

Periodicals segment

The periodicals segment includes the publishers of newspapers, magazines and books. This segment also includes AS Express Post, engaged in home delivery of periodicals.

On 1 October 2011, Eesti Päevalehe AS and AS Eesti Ajalehed were merged. At the same date, the book publishing department of the merged company was spun off as a separate legal entity under the name of OÜ Hea Lugu that remained as the subsidiary of AS Eesti Ajalehed. On 1 November 2011, the joint ventures AS SL Õhtuleht and AS Linnaleht were merged, and from 1 January 2012, Uniservice OÜ and AS Ajakirjade Kirjastus were merged.

(EUR thousand)	Sales			EBITDA		
	Q3 2012	Q3 2011	Change %	Q3 2012	Q3 2011	Change %
AS Eesti Ajalehed**	3 038	2 884	5%	159	138	15%
AS SL Õhtuleht*	879	816	8%	58	28	107%
AS Ajakirjade Kirjastus*	916	949	-3%	(41)	1	-4200%
UAB Ekspress Leidyba	632	646	-2%	(38)	0	-
AS Express Post*	532	559	-5%	44	59	-25%
Uniservice OÜ*	0	1	-100%	0	5	-100%
intersegment eliminations	(268)	(247)	-9%	0	(41)	-
TOTAL	5 729	5 608	2%	182	190	-4%

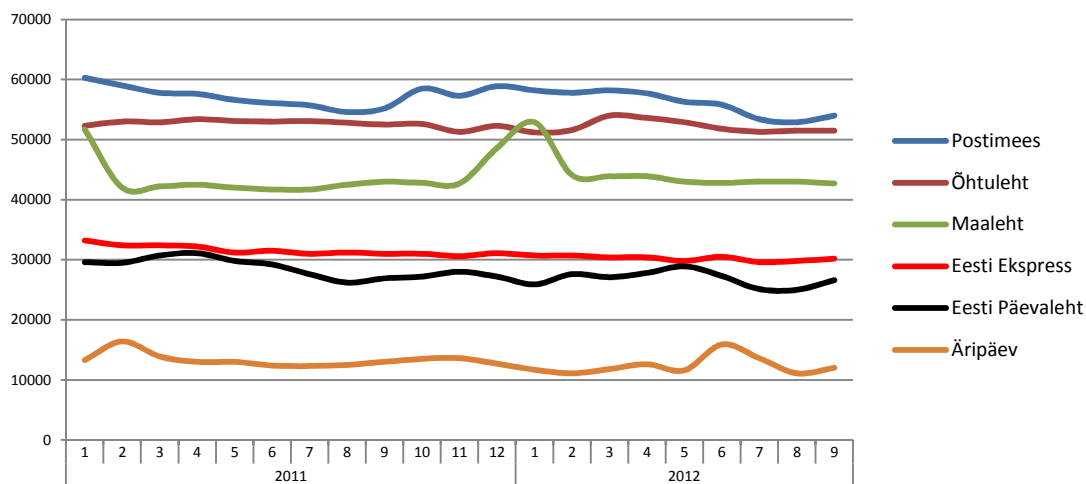
(EUR thousand)	Sales			EBITDA		
	9 months 2012	9 months 2011	Change %	9 months 2012	9 months 2011	Change %
AS Eesti Ajalehed**	9 471	9 431	0%	398	(18)	2311%
AS SL Õhtuleht*	2 754	2 517	9%	193	141	37%
AS Ajakirjade Kirjastus*	3 010	2 984	1%	(57)	62	-192%
UAB Ekspress Leidyba	1 987	2 074	-4%	(110)	2	-5600%
AS Express Post*	1 712	1 767	-3%	173	207	-16%
Uniservice OÜ*	0	9	-100%	0	1	-100%
intersegment eliminations***	(819)	(1 256)	35%	(2)	95	-
TOTAL	18 115	17 526	3%	595	490	21%

*Proportionate share of joint ventures

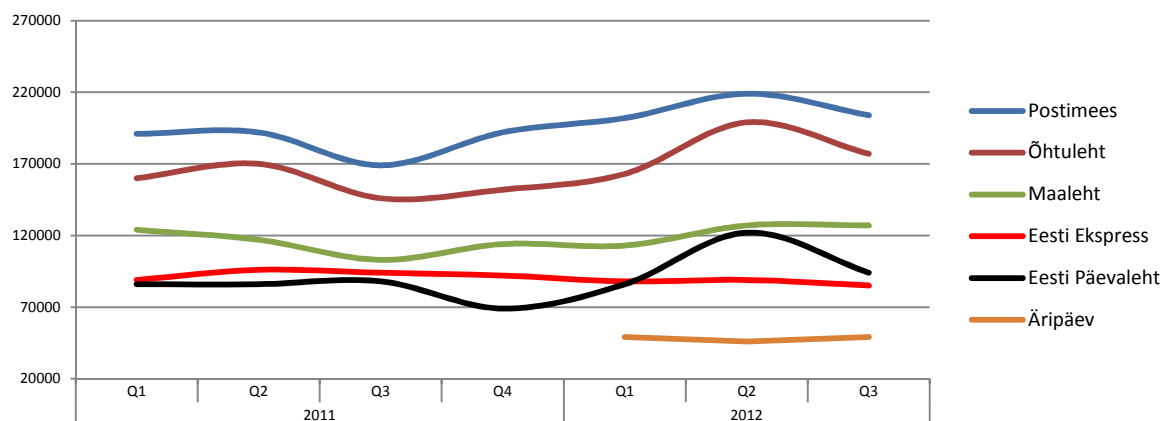
** For the purpose of comparability, AS Eesti Ajalehed combines the data for AS Eesti Ajalehed, Eesti Päevalehe AS (100% in both years) with that of OÜ Hea Lugu.

*** Intra-segment eliminations in sales and EBITDA for the first half of 2011 include the elimination of the 50% ownership interest in Eesti Päevalehe AS in January and February.

Despite a poor summer, the revenue of the periodicals segment increased by 2% in the 3rd quarter of 2012. However, EBITDA failed to grow as compared to last year. Higher sales were still attributable to additional sales from Linnaleht and a successful DVD series of Estonian film classics.

Estonian newspaper circulation 2011-2012*Estonian Newspaper Association data*

In the 3rd quarter of 2012, no major changes occurred in the circulation of newspapers. In the 3rd quarter, the market of daily newspapers experienced a decline in circulation which is characteristic of summer months. Eesti Päevaleht demonstrated the best results, increasing its circulation by 1600 as compared to August 2012. As compared to the same period last year, the circulation of all publications has fallen - that of Eesti Päevaleht the least (-300 copies) and that of Postimees the most (-1200 copies). As a long-term trend, the circulation of newspapers continues to fall slightly similarly to other countries.

Estonian newspaper readership 2011-2012*TNS EMOR quarterly audience survey (2011) and Turu-uuringute AS (2012)*

Due to the selection of a new partner for printed newspaper readership surveys, it is not statistically correct to compare the data for 2011 and 2012 in absolute terms but for the purpose of comparability, they are shown in the same chart. The readership of daily newspapers of all publications has significantly fluctuated throughout the year. However, the readership of weekly newspapers (Maaleht, Eesti Ekspress) has remained stable and in terms of Maaleht, is steadily increasing. The Group continues to focus on development of digital versions of its newspapers, the readers of which are not included in the table above.

Printing services segment

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

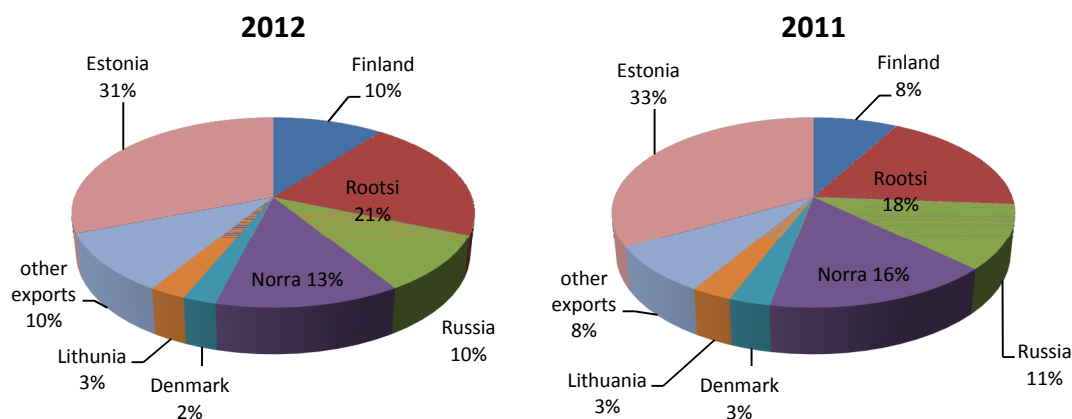
(EUR thousand)	Sales			EBITDA		
	Q3 2012	Q3 2011	Change %	Q3 2012	Q3 2011	Change %
AS Printall	6 263	6 126	2%	1 310	1 417	-8%

(EUR thousand)	Sales			EBITDA		
	9 months 2012	9 months 2011	Change %	9 months 2012	9 months 2011	Change %
AS Printall	21 121	19 593	8%	4 402	4 464	-1%

Due to reaching maximum production capacity in the peak months, the printing company finds it increasingly difficult to maintain its growth as compared to last years. Ongoing increase of the prices of input has impacted EBITDA, but the margin continues to be high. The reference base in the 3rd quarter of 2011 was high due to recognition of income from the client's long-term paper savings. Growth has primarily come from exports. In the 3rd quarter, Printall was granted ISO 9001 management certificate and ISO 14001 environmental certificate.

Geographical break-down of printing services

	Q3 2012	Q3 2011	Change %	9 months 2012	9 months 2011	Change %
Exports	4 228	4 061	4%	14 574	13 061	12%
Finland	749	593	26%	2 207	1 560	41%
Sweden	1 099	1 022	8%	4 410	3 566	24%
Norway	746	714	4%	2 079	2 167	-4%
Russia	670	910	-26%	2 689	3 077	-13%
Denmark	171	130	32%	486	559	-13%
Lithuania	162	179	-9%	536	551	-3%
other exports	631	513	23%	2 167	1 581	37%
Estonia	2 035	2 065	-1%	6 547	6 532	0%
Total sales	6 263	6 126	2%	21 121	19 593	8%
<i>incl. group sales</i>	870	921	-6%	2 870	2 959	-3%
<i>incl. non-group sales</i>	5 393	5 205	4%	18 251	16 634	10%



Printing services and the environment

In addition to its very strong financial position, Printall AS also focuses on environmentally conscious production.

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

The Nordic Council of Ministers has awarded Printall with the environmental label “The Nordic Ecolabel”, used to acknowledge the companies in the Nordic countries that produce environmentally efficiently.

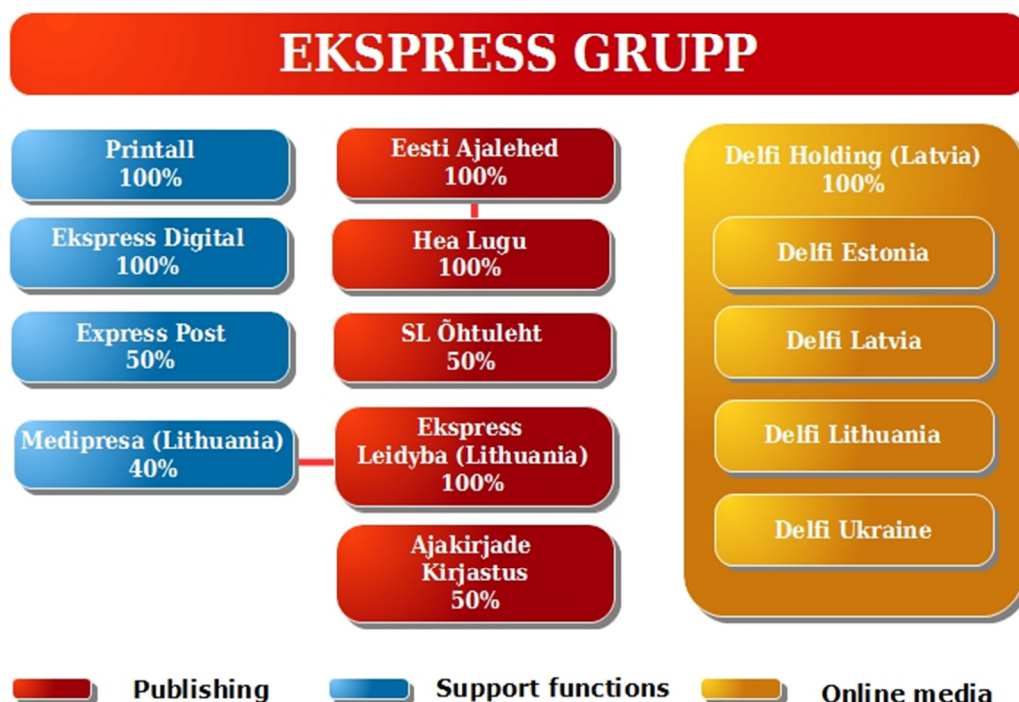
Printall also has FSC and PEFC Chain of Custody (COC) certificates, which the company uses to promote a green way of thinking in the printing industry.

Both of those certificates indicates compliance with monitoring and product production process requirements which is issued to businesses that comply with the requirements established by FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification). A business that is issued those certificates helps to support the environmentally friendly, socially fair and economically viable management of the world's forests.

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

Group structure

(see detailed list for all legal entities in the Group in Note 1 to the interim financial statements).



Shares and shareholders of AS Ekspress Grupp

As of 30.09.2012, the company's share capital was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share.

As of 31.12.2011, the company's share capital was EUR 17 878 105 and it consisted of 29 796 841 shares with the nominal value of EUR 0.60. The General Meeting of Shareholders held on 30 May 2011 approved the conversion of share capital from Estonian kroons into euros, as a result of which the nominal value of a share was lowered from EUR 0.64 to EUR 0.60. The total number of shares did not change, but the share capital was reduced by EUR 1 165 548.

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

As of 31.12.2009, the company's share capital was EUR 13 324 738 and it consisted of 20 848 841 shares with the nominal value EUR 0.64 per share. In January 2009, 1 877 760 new shares were issued at the price EUR 0.96 per share of which EUR 0.32 per share was share premium.

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

Structure of shareholders as of 30.09.2012 according to the Estonian Central Register of Securities

Name	Number of shares	%
Hans Luik	16 023 692	53.78%
<i>Hans Luik</i>	7 963 307	26.73%
<i>Hans Luik, OÜ HHL Rühm</i>	8 053 485	27.03%
<i>Hans Luik, OÜ Minigert</i>	6 900	0.02%
ING Luxembourg S.A.	4 002 052	13.43%
Skandinaviska Enskilda Banken Ab Clients	2 735 308	9.18%
Funds managed by LHV Pank and LHV Varahaldus	2 255 269	7.57%
Members of the Management and Supervisory Boards and their close relatives	360 276	1.20%
<i>Gunnar Kobi, OÜ Griffen SVP</i>	320 512	1.08%
<i>Viktor Mahhov, OÜ Flexinger</i>	37 464	0.13%
<i>Aavo Kokk, OÜ Synd & Katts</i>	400	0.00%
<i>Pirje Raidma, OÜ Aniston Trade</i>	1 900	0.01%
Other minority shareholders	4 420 244	14.83%
Total	29 796 841	100.0%

East Capital Asset Management AB has an ownership interest through the nominee account of Skandinaviska Enskilda Banken Ab Clients. KJK Fund SICAV-SIF has an ownership interest in the company through the account of ING Luxembourg S.A.

Share information of Ekspress Grupp

The share price of Ekspress Grupp (EEG1T) in euros and the trading statistics on OMX Tallinn Stock Exchange from 1 January 2009 until 30 September 2012.



The share price comparison with OMX Tallinn Stock Exchange index from 1 January 2009 until 30 September 2012



The following table shows the stock trading history for 2010-2012

Price (EUR)	9 months 2012	9 months 2011	9 months 2010
Opening price	1.03	1.53	1.03
Closing price	1.02	1.02	1.42
High	1.18	1.84	1.48
Low	0.96	0.95	0.80
Average	1.05	1.45	1.15
Traded shares, pcs	802 537	2 573 753	2 393 211
Turnover, mln	0.84	3.73	2.74
Market capitalisation at period end, mln	30.39	30.30	37.70

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

(EUR thousand)	30.09.2012	31.12.2011
ASSETS		
Current assets		
Cash and cash equivalents	2 742	2 729
Trade and other receivables	6 848	6 921
Inventories	2 424	2 833
Total	12 014	12 483
Non-current assets held for sale	40	40
Total current assets	12 054	12 523
Non-current assets		
Term deposit	98	98
Trade and other receivables	123	167
Property, plant and equipment (Note 6)	15 437	16 751
Intangible assets (Note 6)	51 265	51 970
Total non-current assets	66 923	68 986
TOTAL ASSETS	78 977	81 509
LIABILITIES		
Current liabilities		
Borrowings (Note 7)	4 955	5 436
Trade and other payables	8 796	11 111
Total current liabilities	13 751	16 547
Non-current liabilities		
Long-term borrowings (Note 7)	25 126	26 397
Other long-term liabilities	121	1
Derivate instruments	0	176
Total non-current liabilities	25 247	26 574
Total liabilities	38 998	43 121
EQUITY		
Share capital (Note 10)	17 878	17 878
Share premium	14 277	14 277
Reserves (Note 10)	740	480
Retained earnings	7 078	5 749
Currency translation reserve	6	4
Total equity	39 979	38 388
TOTAL LIABILITIES AND EQUITY	78 977	81 509

The Notes presented on pages 25 to 39 form an integral part of the interim consolidated financial statements

Consolidated statement of comprehensive income (unaudited)

(EUR thousand)	Q3 2012	Q3 2011	9 months 2012	9 months 2011
Sales	13 278	12 969	43 260	41 078
Cost of sales	(10 600)	(10 090)	(33 987)	(32 194)
Gross profit	2 678	2 879	9 273	8 884
Marketing expenses	(559)	(499)	(1 610)	(1 449)
Administrative expenses	(1 537)	(1 740)	(4 837)	(5 153)
Other expenses	(28)	(45)	(130)	(198)
Other income	122	120	405	322
Gain from sale of ownership interest in joint venture (Note 4)	0	0	0	1 540
Operating profit	676	715	3 101	3 946
Interest income	0	13	5	34
Interest expense	(301)	(554)	(1 343)	(1 689)
Foreign exchange gains (losses)	(16)	73	(2)	(29)
Other finance costs	(59)	(34)	(103)	(106)
Net finance cost	(376)	(502)	(1 443)	(1 790)
Profit/(loss) from investments in associates	(3)	(33)	(34)	(43)
Profit (loss) before income tax	297	180	1 624	2 113
Income tax expense	(34)	(62)	(211)	(212)
Profit (loss) for the reporting period	263	118	1 413	1 901
Net profit (loss) for the reporting period attributable to:				
equity holders of the Parent Company	263	118	1 413	1 901
non-controlling interest	0	0	0	0
Other comprehensive income (expense)				
Currency translation differences	15	(73)	2	35
Hedging reserve change	46	42	176	371
Total other comprehensive income (expense) for the period	61	(31)	178	406
Comprehensive income (expense) for the reporting period attributable to:	324	87	1 591	2 307
equity holders of the Parent Company	324	87	1 591	2 307
non-controlling interest	0	0	0	0
Basic and diluted earnings per share (Note 9)	0.01	0.00	0.05	0.06

The Notes presented on pages 25 to 39 form an integral part of the interim consolidated financial statements

Consolidated statement of changes in equity (unaudited)

(EUR thousand)	Attributable to equity holders of the Parent Company						Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currency translation reserve	Total		
Balance on 31 December 2010	19 044	14 277	46	2 900	32	36 299	0	36 299
Reduction of share capital	(1 166)	0	0	1 166	0	0	0	0
Profit for the reporting period	0	0	0	1 901	0	1 901	0	1 901
Gain on hedging instrument	0	0	371	0	0	371	0	371
Currency translation reserve	0	0	0	0	35	35	0	35
Balance on 30 September 2011	17 878	14 277	417	5 967	67	38 606	0	38 606
Balance on 31 December 2011	17 878	14 277	480	5 749	4	38 388	0	38 388
Transfer to statutory reserve capital	0	0	84	(84)	0	0	0	0
Profit for the reporting period	0	0	0	1 413	0	1 413	0	1 413
Gain on hedging instrument	0	0	176	0	0	176	0	176
Currency translation reserve	0	0	0	0	2	2	0	2
Balance on 30 September 2012	17 878	14 277	740	7 078	6	39 979	0	39 979

The Notes presented on pages 25 to 39 form an integral part of the interim consolidated financial statements

Consolidated cash flow statement (unaudited)

(EUR thousand)	9 months 2012	9 months 2011
Cash flows from operating activities		
Operating profit (loss) for the period	3 101	3 946
<u>Adjustments for:</u>		
Depreciation, amortisation and impairment (Note 6)	2 534	2 576
Gain from sale of ownership interest in joint venture (Note 4)	0	(1 540)
Profit (loss) on sale and write-downs of property, plant and equipment	27	(12)
Changes in working capital:		
Trade and other receivables	(76)	(332)
Inventories	409	267
Trade and other payables	(2 272)	(1 705)
Cash generated from operations	3 723	3 200
Income tax paid	(90)	(98)
Interest paid	(1 343)	(1 800)
Net cash used in operating activities	2 290	1 302
Cash flows from investing activities		
Investments in subsidiaries and joint ventures (Notes 4,5)	0	(26)
Purchase of other financial investments	(15)	0
Interest received	5	34
Purchase of property, plant and equipment (Note 6)	(584)	(575)
Proceeds from sale of property, plant and equipment	37	43
Loans granted	(1)	(25)
Loan repayments received	182	124
Net cash used in investing activities	(376)	(425)
Cash flows from financing activities		
Finance lease repayments made	(390)	(921)
Change in overdraft used	1 347	1 131
Proceeds from borrowings (incl. factoring)	0	170
Repayments of borrowings	(2 857)	(2 417)
Net cash used in financing activities	(1 900)	(2 037)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	14	(1 160)
Cash and cash equivalents at the beginning of the period	2 729	2 767
Cash and cash equivalents at the end of the period	2 742	1 607

The Notes presented on pages 25 to 39 form an integral part of the interim consolidated financial statements

SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

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

AS Ekspress Grupp (registration number 10004677, address: Narva mnt.11E, 10151 Tallinn) is a holding company registered and operating in the Republic of Estonia. As of 30.09.2012, the Group consists of the subsidiaries, joint ventures and associates listed below.

These interim consolidated financial statements were approved by the Management Board on 2 November 2012.

The consolidated financial statements of AS Ekspress Grupp (hereinafter the Group) for the first nine months of 2012 reflect the results of the following group companies.

Company name	Status	Ownership interest 30.09.2012	Ownership interest 31.12.2011	Main field of activity	Domicile
Operating segment: central functions					
AS Ekspress Grupp	Parent Company			Holding company and support services	Estonia
OÜ Ekspress Digital	Subsidiary	100%	-	IT (development) services	Estonia
Operating segment: periodicals					
AS Eesti Ajalehed	Subsidiary	100%	100%	Daily and weekly newspaper publishing	Estonia
OÜ Hea Lugu	Subsidiary	100%	100%	Book publishing. Took over AS Eesti Ajalehed book-publishing operation from 1 October 2011	Estonia
UAB Ekspress Leidyba	Subsidiary	100%	100%	Magazine publishing	Lithuania
Medipresa UAB	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
AS SL Õhtuleht	Joint venture	50%	50%	Newspaper publishing	Estonia
AS Ajakirjade Kirjastus	Joint venture	50%	50%	Magazine publishing	Estonia
Uniservice OÜ	Joint venture	-	50%	Internet portal management. Merged with AS Ajakirjade Kirjastus on 1 January 2012	Estonia
AS Express Post	Joint venture	50%	50%	Periodicals' home delivery	Estonia
Operating segment: online media					
SIA Delfi Holding	Subsidiary	100%	100%	Management of online media subsidiaries	Latvia
AS Delfi	Subsidiary	100%	100%	Online media	Estonia
Saarmann Meedia OÜ	Subsidiary	100%	100%	Operations transferred to AS Delfi in Estonia	Estonia
Delfi AS	Subsidiary	100%	100%	Online media	Latvia
Delfi UAB	Subsidiary	100%	100%	Online media	Lithuania
UAB Ekspress Portals	Subsidiary	100%	100%	Online media (liquidated on 04.09.2012)	Lithuania
TOV Delfi	Subsidiary	100%	100%	Online media	Ukraine
Operating segment: printing services					
AS Printall	Subsidiary	100%	100%	Printing services	Estonia

Note 2. Bases of preparation

The interim consolidated financial statements of AS Ekspress Grupp for the nine months ended 30.09.2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read together to the annual report for the financial year ended 31.12.2011.

The Management Board estimates that the interim consolidated financial statements for the 3rd quarter of 2012 present a true and fair view of the Group's operating results, and all group companies are going concerns. These interim financial statements have neither been audited nor reviewed in any other way by auditors.

On 1 January 2011, the Republic of Estonia joined the euro-zone and adopted the euro as the national currency, replacing the Estonian kroon. As a result, the functional currency of the Parent Company and its Estonian group companies is the euro (EUR) since 1 January 2011. The change in the functional currency was recognised prospectively. As of 1 January 2011, the Parent Company and its Estonian group companies revalued the opening balances in their books based on the exchange rate of EUR 1 = EEK 15.6466.

The consolidated interim financial statements have been presented in thousands of euros, unless stated otherwise.

Note 3. Financial risk management

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

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

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

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

Credit risk

Credit risk is expressed as a loss which may be incurred by the Group and is caused by the counterparty if the latter fails to perform its contractual financial obligations.

Credit risk arises from cash and cash equivalents, trade receivables, other short-term receivables and loans granted.

Since the Group invests available liquid funds in the banks with the credit rating of "A", they do not expose the Group to substantial credit risk.

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

In the case of new clients, their credit background is checked with the help of financial information databases such as Krediidinfo and other similar databases. Their payment behaviour is initially also monitored with an increased interest. Upon following the payment discipline, it is possible to receive more flexible credit terms, such as longer payment terms, higher credit limits, etc. Upon violation of the payment discipline, stricter credit terms are applied. In addition, the publishing companies use a program that provides information to major media companies about their debtors.

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

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

Liquidity risk

Liquidity risk means that the Group may not have liquid funds to fulfil its financial obligations in a timely manner. The Group has a high financial leverage, as a result of which the liquidity management is one of the priorities of the Group.

Long- and short-term cash flow planning is used as a means to manage liquidity risk. There is continuous work and improvement of methods to achieve more accurate cash flow forecasts. To manage liquidity risk as effectively as possible, the bank accounts of the Parent Company and its subsidiaries comprise one group account (cash pool) which enables the members of the group account to use the finances of the Group within the limit established by the Parent Company. The group account operates in Estonia, but foreign subsidiaries in Latvia and Lithuania are also part thereof.

To manage liquidity risk, the Group uses different financing sources which include bank loans, overdraft, continuous monitoring of trade receivables and delivery contracts. Overdraft credit is used to finance working capital, long-term bank loans and finance lease agreements are used for making capital expenditures.

Interest rate risk

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

The Group's interest rate risk is related to short-term and long-term borrowings which have been assumed with a floating interest rate. Interest rate risk is mainly related to the fluctuation of Euribor and the resulting change in average interest rates of banks. A change in interest rates by 1 percentage point would increase/decrease Group's loan interest expense by ca 300 thousand euros per year.

Type of interest	Interest rate	30.09.2012 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	1-month Euribor + 2.5%	Syndicated loan (<i>Parent Company</i>)	2 952	18 869	21 821
	1-month Euribor + 2.5%	Syndicated loan (<i>Printall</i>)	642	6 257	6 899
	1-month Euribor + 1.9%	Overdraft	1 361	0	0

Type of interest	Interest rate	30.09.2012 (EUR thousand)	<= 1 year	>1 year and <=5 years	Carrying amount
Floating interest	6-month Euribor + 3.5%	Syndicated loan	2 968	22 236	25 204
	6-month Euribor + 2.9%	Finance lease and long term loan (<i>Printall</i>)	2 183	4 161	6 344
	1-month Euribor + 3.5%	Short term loans and overdraft	270	0	270
	EONIA + 3.5% Bank's base rate + 3.5%	Overdraft	14	0	14
Fixed interest	3.5% p.a.	Other loans	118	0	118

On 30 September 2008, the Group entered into interest swap contracts with the banks that had issued the syndicated loan in order to hedge the fluctuations in Euribor. The interest rate swap contracts had been concluded on loan repayments until September 2012. On the basis of the interest rate swap contract, the Group made fixed interest payments of 4.3%, receiving interest payments that had been calculated on the basis of 6-month Euribor in return. Interest payments and a reduction in nominal amounts occurred twice a year, at the beginning of March and September. At the same dates, the interest rate of the syndicated loan was refixed, the latter being also 6-month Euribor.

Beginning of period	End of period	Nominal amount used for calculation (EUR thousand)
1.09.2010	1.03.2011	13 425
1.03.2011	1.09.2011	11 925
1.09.2011	1.03.2012	10 375
1.03.2012	3.09.2012	8 767

As of 30.09.2012, the Group no longer had derivatives to hedge interest rate risk.

Foreign exchange risk

The Group's operating activities have an international dimension and therefore, the Group is exposed to foreign exchange risk. Foreign exchange risk arises when future business transactions or recognised assets or liabilities are fixed in a currency which is not the Parent Company's functional currency. Group companies are required to manage their foreign exchange risk with regard to the functional currency. The Group's income of local countries is primarily fixed in local currencies, i.e. the euros, Lithuanian litas, Latvian lats and Ukrainian hryvnias. The Group also pays most of its suppliers and contractors in local currencies. The subsidiaries are generally required to use the euro as the foreign currency in their foreign contracts. The subsidiary Printall exports also to non-EU countries and it also earns revenue in Russian roubles, Norwegian kroner and Swedish kronor. The amounts received are generally converted into euros immediately upon their receipt, thereby reducing open foreign currency positions. Although funds received from Russian clients are in currencies other than the euro, invoices for goods and services sold to Russia are denominated in euros and thus do not carry foreign exchange risk. In respect of other currencies, approximately 6-8% of the Group's revenue is exposed to foreign exchange risk. No other means are used for hedging foreign exchange risk.

Financial assets and financial liabilities by currency as of 30.09.2012.

(EUR thousand)	EUR	LTL	LVL	UAH	SEK	Other	TOTAL
Assets							
Cash and cash equivalents	2 282	325	127	3	1	5	2 742
Trade and other receivables	4 163	1 492	520	61	625	107	6 970
Term deposit	0	98	0	0	0	0	98
Total financial assets	6 446	1 915	647	64	626	112	9 810
Liabilities							
Borrowings	30 082	0	0	0	0	0	30 082
Trade and other payables	5 510	3 080	295	23	4	5	8 917
Derivative instruments	0	0	0	0	0	0	0
Total financial liabilities	35 592	3 080	295	23	4	5	38 999
Net currency position	-29 146	-1 166	352	42	623	107	

Price risk

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

Operational risk

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

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

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

Capital risk

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

According to the practice common in the industry, the Group uses the debt to capital ratio to monitor capital. The debt to capital ratio is calculated as the ratio of net debt to total capital. Net debt is calculated by deducting cash and bank accounts from total debt (current and non-current interest bearing liabilities carried in the consolidated balance sheet). Total capital is recognised in the consolidated balance sheet as the aggregate of equity and net debt. In addition, the ratio of equity to total assets is monitored.

Equity and capital ratios of the Group

(EUR thousand)	30.09.2012	31.12.2011
Interest-bearing debt	30 081	31 951
Cash and bank accounts	2 841	2 827
Net debt	27 240	29 124
Equity	39 979	38 388
Total capital	67 219	67 512
Debt to capital ratio	41%	43%
Total assets	78 977	81 509
Equity ratio (equity/total assets)	51%	47%

Note 4. Business combinations

On 11 March 2011, AS Ekspress Grupp and Vivarone OÜ concluded a contract for restructuring their current partnership in Eesti Päevalehe AS. In accordance with the contract, Vivarone OÜ acquired the offices previously in the ownership of Eesti Päevalehe AS at Narva Road 13 and Ekspress GruppEkspress Grupp acquired the business of Eesti Päevalehe AS. For completion of the transaction, Eesti Päevalehe AS sold its real estate to Vivarone OÜ and Vivarone OÜ in turn sold 50% of the shares of Eesti Päevalehe AS in its ownership to Ekspress Grupp, and the parties offset the receivables due from each other. Neither party paid actual cash for the transaction. The Group continues to lease the current offices from Vivarone OÜ. In addition to the ownership interest acquired in Eesti Päevalehe AS, the company also obtained an additional 25% ownership interest in AS Linnaleht. As the equity of the latter is negative, an impairment loss was recognised for the loans granted to AS Linnaleht.

Full ownership of Eesti Päevalehe AS enabled AS Ekspress Grupp to integrate various media content production units and support structures, and thereby, achieve cost savings. Upon acquisition of Eesti Päevalehe AS, goodwill arose in the amount of EUR 1 232 thousand, which includes goodwill of hyppelaud.ee in amount of EUR 25 thousand that was previously recognised in the Group's balance sheet. At the end of 2011, an impairment loss was recognised for goodwill in the amount of EUR 130 thousand. As of 30.09.2012, the carrying amount of this goodwill is EUR 1 102 thousand in the balance sheet.

The acquisition of the additional 50% ownership interest in Eesti Päevalehe AS is recognised in accordance with IFRS 3 (revised) in two parts: firstly, as the sale of the 50% ownership interest and thereafter, as the acquisition of a 100% ownership interest. In the first half of 2011, the sales proceeds of the current 50% ownership interest in the amount of EUR 1 540 thousand are reported in a separate line under operating profit.

On 4 March 2011, AS Delfi acquired a 100% ownership interest in Saarmann Meedia OÜ, paying EUR 34 thousand in cash for the company. This company owns the local news portal of rural municipalities www.eestiulu.ee and the cost of the portal made up most of the amount paid. No goodwill arose on acquisition. After the acquisition, the company's operations have been transferred to Delfi Estonia.

The table below provides an overview of acquired identifiable assets and liabilities at the time of the acquisition. The balance sheets as of 28.02.2011 have been used as the basis for preparing the purchase analysis.

	Eesti Päevalehe AS		Saarmann Meedia OÜ	
(EUR thousand)	Fair value	Carrying amount	Fair value	Carrying amount
Cash and bank	21	21	0	0
Other receivables and assets	2 003	1 350	0	0
Joint venture (ownership and loan)	(10)	16	0	0
Property, plant and equipment	47	47	7	7
Intangible assets (licenses, programmes, portals)	300	322	34	0
Trademark	1 222	0	0	0
Contractual customer relationships	263	0	0	0
Other liabilities	(1 878)	(1 928)	(6)	(6)
Total identifiable assets	1 968	(172)	34	1
Goodwill	1 232	239	0	
Cost of ownership interest	3 200		34	
Paid for ownership interest in cash	0		34	
Cash and cash equivalents in the acquired entity (EPL 50%)	(11)		0	
Total cash effect on the Group	(11)		34	

Note 5. Investments in joint ventures

In March 2011, the Group acquired an additional 50% ownership interest in Eesti Päevalehe AS, increasing its interest to 100% (see Note 4). With the additional ownership interest, another 25% interest was acquired in AS Linnaleht. As due to the overall economic recession the operations of AS Linnaleht were unprofitable, it was reorganised in 2011. In August 2011, the operations of AS Linnaleht were transferred to AS SL Õhtuleht and as of 1 November 2011, AS Linnaleht and AS SL Õhtuleht were merged.

In June 2011, the joint venture AS Ajakirjade Kirjastus acquired a 49% ownership interest in its subsidiary Uniservice OÜ. Because this transaction represented an increase of the ownership interest from 51% to 100%, no assets were revalued during the transaction and no goodwill arose. A cash payment of EUR 6 thousand was made for the acquisition of the ownership interest. Upon acquisition of full ownership, the operations of Uniservice OÜ were transferred to the Parent Company and from 1 January 2012, the companies were merged. Uniservice OÜ is the subsidiary of the joint venture AS Ajakirjade Kirjastus (100%), therefore the Group has joint control over the assets, liabilities, income and expenses of Uniservice OÜ.

Note 6. Property, plant and equipment (PPE) and intangible assets

(EUR thousand)	PPE		Intangible assets	
	9 months 2012	9 months 2011	9 months 2012	9 months 2011
Balance at beginning of the period				
Cost	30 376	32 795	57 689	55 356
Accumulated depreciation and amortisation	(13 625)	(13 658)	(5 719)	(4 420)
Carrying amount on 31.12.2011	16 751	19 137	51 970	50 936
Acquisitions and improvements	373	321	211	255
Disposals (at carrying amount)	(23)	(23)	(6)	0
Write-offs and write-downs of PPE	(4)	(7)	(37)	(1)
Reclassification	0	(1)	0	1
Acquisitions through business combinations	0	24	0	2 870
Disposals through business combinations	0	(547)	0	0
Depreciation and amortisation	(1 660)	(1 585)	(874)	(991)
Currency translation differences	0	(1)	1	(3)
Balance at end of the period				
Cost	30 486	32 263	57 850	58 385
Accumulated depreciation and amortisation	(15 049)	(14 944)	(6 585)	(5 318)
Carrying amount on 30.09.2012	15 437	17 319	51 265	53 067

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

Intangible assets by type

(thousand)	EUR	
	30.09.2012	31.12.2011
Goodwill	40 761	40 761
Trademarks	9 665	9 886
Other intangible assets	839	1 323
Total intangible assets	51 265	51 970

Carrying amount of trademarks by segment

(thousand)	EUR	
	30.09.2012	31.12.2011
Online media	7 241	7 369
Periodicals	2 424	2 517
Total trademarks	9 665	9 886

Goodwill by cash generating units and segments

(thousand)	EUR	
	30.09.2012	31.12.2011
Delfi Estonia	15 281	15 281
Delfi Latvia	9 390	9 390
Delfi Lithuania	12 517	12 517
Online media segment	37 188	37 188
Eesti Päevaleht (incl. hyppelaud.ee)	1 102	1 102
Ajakirjade Kirjastus	456	456
Ekspress Leidyba	199	199
Maaleht (Eesti Ajalehed)	1 816	1 816
Periodicals segment	3 573	3 573
Total goodwill	40 761	40 761

Note 7. Bank loans and borrowings

(EUR thousand)	Total amount	Repayment term	
		up to 1 year	between 1 and 5 years
Balance on 30.09.2012			
Overdraft facilities	1 361	1 361	0
Long-term bank loans	28 720	3 594	25 126
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	21 821	2 952	18 869
<i>incl. syndicated loan and mortgage (AS Printall)</i>	6 899	642	6 257
Total	30 081	4 955	25 126
Balance on 31.12.2011			
Overdraft facilities	14	14	0
Short-term bank loans (incl. factoring)	270	270	0
Long-term bank loans	27 599	3 723	23 876
<i>incl. syndicated loan (AS Ekspress Grupp)</i>	25 204	2 968	22 236
<i>incl. long-term loan (AS Printall)</i>	2 395	755	1 640
Finance lease	3 950	1 429	2 521
Total	31 833	5 436	26 397

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

Refinancing of loan obligations in July 2012

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

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

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

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

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

Similarly to the previous syndicated loan, the loans are secured by the shares of the subsidiaries, the guarantees of Estonian subsidiaries in the amount of EUR 37 million, the mortgage on the registered immovable and production facilities of AS Printall in the amount of EUR 9 million, the commercial pledge on the assets of AS Printall in the amount of EUR 16 million and the trademarks of Delfi, Eesti Ekspress, Maaleht, Eesti Päevaleht and Eesti Ekspressi Kirjastus in the amount of EUR 5 million. The value of assets used as collateral is included already within the net assets of the Group.

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

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

Syndicated loan (repaid on 23 July 2012)

A loan agreement was been concluded on 28 August 2007 between the syndicate of SEB Bank, Danske Bank A/S Estonia branch (Sampo Bank) and Nordea Bank, and Ekspress Grupp in the amount of EUR 43.1 million for acquisition of Delfi Group and Maaleht. The loan will mature on 25 January 2015.

In 2010, the repayment schedule was amended in such a way that AS Ekspress Grupp returns monthly instalments starting from February 2010 until December 2012 under a ten year annuity and starting from January 2013 until December 2014, under a five year annuity. The reduced principal payments were added to the bullet amount of the loan, payable on 25 January 2015.

On 11 October 2011, an annex was concluded for the syndicated loan contract with SEB Bank, Danske Bank A/S Estonia branch (Sampo Bank) and Nordea Bank. The annex related to the release of the term deposit in the amount of EUR 3 million. Half of the security deposit, i.e. EUR 1.5 million was used to prematurely repay the bullet amount and the remaining amount with accrued interest was transferred to the Parent Company's current account.

From 25.02.2010, the interest rate on the loan is 6-month Euribor+3.75% and from 25.07.2011, 6-month Euribor+3.5%.

As of 31.12.2011, the loan was secured by the following assets owned by the Group:

- a mortgage of the 2nd ranking on the registered immovable at Tala 4 (former address Peterburi Road 64A) with the mortgage amount of EUR 5 million; as of 31.12.2011, the carrying amount of the building was EUR 4.2 million and that of the registered immovable was EUR 0.4 million;
- a pledge on the shares of Delfi Estonia, Delfi Latvia, Delfi Lithuania, Delfi Holding, Eesti Ajalehed and Printall, the shares of which represent the majority of the Group's net assets;
- a guarantee of Delfi Estonia, Eesti Ajalehed and Printall in the total amount of EUR 43.1 million, which are included in the value of the aforementioned net assets;
- a combined pledge in the amount of EUR 0.3 million on the following trademarks: Eesti Ekspress, Delfi and Maaleht, which are included in the value of the aforementioned net assets;
- a commercial pledge on the movable property of AS Printall in the minimum amount of EUR 3.2 million, which is included in the value of the aforementioned net assets.

Long-term loan and lease commitments (repaid on 23 July 2012)

A loan agreement of AS Printall in the initial amount of EUR 4.8 million, with the term of 15.12.2014 was secured with a mortgage of the 1st ranking in the amount of EUR 4 million on the registered immovable located at Tala 4, Tallinn (former address Peterburi Rd 64A). As of 31.12.2011, the carrying amount of the building was EUR 4.2 million and the carrying amount of the registered immovable was EUR 0.4 million.

Overdraft facilities (refinanced on 23 July 2012)

Date of contract	Bank	Limit (EUR thousand)	Used 30.09.2012 (EUR thousand)	Interest rate	Expiration date of the contract
12.07.2012	Nordea Bank Finland Plc Estonia branch	1 320	608	1-month Euribor + 1.9%	25.07.2017
12.07.2012	AS SEB Pank	1 680	753	1-month Euribor + 1.9%	25.07.2017
Total		3 000	1 361		

Note 8. Segment reporting

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

Online media: managing online news portals and classified portals, intermediation of internet advertising in those portals.

This segment includes group companies AS Delfi, AS Delfi (Latvia), UAB Delfi (Lithuania), TOV Delfi (Ukraine), Delfi Holding SIA (Latvia), UAB Ekspress Portals (Lithuania) (liquidated on 04.09.2012) and mango.lv SIA (Latvia), which was merged with Delfi Latvia in the second half of 2011.

Periodicals: publishing of newspapers, magazines, customer publications, special advertising editions as well as books in Estonia and Lithuania. This segment includes group companies AS Eesti Ajalehed (publisher of Eesti Ekspress, Maaleht and from 1 October 2011, also Eesti Päevaleht), Eesti Päevalehe AS, which was merged with AS Eesti Ajalehed on 1 October, AS Ajakirjade Kirjastus, AS SL Õhtuleht, UAB Ekspress Leidyba, Uniservice OÜ (the operation of which was transferred to the Parent Company AS Ajakirjade Kirjastus in autumn 2011 and was merged with AS Ajakirjade Kirjastus on 1 January 2012). This segment also includes AS Express Post, engaged in home delivery of periodicals.

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

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

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

Q3 2012 (EUR thousand)	Online media	Perio- dicals	Printing services	Corporate functions	Eliminat- ions	Total Group
Sales to external customers	2 250	5 676	5 567	0	(215)	13 278
Inter-segment sales	32	53	696	268	(1 049)	0
Total segment sales	2 282	5 729	6 263	268	(1 264)	13 278
EBITDA	208	182	1 310	(206)	1	1 495
Depreciation (Note 6)						819
Operating profit						676
Investments (Note 6)						169

9 months 2012 (EUR thousand)	Online media	Periodicals	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers	7 270	17 945	18 795	5	(755)	43 260
Inter-segment sales	111	170	2 326	683	(3 290)	0
Total segment sales	7 381	18 115	21 121	688	(4 045)	43 260
EBITDA	1 190	595	4 402	(553)	2	5 636
Depreciation (Note 6)						2 534
Operating profit *						3 101
Investments (Note 6)						584

Q3 2011 (EUR thousand)	Online media	Periodicals	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers	2 014	5 565	5 386	4	0	12 969
Inter-segment sales	19	43	740	60	(862)	0
Total segment sales	2 033	5 608	6 126	64	(862)	12 969
EBITDA	232	190	1 417	(278)	3	1 564
Depreciation (Note 6)						847
Operating profit						715
Investments (Note 6)						178

9 months 2011 (EUR thousand)	Online media	Periodicals	Printing services	Corporate functions	Eliminations	Total Group
Sales to external customers	6 343	17 395	17 324	16	0	41 078
Inter-segment sales	47	131	2 269	122	(2 569)	0
Total segment sales	6 390	17 526	19 593	138	(2 569)	41 078
EBITDA	729	490	4 464	(712)	11	4 982
Depreciation (Note 6)						2 576
Proceeds from acquisition of additional 50% ownership interest in Eesti Päevalehe AS						1 540
Operating profit						2 406
Investments (Note 6)						576

Note 9. Earnings per share

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

In view of the fact that the Group has no dilutive potential ordinary shares on 30.09.2012 and 30.09.2011, **diluted earnings per share** equal basic earnings per share.

EUR	Q3 2012	Q3 2011	9 months 2012	9 months 2011
Net profit (loss) attributable to equity holders of the Parent Company	263 056	118 278	1 413 114	1 900 689
Average number of ordinary shares	29 796 841	29 796 841	29 796 841	29 796 841
Basic and diluted earnings per share	0.01	0.00	0.05	0.06

Note 10. Equity

As of 31.12.2010, the share capital of Ekspress Grupp was EUR 19 043 652 and consisted of 29 796 841 shares with the nominal value of EUR 0.64 per share.

In conjunction with the adoption of the euro in Estonia, the General Meeting of Shareholders of AS Ekspress Grupp held on 30 May 2011 decided to decrease the nominal value of shares to EUR 0.60, as a result of which the share capital was reduced by EUR 1 165 548. The change in share capital was registered in the Commercial Register on 15.06.2011. The amount which arose in the reduction of share capital was taken to retained earnings. The number of shares did not change as a result of the transaction.

As of 31.12.2011 and 30.09.2012, the share capital of AS Ekspress Grupp was EUR 17 878 105 and consisted of 29 796 841 shares with the nominal value of EUR 0.60 per share. The maximum amount of share capital as stipulated by the articles of association is EUR 25 564 656.

Reserves

(EUR thousand)	30.09.2012	31.12.2011
Statutory reserve capital	101	17
Additional monetary contribution by owners	639	639
Hedging reserve derived from interest rate swaps	0	(176)
Total reserves	740	480

Note 11. Contingent liabilities

On 7 June 2011, Harju County Court satisfied an action filed by AS Sanoma Baltics against AS Eesti Ajalehed and AS Delfi, relating to the court case concerning the violation of copyright of the car portal www.auto24.ee by the portal of car sales ads www.ekspressauto.ee. The court ruled that both AS Eesti Ajalehed and AS Delfi solidarily had to pay compensation for damage in the amount of EUR 60 thousand. The final court ruling was made in June 2012. A provision had already been recognised in this amount on 31.12.2011.

The subsidiaries of the Group have also several other ongoing court cases, the effect of which is insignificant on the financial results of the Group.

Note 12. Related party transactions

Transactions with related parties are transactions with shareholders, associates, unconsolidated subsidiaries, members of the Supervisory and Management Board (incl. managing directors of subsidiaries), their immediate family members and the companies under their control or significant influence. The ultimate controlling individual of AS Ekspress Grupp is Hans H. Luik.

The Group has purchased (goods for resale, manufacturing materials, non-current assets) from and sold its goods and services to (lease of non-current assets, management services, other services) to the following related parties. The management estimates that all transactions with related parties have been concluded at market conditions.

Sales

(EUR thousand)	9 months 2012	9 months 2011
Sale of goods		
Members of Management Board and companies related to them	0	1
Associates	615	881
Total sale of goods	615	882
Sale of services		
Members of Management Board and companies related to them	5	9
Members of Supervisory Board and companies related to them	0	0
Associates	0	148
Total sale of services	5	157
Sale of non-current assets		
Members of Supervisory Board and companies related to them	0	1
Total sale of non-current assets	0	1
Total sales	620	1 040

Purchases

(EUR thousand)	9 months 2012	9 months 2011
Purchase of services		
Members of Management Board and companies related to them	50	68
Members of Supervisory Board and companies related to them	273	294
Associates	1	0
Total purchases	324	362

Receivables

(EUR thousand)	30.09.2012	31.12.2011
Short-term receivables		
Members of Supervisory Board and companies related to them	192	201
Associates	199	143
Total short-term receivables	391	344
Long-term receivables		
Members of Supervisory Board and companies related to them	0	60
Total long-term receivables	0	60
Total receivables	391	404

Liabilities

(EUR thousand)	30.09.2012	31.12.2011
Current liabilities		
Members of Management Board and companies related to them	4	3
Members of Supervisory Board and companies related to them	7	17
Total liabilities	11	20

According to the decision of the Annual General Meeting, Hans H. Luik will be paid a guarantee fee of 1.5% p.a. on the guarantee amount for the personal guarantee of EUR 4 million on the syndicated loan and overdraft agreements until the guarantee expires. The amount paid out in the first nine months of 2012 totalled EUR 45 thousand (2011: EUR 43 thousand) and there were no outstanding liabilities as of 30.09.2012 and 31.12.2011.

Remuneration of the members of management and supervisory boards of all group entities

	9 months 2012	9 months 2011
Salaries and other benefits (excl. social security taxes)	836	730
Termination compensations (excl. social security taxes)	34	42
Total	870	772

The members of all management boards of the group companies (incl. managing directors of subsidiaries if these companies do not have management board as per Estonian law) (hereinafter Key Management) are entitled to receive compensation upon expiry or termination of their contracts in accordance with the terms laid down in their employment contracts. The Key Management terminations benefits are payable only in case the termination of contracts is originated by the company. If a member of the Key Management is recalled without a substantial reason, a notice thereof shall be given up to 3 months in advance and the member shall be paid compensation for termination of the contract in the amount of up to 7 months' salary. Upon termination of an employment relationship, no compensation shall be paid if a member of the Key Management leaves at his or her initiative or if a member of the Key Management is removed by the Supervisory Board with a valid reason. As of 30.09.2012, the potential maximum gross termination benefits payable to Key Management were EUR 425 thousand. As of 31.12.2011, this gross amount was EUR 491 thousand. No remuneration is paid separately to the members of the Supervisory Boards of the Group companies and no compensation is paid if they are recalled.

Note 13. Events after the balance sheet date

As of 30.09.2012, the Group's current liabilities exceeded its current assets by EUR 1.7 million. The Group's interim financial statements have been prepared under the going concern assumptions, because as the Group's Management Board estimates that negative working capital will not cause any financial difficulties for the Group during 12 months from the date of signing the financial statements. The Group has an unused overdraft facility in the amount of 1.6 million. In addition, consideration should be paid to the fact that clients' prepayments for subscriptions, which are recognised as liabilities in the balance sheet are not to be paid out but recognised as income in the following subscription period. Information about liquidity risk and the measures used to manage it is disclosed in more detail in Note 3.