



**AS EKSPRESS GRUPP**  
**CONSOLIDATED INTERIM REPORT**  
**FOR THE FOURTH QUARTER AND 12 MONTHS OF**  
**2007**

**TABLE OF CONTENTS**

GENERAL INFORMATION .....	3
MANAGEMENT REPORT.....	4
CONSOLIDATED INTERIM FINANCIAL INFORMATION .....	10
Management Board's confirmation of the Consolidated Interim Report.....	10
Consolidated interim balance sheet (unaudited) .....	11
Consolidated interim income statement (unaudited).....	12
Consolidated interim statement of changes in equity (unaudited) .....	13
Consolidated interim cash flow statement (unaudited).....	14
SELECTED NOTES TO THE CONSOLIDATED INTERIM REPORT .....	15
Note 1 General information.....	15
Note 2 Basis of preparation.....	16
Note 3 Subsidiaries and associated companies.....	16
Note 4 Capital expenditure.....	21
Note 5 Bank loans and borrowings.....	21
Note 6 Segment reporting .....	22
Note 7 Reserves.....	23
Note 8 Earnings per share.....	23
Note 9 Equity .....	24
Note 10 Post-balance-sheet events .....	25
Note 11 Related party transactions .....	25

## GENERAL INFORMATION

Beginning of the financial year	1 January 2007
Ending of the financial year	31 December 2007
Name of the Company	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt.11 E, 10151 Tallinn
Phone no	+372 669 8181
Fax no	+372 669 8081
Main field of activity	Publishing and related services
CEO	Priit Leito
Auditor	AS PricewaterhouseCoopers

## MANAGEMENT REPORT

### Highlights of operating results:

#### 4th quarter 2007

- Sales revenue EEK 365.3 million (EUR 23.3 million), year-over-year growth 37%
- Gross profit EEK 85.9 million (EUR 5.5 million), year-over-year growth 43%
- Operating profit before depreciation (EBITDA) EEK 49.0 million (EUR 3.1 million), year-over-year growth 18%
- Operating profit (EBIT) EEK 34.8 million (EUR 2.2 million), year-over-year growth 5%
- Net profit EEK 21.6 million (EUR 1.4 million), year-over-year change -36.7%

#### 2007

- Sales revenue EEK 1 150.0 million (73.5 million), year-over-year growth 24%
- Gross profit EEK 295.5 million (EUR 18.9 million), year-over-year growth 24%
- EBITDA EEK 159.3 million (EUR 10.2 million), year-over-year growth 17%
- EBIT EEK 119.5 million (EUR 7.6 million), year-over-year growth 14%
- Net profit EEK 92.1 million (EUR 5.9 million), year-over-year change -2.2%

#### Key events of the 4th quarter 2007

- In October, the new printing press of Printall became operational
- In November, Delfi launched a Russian-language news portal in Lithuania (<http://ru.delfi.lt>)
- In November, AS Ekspress Hotline opened an information line providing business information in Romania

#### Delfi Group, 3 September – 31 December 2007

- Sales revenue EEK 51.7 million (EUR 3.3 million), year-over-year growth 45%
- EBITDA EEK 18.7 million (EUR 1.2 million), year-over-year growth 63%

The **2007 consolidated net sales** of AS Ekspress Group totalled EEK 1 150.0 million (EUR 73.5 million) which is 23.5% higher than in 2006. Operating profit before depreciation (income before depreciation, financial income and expenses, income tax and minority interest) (EBITDA) totalled EEK 159.3 million (EUR 10.2 million). On comparable bases, excluding the revenue relating to the sale of the holding of Linnaleht in the amount of EEK 3.4 million (EUR 0.2 million) in 2006 and the revenue relating to the sale of the 50% holding of the real estate development company Suursepa Arendus AS in the amount of EEK 4.5 million (EUR 0.3 million) in the 4th quarter of 2006, it exceeds the sales revenue of 2006 by 24.8%. The Group's net profit for 2007 reached EEK 92.1 million (EUR 5.9 million) which is (excluding the effect of Linnaleht and Suursepa Arendus) 6.8% more than in 2006.

**The consolidated net sales for the 4th quarter totalled** EEK 365.3 million (EUR 23.3 million) which is 36.7% higher than in the 4th quarter of 2006. EBITDA totalled EEK 49.0 million (EUR 3.1 million) and the net profit totalled EEK 21.6 million (EUR 1.4 million). As compared to the 4th quarter of 2006, EBITDA growth was 18.0 %. A loss relating to the costs of launching the information line in Romania in the amount of EEK 3 million (EUR 0.2 million) and a change in the accounting policies relating to the recognition of revenue from information services had a negative effect on the level of EBIT. The staff costs in the 4th quarter were higher due to the annual bonus accrual. The slow-down of EBIT in the 4th quarter also relates to depreciation growth in conjunction with new intangibles acquired in the acquisition of Delfi and Maaleht. The net profit for the 4th quarter made up 63.3% of the net profit of the same period in 2006. Excluding the revenue derived from the sale of the 50% holding of Suursepa Arendus AS in the amount of EEK 4.5 million (EUR 0.3 million) in the 4th quarter, the net profit made up 72.9% of the net profit for the 4th quarter of 2006. In addition to the events affecting EBIT in 2007, the slow-down in the growth of the net profit in 2007 is attributable to higher interest costs related to assuming a syndicate loan in the amount of EEK 674.4 million (EUR 43.1 million) in August 2007.

**Overview of the media market**

According to the survey of the media advertising market conducted by TNS Emor, the sales revenue of media advertising grew by 29% in 2007 as compared to 2006. Sales growth in the 4th quarter was 24% as compared to the same period last year, showing moderate cooling off in the advertising market. Internet advertising demonstrated the highest growth both in the 4th quarter as well as for the whole year (69%). Newspaper advertising with the highest advertising market volume of EEK 717 million (EUR 45.8 million) in 2007 and the share of 40% attained a remarkable 23% annual growth as compared to last year. The areas of real estate and automobile advertising showed the highest volume growth in 2007, 94% and 65%, respectively as compared to 2006. Advertising of financial services also grew a remarkable 48%.

**Overview by segments**

In 2007, the growth drivers of the Group's sales revenue in absolute terms were primarily the publishing of newspapers and magazines. The **online media segment** made a significant contribution to the sales growth of 2007 and primarily to that of the 4th quarter which was related to the acquisition of Delfi Group in September. Sales growth was also noteworthy in the segments of printing services and book sales.

On 5 November, Delfi launched a Russian-language news portal in Lithuania (<http://ru.delfi.lt>). The goal for 2008 includes reaching 80 000 unique users per month. According to the forecast, the portal will be profitable in a year after being launched.

Along with the newly-launched internet portal, AS Delfi together with its Latvian and Lithuanian subsidiaries manages 8 internet portals: Estonian and Russian language portals in Estonia and Latvia (<http://www.delfi.ee>, <http://www.delfi.lv> and <http://www.delfi.lt>), three portals in Lithuania (<http://www.delfi.lt>, <http://www.centras.lt>) and (<http://ru.delfi.lt>) and the news portal in the Ukraine (<http://www.delfi.ua>).

From September 2007, after the consolidation of the results of operations of Delfi in the financial statements of the Ekspress Group, until the end of 2007 the year-over-year sales growth of the Delfi Group was 45%. At the same time, the year-over-year growth of EBITDA was 63% which has been attained due to the synergies of costs between Delfi and its subsidiaries in Latvia and Lithuania. The EBITDA margin was 36%. Management forecasts 30 per cent sales growth in the upcoming years and continuation of 35-40 per cent EBITDA margin. Management sees great potential in the synergies of income and expenses with the current operating areas of the Ekspress Group, the first achievement of which is the improvement in the quality of Delfi's content due to cooperation with editorial departments of newspapers. As a result of the cooperation, the number of Delfi users has increased from 500 000 at the beginning of September to 525 000 users at the end of December. By the end of 2008, the number of users is expected to reach 545 000. New automobile and real estate combined internet environments in collaboration with Delfi and Eesti Ekspress will be launched in the first quarter of 2008.

**In the publishing segment**, advertising sales grew a decent 23% year-over-year but a moderate slowdown could be observed in advertising sales in the 4th quarter. The sales growth of periodicals (subscriptions and single issue sales) was also a decent 20%, derived from the sales growth of existing products as well as new magazines publications. In the 4th quarter, the sales growth reached 36% which was the result of aggressive marketing and subscription campaigns at the end of the year. The sales growth of magazines "Klubas" and "Naised" launched in the first half of the year also had a positive effect. The launching of new products has increased marketing costs. In the 4th quarter, EBITDA growth was 24.7% as compared to the same period last year. In the 4th quarter, staff costs were higher both due to higher bonuses paid as a result of higher sales revenue as well as an annual bonus accrual. The growth of staff costs, marketing costs as well as publishing costs has lowered the EBITDA margin from 13% in 2006 (excluding revenue relating to the sale of the share of Linnaleht in the amount of EEK 3.4 million kroons (EUR 0.2 million)) to 12% in 2007.

**In the segment of printing services**, the sales growth in the 4th quarter of 2007 was 16.7% as compared to the same period in 2006. In 2007, the sales growth of the subsidiary was a decent 13% as compared to 2006. This growth was primarily related to non-Group Estonian customers and export products. However, the operating margin has been reduced by higher paper prices and acceleration of staff costs (18%) as compared to productivity, and higher depreciation related to acquisition of new equipment. In October, the magazine printing press acquired in the first half of the year enabling to increase the production capacity of Printall by one third, became operational. The new printing press which will be fully operational in 2008 was acquired for the purpose

of increasing capacity primarily in foreign markets. In 2007, exports made up ca 45% of the sales revenue of Printall.

The remarkable 28% sales growth in **book sales** in the 4th quarter of 2007 as compared to the 4th quarter of 2006 is a sign of a favourable market condition which was well utilised with the opening of a new book store in Viljandi and expansion of the commercial space in Viru Centre. Sales are expected to grow further after the opening of a new store in Tartu. The respectable 39.3% EBITDA growth in the 4th quarter as compared to the same period last year has been attained due to improved inventory accounting as well as regular evaluations.

The sales of **information services** increased by 5% in 2007 as compared to 2006. Modest sales growth is related to the changes in the accounting policies of revenue recognition. In 2007, revenue is allocated to periods according to the duration of the contract of information services. EBITDA made up 80% of the 2006 level. The decline of EBITDA is related to the costs of launching the information telephone at the Romanian subsidiary of AS Ekspress Hotline leading to a loss of EEK 3 million (EUR 0.2 million).

### **Net profit**

For the whole year of 2007, the gross profit of the Ekspress Group was 25.7%, being at the same level as last year. In the 4th quarter, the gross margin reached 23.5% as compared to 22.5% in the same period last year. The gross profit for 2007 reached EEK 295.5 million (EUR 18.9 million), growing by 23.6% in a year.

The gross profit in the fourth quarter increased by 42.8% as compared to the same period last year. The Group's marketing expenses increased due to the expansion of the Group and launching of new products. The annual growth was 23%. Staff costs increased as a result of hiring new employees related to the addition of new companies and also due to wage rise, growing by 37.2 %.

In 2007, EBIT reached EEK 119.5 million (EUR 7.6 million), increasing by 14.4% as compared to the same period last year. In 2007, the operating margin was 10.4% (2006: 11.2%). In the 4th quarter, EBIT reached EEK 34.8 million (EUR 2.2 million), increasing by 5.2% as compared to last year. The operating margin in the 4th quarter was 9.5% (4th quarter 2006: 12.3%). The slowdown of EBIT in the 4th quarter was related to depreciation growth in conjunction with new intangibles acquired in the acquisition of Delfi and Maaleht.

In 2007, the Group's financial expenses reached EEK 25.9 million (EUR 1.7 million). A major part of the financial expenses is made up of interest expenses in the amount of EEK 24.6 million (EUR 1.6 million). The growth of interest expenses is related to the loan in the amount of EEK 674.4 million (EUR 43.1 million) taken from the syndicate of SEB Eesti Ühispank, Sampo Pank and Nordea Pank for the acquisition of Delfi and Maaleht by the Ekspress Group.

Overall, the Ekspress Group earned a net profit (after taxes and minority interest) in the amount of EEK 92.1 million (EUR 5.9 million) in 2007. As compared to the same period in 2006, the net profit decreased by 2.2%. The Group's net profit (after taxes and minority interest) in the 4th quarter was EEK 21.6 million (EUR 1.4 million) which makes up 63.3% of net profit last year. Income tax expenses increased in Latvia and Lithuania due to the acquisition of Delfi.

### **Balance sheet and investments**

As of 31 December 2007, the consolidated balance sheet total of Ekspress Group was EEK 1752.2 million (EUR 112.0), increasing by 1.6 times in a year. The assets and liabilities included in the balance sheet have increased as a result of the expansion of the Group and the investments made to acquire non-current assets.

Current assets increased by 35.8% in a year, reaching EEK 305.7 million (EUR 19.5 million) as of 31 December 2007. Of current assets, the Group's trade receivables increased the most in absolute numbers, reaching EEK 165.9 million (EUR 10.6 million), the growth in a year being 35.4%. Current liabilities increased by 55.8% in a year, reaching EEK 439.7 million (EUR 28.1 million) by the end of the year. Of the current liabilities, short-term loans increased the most, reaching EEK 199.0 million (EUR 12.7 million) by the end of December. Short-term loans comprise the used portion of overdraft and the current portion of long-term loans and finance lease payables.

As of the end of December, the Group's long-term borrowings reached EEK 741.6 million (EUR 47.4 million), increasing by 5.2 times in a year. Of the long-term borrowings, bank loans total EEK 606.6 million (EUR 38.8

million) and finance lease payables total EEK 134.9 million (EUR 8.6 million). Of the bank loans, EEK 548.8 million (35.1 million) is made up of the loan contract that the Group entered into with the syndicate of SEB Eesti Ühispank, Sampo Pank and Nordea Pank for financing the acquisition of Delfi and Maaleht in the third quarter.

As of the year-end, property, plant and equipment stood at EEK 404.9 (EUR 25.9 million), increasing by 40% in a year. A major part of the growth of property, plant and equipment is made up of the cost of the new printing press acquired by Printall in the amount of EEK 81.6 million (EUR 5.2 million). As of the end of December, intangible assets stood at EEK 1 023.4 million (EUR 65.4 million), increasing by 6.4 times in a year. Of the growth of intangible assets, EEK 832.3 million (EUR 53.2 million) is made up of the fair value of trademarks, customer relations and software of the Delfi Group as well as goodwill which arose in the acquisitions. The net book value of the trademark and the goodwill which arose in the acquisition of Maaleht amounts to EEK 39.6 million (EUR 2.5 million).

### **Employees**

As of the end of December, the Ekspress Group employed 2292 people (31 December 2006: 1900 people). The average number of employees in 2007 was 2274 (2006:1877). In 2007, wages and salaries paid to the employees of the Ekspress Group totalled EEK 241.4 million (15.4 million)\*.

### **Shares and shareholders of the Ekspress Group**

The share capital of the public limited company is EEK 189 710 81 which consists of the shares with the nominal value of 10 kroons. 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 2007:

- Hans Luik who controls 12 683 220 shares which makes up 66.86% of the share capital of the public limited company
- Skandinaviska Enskilda Banken whose customers hold 1 320 522 shares which makes up 6.96% of the share capital of the public limited company.

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.

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

The election of the members of the Management Board is in the competence of the Supervisory Board of the public limited company. Simple majority voting at the Supervisory Board is required in order to elect and recall the members of the Management Board. Upon resignation, a member of the Management Board shall notify the Supervisory Board of the public limited company one month in advance.

The authority of the Management Board of the public limited company is specified in the Commercial Code and it is limited to the extent provided for in the articles of association. The Management Board of the public limited company has no right to issue shares.

Amendment of the articles of association is the exclusive competence of the shareholders, requiring 2/3 of votes present at the general meeting.

There are no agreements between the public limited company and the members of the Management Board referring to compensation related to a takeover of the public limited company as set out in Chapter 19 of the Securities Market Act.

Pursuant to Chapter 19 of the Securities Market Act, in case of a takeover of the public limited company, the current co-shareholder in the entities AS SL Öhtuleht, AS Ajakirjade Kirjastus and AS Express Post has the right to acquire the holding of the public limited company in the aforementioned entities at a fair price.

\*proportional part from joint ventures

SELECTED FINANCIAL INDICATORS (th EEK)	12 months	
	2007	2006
<b>Accounting period</b>		
Net sales	1 149 962	930 861
Gross profit	295 548	239 023
Operating profit	119 457	104 455
Net profit for the period	92 108	94 142
Net profit for the shareholders of the mother company	91 669	92 165
<b>At the end of the period</b>		
Total current assets	305 669	225 017
Total fixed assets	1 446 559	441 339
<i>Total assets</i>	<i>1 752 228</i>	<i>666 356</i>
Total liabilities	1 181 389	401 087
Total equity	570 842	265 270
Equity belonging to the shareholders of mother company	953	227
<b>Performance indicators (%)</b>		
	12 months	
	2007	2006
Sales growth (%)	24%	24%
Gross profit margin (%)	26%	26%
Net profit margin (%)	8%	10%
Equity ratio (%)	33%	40%
ROA (%)	5%	14%
ROE (%)	19%	44%
Operating profit margin (%)	10%	11%
Liquidity ratio	0,70	0,80
Debt equity ratio (%)	165%	81%
Earnings per share (EEK)	5,00	7,10
Financial leverage (%)	57%	45%

Revenue growth (%)  $(\text{revenue } 2007 - \text{revenue } 2006) / \text{revenue } 2006 * 100$

Gross profit margin (%)  $\text{gross profit} / \text{revenue} * 100$

Net profit margin (%)  $\text{net profit} / \text{revenue} * 100$

Equity ratio (%)  $\text{equity} / (\text{liabilities} + \text{equity}) * 100$

ROA (%)  $\text{net profit} / \text{average assets} * 100$

ROE (%)  $\text{net profit} / \text{average equity} * 100$

Operating profit margin (%)  $\text{operating profit} / \text{revenue} * 100$

Liquidity ratio  $\text{current assets} / \text{current liabilities}$

Debt equity ratio (%)  $\text{interest bearing liabilities} / \text{equity} * 100$

Earnings per share  $\text{net profit} / \text{average number of shares}$

Financial leverage (%)  $\text{interest bearing liabilities} - \text{cash and cash equivalents} / \text{interest bearing liabilities} + \text{equity} * 100$

**Revenue by Group Companies\***

th EEK	Revenue		
	2007	2006	Change
Eesti Ekspressi Kirjastuse AS	143 101	121 432	18%
AS Delfi	130 043	89 299	46%
AS Printall	385 787	341 507	13%
AS Maaleht	59 848	52 775	13%
UAB Ekspress Leidyba	67 692	54 806	24%
Rahva Raamat AS	187 800	157 998	19%
OÜ Netikuulutused	5 667	5 329	6%
AS Ekspress Hotline	66 332	62 910	5%
Eesti Päevalehe AS**	175 766	133 034	32%
AS SL Õhtuleht**	157 640	138 019	14%
AS Express Post**	72 133	49 233	47%
AS Ajakirjade Kirjastus**	229 679	198 465	16%
AS Linnaleht	32 294	23 905	35%
UAB Medipresa	129 135	97 476	32%

\*with intergroup transactions

\*\*joint ventures 100%

**Operating profit (EBIT) by Group Companies\***

th EEK	Operating profit		
	2007	2006	Change
Eesti Ekspressi Kirjastuse AS	25 290	19 620	29%
AS Delfi	39 158	28 135	39%
AS Printall	51 516	47 363	9%
AS Maaleht	4 465	3 439	30%
UAB Ekspress Leidyba	(2 262)	2 529	-
Rahva Raamat AS	6 067	4 666	30%
OÜ Netikuulutused	1 690	253	568%
AS Ekspress Hotline	10 441	9 046	15%
Eesti Päevalehe AS**/**	3 925	6 686	-41%
AS SL Õhtuleht**	31 661	28 871	10%
AS Express Post**	2 854	(468)	-
AS Ajakirjade Kirjastuse **	20 447	24 301	-16%
AS Linnaleht	981	(4 203)	-
UAB Medipresa	1 901	415	358%

\*with intergroup transactions

\*\*joint ventures 100%

\*\*\* includes income 6.7 million kroon (0.4 million euros) from the sale of 50% shares in Linnaleht

## CONSOLIDATED INTERIM FINANCIAL INFORMATION

### Management Board's confirmation of the Consolidated Interim Report

The Management Board confirms the correctness and completeness of the condensed consolidated interim report of AS Ekspress Group for the fourth quarter and twelve months of 2007 as presented on pages 10 - 27.

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.

Priit Leito	Chairman of the Management Board		26.02.2008
Anne Kallas	Member of the Management Board		26.02.2008
Kaido Ulejev	Member of the Management Board		26.02.2008

**Consolidated interim balance sheet (unaudited)**

th EEK	31.12.2007	31.12.2006	Notes
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	68 970	51 101	
Other financial assets at fair value through profit or loss	4 606	6 484	
Trade and other receivables	165 935	122 576	
Inventories	66 161	44 857	
<b>Total current assets</b>	<b>305 672</b>	<b>225 018</b>	
<b>Non-current assets</b>			
Trade and other receivables	13 667	9 708	
Investments in associates	861	17	
Investment property	3 732	4 123	
Property, plant and equipment	404 880	289 210	4
Intangible assets	1 023 419	138 281	4
<b>Total non-current assets</b>	<b>1 446 559</b>	<b>441 339</b>	
<b>TOTAL ASSETS</b>	<b>1 752 231</b>	<b>666 357</b>	
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	199 013	95 026	5
Trade and other payables	240 703	187 132	
<b>Total current liabilities</b>	<b>439 716</b>	<b>282 158</b>	
<b>Non-current liabilities</b>			
Borrowings	741 585	118 846	5
Other long term liabilities	88	83	
<b>Total non-current liabilities</b>	<b>741 673</b>	<b>118 929</b>	
<b>Total liabilities</b>	<b>1 181 389</b>	<b>401 087</b>	
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Group</b>			
Share capital	189 711	165 232	
Share premium	183 495	0	7
Reserves	10 222	5 501	7
Retained earnings	185 981	94 310	
Currency translation reserve	480	0	
<b>Total capital and reserves attributable to equity holders of the Group</b>	<b>569 889</b>	<b>265 043</b>	
Minority interest	953	227	
<b>Total equity</b>	<b>570 842</b>	<b>265 270</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 752 231</b>	<b>666 357</b>	

The notes presented on pages 15 to 27 form an integral part of the consolidated interim financial information

**Consolidated interim income statement (unaudited)**

th EEK	4 quarter		12 months	
	2007	2006	2007	2006
Sales	365 316	267 220	1 149 962	930 861
Costs of sales	279 463	207 090	854 414	691 838
<b>Gross margin</b>	<b>85 853</b>	<b>60 130</b>	<b>295 548</b>	<b>239 023</b>
Distribution costs	5 935	7 675	48 733	39 541
Administrative expenses	48 562	25 617	133 972	106 505
Other income	6 764	7 401	12 085	16 257
Other expenses	3 354	1 180	5 469	4 779
<b>Operating profit</b>	<b>34 766</b>	<b>33 059</b>	<b>119 459</b>	<b>104 455</b>
Interest income	475	89	3 465	716
Interest expenses	(14 719)	(4 289)	(24 569)	(10 798)
Currency exchange loss	94	35	34	24
Other financial income	2 504	4 742	3 552	5 559
Other financial expenses	(152)	(6)	(3 653)	(1 268)
<b>Net finance costs</b>	<b>(11 798)</b>	<b>571</b>	<b>(21 171)</b>	<b>(5 767)</b>
Share of profit (loss) of associates	(388)	(641)	996	(342)
<b>Profit before income tax</b>	<b>22 580</b>	<b>32 989</b>	<b>99 284</b>	<b>98 346</b>
Income tax expense	963	(1 151)	7 174	4 204
<b>PROFIT FOR THE YEAR</b>	<b>21 617</b>	<b>34 140</b>	<b>92 110</b>	<b>94 142</b>
<b>Attributable to:</b>				
Equity holders of the Group	21 517	34 615	91 671	92 165
Minority interest	100	(475)	439	1 977
Basic and diluted earnings per share for profit attributable to the equity holders of the Company	1,13	2,02	5,00	7,10

The notes presented on pages 15 to 27 form an integral part of the consolidated interim financial information

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

th EEK	Attributable to equity holders of the Group					Total	Minority interest	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Currencu translation reserve			
Balance at 1 January 2006	<b>2 216</b>	<b>21 285</b>	<b>10 222</b>	<b>135 537</b>	<b>0</b>	<b>169 260</b>	<b>15 087</b>	<b>184 347</b>
Dividends paid	0	0	0	(43 599)	0	(43 599)	0	(43 599)
Dividend reversal	0	0	0	1 938	0	1 938	0	1 938
Share capital increase	50 000	0	0	0	0	50 000	0	50 000
Bonus issue to share capital	113 016	(21 285)	0	(91 731)	0	0	0	0
Transaction costs	0	0	(4 721)	0	0	(4 721)	0	(4 721)
Change of minority interest	0	0	0	0	0	0	(16 837)	(16 837)
Total changes	163 016	(21 285)	(4 721)	(133 392)	0	3 618	(16 837)	(13 219)
Profit for the year	0	0	0	92 165	0	92 165	1 977	94 142
Balance at 31 December 2006	<b>165 232</b>	<b>0</b>	<b>5 501</b>	<b>94 310</b>	<b>0</b>	<b>265 043</b>	<b>227</b>	<b>265 270</b>
Balance at 31 December 2006	<b>165 232</b>	<b>0</b>	<b>5 501</b>	<b>94 310</b>	<b>0</b>	<b>265 043</b>	<b>227</b>	<b>265 270</b>
Share capital increase	24 479	183 495	0	0	0	207 974	0	207 974
Transaction costs	0	0	4 721	0	0	4 721	0	4 721
Currency transaltion difference	0	0	0	0	480	480	0	480
Total changes	24 479	183 495	4 721	0	480	213 175	0	213 175
Profit for the period	0	0	0	91 671	0	91 671	439	92 110
Balance at 31 December 2007	<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>

The notes presented on pages 15 to 27 form an integral part of the consolidated interim financial information

**Consolidated interim cash flow statement (unaudited)**

th EEK	2007 12 months	2006 12 months
<b>Cash flows from operating activities</b>		
Operating profit for the period	119 459	104 455
Adjustments for:		
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	39 814	31 151
Profit (loss) on sale of property, plant and equipment	(4 169)	(1 955)
<b>Changes in working capital:</b>		
Trade and other receivables	(29 130)	1 198
Inventories	(14 726)	2 815
Trade and other payables	24 391	16 415
<b>Cash generated from operations</b>	<b>135 639</b>	<b>154 079</b>
Income tax paid	(6 302)	(5 362)
Interest paid	(28 735)	(6 867)
<b>Net cash generated from operating activities</b>	<b>100 602</b>	<b>141 850</b>
<b>Cash flows from investing activities</b>		
Investments in financial assets at fair value through profit or loss	(887 578)	(1 263)
Proceeds from financial assets at fair value through profit or loss	113	6 098
Interest received	4 106	3 199
Purchase of property, plant and equipment	(57 130)	(68 383)
Proceeds from sale of property, plant and equipment	1 294	11 891
Loans granted	(70 828)	(34 370)
Loan repayments received	80 861	23 205
<b>Net cash used in investing activities</b>	<b>(929 162)</b>	<b>(59 623)</b>
<b>Cash flows from financing activities</b>		
Share emission	219 081	0
Finance lease payments made	(22 513)	(19 298)
Change in overdraft used	12 852	(18 306)
Proceeds from borrowings	749 568	145 910
Repayments of borrowings	(112 559)	(131 886)
Dividend paid	0	(43 599)
<b>Net cash generated from financing activities</b>	<b>846 429</b>	<b>(67 179)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17 869</b>	<b>15 048</b>
Cash and cash equivalents at the beginning of the period	51 101	36 053
Cash and cash equivalents at the end of the period	68 970	51 101

\* Significant changes in the working capital result from the recording of non-paid part of the fixed assets acquired by finance lease (61.6 m EEK)

The notes presented on pages 15 to 27 form an integral part of the consolidated interim financial information

**SELECTED NOTES TO THE CONSOLIDATED INTERIM REPORT****Note 1 General information**

The main fields of activities of Ekspress Grupp and its subsidiaries include online media, publishing newspapers and magazines, printing services, book sales, and information services in phone directories, information hotlines and online.

AS Ekspress Grupp (registration number 10004677, address: Narva mnt.11E, 10151 Tallinn) is a holding company registered in Estonia. There are 16 subsidiaries, 4 joint ventures and 2 associated companies, belonging to the consolidation group as at 31.12.2007.

The consolidated interim financial information was approved for issue by the Management Board on 26 February 2008.

The presentation currency is the Estonian kroon. The financial statements are presented in Estonian kroons (EEK), rounded to the nearest thousand.

These consolidated interim report of AS Ekspress Grupp for the fourth quarter and twelve months of 2007 reflect the results of the following group companies:

	Status	Shareholding 31.12.2007	Shareholding 31.12.2006	Main field of activities	Location
AS Ekspress Grupp	Parent Company			Holding Company	Estonia
Eesti Ekspressi Kirjastuse AS	Subsidiary	100%	100%	Newspaper publishing	Estonia
Maaleht AS	Subsidiary	100%	0%	Newspaper publishing	Estonia
UAB Ekspress Leidyba	Subsidiary	99,80%	99,70%	Magazine publishing	Lithuania
Delfi AS	Subsidiary	100%	0%	Online classified ads	Estonia
Delfi AS	Subsidiary	100%	0%	Online classified ads	Latvia
Delfi UAB	Subsidiary	100%	0%	Online classified ads	Lithuania
OÜ Netikuulutused	Subsidiary	75%	75%	Online classified ads	Estonia
AS Printall	Subsidiary	100%	100%	Printing services	Estonia
Rahva Raamat AS	Subsidiary	100%	100%	Books retail sale	Estonia
AS Ekspress Hotline	Subsidiary	100%	Name	Information services	Estonia
Ekspresskataloogide AS	Subsidiary	100%	100%	Phone directories	Estonia
AS InfoAtlas	Subsidiary	100%	100%	Phone directories	Estonia
AS Numbriinfo	Subsidiary	100%	100%	Information hotline	Estonia
Kõnekeskuse AS	Subsidiary	100%	100%	Call centre services	Estonia
Teletell Infoline SRL	Subsidiary	100%	0%	Information services	Romania
Express Online SRL	Subsidiary	80%	0%	Call centre services	Romania
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%	0%	Magazine publishing	Estonia
AS Linnaleht	Associate	25%	25%	Newspaper publishing	Estonia
UAB Medipresa	Associate	40%	40%	Periodicals' wholesale distribution	Lithuania
EVI Consult OÜ	Associate	0%	32%	Business consulting	Estonia
<b>Dormant companies</b>					
OÜ Õhtuleht	Subsidiary	0%	97%	Newspaper publishing	Estonia
OÜ Ekspress Internet	Subsidiary	80%	80%	Online classified ads	Estonia

## Note 2 Basis of preparation

This condensed consolidated interim financial information for the fourth quarter and twelve months ended on 31 December 2007 has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements of the year ended 31 December 2006.

According to management's assessment, the consolidated interim financial statements of AS Ekspress Grupp for the fourth quarter and twelve months of 2007 give a true and fair view of the Group's result of operations and all group entities are going concerns. The interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group.

The functional currency of AS Ekspress Group is Estonian kroon (EEK). The financial statements are presented in thousand of Estonian kroons (EEK), unless indicated otherwise.

## Note 3 Subsidiaries and associated companies

### Acquisitions and disposals of subsidiaries and associates

In January 2007, AS Ekspress Grupp acquired 100% of the share capital of OÜ ZinZin for 54 thousand kroons; no significant goodwill arose in the acquisition.

In January 2007, AS Ekspress Group acquired 94 shares of UAB Ekspress Leidyba for LTL 300 (EEK 1 260). After the acquisition, the Group holds 99.73% of the equity of UAB Ekspress Leidyba.

In February 2007, AS Ekspress Grupp disposed of its associate EVI Consult OÜ for EEK 13 thousand and its subsidiary OÜ Öhtuleht for EEK 100 thousand.

On 3 September 2007, the wholly-owned subsidiary of AS Ekspress Grupp, OÜ ZinZin acquired 100% of the shares of OÜ Delfi Holding (formerly named OÜ Interinfo Baltic). OÜ Delfi Holding holds 100% of the shares of AS Delfi which in turn holds 100% of the shares of AS Delfi in the Republic of Latvia and 100% of the shares of UAB Delfi in the Republic of Lithuania. The acquisition price paid for the shares was EEK 845.7 million (EUR 54.1 million) supplemented by cash in bank of EEK 31.3 million (EUR 2 million) and closing adjustment of EEK 1.7 million (EUR 0.1 million). In addition to the acquisition price, a receivable of OÜ Interinfo Baltic from previous shareholders in the amount of EEK 227.1 million (EUR 14.5 million) was offset. The acquisition cost of the shares included fees paid to the advisors in the amount of EEK 2.9 million (EUR 0.2 million).

OÜ ZinZin, OÜ Delfi Holding and AS Delfi merged as of 1 October 2007 according to the merger agreement concluded on 25 September 2007. AS Delfi was the acquirer, who became a direct subsidiary of AS Ekspress Grupp as a result of the transaction. AS Delfi owns in turn 100% of the shares of AS Delfi in the Republic of Latvia and 100% of the shares of UAB Delfi in the Republic of Lithuania.

As of 31 December 2007 the acquisition price was supplemented by EEK 2.3 million (EUR 0.1 million), of which EEK 1.7 million (EUR 110 thousand) constituted an additional payment to the seller as the closing adjustment in accordance with the share purchase agreement. Fees paid to the advisors in the amount of EEK 0.6 million (EUR 35 thousand) were also supplemented.

On 17 September 2007, AS Ekspress Grupp acquired 100% of the shares of AS Maaleht. The Company paid EEK 6666.66 for each acquired share of AS Maaleht. The total acquisition price paid for 7800 shares totalled EEK 52 million (EUR 3.3 million). In addition to the acquisition price for the shares totalling EEK 52 million, the acquisition cost of the acquired holding includes directly attributable expenditures relating to the acquisition in the amount of EEK 98.2 thousand (EUR 6.3 thousand), and the total acquisition cost is EEK 52.1 million (EUR 3.3 million).

**Purchase price allocation of the newly acquired entities:**

Subsidiary	OÜ Delfi Holding		AS Maaleht	
	3.09.2007		30.09.2007	
th EEK	fair value	book value	fair value	book value
Cash and cash equivalents	38 384	38 384	8 528	8 528
Receivables and prepayments	243 430	243 430	3 342	4 245
Inventories	3	3	6 578	8 358
Property, plant and equipment	8 247	8 247	2 202	2 202
Intangible assets	41 523	3 846	0	0
Trademarks	122 278	0	11 309	0
Liabilities	(17 752)	(17 752)	(8 274)	(8 274)
<b>Net asset value of the acquisition</b>	<b>436 113</b>	<b>276 158</b>	<b>23 685</b>	<b>15 059</b>
Acquired ownership shares	100,0%		100,0%	
Acquired net assets	436 113		23 685	
Minority	0,0%		0,0%	
Goodwill /(Negative goodwill)	674 872		28 413	
Acquisition cost of investment	(1 110 985)		(52 098)	
Purchase consideration settled in cash	(882 145)		(52 098)	
Acquired cash and cash equivalents	38 384		8 528	
Unpaid part of current period	1 721		0	
<b>Cash outflow on acquisition</b>	<b>(843 761)</b>		<b>(43 570)</b>	

All business combinations between independent parties are accounted for under the purchase method of accounting at the Group under which the acquired holding is reported at the acquisition cost. The purchase method is applied as of the date of acquisition. As of this date, the acquisition cost of the acquired holding, the fair value of the net assets acquired and the resulting (positive or negative) goodwill are determined. In addition to the acquisition cost of the acquired holding, directly attributable expenditures relating to the acquisition, such as fees paid to the advisors and other expenditures are according to IFRS 3.24 also included in the acquisition cost of the acquired holding.

To allocate the acquisition cost to the fair values of the acquired assets, liabilities and contingent liabilities, a purchase price allocation is prepared. The acquisition cost is allocated to the fair value of the net assets acquired; the excess of the acquisition cost of the acquired holding over the fair value of the net assets acquired is recognised as (positive or negative) goodwill. Goodwill reflects that portion of the acquisition cost that was paid for such assets of the Company that cannot be identified and accounted for separately. Positive goodwill can be explained by the high profitability of the acquired business units, cost savings as compared to alternative costs and major synergies which are expected to arise after the concentration into the Group. Goodwill as an intangible asset with an indefinite useful life is not subject to amortisation but instead, an impairment test is performed at least once a year.

The estimated future cash flows of a cash-generating unit that are discounted using the weighted average cost of capital are used as the basis of the investment's recoverable amount. 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, revaluation is not necessary.

Assumptions and estimates used in the evaluation of business combinations are constantly reviewed and when the actual results differ from these estimates, the results are restated.

In order to calculate the estimated future cash flows and the terminal value for the purpose of evaluating the value of assets of **Delfi Group**, the weighted average cost of capital was used as the discount rate whereby according to the management the cost of equity was estimated 15.6% in the Baltic states, 20.2% in the Ukraine and 25.2% in Russia. Higher cost of capital in the Ukraine and Russia are attributable to the risk of launching a business there. The cost of debt equals the interest rate on loans offered by banks, which is 6% in the Baltic states and 10% in the Ukraine and Russia. The share of equity financing is 81.80% which according to international auditors is the expected share of equity in the media market. The discount rates used are 13.9% for Estonia, 13.7% for Latvia and Lithuania, 17.9% for the Ukraine and 22% for Russia. The long-term growth rate of the terminal value as perpetuity equals long-term moderate economic growth or 3% per annum.

The carrying amounts of the assets and liabilities of the Delfi Group as of 3 September 2007 were used as the basis for preparing the purchase analysis. The values of Delfi's trademarks registered in Estonia, Latvia, Lithuania, the Ukraine and Russia were determined under the royalty rate method. This method is based on the concept that a business entity owning trademarks saves the cost of royalty fees payable upon leasing the trademarks. Management has set the royalty rate relating to Delfi's trademarks at 6% of the revenue arising from the use of trademarks as compared to the royalty rates of well-known trademarks presented in the international databases are in the range of 5-20% and taking into consideration the familiarity of Delfi's trademarks. Revenue derived from the trademarks includes the revenue of the whole Delfi Group because Delfi's trademarks participate in the generation of the sales revenue of the whole Delfi Group. The share of trademark protection and marketing expenses in the sales revenue has historically been 1.5%. Management estimates that the marketing expenses will stay at the level of 1.5% of the sales revenue in the upcoming years. To determine the value of a trademark, the present value of the estimated future cash flows of the difference between theoretical royalty payments and marketing expenses was calculated. The calculation yielded the following present values of Delfi's trademarks by countries:

Estonia 39.8 million kroons (2.5 million euros)

Latvia 38.5 million kroons (2.5 million euros)

Lithuania 31.8 million kroons (2.0 million euros)

Ukraine 8.8 million kroons (0.6 million euros)

Russia 3.4 million kroons (0.2 million euros)

The fair value of Delfi's trademarks was included in these amounts as of 3 September 2007.

In evaluating customer relationships, the multi-period excess earnings method was used. Under this method, the value of the asset is evaluated on the basis of discounted future excess earnings attributable to these customers over the remaining lifespan of the customer relationship.

Excess earnings are defined as the difference between the operating cash flow attributable to the existing customers and the cost of capital invested to retain the customers. Management estimates that the customer retention rate is 30% in all Baltic states. The charge of the assets enabling the generation of revenue through the customer relationships (trademarks, self-developed software, net working capital, etc) makes up 12-13.9% of the sales revenue in the Baltic states. The calculation yielded the following present values of Delfi's customer relationships by countries:

Estonia 12.3 million kroons (0.8 million euros)

Latvia 12.0 million kroons (0.8 million euros)

Lithuania 8.8 million kroons (0.6 million euros)

The fair value of Delfi's customer relationships was included in these amounts as of 3 September 2007.

In the 4<sup>th</sup> quarter an additional evaluation of customer relationships was carried out. In the evaluation process revenues generated by regular top customers during last 3 years and their revenue forecast for the next year were

taken into account. Since the calculation yielded very close present values of Delfi's customer relationships to current values, no adjustments were made to the values of customer relationships recorded as of 3 September 2007.

Under this method, the value of the asset is evaluated on the basis of discounted future excess earnings attributable to these customers over the remaining lifespan of the customer relationship.

In evaluating the software developed by Delfi, the replacement cost approach was used. Under this approach, the value of the asset is determined on the basis of the value of a similar comparable asset. With regard to developed software, the time necessary for its development in labour days and the respective cost of the labour day were determined. The outcome was adjusted under the assumption that the useful life of software is 14 year of which 5 years is left. The fair value of the developed software was EEK 4.6 million (EUR 0.3 million).

As a result of the purchase price allocation, the fair value of the net assets of the Delfi Group totalled EEK 437.4 million (EUR 28 million). Upon the acquisition of the Delfi Group, goodwill amounted to EEK 671.3 million (EUR 42.9 million). Goodwill is made up of the major growth potential of the Delfi Group in the Baltic states as well as in the Ukraine and Russia. Management forecasts growth at 30% of sales in the upcoming years and continuation of the 35-40 per cent EBITDA margin. The forecast is based on the continuing growth trend of the advertising market and anticipates the market share growth of internet advertising. Management also foresees major potential with regard to the synergy of revenue and expenses with the existing operating areas of the Ekspress Group.

AS Ekspress Grupp acquired significant control over the Delfi Group and includes it in the Group's financial statements from 3 September 2007.

The share of the Delfi Group in the Group's revenue was EEK 51 700 thousand (EUR 3 304 thousand) and the net profit was EEK 15 501 thousand (EUR 991 thousand) between 3 September and 31 December excluding the effect of the merger of the OÜ ZinZin, OÜ Delfi Holding ja AS Delfi as of 1 October 2007. Had the acquisition occurred on 1 January 2007, the effect on the revenue would have been EEK 130 043 thousand (EUR 8 311 thousand) and on the net profit EEK 34 190 thousand (EUR 2 185 thousand) excluding the effect of the merger of the OÜ ZinZin, OÜ Delfi Holding ja AS Delfi. The accounting principles of the Group are used as the basis of the calculation.

Management has performed an impairment test for goodwill which arose in the acquisition of the Delfi Group. The test was performed for five cash-generating units of the Delfi Group: Delfi Estonia, Delfi Latvia, Delfi Lithuania, Delfi Ukraine and Delfi Russia. Realistic business forecasts of these units were prepared for the following five years and the present value of the estimated future cash flows was determined. The impairment test demonstrated that the recoverable amount of the asset exceeded the fair value of the net assets acquired and goodwill as of 3 September 2007. Management estimates that it is not necessary to write down goodwill.

The share of the Delfi Group in the Group's revenue was EEK 51 700 thousand (EUR 3 304 thousand) and the net profit was EEK 15 501 thousand (EUR 991 thousand) between 3 September and 31 December excluding the effect of the merger of the OÜ ZinZin, OÜ Delfi Holding ja AS Delfi as of 1 October 2007. Had the acquisition occurred on 1 January 2007, the effect on the revenue would have been EEK 130 043 thousand (EUR 8 311 thousand) and on the net profit EEK 34 190 thousand (EUR 2 185 thousand) excluding the effect of the merger of the OÜ ZinZin, OÜ Delfi Holding ja AS Delfi. The accounting principles of the Group are used as the basis of the calculation.

To calculate the present value of the estimated future cash flows and the terminal value for the purpose of evaluating the value of assets of **Maaleht**, the average weighted cost of capital was used as the discount rate whereby the return on equity equals the rate of return expected by investors or 20%, the return on debt is the average interest on loans offered by banks, or 6% and the share of equity financing is 81.80%, which according to international auditors is the expected share of equity in the media market. The applied discount rate is 17.45%. The long-term growth rate of the terminal value as perpetuity equals moderate long-term economic growth or 3% per annum.

The basis for preparing the purchase price allocation was the carrying amounts of the assets and liabilities of AS Maaleht as of 30 September 2007 which were adjusted for the differences in customer receivables and inventories as compared to their fair values. The value of land and real estate properties included within non-current assets was not adjusted due to its insignificant effect on the revaluation of goodwill. The value of the trademark "Maaleht" was found under the royalty rate method. Management estimates that the company's royalty rate is 4% of the revenue derived from the trademark as compared to the royalty rates of other well-known trademarks presented in the international databases are in the range of 5-20% and considering the trademark's familiarity and its limitation to the Estonian market. The trademark's revenue equals the total sales revenue of AS Maaleht because the trademark "Maaleht" participates in the generation of revenue of the whole company. Management forecasts that the average sales revenue growth will be 15% per annum which is primarily generated from advertising. The share of trademark protection and marketing expenses in the sales revenue is 2.27% in 2007. Management estimates that the marketing expenses in the upcoming years will stay at the same level or at 2.25% of the sales revenue. The present value of the estimated future cash flows of the difference between the theoretical payments of royalty fees and the marketing expenses was calculated to determine the fair value of the trademark. The fair value of "Maaleht" was determined to be EEK 11.3 million (EUR 0.7 million). As a result of the purchase price allocation, the fair value of the net assets of AS Maaleht totalled EEK 25.2 million (EUR 1.6 million). Goodwill arose in the acquisition of AS Maaleht in the amount of EEK 26.9 million (EUR 1.7 million).

The date of attaining significant control by AS Ekspress Grupp and recognising it in the financial statements was 30 September 2007.

An impairment test was performed to test goodwill which arose in the acquisition of AS Maaleht as of 30 September 2007. The value-in-use method was used for the purpose of the impairment test by discounting the estimated future cash flows. To perform the test, the Company prepared realistic business forecasts for the following five years and the present value of these cash flows was determined. Sales revenue growth is forecast to be generated from advertising revenue, variable and fixed costs are forecast on the basis of the results of earlier periods and planned strategic developments. The calculations are based on real growth without any consideration for inflation. Management's estimate of the growth rates is as follows:

sales revenue growth: 15%

growth of variable costs: 12-14%

growth of fixed costs: 7-14%

The calculation yielded a 17-32% growth rate of the free cash flows per annum over the next five-year period. As no major capital expenditures are planned over the next five years, the amounts of investments and depreciation will stay mutually balanced.

The impairment test demonstrated that the recoverable amount of the assets exceeded the fair value of the net assets transferred as of 30 September 2007. Management estimates that it is not necessary to write down goodwill. If cash flows decreased by 10% and/or the discount rate increased by 2%, goodwill based on the discounted future cash flows would not be impaired.

As of 31 December 2007 the purchase price allocation of Maaleht has been adjusted by EEK 1.5 million (EUR 0.1 million) in order to make the carrying value of inventories corresponding to its net realisable value. The adjusted value of goodwill constituted EEK 28.4 million (EUR 1.8 million) as a result of the adjustment.

The contribution of the acquired company AS Maaleht to the Group's sales was EEK 19 169 thousand (EUR 1 225 thousand) and the net profit totalled EEK 1 386 thousand (EUR 88.6 thousand) between 1 October and 31 December 2007. Had the acquisition occurred on 1 January 2007, the effect on the sales would have been EEK 59 848 thousand (EUR 3 825 thousand) and on the net profit EEK 4 035 thousand (EUR 257.9 thousand). The calculation is based on the Group's accounting principles.

**Note 4 Capital expenditure**

th EEK	01.January - 31.December			
	Tangible assets		Intangible assets	
	2 007	2 006	2 007	2 006
<b>At beginning of period</b>				
Acquisitions cost	407 851	394 782	154 522	120 528
Accumulated depreciation	(118 640)	(97 874)	(16 241)	(14 394)
<b>Depreciated cost</b>	<b>289 211</b>	<b>296 908</b>	<b>138 281</b>	<b>106 134</b>
<b>Period changes</b>				
Acquisition and improvements	138 714	31 536	42 909	36 848
Acquisition cost of sold fixed assets	(4 054)	(11 117)	(134)	(300)
Write-offs ( at acquisition cost)	(19 616)	(1 953)	(4 031)	(1)
Reclassification	103	(4 547)	16	(87)
Acquired through business combination	23 440	0	853 146	0
Disposals through business combination	0	(851)	0	(165)
Depreciation	(22 918)	(20 766)	(6 768)	(4 148)
depreciation of reporting period	(31 531)	(26 451)	(7 892)	(4 275)
depreciation of sold fixed assets	2 188	3 741	3	95
depreciation added through mergers	(13 101)	0	(2 835)	0
depreciation of written-off fixed assets	19 551	1 944	3 983	0
	(25)	0	(27)	32
<b>Change total</b>	<b>115 669</b>	<b>(7 698)</b>	<b>885 138</b>	<b>32 147</b>
<b>At end of period</b>				
Acquisition cost	546 438	407 850	1 046 428	156 823
Accumulated depreciation	(141 558)	(118 640)	(23 009)	(18 542)
<b>Depreciated cost</b>	<b>404 880</b>	<b>289 210</b>	<b>1 023 419</b>	<b>138 281</b>

**Note 5 Bank loans and borrowings**

th EEK	Amount	Repayment term			Interest rate
	total	up to 1 year	1 to 5 year	over 5 year	
<b>Balance at 31.12.2006</b>					
Bank overdraft	<b>66 208</b>	66 208	0	0	3,70%
Long-term bank loans	<b>52 838</b>	7 459	45 379	0	4,20%
Capital rent	<b>94 826</b>	21 359	72 515	952	4,20%
<b>Total</b>	<b>213 872</b>	<b>95 026</b>	<b>117 894</b>	<b>952</b>	
<b>Balance at 31.12.2007</b>					
Bank overdraft	<b>79 060</b>	79 060	0	0	6,20%
Long-term bank loans	<b>692 773</b>	86 126	593 915	12 732	6,20%
Finance lease	<b>168 765</b>	33 827	114 587	20 351	5,05%
<b>Total</b>	<b>940 598</b>	<b>199 013</b>	<b>708 502</b>	<b>33 083</b>	

The syndicate of SEB Eesti Ühispank, Sampo Pank and Nordea Pank and AS Ekspress Grupp have concluded a Loan Agreement on 28 August 2007 in the amount of EEK 674.4 million (EUR 43.1 million) for the acquisition of Delfi Group and Maaleht. Loan matures on 25 December 2012 and interest rate is 1,7% + 6 months EURIBOR. As of 31 December 2007 the loan liability constitutes EEK 548.8 million (EUR 35.1 million).

**Note 6 Segment reporting**

The Group presents the following major segments as the primary segments in the consolidated financial statements:

- a) online media;
- b) periodicals;
- c) printing services;
- d) book sales;
- e) information services;
- f) unallocated.

The secondary segment is the geographical segment by the location of facilities and other assets.

**Revenue by segment**

th EEK	Revenue		
	2007 12 months	2006 12 months	Change
online media	58 470	5 501	963%
periodicals*	531 542	427 765	24%
printing services	385 787	341 507	13%
book sales	187 800	157 998	19%
information services	66 350	62 921	5%
unallocated	2 009	1 352	-
intersegment eliminations	(81 996)	(66 183)	-
<b>TOTAL</b>	<b>1 149 962</b>	<b>930 861</b>	<b>24%</b>

\*proportional part from joint ventures

th EEK	Revenue		
	2007 4 quarter	2006 4 quarter	Change
online media	41 721	1 340	3014%
periodicals*	160 951	118 622	36%
printing services	106 854	91 556	17%
book sales	64 260	50 160	28%
information services	16 305	24 471	-33%
unallocated	713	385	85%
intersegment eliminations	(25 488)	(19 314)	-
<b>TOTAL</b>	<b>365 316</b>	<b>267 220</b>	<b>37%</b>

\*proportional part from joint ventures

**EBITDA by segment**

th EEK	EBITDA		
	2007 12 months	2006 12 months	Change
online media	20 089	(315)	-
periodicals*/**	62 516	60 239	4%
printing services	72 908	66 470	10%
book sales	8 650	6 278	38%
information services	8 770	10 900	-20%
unallocated	(6 975)	(6 117)	-

intersegment eliminations	(6 686)	(1 884)	-
TOTAL	159 272	135 571	17%

\*proportional part from joint ventures

\*\* 2006 includes income of 3.4 million kroons (0.2 million euros) from the sale of 50% shares in Linnaleht

th EEK	EBITDA		
	2007 4 quarter	2006 4 quarter	Change
online media	13 396	(775)	-
periodicals*	17 899	14 349	25%
printing services	21 072	16 281	29%
book sales	4 225	3 033	39%
information services	(236)	6 613	-
unallocated	(2 495)	2 833	-
intersegment eliminations	(4 863)	(818)	-
TOTAL	48 998	41 516	18%

\*proportional part from joint ventures

### Geographical Segment by the Location of facilities and other assets– Secondary Segment

The company is active in Estonia, Latvia, Lithuania and Romania. As the markets do not generate significantly different risks and returns and they exhibit similar long-term financial performance, these four segments are combined. The share of group's revenues in Lithuania is less than 5% and in Latvia less than 2%. There are no material inter-segment transactions or unallocated assets.

### Note 7 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 accumulated losses, if the latter cannot be covered with other unrestricted equity, and for increasing share capital.
- Other reserves- additional payments in cash from share holders 10 000 th EEK and transaction costs reserve – 4 721 th EEK
- Share premium – the positive difference between the issue price and nominal value of issued shares

th EEK	31.12.2007	31.12.2006
Share premium	183 495	0
Statutory legal reserves	222	222
Other reserves	10 000	5 280
Additional payments in cash from share holders	10 000	10 000
Transaction costs reserve	0	(4 720)

### Note 8 Earnings per share

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

In view of the fact that the Group has not dilutive instruments at the periods 31.12.2007 and 31.12.2006 **diluted earnings per share** equal basic earnings per share.

EEK	4 quarter		12 months	
	2007	2006	2007	2006
Profit attributable to equity holders of the Company	21 516 755	33 428 148	91 670 468	92 163 423
The average number of ordinary shares	18 971 081	16 523 200	18 333 961	12 988 953
Basic and diluted earnings per share	1,13	2,02	5,00	7,10

## Note 9 Equity

On 05 April 2007, the company's share capital was increased with a capitalisation issue from 24 479 th EEK by issuing 2 447 881 new Shares with the nominal value of EEK 10 each. The new shares were subscribed during the initial public offering of the company's shares at Tallinn Stock Exchange where the final offer price was set at EEK 92.30. Thus, after the deduction of the issue costs (17 996 th EEK), the company was able to recognise share premium of 183 495 th EEK.

Following the described share capital increases, the share capital of the Company is 189 711 th EEK, divided into 18 971 081 shares with the nominal value of EEK 10 each.

Authorised share capital according to the Articles of Association is EEK 400 000 000.

The information given in the table is calculated on the basis of shareholdings as at the date of 31.12.2007

Name	Number of share	%
Skandinaviska Enskilda Banken AB Clients	1 320 522	6,96%
Members of Management and Supervisory Boards and persons related to them		
Hans Luik	10 766 800	56,79%
Hans Luik, OÜ HHL Rühm	1 909 444	10,07%
Hans Luik, OÜ Minigert	6 900	0,00%
Hans Luik, Selle Luik	76	0,00%
Priit Leito	49 997	0,26%
OÜ Integer Management Services	33 910	0,18%
Holderstone OÜ	10 000	0,05%
Kaido Ulejev	8 471	0,00%
Other minority shareholders	4 864 961	25,69%
<b>Total</b>	<b>18 971 081</b>	<b>100%</b>

**Trading statistics in the Tallinn Stock Exchange from 05 April 2007 to 31 December 2007****Security trading history***Currency: EEK*

PRICE	2007
Open	106.08
High	117.35
Low	71.82
Traded volume	7 343 762
Turnover, million	969.23
Capitalisation, million	1 389.18

**Note 10 Post-balance-sheet events**

It was decided at the special general meeting of shareholders held on 21 January 2008 to add to the articles of association of AS Ekspress Group the clause, according to which the supervisory board of the Company has the right to increase the share capital of the Company by up to 470 000 shares in the period from 22.01.2008 to 21.01.2011. The aforementioned right can be used in case the supervisory board will approve the share option program to key personnel of the Company and its subsidiaries.

**Note 11 Related party transactions**

Transactions with related parties are transactions with parent company, shareholders, associates, unconsolidated subsidiaries, key management, management board, supervisory board, their close relatives and the companies in which they hold majority interest.

The ultimate controlling individual of AS Ekspress Grupp is Hans Luik (note 9)

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

th EEK	2007 12 month	2006 12 month
<b>Sale of fixed assets</b>	<b>5 885</b>	<b>0</b>
members of supervisory boards and companies related to them	5 885	0
<b>Sale of goods</b>	<b>29 047</b>	<b>24 947</b>
associated companies	28 584	24 947
members of supervisory boards and companies related to them	463	0
<b>Sale of goods</b>	<b>11 550</b>	<b>10 691</b>
members of executive boards and companies related to them	2	13
members of supervisory boards and companies related to them	514	222
associated companies	11 034	10 456
<b>Sale total</b>	<b>46 482</b>	<b>35 638</b>
<b>Purchases</b>		
th EEK	2007 12 month	2006 12 month
<b>Purchase of goods</b>	<b>1 086</b>	<b>307</b>
associated companies	1 086	307
<b>Purchase of services</b>	<b>6 411</b>	<b>4 414</b>
members of executive boards and companies related to them	752	1 789
members of supervisory boards and companies related to them	5 624	1 193
associated companies	35	1 432
<b>Purchase total</b>	<b>7 497</b>	<b>4 721</b>
<b>Receivables</b>		
th EEK	31.12.2007	31.12.2006
<b>Short-term receivables (note 10)</b>	<b>13 865</b>	<b>10 641</b>
members of executive boards and companies related to them	1	0
members of supervisory boards and companies related to them	8 171	4 636
associated companies	5 694	6 005
<b>Long-term receivables (note 13)</b>	<b>5 439</b>	<b>9 324</b>
members of supervisory boards and companies related to them	5 439	9 324
<b>Receivable total</b>	<b>19 304</b>	<b>19 965</b>
<b>Liabilities</b>		
th EEK	31.12.2007	31.12.2006
<b>Short-term payables (note 20)</b>		
members of executive boards and companies related to them	72	68
members of supervisory boards and companies related to them	442	5 400
associated companies	4	181
<b>Liabilities total</b>	<b>518</b>	<b>5 649</b>

AS Ekspress Grupp (Borrower) and OÜ Minigert (related company of the Group's shareholder) have concluded a Loan Agreement in January 2006 in the amount of EEK 107 427 th (6 866 thousand euros). Loan matures in 2016 and interest rate is 1.2% + 6 month EURIBOR. The loan has been repaid in 2007.

AS Ekspress Grupp (Lender) and OÜ ZinZin have concluded a Loan Agreement in 31 August 2007 in the amount of EEK 879.5 million ( 56,2 million euros ) for the acquisition of Delfi Group. Loan matures in 2027, interest rate is 1.7% + 6 month EURIBOR.

The Management Board of the Parent company consists of 3 members and the Supervisory Board of 5 members. The Supervisory Board of the parent company elected on 10 October 2007 the CFO Anne Kallas to the Management Board from 17 October 2007. Kaido Ulejev, the development manager of AS Ekspress Group was elected as a member of the Management Board at the supervisory board meeting held on 7 December 2007.

It was decided at the shareholders meeting held on 31 August 2007 to designate for the chairman of the supervisory board Viktor Mahhov a fee for a member of the supervisory board in the amount of EEK 15 000

per month as from 1 September 2007. No other reimbursements were received by the members of the Supervisory Board in 2007 and 2006.

#### Key management and supervisory board remuneration

th EEK	2007 12 month	2006 12 month
Salaries and other short-term employee benefits (paid)	14 291	12 599
<b>Total</b>	<b>14 291</b>	<b>12 599</b>

The key management employment termination compensation benefits are obligations only in case of termination of contracts originated by Group and in case of dismissal at termination of contracts if the board member shall not be re-elected. Potential key management employment termination compensation in 2007 is 5 132 th EEK and 2006 was 2 700 th EEK. The management termination compensations are payable only in case the termination of contracts was originated by Group.