JOJ MEDIAHOUSE ANNUAL REPORT 2016

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Dear business partners and colleagues,

There is no doubt that in the world of media, where the growing influence of technology brings challenges and opportunities, the year 2016 was an exciting year. Parliamentary elections in Slovakia, Brexit, or the election of Trump as President of the United States were top themes, the result of which was significantly influenced even by social networks and websites with a questionable background. False reports and propaganda they spread have had a significant share in the creation of public opinion, which shows the irreplaceable role of traditional media is to bring in verified facts and balanced information.

JOJ Media House had a successful year. It continues strengthening its significant position in the Central European media market. Advertising costs grew year on year, and we expect similar growth in the coming year. I consider the expansion of business activities to the print media market as the most significant event of our Group in the past year. In April 2016, we became the majority shareholder of the Croatian journals Novi list, Glas Istre, and Zadarski list. Each of these periodicals has a strong local brand and is a major market player in its region. As for the future, we see the potential in this area. In October, we took advantage of the investment opportunities in the local newspaper segment in Slovakia and took over Bratislavské noviny.

The year 2016 was successful even in the outdoor advertising sector, as evidenced by the results of the Slovak, Czech and Austrian companies belonging to the Group. In addition to organic growth, we have made two significant acquisitions and thus continuing to consolidate this market. The Czech BigBoard Praha bought the company News Advertising, by which it acquired lucrative advertising space of the double bigboard format, and the Slovak Akzent BigBoard has expanded its portfolio by nearly two thousand billboards of the company Rabaka. An important event was the launch of measuring the effectiveness of outdoor advertising in Slovakia, which will help advertisers in planning, targeting and evaluation of campaigns. Bigboard Praha moved the measurement in the Czech Republic a step further, where, in cooperation with O2 Media, they track the movement of SIM cards of target groups around promotional media. The Austrian Epamedia decided to invest significantly in the development of digital advertising, the world's most dynamically developing area of the outdoor advertising market.

TV JOJ entered the media market in 2002, and, in 2017, it will celebrate its 15th anniversary. From the beginning, we have not been afraid to experiment, create original programs, or increase the range of out channels, which we achieved in the past year by launching JOJ Family on the Czech market to support our efforts to abolish the illegal distribution of our televisions abroad.

In addition to the three stations – Vlna, Jemné and Anténa Rock, since 1 January 2016, our company Radio Services has been selling ads for Europa 2. We have begun to call this new grouping "The Big Four", and, in total listening, we have become number one, by which we have succeeded in stirring up this market.

For the JOJ Media House Group, the past year was characterized by the further development of our business and the excellent results, for which I would like to thank all employees. I would also like to thank our business partners and investors for their confidence and wish you all a successful year 2017.

Richard Flimel
Chairman of the Board of Directors

01 CORPORATE PROFILE

Since its foundation on 6 November 2010, JOJ Media House, a.s., (hereinafter referred to as the "parent company" or the "Company" and jointly with its subsidiaries as the "Group"), has ranked among the leading media companies not only in Slovakia and the Czech Republic but also in Austria and Croatia. It continuously strengthens its position.

SLOVAK REPUBLIC

In Slovakia, the Company operates in the following market areas:

TELEVISION BROADCAST AND PRODUCTION

→ Slovenská produkčná, a.s., (94.96% share) – Through this company, the Company owns shares in the following companies:
→ MAC TV s.r.o. (100% share) – The company is a holder of a license to broadcast television stations TV JOJ, PLUS, WAU, RiK, and Ťuki TV. It also operates Internet portals joj.sk, plus.sk, wau.sk, rik.sk, jojcinema.cz, jojfamily.cz, jojsport.sk, noviny.sk, topstar.sk, huste.tv, premuza.sk, prezenu.sk, tipsportliga.hockey, and kinosala.sk.
→ DONEAL, s.r.o. (100% share) – The company is a holder of a license to broadcast the TV station JOJ Cinema.
→ Magical roof s.r.o. (100% share) – The company is a holder of a license to broadcast the TV channel JOJ FAMILY.

THE OUTDOOR ADVERTISING MARKET

→ Akzent BigBoard, a.s. (100% share) – Through this company, JOJ Media House owns shares in the following companies:
→ BigMedia, spol. s r.o. (100% share) – Exclusive selling ads on the carriers of its parent company and the aforementioned companies.
→ RECAR Slovensko a.s. (100% share) – Advertising in means of transport.
→ RECAR Bratislava a.s. (80% share) – Advertising in means of transport in Bratislava, the capital city of Slovakia.
→ Media representative, s.r.o. (100% share) – Selling ads of a particular character.
→ BHB, s.r.o. (51% share) – Selling ads of a particular character.

THE INTERNET AND APPLICATION DEVELOPMENT SECTOR

eFabrica, a.s. (100% share) – Its business activities are concentrated on the development of Internet applications, web design, operation of Internet domains and provision of technical support.

THE RADIO BROADCAST SECTOR

→ Radio Services, a.s. (100% share) – The company provides comprehensive services to radio broadcasters.

OTHER SECTORS

→ JOJ Media House, a.s., owns a 30% share in the company Starhouse Media, a.s., which operates in the field of artist management.
→ Lafayette s.r.o. (100% share) – The company currently does not perform any business activity.
→ NIVEL PLUS s.r.o. (100% share) – The company is engaged in newspaper publishing.

CZECH REPUBLIC

THE OUTDOOR ADVERTISING MARKET

As regards the outdoor advertising industry in the Czech Republic, JOJ Media House, a. s., is a 60% shareholder of the company BigBoard Praha, a.s. Through its companies, it is the leader in the Czech outdoor advertising market. BigBoard Praha, a.s., is the owner of business shares in the following companies:

→ BigMedia, spol. s r.o. (100% share) – Rental of advertising space of its network.
→ Czech Outdoor, s.r.o. (99.9% share) – Rental of advertising space.
→ Český Billboard, s.r.o. (99.9% share) – Rental of advertising space.
→ MG Advertising, s.r.o. (50% share) – Rental of advertising space.
→ Barrandia, s.r.o. (50% share) – Rental of advertising space.
→ Expiria, s.r.o. (100% share) – Rental of advertising space.
→ RAILREKLAM, s.r.o. (49% share) – Rental of advertising space on the property of the company České dráhy, a.s.
→ outdoor akzent s.r.o. (100% share) – Rental of advertising space.
→ Bilbo City s.r.o. (100% share) – Rental of advertising space.

→ Velonet ČR, s.r.o. (100% share) – Rental of advertising space.
→ Qeep, a.s. (80% share) – Rental of advertising space.
→ News Advertising s.r.o. (100% share) – Rental of advertising space.

AUSTRIA

JOJ Media House, a.s., is the sole partner of the company Akcie.sk, s.r.o., which owns a 100% share of the company EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH (hereinafter referred to as the "EPAMEDIA"), which is the second in the outdoor advertising market in Austria. EPAMEDIA is the owner of shares in the following companies:

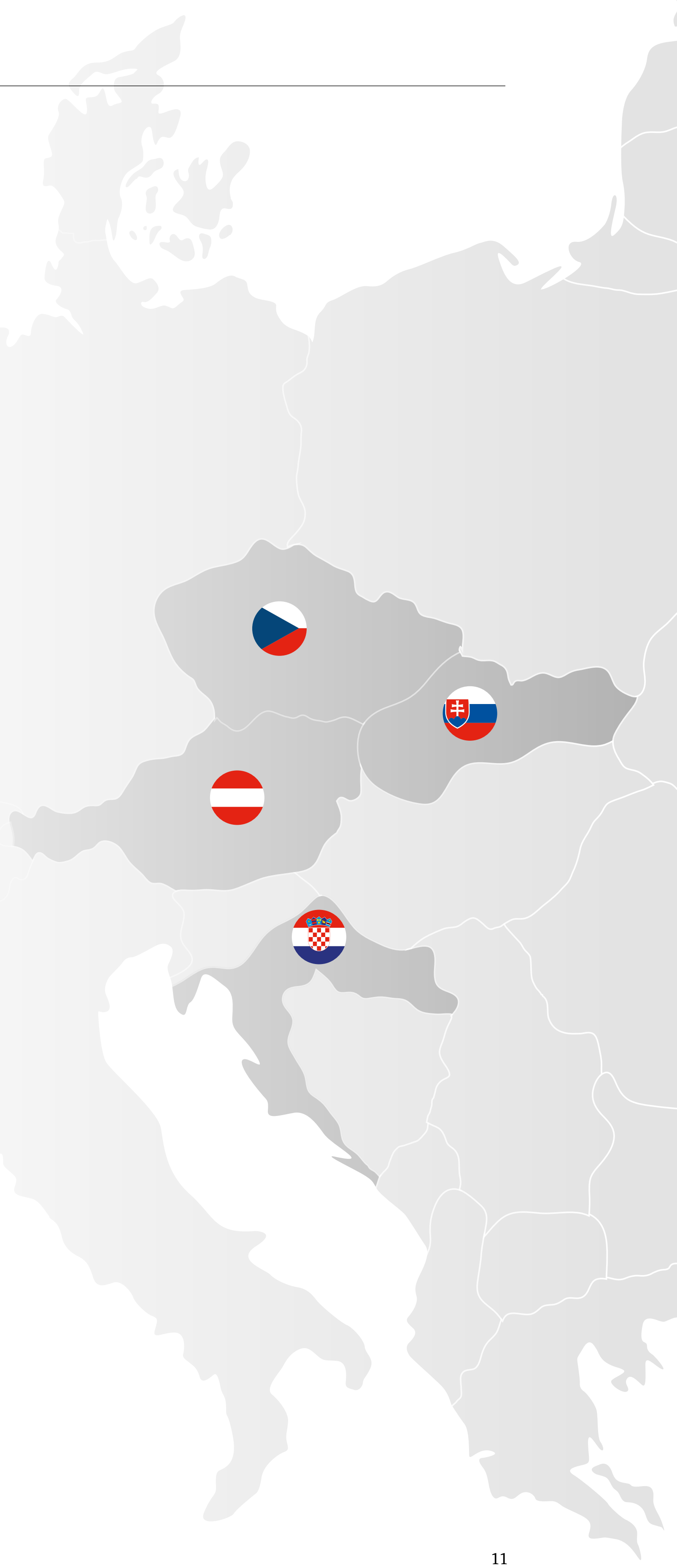
→ R+C Plakatforschung und -kontrolle Ges.m.b.H. (51% share).

CROATIA

In 2016, JOJ Media House, a.s., has expanded its presence in the media market into the print segment in Croatia, where it owns shares in the following companies:

THE PRINT MEDIA SECTOR

→ NOVI LIST d.d. (80%) – Newspaper publishing.
→ GLAS ISTRE NOVINE d.o.o. (59%) – Newspaper publishing.
→ RTD d.o.o. (100 %) – Newspaper publishing.
→ Adamić d.o.o. (100%) – Book publishing.
→ Infantinfo d.o.o. (99.5%) – Radio operation.



02 CORPORATE VALUES

THE VISION

JOJ Media House's vision is to become the major Central European media company and secure the long-term satisfaction of its customers with its media services and products for the effective communication of advertising to target groups.

OUR MISSION

The mission of JOJ Media House is to provide high quality media services to society in general as well as to business partners, which we want to ensure through the continuous expanding and improving our products.

CORPORATE VALUES

STRATEGY

The JOJ Media House strategy is to expand its products via both organic and inorganic growth in Central and Eastern Europe and the streamlining of the activities of individual companies within the Group through synergistic links.

03 MEDIA MARKET ANALYSIS

MEDIA MARKET ANALYSIS

On the basis of forecasts, the euro area economy developed with the year-on-year growth of 1.7%. The year 2016 was successful also due to the lack of geopolitical risks, record low rates, and special monetary measures by the European Central Bank. Real GDP in the euro area has been growing for 15 consecutive quarters, while unemployment continues to decline, although it is still above the pre-crisis levels. The driving force of recovery is still private consumption. As expected, the recovery should continue in 2017 and the coming years. In the second half of 2016, there has been an improvement in global economic activity, and current indicators suggest a sustainable development in 2017. Fiscal incentives of the US administration, the growth of rates in the United States, as well as the UK leaving the EU may have a significant impact on the world economy.

In 2016, Slovakia's gross domestic product grew by 3.3%, and the Slovak economy should grow similarly in 2017. The highest growth in the consumption of households since 2008 had the most significant impact on the development of the Slovak economy. Also record low rates, the growth of wages and employment have shown. According to NBS forecasts, the positive trend should be maintained in the coming years.

NBS MACROECONOMIC FORECAST

Year-on-year Dynamics in %	2013	2014	2015	2016*	2017*	2018*	2019*
GDP Development Real / *Prediction	0,9%	2,4%	3,8%	3,3%	3,1%	4,2%	4,6%

NBS Medium Term Forecast P4QA-2016

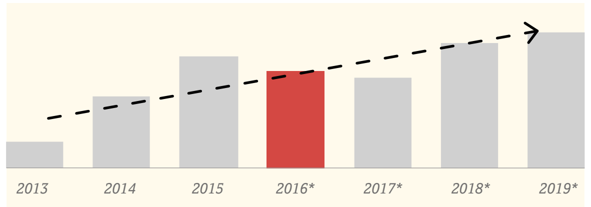
In the first quarter of 2016, the Slovak economy grew by 0.8% quarter on quarter. Compared to the fourth-quarter growth, this slowdown was due to a significantly lower growth in EU funded investments, which, however, are still the primary source of economic growth along with consumption. Despite a moderate slowdown in economic activity, positive developments continued in the labour market. The year-on-year price decline by 0.5% continued mainly due to lower energy prices and falling processed food prices.

The second quarter brought the Slovak economy a year-on-year acceleration to 3.7% (0.9% quarter on quarter). Growth was mainly driven by foreign demand and private consumption, which benefited from favorable labour market developments and low inflation. Prices continued to decline in the second quarter of 2016 (-0.6%).

In the third quarter, the growth of the Slovak economy reached 0.7% quarter on quarter (compared with 0.9% in Q2). The main reason for the slowdown in the economic growth was the decline in investment and export. The source of the growth was private consumption, which also benefited from declining interest rates.

After the weaker third quarter, the fourth quarter brought a recovery in exports stemming from the growth in foreign demand. The ever-improving situation on the labour market and the drop in the unemployment rate to the eight-year low has supported domestic consumption, which was the largest source of the Slovak economy growth. On the other hand, the Government's investments have continued to decline.

GDP DEVELOPMENT REAL / *PREDICTION



NBS Medium Term Forecast P4QA-2016

The positive development of the euro area economies also affected the situation in the media markets, where the companies of the JOJ Media House Group operate. According to a study by PwC, total revenue in the entertainment and media industries worldwide will rise to a nominal value of 4.4% over the next five years from the original 1,720 billion dollars to 2,140 billion dollars. According to the magazine Stratégie, the Slovak media market had a successful year **with an increase in advertising spending at 6.4%**. The major advertisers in 2016 were traditionally Slovak Telekom, Orange Slovensko, and Lidl Slovenská republika. In the next year, the market will also be driven mainly by TV and online advertising.

MEDIA MARKET ANALYSIS

THE SLOVAK MEDIA MARKET

TELEVISION ADVERTISING

The economy of the euro area and, together with it, the Slovak economy grew in 2016, and this development was also positive for investment in the media market. According to GroupM estimates, the whole media market grew by 5.7% this year, compared with the last year's growth by 7.4%. **The increase of the TV advertising sector is estimated at 14.9%.** TV continues to hold its dominant position in the Slovak media market with **a market share of 43.8%**. The TV advertising market can be considered stable, as there was no entry of a new competitor or significant legislative or other changes in 2016.

Major providers of television advertising continue to remain:

MARKÍZA - SLOVAKIA, spol. s r.o. (a member of the group of Central European Media Enterprises Ltd.), which operates the broadcast of TV channels Markíza, Doma, Dajto, and Markíza International.

Rozhlas a televízia Slovenska – Public service television that operates broadcasting of channels Jednotka and Dvojka.

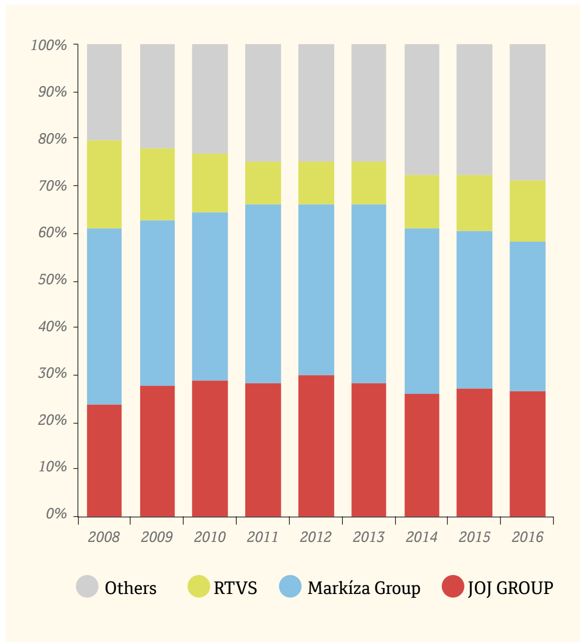
JOJ GROUP, which operates broadcasting of channels JOJ, PLUS, WAU, RiK, Ťuki TV, JOJ Cinema, and JOJ Family. On 5 September 2016, the last named channel launched its broadcast in the Czech Republic. The television stations RiK, Ťuki TV and JOJ Cinema belong to a group of paid channels.

PRIME TIME 12-54 SHR%

PRIME TIME	TV JOJ	Markíza	Jednotka	Dvojka	Plus	DOMA	Dajto!	FOOOR	WAU	Senzi	Others
2008	22,9	37,1	13,5	4,8	1,1						20,6
2009	26,0	34,5	12,3	3,0	1,9	0,3					22,0
2010	26,5	34,3	10,0	1,9	2,2	1,7					23,4
2011	24,3	35,0	7,3	1,7	3,9	2,9					24,9
2012	26,1	29,0	6,6	2,3	4,1	6,2	0,7				24,9
2013	22,5	29,3	6,9	2,0	4,5	4,2	2,8	1,5	1,1	0,1	25,1
2014	19,5	27,7	8,4	2,7	5,0	3,7	3,9		1,4	0,1	27,6
2015	20,9	25,2	9,3	2,3	4,7	4,1	3,9		1,7	0,2	27,9
2016	19,7	23,3	10,0	3,0	4,8	4,4	4,0		2,1		28,7

Source: TNS

PRIME TIME 12-54 SHR%



Source: TNS

THE OUTDOOR ADVERTISING MARKET

The first half of 2016 was very favorable for the outdoor advertising market. The campaign before the March parliamentary elections brought more ads than expected, which was reflected in the positive figures of the Akzent BigBoard Group. A stronger recovery in the activity of other clients was evident especially in March, April, and June 2016. Based on out-of-home advertising spending in 2016, the largest customers ordering ads were Merkury Market, Prvá stavebná sporiteľňa, and Slovak Telekom. OBI, which took over the Baumax sales group, has ranked among new significant clients. In 2016, the most important milestone in the outdoor advertising market was the introduction of measuring the effectiveness of outdoor advertising by the company TNS Slovakia to help end-users to select regions, target groups, plan campaigns, and set up outdoor areas.

The Akzent BigBoard Group has achieved its goals and is steadily strengthening its position as a market leader in the Slovak outdoor advertising market. Since June, the Group has rented **1,950 billboards from the company Rabaka**, expanding its portfolio to more than 6,000 billboards. As at 31 December 2016, these billboards were purchased and included in the assets of the Akzent BigBoard Group. Also, the range of cities where the Group provides its services in the advertising on urban and suburban vehicles has been expanded.

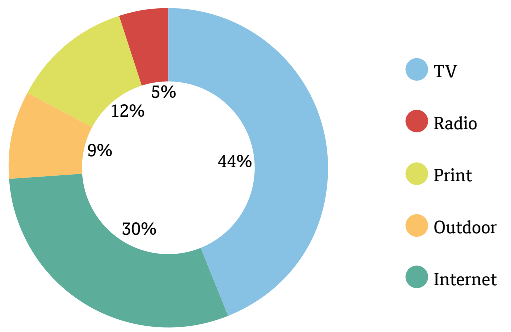
THE RADIO ADVERTISING MARKET

On 21 April 2015, JOJ Media House, a.s., entered the radio advertising market by acquiring the company Harad, a.s., a parent company of Radio Services, a.s. This company provides comprehensive services to radio broadcasters from the sale of the advertising space to ensuring the production of broadcasting content. In addition to the established national radio stations Rádio Vlna, Rádio Anténa Rock, and Rádio Jemné, since 1 January 2016, Radio Services, a.s., has been exclusively selling commercial space in Europa 2. Through this connection, the company has increased a market share, thus delivering an unrivaled product suitable for any client. The most notable competitors include Rádio Expres, Rádio Slovensko, and Fun rádio.

THE PRINT MEDIA MARKET

In October 2016, JOJ Media House expanded its activities into the print media segment by the purchase of a 100% share in the company NIVEL PLUS s.r.o., which publishes Bratislavské noviny. It is a free newspaper published every two weeks and delivered to the mailboxes of over 200 thousand households in Bratislava. Thereby it ranks among one of the largest periodicals in Slovakia. Bratislavské noviny were found in 1998, building on the rich history of Pressburger Zeitung.

SHARE OF MEDIA TYPES IN THE MEDIA MARKET OF THE SLOVAK REPUBLIC



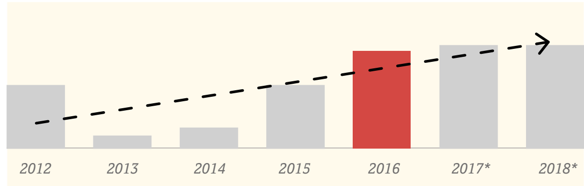
Source: GroupM

THE AUSTRIAN MEDIA MARKET

The Austrian economy is currently experiencing a rise driven by domestic consumption, supported, among other things, by the income tax reform that entered into force at the beginning of the year. GDP growth reached 1.4% in 2016, and the Austrian National Bank forecasts real GDP growth of 1.5% per annum over the next three years. Investments in the media sector are expected to have a similar positive trend, although growth has slowed down slightly compared to the strong previous year. According to FOCUS Institut Marketing Research Ges.m.b.H., the **entire media market in Austria grew by 5% year on year in 2016**, while the outdoor advertising market increased by 5.7%. Prints and televisions have the largest shares of the market, and the growth of investments is mainly driven by television and online advertising.

JOJ Media House has been doing business in the Austrian outdoor advertising market since 2012. We consider this market to be developed and stabilized. In recent years, the focus has been on optimizing the portfolio of advertising media and streamlining the organizational structure, which has resulted in positive achievements of the company.

GDP DEVELOPMENT REAL / *PREDICTION IN AUSTRIA



Source: Osterreichische Nationalbank (ONB)

GDP DEVELOPMENT REAL / *PREDICTION IN AUSTRIA

Year-on-year Dynamics in %	2012	2013	2014	2015	2016	'2017*	'2018*	2012-2018 CAGR
GDP Development Real / *Prediction	0,9%	0,2%	0,3%	0,9%	1,4%	1,5%	1,5%	1,0%

Source: Osterreichische Nationalbank (ONB)

THE CZECH MEDIA MARKET

Compared to the previous year, the year-on-year **rate of economic growth slowed down from 4.7% to 2.3%**, which was mainly due to a combination of one-off growth factors in the previous year that did not recur in 2016. Economic growth was supported mainly by household consumption and also by exports, which benefited from the positive development of the Czech Republic's most important trading partners. Significant impacts were also the decline in oil prices at the turn of 2015 and 2016, low interest rates, and the ongoing regime of Czech National Bank interventions. According to Nielsen Admosphere estimates, the year-on-year growth of the media market in the Czech Republic has accelerated to 17%.

The growth was mainly driven by television advertising and the Internet. The TV ad sector accounted for up to 45% of the total value of the ad slot provided in 2016.

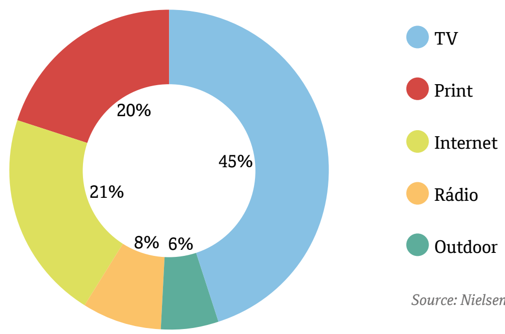
This year, the outdoor advertising market recorded an increase of 6.5% in the list prices of advertising. The largest provider of outdoor advertising in the Czech Republic is the BigBoard Group, which belongs to the JOJ Media House Group. BigBoard continues to hold more than half of the market share, which, in addition to organic growth, it has achieved through acquisitions. The company News Advertising was acquired in December 2016, making BigBoard the dominant operator of the most prestigious double-bigboard format.

GDP DEVELOPMENT REAL / *PREDICTION IN THE CZECH REPUBLIC

Year-on-year Dynamics in %	2012	2013	2014	2015	2016	2017*	2018*	2012-2018 CAGR
GDP Development Real / *Prediction	-1,2%	-0,9%	2,0%	4,7%	2,3%	2,8%	2,8%	1,8%

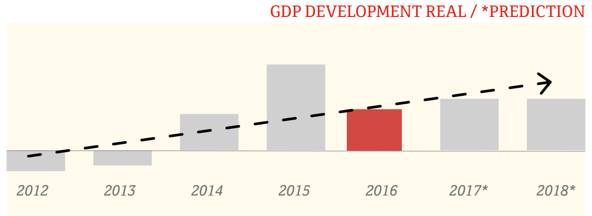
Source: Czech national bank (CNB)

SHARE OF MEDIA TYPES IN THE MEDIA MARKET OF THE CZECH REPUBLIC



Source: Nielsen Admosphere

GDP DEVELOPMENT REAL / *PREDICTION



Source: Czech National Bank (CNB)

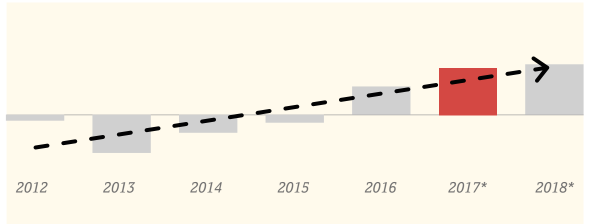
MEDIA MARKET ANALYSIS

THE CROATIAN MEDIA MARKET

After six years of recession, the Croatian economy started to grow in 2015, and this growth continued at 2.8% in 2016. This positive trend was primarily supported by the increase of the tourism industry and accelerating household consumption. The Croatian National Bank predicts comparable growth for the next year, backed by investments, domestic consumption, and euro funds. Croatia has the preconditions for managing the economic difficulties and creating a prosperous economy in the coming years. According to GroupM estimates, the media market in Croatia grew by 6.2% this year, the bulk of which was the growth of television and internet advertising.

In April 2016, JOJ Media House acquired majority shares in respected regional journals Novi List, Glas Istre, and Zadarski list. With this acquisition, we have expanded our operation in the media market into the print media segment. The Novi List, with its history dating back to 1900, has a share of more than 8% in the Croatian market and is a major market player in its region where it reaches up to 57% share. In addition to publishing its newspaper, Novi List d.d. performs publishing and printing activities for companies within the Group as well as for external clients. Glas Istre Novine d.o.o. publishes a regional journal of the same name that focuses on the Istrian region where it achieved a market share of 49%. The company RTD d.o.o. publishing Zadarski List brings themes from its region where it has a 13% market share.

GDP DEVELOPMENT REAL / *PREDICTION



Source: Hrvatska narodna banka (HNB)

GDP DEVELOPMENT REAL / *PREDICTION IN CROATIA

Year-on-year Dynamics in %	2011	2012	2013	2014	2015	2016*	2017*	2011-2017 CAGR
GDP Development Real / *Prediction	-0,3%	-2,2%	-1,1%	-0,5%	1,6%	2,8%	3,0%	0,5%

Source: Hrvatska narodna banka (HNB)

04 SUMMARY OF BUSINESS | THE OUTDOOR ADVERTISING MARKET

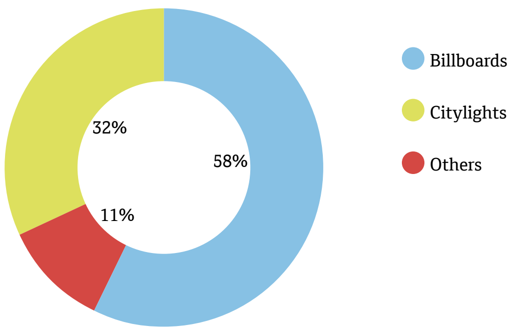
THE OUTDOOR ADVERTISING MARKET IN SLOVAKIA

The beginning of 2016 was very favourable for the outdoor advertising market. The campaigns before the 2016 parliamentary elections that took place at the beginning of March brought more ads than expected, which was also reflected in the positive figures of the Akzent BigBoard Group.

For the Akzent BigBoard Group, the most significant event of the year was the **expansion of the portfolio by 1,950 billboards of the company Rabaka**. The Group increased its share in the billboard market to 35%, thus consolidating its position of the leader.

In the course of the year, in the context of transport advertising, new contracts were concluded to expand the offer of cities where the Group **provides advertising space on urban and suburban public transport vehicles**. At present, this form of publicity covers especially the cities of Bratislava, Trnava, Trenčín, Žilina, Nitra, Prievidza, Nové Zámky, Topoľčany, Piešťany, Hlohovec, and Michalovce. A significant event was the award of a tender for the advertising space trading **in the wagons of Železničná spoločnosť Slovensko**.

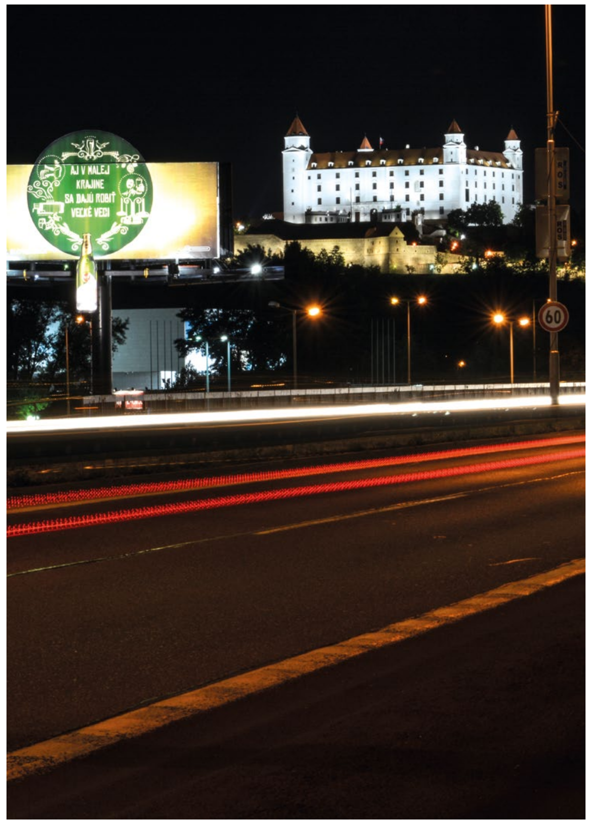
PERCENTAGE OF SELECTED AKZENT BIGBOARD ADVERTISING SPACE



Source: Akzent BigBoard

Another important theme on the market is the **measurement of the outdoor advertising effectiveness**. In April, the agency TNS Slovakia started to distribute this project to advertising agencies and clients. Thereby, TNS Slovakia has brought a consistent methodology for measuring, planning, and optimization of outdoor campaigns to the market. At the end of the year, the project of measuring the effectiveness of outdoor advertising reached its final stage. The Group expects that, in the next period, other media agencies will engage in the use of this survey, which will contribute to more accurate calculations of the media campaign parameters and improvement of planning outdoor campaigns by media agencies. The measurement of the effectiveness of outdoor advertising will help the end advertisers select regions or target groups on which the campaigns should be focused, plan campaigns, and set up outdoor areas, which will be parts of the campaigns.

The Akzent BigBoard Group is continuously strengthening its position in the outdoor advertising market not only by expanding the product portfolio but also by providing comprehensive services, streamlining the organizational structure and administrative difficulty in selling outdoor advertising.



THE OUTDOOR ADVERTISING MARKET IN CZECH REPUBLIC

According to Nielsen Admosphere data, the media market in the Czech Republic accelerated its year-on-year growth to 17% in 2016, of which outdoor advertising grew by 6.5%. Similar growth is expected in 2017. The out-of-home media type will also be supported by the **parliamentary elections** to be held in October, which are specific by their over-standard use of this type of promotion. Also, the **presidential election** will take place in January 2018. It is therefore likely that this will cause a temporary lack of quality advertising space, which will be compensated by a rise in prices. In 2016, the companies Procter&Gamble Czech Republic, Alza.cz, and Lidl Česká republika belonged among the biggest advertisers.

The BigBoard Group, which falls within the JOJ Media House holding, remains the biggest operator **with a 53% share of the outdoor advertising market in the Czech Republic**. In addition to the following brands: BigBoard, Czech Outdoor, outdoor akzent, BilboCity, BigMedia, and Qeep, since December 2016, this Group has been including **News Advertising**. Upon this acquisition, the BigBoard Group has become the dominant operator of the most prestigious double-bigboard format, and the overall competitive advantage is expected to increase.

The BigBoard Group has also launched a unique tool to measure the performance of outdoor advertising campaigns titled **BigPlan**. In cooperation with O2 Media, it measures performance based on the movement of SIM cards of individual target groups around advertising media, which allows not only to evaluate but also to plan campaigns according to certain parameters, thus significantly increasing the efficiency of the funds invested by advertisers.

53 %
We are the market leader in the outdoor advertising market with a 53% market share.

7
Seller of advertising space of companies:
BigBoard | Czech Outdoor | outdoor akzent | BilboCity | BigMedia | Qeep | News Advertising

404
Our advertising space is located in more than 400 municipalities and towns in the Czech Republic.

26
We offer the widest portfolio of 26 outdoor advertising media.

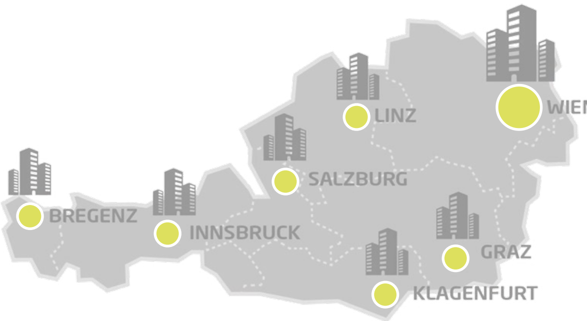
1
Using the BigPlan, we provide the best data about your campaign performance – reach, the number of impressions, the frequency of hits, and GRP.

THE OUTDOOR ADVERTISING MARKET IN AUSTRIA

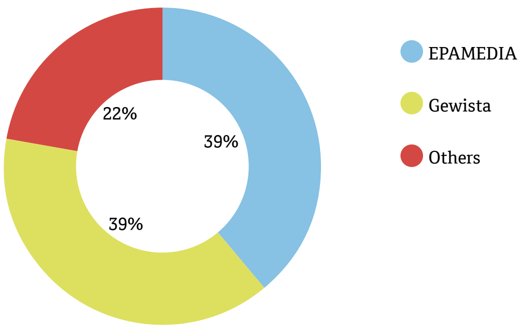
The growth of the Austrian economy at the level of 1.4% also caused increases in individual segments of the media market, but their share did not change significantly. The **outdoor advertising market recorded a year-on-year increase of 5.7%** that roughly copied the growth of the entire media market in 2016, which however slowed slightly compared to the previous year. A significant positive shift has been recorded in digital and TV advertising sectors, which are currently the preferred ways of promoting in Austria.

JOJ Media House has been doing business in this market through the company EPAMEDIA since 2012. The company with more than 90 years of tradition in this field is the market leader in out-of-home advertising in Austria with 18 thousand billboards, 4 thousand citylights, 1 thousand posterlights, and other unique types of advertising space. The company focuses mainly on optimizing the portfolio of advertising media and streamlining the organizational structure, which is reflected in the positive results of the company. EPAMEDIA has a strong presence in all of the federal republics.

In addition to optimization measures and streamlining of business processes, the company invests in the development of **digital outdoor advertising**. It is the fastest growing area of the outdoor advertising market in Austria with a year-on-year growth rate of 15.6% in 2016. These are ads broadcast on larger LED panels where ad spots are usually broadcast in short time loops. This type of advertising media has some advantages – multiple ads are released on one board, the content can be updated very quickly and easily, and it is possible to engage customers interactively and thus increase the efficiency and reach of the ads.



PERCENTAGE OF OUT-OF-HOME ADVERTISING IN THE AUSTRIAN ADVERTISING MARKET IN 2016 BY CARRIER



Source: Estimates of Management

04 SUMMARY OF BUSINESS

THE TV JOJ GROUP

CURRENT MARKET POSITION

The TV JOJ Group is the second largest commercial player on the Slovak television market. Its portfolio includes seven TV stations (JOJ, PLUS, WAU, RiK, Ťuki TV, JOJ Cinema, and JOJ Family) and thirteen Internet portals (joj.sk, plus.sk, wau.sk, rik.sk, cinema.joj.sk, jojfamily.cz, nadacia.joj.sk, huste.tv, noviny.sk, europskenoviny.sk, topstar.sk, premuza.sk, prezenu.sk). Since its establishment, TV JOJ has several times influenced market developments in Slovakia and, during its existence, has gained the image of a successful TV trendsetter.

TV JOJ entered the Slovak media market on 2 March 2002. It crowned the year 2016 with success as a strong television ranked second and a relevant market player and equal competitor for the TV leader. JOJ is an avid, dynamic and courageous television channel, which always pushes the limits of the television market and is not afraid to experiment. It is seen as a modern station, which introduces new programming formats, creative projects and original content to its viewers and clients. The JOJ station is an innovative television, which effectively uses new media and digital platforms.

TV JOJ is a pioneer in the Slovak reality shows where it has always been setting trends. It has introduced entertainment programs in the form of spectacular shows or family broadcasts, as well as many original programs to which viewers are loyal to this day. The JOJ Group also provides the Slovak audience with successful acquisition titles and always has covered its varied and rich program with the most modern station graphics, which completes the attractive brand image of TV JOJ.

The TV JOJ news has always been close to the audience due to its large base of regional reporters. At the time of their broadcast, the main news programs – TV JOJ News, Sport and The Best Weather – are regularly market leaders. Since 2008, JOJ has also been broadcasting a unique news format CRIME, and the daily formats The Twelve O'clock News and The Sixteen O'clock News form the stable part of the program structure.

TV JOJ outpaced its competitors and became the market leader in reaching targeted audience, when it launched the thematic stations. Today, as its portfolio in Slovakia includes channels for entire families, urban viewers, modern men, young women, and children. In 2015, the JOJ Group entered the Czech market with the JOJ Cinema station offering premium movies, and, in 2016, it launched broadcasting of the full-format free-to-air station named JOJ Family in the Czech Republic.

All the JOJ Group's web portals as well as mobile applications used to monitor the current second screen experience trend, i.e. linking the online content with social networks and engaging real-time audience, are characterized by a quality content and innovative technology approach. A video format as the main online commercial source of revenue in this market has been introduced by TV JOJ years ago.

TV JOJ is also visibly close to its viewers through its events. JOJ in Towns – the seventh year of the largest street television project will take place in 2017. The JOJ Group has been long supporting the Slovak music scene. Through the TV JOJ Foundation, it is also active in charity projects and is a long-time media partner of the successful project titled Heart for Children.

TV JOJ

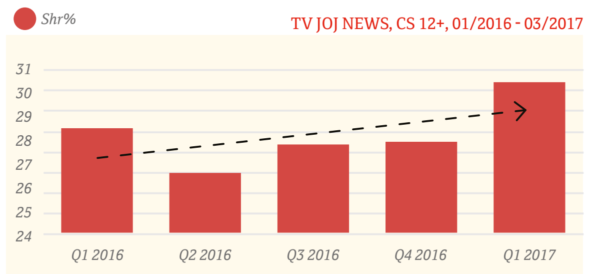
In March 2016, TV JOJ successfully completed a fourteenth year of its existence and started the year of its fifteenth anniversary with continuously growing news and new original programming being regularly a number one for Slovak audience as a television, which alternates with the competition for leadership in prime time.

Stable news is an important pillar in prime time. Viewership of the TV JOJ news has long been growing continuously, which means that the success they record today is not accidental. On the contrary, it is the result of a long, challenging and high-quality work of the news team, which provides the richest domestic news service, has the widest regional coverage in Slovakia, and continuously strengthens the offer of foreign reports for the Slovak audience.

In the year 2016, the TV JOJ news has consolidated the **position of the relevant opponent against the market leader** when its news has gained more and more viewers. In September, i.e. at the beginning of the fall season, the **TV JOJ News** was the most watched news in Slovakia. The main news of TV JOJ achieved the highest average rating compared to competitors. **The Best Weather** or **Sport** also regularly defended their **TOP positions of the market leaders** at the time of their broadcast.

TV JOJ is a **family television** for the Slovak audience, as evidenced by all the formats that it continuously brings to the screens of its viewers. According to the results of Brand Study (GfK, 2016), TV JOJ is the first choice of all televisions for up to 35% of viewers. Up to 40% of the viewers perceive it as a brand on the rise, which is the highest percentage of all televisions in Slovakia.

During the twelve months of the year 2016, TV JOJ really managed a lot of things. It included many innovations as well as favourite shows in its program offer. We can mention the **family series ZOO** or the **comedy series "Naši"**, which made a weekly unbeatable tandem with the **show Incognito**. The fun Thursday evenings on TV JOJ were thus unambiguous market leaders during the spring and autumn. In the everyday evening program, the audience did not miss the **cooking show My Mom Cooks Better Than Yours**, and the magazines **New House, New Garden** or **Build, Repair and Improve** broadcast on weekends. At the end of the summer, TV launched a new competition show titled **Guess My Age**, which has successfully settled in the afternoon slot and also in the second evening broadcast band with its celebrity specials. In the autumn season, TV JOJ started to broadcast the sixth series of the most successful **show Czech and Slovakia's Got Talent**, and the audience has also waited to see the brand new criminals **Behind the Glass**, appreciated by viewers and critics as an exceptional television activity.



Source: TNS

PLUS

Since the launch of its broadcast in 2008, PLUS has gradually built up a stable position on the Slovak market. In 2016, it celebrated the eighth anniversary as a **long-time most watched television among younger Slovak TV stations**. The second station of the JOJ Group portfolio is currently focused on commercially interesting audience, mostly consisting of modern men of working age, as well as independent dynamic women. According to Brand Study (GfK, 2016), PLUS **has the most loyal viewers** among smaller stations. They watch PLUS regularly two to five times a week.

The varied program structure of PLUS is particularly composed of excellent acquisition films, series and shows, favourite original formats, as well as documentary series and popular foreign shows. The most watched programs currently on PLUS are films of different genres that are part of the every day prime time program. Around eight o'clock on working days, the program starts with original comedy series, for example, **Professionals, "Hoď svišťom"** or **Kutyil, s.r.o.**, which are constantly achieving above average viewing results. The pillars of the station also include acquisition series and programs that, among other things, attracted young men and helped reduce the average age of the audience of this television, such as **The Simpson Family, The Funny Things You Do, Fear Factor, Myth Busters, Ramsay's Kitchen Nightmares USA, Air Disasters**, and the others.

In October 2016, with regard to its target audience, the PLUS station launched a brand new original reality show from combat sports MMA. The session called **Octagon – Challenge** formed part of the television program every Monday night. In the fall, after years, PLUS brought back the cult series **Stargate** to the Slovak screens, which was broadcast every weekday afternoon.

WAU

TV WAU started broadcasting in 2013 as the third station of the JOJ Group portfolio. While in the first year it offered the program in the meaning of its motto: "What Women Want", in the following periods, due to new acquisitions, it started to attract more men. Logically, the program offer therefore had to be extended to other target groups. In the middle of the summer 2016, for the first time in its history, WAU changed the station image using more modern and attractive graphics and decided to focus not only on the young, modern and urban women, but all younger viewers attractive for advertising. Its mission is also to continue to complement the program offer of the other JOJ Group stations, becoming an alternative choice of Slovak viewers to the broadcast of TV JOJ and PLUS. This strategy of WAU is working, and it has been continually increasing viewership and strengthening its position on the market. In early 2016, WAU achieved the best all-day performance since the beginning of its broadcast.

Excellent figures for the past period were achieved mainly due to the TV JOJ original formats, acquisition series, or lifestyle sessions. In 2016, the most watched programs included **Shopaholics**, **Court Room**, weekend specials of the show **My Mom Cooks Better Than Yours**, **Topstar**, and the **X Factor UK** show. The most viewed acquisition series on WAU in the last period were **Castle** and **C.S.I. Las Vegas**, **Miami** and **New York**. Summer was also good for the station when it reached record performance in prime time. Its offer came to greater attention, and programs belonging into its most powerful ones, have become the basis of its further profiling.

The main content of WAU will continue to be the acquisition series and the controversial reality shows that brought it the year-on-year growth on a full-day basis and strengthening in prime time in 2016, such as **Criminal Minds**, **Ghost Whisperer**, or premieres of the series **Suits**, **Tyrant**, and **How to Get Away with Murder**, as well as further continuation of documentary reality formats and daily lifestyle programs.

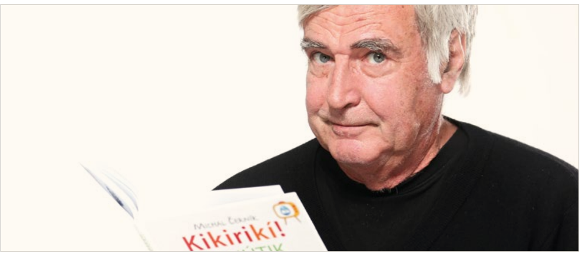
SUMMARY OF BUSINESS THE TV JOJ GROUP

TV RIK

Rik is historically the first **children's television station**, which broadcast exclusively in Slovak. Since the beginning of 2015, it has been bringing beautiful fairy tales with Slovak dubbing, continuously enriched by more and more sessions of its own production. The main objective of TV RiK is to offer a varied program for children, which will attract, amuse and learn them something useful in a playful form. The most popular series for its small audience include **Fix and Foxi, Wilf the Witch's Dog, Agi Bagi, "Smejko a Tanculienka"**, and many others. In addition, in 2016, exclusively on TV RiK, children could watch the brand new stories of two unhandy masters **Pat & Mat**.

The first children's television included in the JOJ Group portfolio prepares programs for the smallest audience – 4 to 12 years old kids – and is available as a premium station, included in payTV packages offered by Slovak operators. RiK can also be proud of several successful sessions and its original fairy tales such as **"Kikirikí"**, **"Kúzlovanie"** or **"Zabi nudu"**. This year, Slovak children have also liked the bedtime stories **"Z rozprávky do rozprávky"** and the new session **"Sníček"**.

RiK entertains the smallest audience with its programs not only through television broadcasting. The children meet Rik live during various events all over Slovakia. At the TV JOJ events in 2016, all groups of audience came into their own. The most popular attractions for children included the tent of the children's television RiK at all September's **JOJ in Towns**, the family race named Crazy Colour Run, the children's corner at the Coneco exhibition, concert performances by **"Sníček"** in several cities in Slovakia, creative workshops with Maťa – the face of the session **"Zabi nudu"**, and many others. The channel specifically thinks of viewers in kindergartens, for whom it regularly prepares performances by artists known from its sessions. Nursery schools "fight" for such an event in entertainment competitions organised by the TV station. RiK also supports events of multiple business partners prepared for children.



ŤUKI TV

The children's station Ťuki TV began its broadcast in 2015 on the occasion of the International Children's Day. It had many reasons to celebrate its first birthday. The second TV station for children in the JOJ Group portfolio broadcasts for small viewers – 3 to 10 years old kids – exclusively in the Slovak language, and it differs from its slightly older brother RiK by its availability to customers of only one Slovak operator.

Ťuki TV offers children special Slovak program formats produced exclusively for this station. As part of its broadcasting, it has also brought back to the television screens classic fairy tales popular with parents and grand parents of contemporary children. In the first year of the broadcast, children enjoyed in particular the original musical-entertainment cycle with Miro Jaroš titled **"(Ne)poslušník"** or reading the goodnight fairy tales **"Z rozprávky do rozprávky"**. On Ťuki TV, children, together with their parents, can also watch Czechoslovak, Czech, Russian and Polish animated fairy tales such as **Bob and Bobek, Bolek and Lolek, Well, Just You Wait, "Macko Uško", "Krtko", "Štaflík a Špagetka", "O škriatkovi Racochejlovi", "O lúpežníkovi Rumcajsovi"** or **"Miazgovci"**. Other popular fairy tales include Shaun the Sheep and **"Máša a medveď"**. Ťuki TV has prepared a lot of original and acquisition program novelties for the next year. A beautiful cockerel Ťuki, who is the mascot of the station, has waited to see his bedtime stories called **"Ťukiho dobrodružstvá"**. During weekends, not only children but also their parents may enjoy bedtime stories **"Rozprávky z machu a papradia"** with **"Kremienok"** and **"Chocholúšik"**.

Children can regularly meet with the mascot of their favourite Ťuki TV on various children's events all over Slovakia. Very successful events, where children were entertained with colourful cockerel, included, for example, a visit to the beautiful ZOO in Košice or an especially popular Ťuki song tour with Miro Jaroš.

JOJ CINEMA

The movie station JOJ Cinema launched its broadcasting in mid-June 2015 as a premium television, which has been gradually added to the offer of Slovak and Czech operators, and thus continuously expanding its coverage and strengthening its already excellent position among other film stations on our markets.

JOJ Cinema offers programs not only for all fans of movies but also for whole families. Latest movie hits, exclusive Czech and Slovak TV premieres, and the most successful global film acquisitions of all genres dominate its program. The television broadcasts 24 hours a day, in HD, with dubbing, but also in the DUO audio mode with the original sound track. It is a paid station and the biggest benefit to viewers is that movies are not interrupted by advertising.

In the year 2016, JOJ Cinema won its first ever awards, namely two František Filipovský Prizes for dubbing. It is a prestigious award, bearing the name of an outstanding Czech actor, whose voice is connected especially with the French actor Louis de Funès. The Jury appreciated the dubbing of the JOJ Group's production in two categories. Jana Štvrtecká was awarded the prize for the best female actress in dubbing for Vanda's voice (Emmanuelle Seigner) in the French film **"Venuše v kožichu"**, the Czech version of which was produced by MAC TV in a private television in Brno. The Union of Interpreters and Translators awarded the František Filipovský Prize for Translation and Editing of a Dubbed Audiovisual Work to translators Michaela Šimonková Filipová and Hana Lhotáková and the dialogue editor Markéta Kautská also for the film **"Venuše v kožichu"**.

JOJ FAMILY

In September 2016, the TV JOJ Group launched a new station – JOJ Family on the Czech market. It is a full-length, multi-genre, family television, which broadcasts the best of JOJ's program structure for Czech audiences free of charges. The TV JOJ Group, like other Slovak and Czech television groups, has thus responded to the current efforts to repeal the illegal dissemination of television in the territory of the Slovak Republic and the Czech Republic. At the same time, it also discussed the switching off of TV JOJ in the Czech Republic with operators. TV JOJ decided to offer an adequate alternative – the JOJ Family station – to the Czech audience because at present, Slovak commercial televisions have stable viewers in the territory of the Czech Republic.

JOJ Family as a DVB-T station is included in the 4th multiplex in the Czech Republic and is also available in the offer of several Czech satellite, cable or IPTV operators. As regards its commercial activities in the Czech Republic, JOJ Family is represented by the company Atmedia. Since August 2016, its media portfolio even includes JOJ Cinema. As regards distribution, in relation to operators, JOJ Family is represented by the media company AXOCOM, which also covers the distribution of the movie station JOJ Cinema in the Czech Republic and Slovakia. Czech viewers can watch the JOJ Family program in part in the original Slovak or Czech version and partly in the dubbed Czech language. The content of the broadcasting structure is broadly consistent with the Slovak TV JOJ, including news sessions in the evening prime time, namely **Crime** and **TV JOJ News**. Compared to its "parent" television, JOJ Family broadcasts more Czech films and series. The name of the JOJ Family station implies targeting to family viewers, for whom the television mainly broadcasts common Czech and Slovak formats with a tradition such as the local version of the most successful talent show in the world **Czech and Slovakia's Got Talent**. Czech audiences also enjoy the scripted reality format Court Room, which is made especially for JOJ Family in the Czech language with Czech protagonists. The program offer includes successful Slovak series dubbed into the Czech language, for example, the current hit comedy series **"Naši"** and **"Dr. Dokonalý"** or **"Doktorka Ema"** well known to the Czech audience. JOJ Family broadcast series in the Slovak language such as ZOO and **"Keby bolo keby"**, a new competitive entertainment show **Guess My Age** or popular Slovak sitcoms **"Hoď svišťom", The World according to Evelyn** or **Twins**.

The brand new programs that JOJ Family, together with TV JOJ, premiered in the first year of its broadcast in Slovakia, for example, the crime series **Behind the Glass**, were common part of its broadcast in 2016. In 2017, the program highlights of its production will be other original series as well as the Czech and Slovak versions of the world-famous show **Take Me Out**. Furthermore, in order to attract the Czech audience, JOJ Family fulfils its promise to include Czech classic movies and series in the program structure, which are very popular with our neighbours.
By the way, on the first Christmas Eve in its history, JOJ Family prepared several gifts for its Czech viewers – it broadcast a number of Czech classic films and beautiful fairy tales without advertising breaks. Thus, the Christmas Eve on JOJ Family was like each Christmas Eve on Slovak TV JOJ – without advertising.

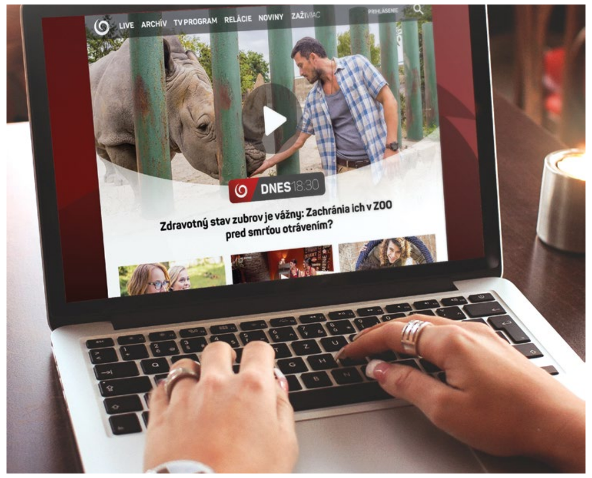
JOJ'S DIGITAL WORLD

NEW DESIGN OF JOJ.SK

In 2016, JOJ's web portal changed the technologies on which it is built, as well as the structure and design that display its content. Now, the content is focused on the TV broadcast of JOJ Group stations. At the first glance, the JOJ.sk, PLUS.sk and WAU.sk websites put a strong emphasis on TV content. Their structure is based on what the JOJ Group is currently broadcasting. The web site design copies the TV JOJ, PLUS, or WAU graphics.

The TV archive with the immediate click on the episode directly from the headline got a very strong position on the new web site. Right after entering the portal, users have a clear choice of two basic things for which they primarily look on the JOJ's web site – sessions and live stream, or the archive. The home page of the website JOJ.sk contains the entire television content – whether produced for the web site or Facebook or Instagram or Divano, which is available in a very clear and transparent form by scrolling directly on the JOJ.sk home page. The new design more closely connects the TV content with the social networks, creating a unique platform where users find all the interesting contents in one place.

The responsive design of the web site allows users to browse the web on computers and any mobile device easily. The new HTML5 player on JOJ.sk ensures that all players of live broadcasts or videos from TV archives are available on any device. Thus, the TV JOJ audience can be in touch with their television anywhere and at any time. A major change is also the harmonisation of targeted online ads and content the user is viewing, as well as converting of all existing archives into various formats that are intuitively adapted to the device on which the user is viewing the site. Technically, this is a stream on three levels of signal quality and the resulting availability, whether via wifi, 3G network, foreign roaming, and such like.



The content of the web site is enriched with new sessions produced by TV JOJ, which are available only on JOJ.sk, for example, the lifestyle session LOOK with fashion bloggers, the tutorial session on makeup for ladies, or online dancing school with Simona and lecturers from Riverpark Dance School. The trend of the renewed web sites JOJ.sk, PLUS.sk and WAU.sk has been followed by the lifestyle web sites Preženu.sk, Premuža.sk and Topstar.

NEW NOVINY.SK WITH AN EMPHASIS ON VIDEO

The portal Noviny.sk was redesigned after more than two years. Within the redesign, the portal more harmonised with the graphic visual of JOJ's main TV news, which made their graphics more identical than before. The portal has got a more expressive home page with rich content and a new video section 12 PLUS that extends the video content of the web site. In the future, the portal plans live broadcasting of sessions and smooth continuing with the studio guests of the **Twelve O'clock News**. There is also a new section of comments by personalities and representatives of political and social life in Slovakia and a section called "Videoglosy Arpáda Šoltésa". The redesigned Noviny.sk includes the sports news. The portal also prepares other genre news, such as monitoring and reviewing the social networking of both domestic and European politicians.

The redesigned portal Noviny.sk puts particular emphasis on a video content – it has multiplied the quantity and also the quality of the video and the possibilities of video ad formats for the advertisers. The portal has changed functionalities even for articles, for example users can directly switch between the themes using the arrows and browse through the latest news. A special video player plays videos in reduced resolution even while a visitor reads news.

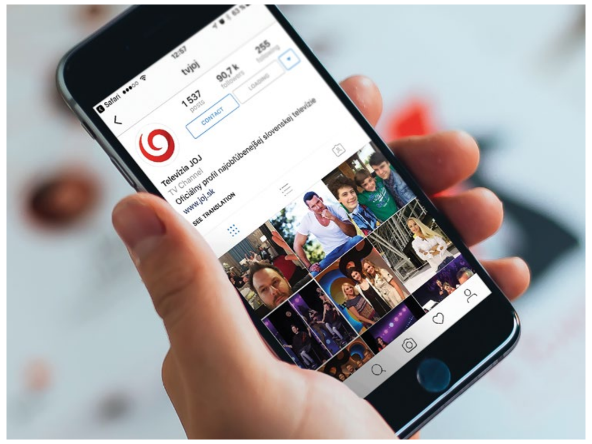
After all formal and content changes, Noviny.sk recorded increased time spent by users on the site and a 30% increase in traffic. At the beginning of the autumn 2016, the TV JOJ news portal was the second largest web site in Slovakia.

HUSTE.TV IS FREE FOR ALL SPORTS FANS

Since the beginning of the season 2016/2017, the largest sports Internet television in Slovakia is unlocked and free for all sport fans! This is also great news for the advertisers as Huste.tv has added more video inventories. The portal annually produces more than a thousand live broadcasts from Slovak sports fields. It owns the exclusive broadcast rights for the football **"Fortuna liga"**, ice-hockey **"Tipsport liga"** and basketball **"Eurovia Liga"**. In the long run, it has also been monitoring various minority sports sectors. Each broadcast match is immediately stored in the archive and, in a few minutes, a montage of the most beautiful moments from the duel is made available. The editors of Huste.tv create current sports news in Slovakia and expand them throughout the world. Furthermore, the portal has switched to a new technology allowing watching matches on all mobile devices. Huste.tv has also changed its content – live matches have been supplemented by more statistics, author articles, and overview of leagues being broadcast by the portal.

DIVANO IS A LIVING TOOL FOR VIEWERS AND ADVERTISERS

Divano is a mobile application that as the social network keeps the viewer entertaining during the television program. We can mention almost 60,000 downloads, more than 9,000 active users per month, and more than 1,700 online users watching double screen TV and online TV JOJ during the peak time. Nowadays, when a user, while viewing television, is online on a mobile, tablet, or laptop, Divano is the ideal tool to keep the viewer's attention, achieving better viewing results and higher loyalty and engagement of its viewers. Watching television and using the second screen increases the exposure to television advertising and the web site content, as the viewer can currently view the content from two sources. The application has a wide range of options. Besides the exclusive content for a particular session, Divano offers a new opportunity to extend the communication with viewers through chat groups. The Divano chats have brought not only the new trend of "TV dating" but also the possibility of the audience to communicate with moderators or performers in broadcast sessions via real-time VIP chats within the online world.



EVEN ON SOCIAL NETWORKS, TV JOJ IS VISIBLY CLOSER TO ITS VIEWERS

In 2016, the official JOJ fan page on Facebook surpassed a milestone of 300 thousand fans. The viewers of the JOJ Group stations know that they can find a wide variety of TV content even on social networks, whether in the form of exclusive videos, behind-the-scenes photos, or in the form of articles full of information about favourite programs.

In particular, TV JOJ uses the new tools that Facebook allows, such as direct broadcasts, greetings from TV JOJ events, and real-time connection of people being present at the events with the people on social networks so that the Facebook content can be viewed directly on LED screens on the spot where they are currently situated, thus becoming the stars of the stage screens. Through this effective communication with fans and interesting content, the fan page of TV JOJ is the most active site among Slovak television broadcasters. As a reward for the audience's favour, TV JOJ's editorial teams are regularly preparing various interactive competitions related to JOJ's television projects. Due to these activities, ordinary people can also take a look at the production of their favourite programs and meet the celebrities they know from the TV screen.

For TV JOJ and its viewers, the popular social network Instagram is equally important. Due to its exclusive content and effective communication with users, it made the JOJ profile a leader among all Slovak media. On Instagram, more than 90,000 fans can every day enjoy the content that they could not see anywhere else. The official Facebook fan page and the JOJ profile on Instagram are such great examples of how TV JOJ is interested in opinions of Slovak audiences and how it tries to be noticeably closer to its viewers in the online world.

04 SUMMARY OF BUSINESS | RADIO ADVERTISING MARKET

In 2015, the company JOJ Media House, a.s., entered the radio advertising market in Slovakia. Its subsidiary – Radio Services, a.s., provides comprehensive services to broadcasters from the sale of the advertising space to the production of broadcasting content.

We were able to create a portfolio of products intended for target groups that do not affect each other; they are more or less homogeneous units. **Rádio Vlna** is aimed at the oldies format, with a broad range of listeners especially people aged 35-40+. **Rádio Jemné** is targeted to women aged 30+, and **Rádio Anténa Rock** primarily to 30+ men. In addition to the above national radio stations, since 1 January 2016, Radio Services, a.s., has been trading the advertising space in **Europa 2**. It is a significant revival of target groups with a focus on young people aged 14-29, as well as with a great impact on listeners aged 30+, i.e. on a good class target group. By this new connection, Radio Services, a.s., has increased its market share and gives customers more opportunities than the particular radio stations. Europa 2 exactly fits into the strategy of the company Radio Services, a.s., and, from the perspective of a comprehensive package of products for our clients, we have gained a potent competitive tool. It is a radio that, by its vigor and rapaciousness, can realize unique projects of advertisers in a form that no other radio can do on the market. We have begun to call the new grouping the "Big Four", and, through it, we enrich the market by an unrivaled product suitable for any advertiser.

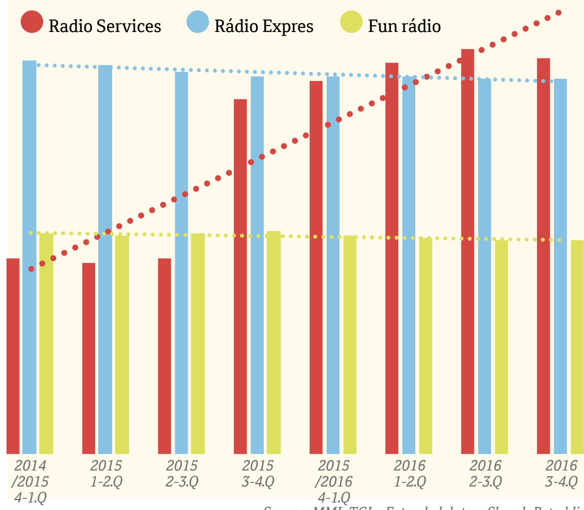
In the parameter "listening to the last week", the total listening of radios was 87.7% in 2016, which is 3,926,000 listeners aged 14 to 79. Nearly 3 million people (64.4% of the population) listen to the radio every day, and, on average, every citizen of the Slovak Republic listens to the radio for more than two hours. By combining these four radio stations, we can reach up to **1,781,000 listeners** in a wide range of target groups in Slovakia a week. The most notable competitors include Rádio Expres, Rádio Slovensko, and Fun rádio.

DEVELOPMENT OF DAILY LISTENING TO RADIO SERVICES COMPARED TO THE MAIN COMPETITORS

Prj 000	RADIO SERVICES	Rádio Expres	Fun rádio
2014/2015 4-1.Q	452	907	507
2015 1.-2.Q	439	894	504
2015 2.-3.Q	452	881	507
2015 3.-4.Q	819	870	512
2015/2016 4.- 1.Q	862	868	503
2016 1.-2.Q	903	869	497
2016 2.-3.Q	935	864	491
2016 3.-4.Q	913	866	492

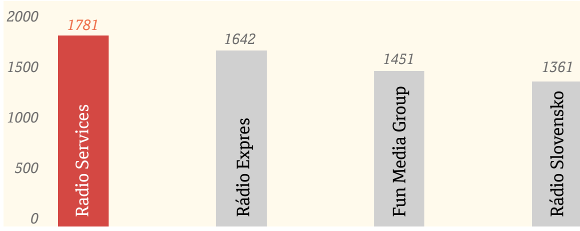
Source: MML-TGI – Extended data – Slovak Republic

DEVELOPMENT OF DAILY LISTENING TO RADIO SERVICES COMPARED TO THE MAIN COMPETITORS



Source: MML-TGI – Extended data – Slovak Republic

WEEKLY LISTENING 14+ (IN THOUSANDS)



Source: MML-TGI – Extended data for 3Q and 4Q 2016 – Slovak Republic

04 SUMMARY OF BUSINESS | INTERNET APPLICATION DEVELOPMENT

The company JOJ Media House, a.s., operates on the market of Internet applications through eFabrica, a.s. The company develops new applications and provides technical support for the Group. In the long run, CONTENTO is in development. It is a new generation publishing platform built on the principle of micro-services providing an entirely new, modern approach to creating online projects and consolidating online content.

CONTENTO is an online system consisting of several small/single-purpose applications that can be used separately or combined into a functional unit – a content management system – according to the client specifications. Each application is fine-tuned and reflects the particular requirements of online editors such as the management of articles, picture and gallery management, video and streaming management, poll management, quiz and questionnaire management, data collection and analysis, importing different kinds of content, measuring performance of individual parts of the web site, active work with social networks, paywall and registered/paying user administration, online transfers, online chat, and many other features. For communication between systems, we use API calls, which are today a modern communication standard. CONTENTO is a **system designed primarily for publishing and media houses**, which have a larger number of projects and the need to consolidate the contents and search for synergies. The applications can also be used separately as a part of an existing site. We have been developing other applications according to client requirements.

For the company eFabrica, a.s., the year 2016 was significant regarding shifting the CONTENTO application from development to implementation. All **television sites** (joj.sk, plus.sk, wau.sk, rik.sk, jojcinema.cz, jojfamily.cz) and subsequently **news sites** (noviny.sk, topstar.sk, premuza.sk, prezenu.sk, kinosala.sk) of the JOJ Media House Group switched to the new system. In addition to regular publishing systems, specialized modules have been developed for these sites, which communicate with TV systems and provide live broadcasting, automatic TV show archiving, automatic TV program update, automatic broadcast of ads during LIVE programs, as well as, for example, an online cutting room, enabling editors to cut out any part from news reports and use it very quickly in writing articles. The most time-consuming and technically most demanding project was the new version of the Internet TV **huste.tv**, which resulted in a great news sports portal with television signal quality and transmission processing.

In addition to the websites of the JOJ Media House Group, the portals hnonline.sk, finweb.sk, hnstyle.sk, hnauto.sk, strategie.sk, and mediahub.sk were redesigned in the same way for the publishing house **MAFRA Slovakia**. The company is also involved in the project of the Internet television HN TV with its studio and e-shop HN Konto with a CRM system. The whole solution communicates with the accounting system and subscription management.

05 PERSONNEL POLICY

PERSONNEL POLICY

As in any other organization, in the JOJ Media House Group, employees are a major component of company resources and an important element in the success of the entire Group. For this reason, the personnel policy is focused on the selection, motivation, and evaluation of employees, who contribute to increasing efficiency, achieving the assigned tasks and, in the long run, also to achieving strategic goals. JOJ Media House concentrates its attention on all occupational categories because each one of them participates in the achievement of the Group goals in its way.

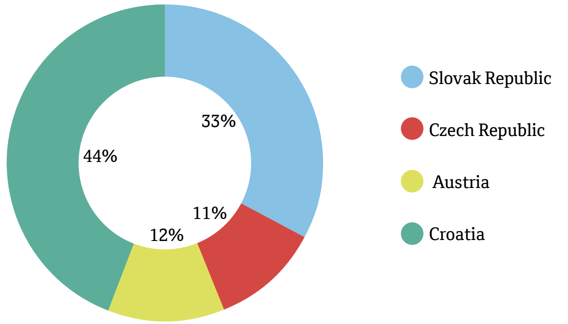
The JOJ Media House Group is one of the major employers not only in Slovakia but also in other countries in which it performs its business activities, such as the Czech Republic, Austria, and Croatia. Compared to the previous year, the **average number of employees of the entire Group increased significantly** as a result of the acquisition of Croatian companies operating in the print media market.

The Company applies a **diversity policy** to its bodies, recognizes cultural and individual differences in workplaces, and stresses the need to eliminate unilateralism in areas such as employee selection, job performance assessment, pay, and opportunity for education. The objectives of the policy reflect the organization's determination to provide equal opportunities to all regardless of gender, race, nationality, belief, altered working capacity, age, or marital status. The Company respects the principle of equal opportunity, which means that it will not allow direct or indirect discrimination against any employee.

OVERVIEW OF THE AVERAGE NUMBER OF EMPLOYEES OF THE MEDIA HOUSE BY COUNTRY

	2016	2015
Slovak Republic	266	262
Czech Republic	90	88
Austria	96	100
Croatia	355	n/a
Total JOJ Media House	807	450

SHARE OF COUNTRIES IN THE TOTAL NUMBER OF EMPLOYEES IN 2016



OVERVIEW OF THE AVERAGE NUMBER OF EMPLOYEES OF THE MEDIA HOUSE BY COMPANY

	2016	2015
JOJ Media House, a.s.	4	4
Slovenská Produkčná, a.s.	188	188
MAC TV s.r.o.	4	7
BigMedia, spol. s r. o.	22	19
Akzent BigBoard, a. s.	24	19
Recar Slovensko a. s.	2	3
Recar Bratislava a.s.	5	5
BHB, s.r.o.	1	1
Big Board Praha, a.s.	29	28
Czech Outdoor, s.r.o.	15	13
BigMedia, spol. s r.o.	25	24
QEEP a.s.	1	4
Outdoor akzent s.r.o.	20	19
Radio Services a.s.	11	11
EPAMEDIA - EUROPÄISCHE PLAKAT - UND AUSSEN MEDIEN GMBH	93	91
Heimatwerbung Ges.m.b.H (Linz)	0	6
R+C Plakatforschung und kontrolle GmbH	3	3
modern web, s.r.o.	5	5
Novi List d.d.	243	n/a
Glas Istre Novine d.o.o. Pula	80	n/a
RTD, d.o.o.	32	n/a
Total JOJ Media House	807	450

06 SIGNIFICANT EVENTS IN 2016

SIGNIFICANT EVENTS IN 2016

On 1 January 2016, the company of HARAD, a.s., merged with its subsidiary Radio Services s.r.o. The successor organization has become HARAD, a.s., which has changed its name to **Radio Services, a.s.**, since 1 January 2016.

On 21 January 2016, the company JOJ Media House, a.s., acquired a 49% share in the company **eFabrica, a.s.**

On 1 February 2016, the company BigBoard Praha, a.s., acquired a 50% share in the company **D&C Agency, s.r.o.**, which owns a 48% share in the company Erflex a.s.

On 7 April 2016, the company JOJ Media House, a.s., acquired the following shares in the Croatian companies: **NOVI LIST d.d.** (80%) and its subsidiaries Adamic d.o.o. (100%), Nova revija d.o.o. (100%), Kreativni mediji d.o.o. (75%), and Smokva d.o.o. (50%), **GLAS ISTRE NOVINE d.o.o.** (59%) and its subsidiary Infantinfo d.o.o. (99.5%), and **RTD d.o.o.** (100%).

On 21 April 2016, the extraordinary General Assembly elected Mr. **Ing. Mojmír Mlčoch** a new member of the Supervisory Board of the company JOJ Media House, a.s.

On 2 June 2016, the company Slovenská produkčná, a.s., acquired a 100% share in the company **Magical roof s.r.o.**

On 14 June 2016, the shares in the Croatian companies **Kreativni mediji d.o.o.** (75%) and Smokva d.o.o. (50%) were sold.

On 16 June 2016, the company BigBoard Praha, a.s., acquired a 20% share in the company **Qeep, a.s.**

On 8 July 2016, the Croatian company **Nova Revija d.o.o.** (100% share) was liquidated.

On 5 September 2016, the JOJ Group introduced the **JOJ Family** television station in the Czech market.

On 7 October 2016, the company JOJ Media House, a.s., acquired the company **NIVEL PLUS s.r.o.**, which deals with newspaper publishing.

On 16 December 2016, the company BigBoard Praha, a.s., acquired a 100% share in the company **News Advertising s.r.o.**

EVENTS OCCURRING AFTER THE CLOSING OF THE ACCOUNTING PERIOD

On 4 January 2017, the company **Flowee s.r.o.** was established, in which the Group, through its subsidiary BigBoard Praha, a.s., owns a 35% share.

On 31 January 2017, the **General Assembly of JOJ Media House, a.s.**, decided that the Supervisory Board would carry out the activities of the audit committee.

On 7 February 2017, the Group sold its 98.63% share in the company **Infantinfo d.o.o.**

07 RISK FACTORS AND RISK MANAGEMENT

The Group has identified risk factors related to its business and operations. The following are considered to be the key factors:

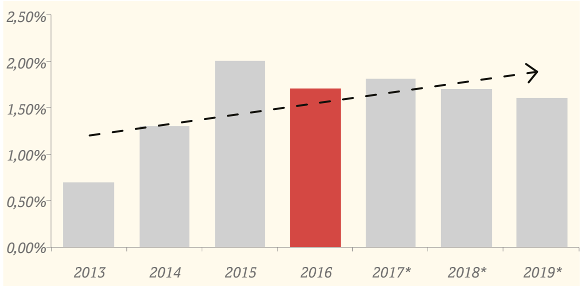
THE RISK OF THE COMPANY BECOMING DEPENDENT ON BUSINESS RESULTS OF ITS SUBSIDIARIES

The primary business activity of the Company is the management and financing of participations in other companies. Therefore, the Company is dependent on income from dividends and interest on loans to subsidiaries, and these depend on the success of its subsidiaries' business.

THE RISK OF A CRISIS, DEPENDENCE ON GENERAL ECONOMIC CONDITIONS AND THE RISK OF DECLINING ADVERTISING EXPENDITURE

Revenue from advertising makes up the majority of subsidiary revenues which are dependent on generally favourable economic market conditions. There is a risk that in the event of an economic crisis, recession, or adverse economic conditions, there will be a general reduction in advertising expenditure, with the result being that the Group may suffer losses.

EURO AREA GDP DEVELOPMENT REAL / *PREDICTION



Source: European Central bank (ECB)

THE RISK OF CHANGES IN THE ADVERTISING EXPENDITURE STRUCTURE

Due to the holding's focus on televisions advertising, the advertising expenditure structure of companies in the Slovak advertising market plays an important role in relation to future developments. According to the Group's internal analyses, historically the most used promotional medium is television and outdoor advertising, ranging at around 60–65% of total advertising expenditures. There is no guarantee that the television advertising market will maintain its current position to compete with other advertising media.

THE RISK OF VIEWER'S RATINGS DECLINING

The emergence of competing television stations with attractive ranges of programs as well as alternative forms of entertainment can lead to an outflow of viewers. The preferences and tastes of audiences are changing and the Company runs the risk that in this dynamic environment it may inaccurately estimate the needs of the public. The decline in viewership is closely related to the decrease in advertising revenue, which could have a negative impact on the profitability and overall development of the Group.

THE RISK OF COMPETITIVE STATIONS BEING LAUNCHED

With the advent of digitisation has made room for new television stations which could lead to more intense fighting in the media sector and television advertising. Due to the relatively simple process of obtaining a license for digital broadcasting new companies can enter the market and likewise launch new broadcasting stations. Such a competitive struggle may lead to a declining of viewer's ratings and the associated reduction in advertising revenue.

THE RISK OF REGULATION

The area of broadcasting and advertising is an area that is subject to regulation and in the event that circumstances change this regulation, there is no guarantee that such a change will not translate into negative economic results for the Group.

THE RISK OF LICENSE REVOCATION OR NON-RENEWAL OF VALIDITY

In the event of violation of the laws and regulations in force in respect of television broadcasting, in the extreme cases, the competent regulator may resort to withdrawal of the broadcasting license and thereby prevent further broadcast. Likewise, there is no legal entitlement to an extension of the license for its expiration. Since television advertising is a key source of income for the holding company, withdrawal of the license for broadcasting or non-renewal may have a negative impact on the Group's business.

RISK OF REFINANCING OF EXISTING LOANS AND FUNDING NEW PROJECTS

The consolidated capital structure of the Company's figures significantly in the range of debt financing which has its origins in the pre-crisis period. The companies within the holding initially chose an aggressive financial strategy, the financial market crisis, however, hindered their rapid development. The Group does not wish to eliminate the need in the future to again use anything other than their own resources to pay for existing or future liabilities. With the use of external sources of funding there is not only limited access to new sources of funding, but also reduced flexibility in management decisions coming from the various provisions in credit agreements, which aim to protect existing creditors.

TECHNOLOGICAL DEVELOPMENT

With the development of new technologies there is a risk of lagging behind the competition. Although the media constantly shifts, improves and refines itself, the implementation of innovation is a financially and operationally difficult process that requires not only changes by media companies, but also changes by customers (viewers). New technologies can cause an outflow of viewers to rival broadcasters or to other alternative forms of entertainment, which can result in a decline in advertising revenues.

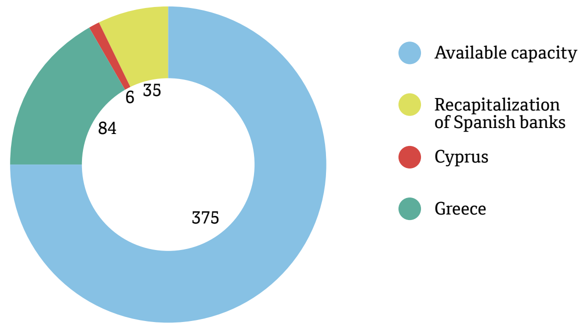
THE RISK OF CONCENTRATION

The diversification of services offered by companies within the holding is observable only in the media sector where they are focused alongside television advertising on other forms of advertising. There is a risk that in the event of changes in the needs of the advertising market, the Group may fail to respond flexibly and quickly, which could have the potential to reduce revenues for companies within the Group.

THE RISK OF AN UNSTABLE EURO ZONE

The current unstable situation in Europe and the outstanding issues of disproportionately indebted EU members exhibit the Slovak Republic and Austria as well as other euro zone states to risks associated with the strategy of assistance to euro zone states. In the context of strengthening the power of (financial) stabilisation mechanism, an increase in guarantees arises. In the case of failure of the EU for example as with Greece which has the problem repay loans from the European (financial) stabilization mechanism, with which comes the need for financial assistance from other EU Member States – which could affect the business environment and cause deterioration of the general economic situation in Slovakia, Austria, Croatia and the Czech Republic as well as in other EU countries upon which the Group is commercially dependent. The aforementioned circumstances, as well as all thereby related regulations, measures and decisions could negatively affect the Group's financial performance.

COMMITMENTS OF THE EUROPEAN STABILITY MECHANISM (IN BILLIONS OF EURO)



Source: European Stability Mechanism (ESM)

THE RISK OF LEGAL ACTION

Due to the nature of the business within the holding companies in the media industry, where it is often through competition shocking information and also information on the edge of the law appears, it is not possible to exclude any litigation faced by the subsidiaries. Any eventual lost litigation may have a negative impact on the financial position of the Group.

THE RISK OF LOOSING SIGNIFICANT CLIENTS

Advertisers – whether in the form of advertising agencies or companies themselves as direct advertisers will also constitute the building blocks of business by companies within the holding. The loss or termination of these relationships may result in a decrease in revenue from advertising.

SIGNAL TRANSMISSION RISK

The area of signal transmission is relatively concentrated sector in Slovakia. There is a risk that with the advent of digitisation distributing companies will get into a stronger negotiating position and be more selective when awarding new contracts. They also may seek changes in the charges from operators of television stations. Lack of signal propagation for TV JOJ, PLUS, WAU, Rik, Ťuki, JOJ Cinema and JOJ Family program structures could lead to a decline in advertising revenue.

THE RISK OF NON-RENEWAL OF LEASING CONTRACTS

Structures with advertising are sold to companies operating on the market of outdoor advertising are located in areas and localities that are not owned by the companies themselves, nor are the property of the companies within the holding. These are areas which Akzent BigBoard, BigBoard Praha, EPAMEDIA and their subsidiaries rent. Relationships with landlords are prepared mostly on for a limited period contracts, so there is a risk that after the agreed period of rental that the contract will not be renewed, either because of unwillingness to extend the contract by the landlord, or because of other restrictions. There is therefore a risk that an adequate replacement advertising space to sell advertising space can not be found, which can have the effect of reducing revenue from advertising.

THE RISK OF EUR/USD EXCHANGE RATES

The volatility of exchange rates, primarily the U.S. Dollar relative to the Euro, the internal is an internal risk factor that affects the Group's income/expense, especially income from the company Slovenská produkčná, a.s. The majority of film licenses and licenses for shows are acquired from trans-Atlantic film studios and licensing houses in U.S. dollars (USD). The company Slovenská produkčná, a.s., periodically enters into forward currency contracts to ensure the EUR/USD exchange rate and minimize risk.

NATURAL CATASTROPHES

No industry can avoid natural disasters, some of which can have a devastating impact on the operation of all companies – be it meteorological, geological or any other disaster that could interrupt the signal transmission. In the field of outdoor advertising such events may significantly damage, even destroy advertising spaces and greatly reduce their number.

THE RISK OF LEGISLATIVE CHANGES

As the market develops, the Company and the overall conditions, national legislation in individual states follows suit. The Group has expanded its operations into five countries in Central and Eastern Europe and, therefore, identified the risk that legislative change. These are changes to outdoor advertising laws, such as the Prague Construction Regulations – the specific legal regulations regarding changes/ restrictions on the placement of advertising media, their distance from roads, and the like. Possible changes in the law will require additional expenditures for advertising space or relocation, ultimately reducing the total number of advertising media.

DEVELOPMENT OF THE EUR TO USD EXCHANGE RATE IN 2016

Source: European Central Bank (ECB)

08 ADMINISTRATION AND MANAGEMENT

OWNERSHIP STRUCTURE

JOJ Media House is owned by the following companies:

99.9% is owned by TV JOJ L.P.
0.1% is owned by Mgr. Richard Flimel

SHARE CAPITAL

The share capital of the Company is made up of the following shares:

→ *Number*: 1,000 pieces;
→ *Class:* ordinary, registered shares
→ *Type:* hare certificates
→ *Nominal value: 25.00 EUR, with the issue price of each share at 27.50 EUR*

QUALIFYING HOLDINGS IN THE SHARE CAPITAL

The ownership of the shares comprising the share capital of the Company is divided as follows: 99.9% of the shares are owned by TV JOJ L.P. and 0.1% by Mgr. Richard Flimel. These shares are not freely tradable. The company HERNADO LIMITED as a general partner acts on behalf of the company TV JOJ L.P. The ultimate owner of the company HERNADO LIMITED is Mgr. Richard Flimel.

The Company does not own and has not issued any other securities admitted to trading on a regulated market in any Member State or country of the European Economic Area except for Slovakia. The Company has executed three issues of bonds listed on Bratislava Stock Exchange (Burza cenných papierov v Bratislave, a.s.). The first issue has amounted to 25 million EUR and has been marked with the following code: ISIN: SK4120008244, series 01. These bonds were paid up to 21 December 2015. The second issue has reached a level of 55 million EUR and has been marked with the following code: ISIN: SK4120009382, series 0. The third issue in the overall volume of 48.5 million EUR has been marked with the following code: ISIN: SK4120011222, series 1.

THE GENERAL ASSEMBLY

The General Assembly is the supreme body of the Company. The scope of powers of the General Assembly is determined by Act No. 513/1991 Coll., Commercial Code, as amended, and the Articles of Association. The General Assembly consists of all attending shareholders, directors, the supervisory board and third persons invited to the offices of the Company and shareholders who convene the General Assembly. Shareholders are entitled to attend the General Assembly, vote, request information and explanations concerning the affairs of the Company or persons controlled by the Company related to the agenda of the General Assembly and to present proposals.

Shareholders may exercise their rights at the General Assembly through a proxy holder who presents written scope of authorization. The exercise of the right to vote by shareholders is not limited by the Articles of Association. The number of shareholder votes is determined by the ratio of the nominal value of their shares to the share capital.

The General Assembly makes decisions through a majority vote from shareholders present.

In matters relating to changes to the Articles of Association, the increase or reduction of the share capital, the authorization given by the Board of Directors to increase the share capital, issue priority or convertible bonds, the dissolution of the Company, or the changes in the legal form of the Company, a two-thirds majority of the votes of the shareholders present is required, and a notarial deed of these facts must be drawn up.

A two-thirds majority of the votes of the shareholders present is also necessary to adopt a decision of the General Assembly on the close of trading the shares of the Company on the stock exchange and the Company's cessation to be a public joint stock company and become a private joint stock company.

The decision of the General Assembly on the change of the rights associated with some class of shares and on the restriction of the negotiability of registered shares requires the consent of a two-thirds majority of the votes of the shareholders owning the respective shares.

The increase in the share capital can be made upon the entry of new contributions in subscribing new shares, using the Company's property, using other funds of the Company recognized as the Company's equity in the individual financial statements, or combination thereof.

As at the date of this report, the Company did not own any its own shares, temporary certificates, or business shares of the parent entity.

In the period from 1 January 2016 to 31 December 2016, the General Assembly was convened as follows:

→ On 21 April 2016, the **extraordinary meeting of the General Assembly** was held to remove a member of the Supervisory Board from office and appoint a new one.

The General Assembly removed Mr. Ing. Radoslav Zápražný from his position of the Member of the Supervisory Board of the company JOJ Media House, a.s., and at the same time, the General Assembly elected Mr. Ing. Mojmír Mlčoch a new Member of the Supervisory Board.

→ On 29 April 2016, the **annual meeting of the General Assembly** was held for the purpose of consultation and approval of the consolidated financial statements for the period ending on 31 December 2015 and the annual report for the year 2015.

The General Assembly of the Company took note of the auditor's report on the Company's consolidated financial statements and annual report as at 31 December 2015 and decided to approve them.

→ On 30 June 2016, the **annual meeting of the General Assembly** was held for the purpose of consultation and approval of the regular individual financial statements, the proposal for the distribution of the Company's profit for 2015 and the approval of the auditor to verify the financial statements of the company JOJ Media House, a.s., for 2016.

The General Assembly of the Company took note of the auditor's report on the Company's regular individual financial statements as at 31 December 2015 and decided to approve them.

The General Assembly of the Company decided on the distribution of the profit for 2015 amounting to 19,213.39 EUR (in words: nineteen thousand two hundred and thirteen euros and thirty-nine euro cents) as follows: Profit for the year 2015 will be shifted to the Undistributed Profit of Past Years account.

The General Assembly of the Company decided to approve the auditor for the verification of the financial statements of the company JOJ Media House, a.s., for 2016.

THE BOARD OF DIRECTORS

The Board of Directors is the statutory body of the company JOJ Media House, a.s. It is authorised to act on behalf of the Company in all matters and represent the Company towards third parties and in the proceedings before courts and any other authorities. The Board of Directors manages the activities of the Company and decides on all matters of the Company unless they fall within the competence of the other bodies of the Company by law or upon the Articles of Association. The Board of Directors carries out the commercial administration of the Company and takes care of all of its operational and organisational matters. The Board of Directors is required to ensure the proper keeping of accounts and other records, business bookkeeping and other documents belonging to the Company. Among other things, it submits annual individual accounts and extraordinary individual financial statements, the proposal for profit distribution, including the determination of the amount, method and place of payment dividends and royalties and a proposal to cover the losses to the General Assembly for approval. The Board of Directors also convenes the General Assembly.

The Board of Directors has one member:

Mgr. Richard Flimel – Chairman of the Board of Directors (as of 6 November 2010)

THE SUPERVISORY BOARD

The Supervisory Board is the highest control body within the Company. It supervises the activities of the Board of Directors and business activities of the Company. The Supervisory Board reviews procedures in matters pertaining to the Company and is entitled at any time to inspect accounting documents, files and records relating to the activities of the Company and detect the position of the Company. The Supervisory Board examines the financial statements, which the Company is required to prepare under a specific regulation, the proposal for distribution of profit or coverage of losses, and is furthermore required to submit a report on the outcome to the General Assembly. In the event of serious deficiencies in the management of the Company and in other cases where in the interests of the Company, the Supervisory Board convenes the General Assembly. Upon the decision of the General Assembly adopted at its extraordinary meeting held on 31 January 2017, the Supervisory Board took over the activities of the Audit Committee under a specific regulation governing the powers and activities of audit committees.

Up until the date the annual report was published, the Supervisory Board was made up of three members:

Mgr. Marcel Grega – Chairman of the Supervisory Board (since 7 November 2015)

Ing. Mojmír Mlčoch – Member of the Supervisory Board (since 21 April 2016)

János Gaál – Member of the Supervisory Board (since 7 November 2015)

THE AUDIT COMMITTEE

During the year 2016, the Company's audit committee performed its activities. In particular, the role of the audit committee is to supervise the preparation of the financial statements and recommend the approval of the auditor to carry out the audit of the financial statements. The other functions of the committee are defined by law and the Articles of Association of the Company. The audit committee consisted of three members being appointed and removed by the General Assembly on the proposal of the Board of Directors or the shareholders of the Company.

As at 31 December 2016, the audit committee had three members:

Ing. Eva Matiašková
Ing. Ján Kliment
Mgr. Otília Danišová

Upon the decision of the General Assembly adopted at its extraordinary meeting held on 31 January 2017, the Supervisory Board took over the activities of the audit committee under a specific regulation governing the powers and activities of audit committees.

THE CODE OF CORPORATE GOVERNANCE

JOJ Media House is fully aware of the importance of maintaining the principles of Corporate Governance. On 21 March 2012, the Board of Directors declared the principles of the Code of Corporate Governance in Slovakia. The declaration contains complete information on methods of management, as well as information on derogations from the Code of Corporate Governance. All this information is published on the www.jojmediahouse.sk website. The governance of the Company deviate from this Code in the following points:

I.C.1. Regardless of the redistribution of powers in the Company, the remuneration strategy and any of its more substantial changes shall be a separate point of the agenda of the General Assembly.

This principle has been met partially. The Company shall proceed in accordance with the Commercial Code and Articles of Association, but the members of the Supervisory Board, Board of Directors and the audit committee shall not be entitled to any remuneration.

I.C.2. The remuneration in the form of shares, share options or any other rights to acquire shares or be remunerated on the basis of developments in stock prices and any changes substantially affecting the reward system shall be subject to the prior approval by the General Assembly of shareholders. Any other long-term incentive program intended for members of the bodies and senior management of the Company shall also be approved by the shareholders.

The principle does not apply to us. The Company does not provide rewards in the form of shares and share options.

I.C.3. Shareholders shall be given sufficient information enabling them to consider a decision on remunerations connected with the shares carefully.

The principle does not apply to us. The Company does not provide rewards in the form of shares.

II.A.4. Obstacles associated with the cross-border voting shall be removed.

This principle has been met partially. Voting periods allow domestic and international shareholders response in time. The Company does not use electronic voting in the General Assembly.

IV.A.4. Strategy for the remuneration of members of the Board of Directors, the Supervisory Board and key management, in particular through the statement of remuneration.

This principle has been met partially. The members of the Supervisory Board and Board of Directors are not paid any remuneration for the performance of their offices. The Company does not maintain and does not publish any statement of remuneration.

IV.A.5. Information about the members of Company bodies, including their qualifications, selection process, the facts whether they participate in the management of another company and if the bodies of the Company consider them independent.

This principle has been met partially. The Company publishes information about the members of the Company bodies, but less comprehensive than required by the principle.

IV.A.9. The internal arrangement of the bodies and the strategy in the field of corporate governance, in particular, the content of the Corporate Governance and Management Code and the procedure of its implementation.

This principle has been met partially. The corporate governance is based on the Corporate Governance and Management Code in Slovakia, the Articles of Association and the internal rules of the Company.

IV.F. The framework of corporate governance shall be complemented by an efficient procedure which will identify and support procurement of analyses and advice from analysts, securities traders, credit rating agencies, and others. These analyses and advice relevant to the decision-making of investors shall not be burdened with conflicts of interest that could impair their integrity.

This principle has not been met. The potential conflict of interest on the part of external consultants is resolved by agreements concluded with them, upon which they are obliged to act in the best interests of their client.

V.E.3. Information about who of the members of the Supervisory Board (or its committees) are considered by the Supervisory Board as independent, as well as the reasons why this information must be published periodically. This information must be clear, even in the case of nominations for the election of new members.

This principle has been met partially. The Company publishes information about the members of the Company bodies, but less comprehensive than required by the principle.

V.E.4.1. The appointment committee may consist of the members of the Supervisory Board, as well as of the members of the Board of Directors or management, but most of its members should be independent members of the Supervisory Board. Its primary task should be to make recommendations concerning the election and removal of the members of the Company bodies and assess the overall composition of the bodies, as well as the individual members of these bodies.

The Company has not established any appointment committee.

V.E.4.2. The remuneration committee shall be composed exclusively of members of the Supervisory Board, most of which should be independent members of the Supervisory Board. Its primary task should be submitting proposals and recommendations relating to the rules of all forms of remunerations to members of the Board of Directors and, where appropriate, additional key management of the Company, as well as to oversee that the remuneration of individuals is carried out in accordance with the Company rules for remuneration.

The Company has not established any remuneration committee.

V.E.4.3. The audit committee shall be composed exclusively of members of the Supervisory Board and persons appointed by the General Assembly, most of which should be independent members of the Supervisory Board. Its primary task should be making suggestions and recommendations regarding the execution of internal controls and external audits and overseeing the observance of legal regulations and recommendations relating to financial reporting and auditing in the Company. The committee shall submit a report on its activities and findings to the Supervisory Board at least once every six (6) months.

This principle has been met partially. On 31 January 2017, the Supervisory Board took over the activities of the audit committee under a specific regulation governing the powers and activities of audit committees.

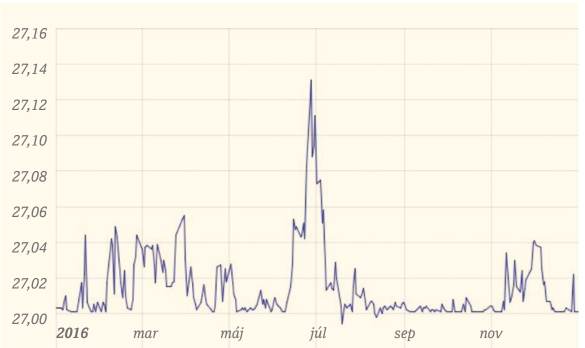
INTERNAL CONTROL SYSTEMS

Analyses of profit, cash flow, liquidity, profitability, activity, debt, and cost analyses form part of the system of internal controls and financial management in the Group. They are connected with strict control measures in accounting and monitoring devices of a technical nature. Using the system of internal controls, we ensure the compliance of the activities of the Company with the laws and internal rules, the objectives of the Company, as well as information necessary for decision-making processes. The primary task of the audit committee is making suggestions and recommendations regarding the execution of internal controls and overseeing the observance of legal regulations and recommendations relating to financial reporting and auditing in the Company. The Company's internal rules govern the organizational framework, rules for relationships, responsibility, and performance activities within the internal control system. The Group ensures the internal control by regular monitoring of the financial plan and the overall financial situation. Its role is to act preventively in accordance with internal rules and policies, detect deviations and eliminate them.

RISK MANAGEMENT METHODS

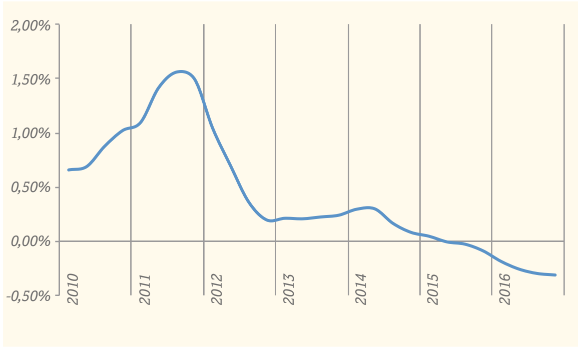
Liquidity Risk – This risk arises out of the conventional financing of the Group's operations, its ability to repay its liabilities at maturity and to manage its financial position. It represents a risk of inability to finance assets at a reasonable

DEVELOPMENTS IN THE EUR / CZK EXCHANGE RATE IN 2016



Source: European Central Bank (ECB)

3M EURIBOR DEVELOPMENT



Source: European Central Bank (ECB)

maturity and interest rate, and the danger of being unable to realize assets at a reasonable price within a reasonable time horizon. Individual companies in the Group use a variety of methods for the management of the liquidity risk. The management focuses on monitoring and managing the liquidity of each company. The Group covers the differences between short-term financial assets and liabilities using undrawn loans. Short-term financial needs are satisfied by overdraft loans and undrawn credit lines.

Currency Risk – The Group is exposed to the currency risk mainly related to USD and CZK. Long-term acquisition agreements are denominated primarily in USD. Therefore the Group manages the currency risk through forward contracts. The currency risk to CZK arises mainly out of received interest-bearing loans denominated in CZK. The sensitivity analysis is used to assess the currency risk.

Credit Risk – The Group is exposed to this risk primarily in the case of trade receivables, other receivables, and loans granted. The volume of exposure to this risk is expressed in the carrying amount of the particular asset recorded in the statement of financial position. The carrying value of receivables and loans granted reflects the highest possible financial loss, which would have to be recognized if the counterparty wholly fails to meet its contractual obligations and any collateral and guarantee would be nil. This value, therefore, highly exceeds the expected losses included in the reserve for bad debts.

Interest Rate Risk – The Group operations are exposed to the risk of changes in interest rates. The volume of this risk is equal to the value of interest-bearing assets and interest-bearing liabilities for which the interest rate at the due date or at the time of change is different from the current interest rate. The period for which the rate is fixed to the financial instrument, therefore, expresses the exposure to the risk of changes in interest rates. The Interest Sensitivity Analysis for Variable Rate Instruments and the Profile of Financial Instruments are used to assess interest rate risk.

Operational Risk – The Group is also exposed to the operational risk, such as a broadcast blackout. The Group manages this risk by diversification of the retransmission possibilities and implements redundant technology solutions to eliminate it

MANAGEMENT METHODS

The methods of the management of the companies in the Group include financial planning, raising funds, budgeting, and financial analysis. Due to its international reach, cross-national management diversity is an essential component of Group management. The companies also place emphasis on processes and management of areas such as market research and analysis, marketing research, promotion, brand management, sales, CRM and HRM. In management, the Group uses a continental corporate governance model focused on efficiency.

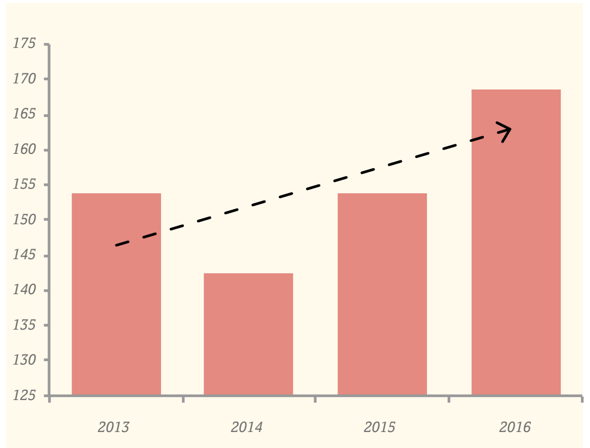
COMPANY'S BUSINESS MODEL

The Company's business model is based on selling advertising space, for which the price is crucially dependent on audience measurement in target groups of end-users, i.e. usually the target group aged 12 to 54. The measuring is ultimately used for ordering ads and ad pricing, using the so-called Gross Rating Points (GRPs) that quantify the impression as a percentage of the target group. In this type of business, it is a common the conclusion of advertising contracts at the end of the year for the next year. No significant risks of impact on the area of corporate social responsibility arise out of the business relationships, products, services or other activities of the Company. Each Company's activity is described in detail in the previous chapters.

EXPECTED FUTURE DEVELOPMENT OF THE COMPANY'S ACTIVITIES

The management assumes that the trend in GDP will also copy the trend of increasing media investments. The forecast of the GDP development in the countries in which the Group operates is positive and the prospects for the year 2017 are also favourable. Strong domestic consumption and increasing export activities contribute to the recovery of the economies of our major advertising partners. The whole economy improves its performance, and similarly, investments in the media segment show growing trends. No entry of a major competitor into this market is expected. All these factors should contribute to the continuing organic growth of the Group's revenue and operating profitability.

GROUP OPERATING REVENUE DEVELOPMENT (IN MILLIONS OF EUR)



Source: Consolidated Financial Statements of the Group

PROPOSAL FOR DISTRIBUTION OF PROFIT OR SETTLEMENT OF LOSS

The distribution of the operating result of the company JOJ Media House, a.s., for the accounting period 2016 in the amount of -879,533.47 EUR shall be decided by the General Assembly. The proposal of the statutory body to the General Assembly is as follows:

→ Shifting of 879,533.47 EUR to unsettled loss of past years.

The shareholders/ partners of subsidiaries will decide on their operating results.

OTHER ADDITIONAL INFORMATION

In 2016, the company JOJ Media House, a.s., and the companies included in the consolidation did not incur any costs in the field of research and development.

The company JOJ Media House has no structural unit outside Slovakia.

The company Slovenská produkčná uses foreign exchange forward transactions to secure the financial risk of a negative development of the exchange rate of USD to EUR. The Group manages the financial and credit risks through diversified financing. Cash flow and liquidity parameters are monitored at regular intervals.

The Company has not concluded any agreement that will enter into force, change or terminate as a result of a change in control ratios in respect of a takeover bid. There are no agreements concluded between the Company and members of its bodies or employees, based on which compensation should be provided to them if their office or employment ends by resignation from position, notice of termination given by the employee, removal from office, notice of termination by the employer without providing any reasons, or if their office or employment is terminated as a result of a takeover bid.

The Company does not deal with any activities that have an impact on the environment and have no significant impact on employment.

The Company is not aware of any agreement between the owners of securities that could lead to restrictions on voting rights and the negotiability of the securities.

The exercise of the right of shareholders to vote is not limited by the Articles of Association.

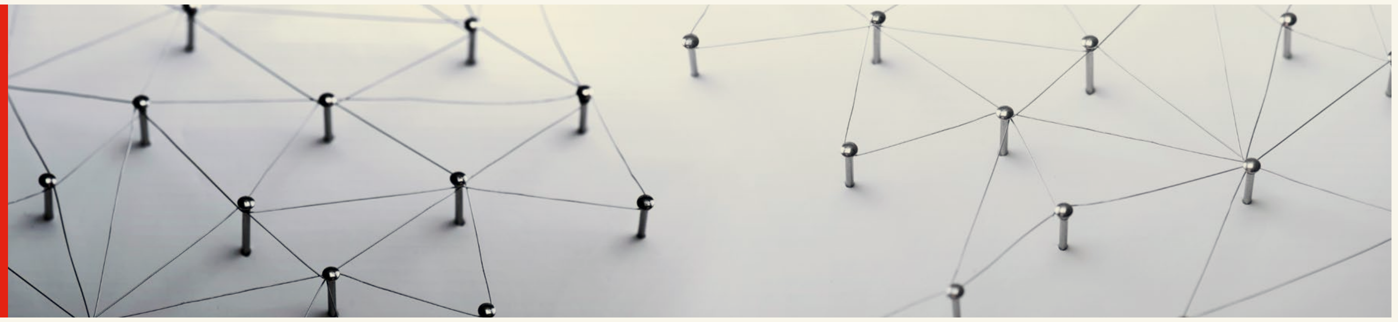
To the date of issue of this document, no securities were issued, the owners of which would have special control rights.

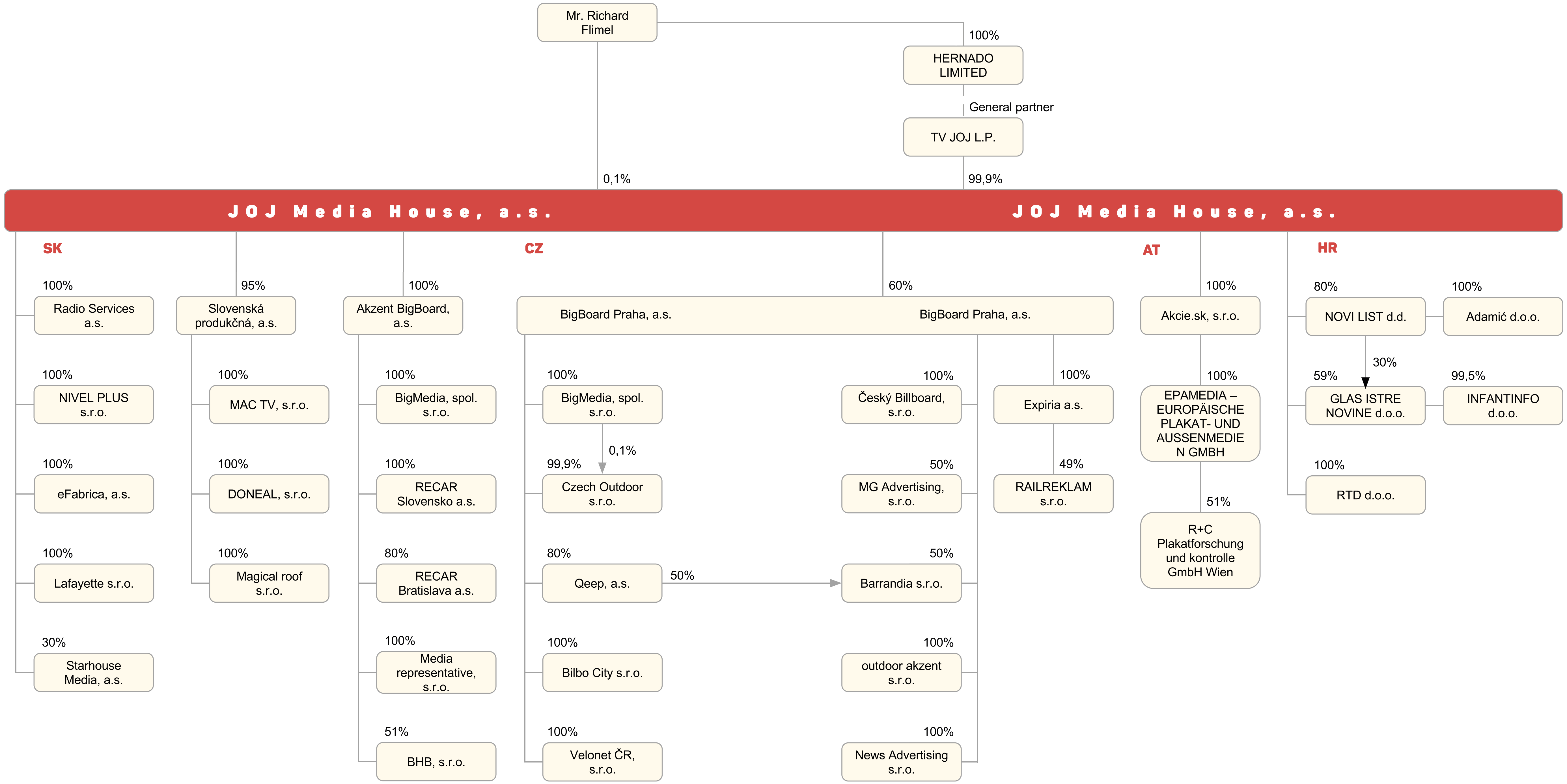
In 2012, the company BigBoard Praha, a.s., carried out two issues of bonds listed on the Prague Stock Exchange (Burza cenných papírů Praha, a.s.). The first issue amounted to 800 million CZK and was marked with the following code: ISIN: CZ0003502312. The second issue reached a level of 660 million EUR and was marked with the following code: ISIN: CZ0003503153.

As at the date of this document, no additional specific regulations are known to the Company according to which it should add any information to the annual report.

Contact person responsible for the preparation of the annual report: Ing. Vladimír Drahovský, drahovsky@joj.sk, + 421917643681

09 ORGANISATIONAL STRUCTURE




Mr. Richard Flimel
100%
HERNADO LIMITED
General partner
TV JOJ L.P.
0,1%
99,9%
JOJ Media House, a.s.
JOJ Media House, a.s.
SK
CZ
AT
HR
100%
Radio Services a.s.
100%
NIVEL PLUS s.r.o.
100%
eFabrica, a.s.
100%
Lafayette s.r.o.
30%
Starhouse Media, a.s.
95%
Slovenská produkčná, a.s.
100%
MAC TV, s.r.o.
100%
DONEAL, s.r.o.
100%
Magical roof s.r.o.
100%
Akzent BigBoard, a.s.
100%
BigMedia, spol. s.r.o.
100%
RECAR Slovensko a.s.
80%
RECAR Bratislava a.s.
100%
Media representative, s.r.o.
51%
BHB, s.r.o.
60%
BigBoard Praha, a.s.
BigBoard Praha, a.s.
100%
BigMedia, spol. s.r.o.
0,1%
99,9%
Czech Outdoor s.r.o.
80%
Qeep, a.s.
50%
100%
Bilbo City s.r.o.
100%
Velonet ČR, s.r.o.
100%
Český Billboard, s.r.o.
50%
MG Advertising, s.r.o.
50%
Barrandia s.r.o.
100%
outdoor akzent s.r.o.
100%
News Advertising s.r.o.
100%
Expiria a.s.
49%
RAILREKLAM s.r.o.
100%
Akcie.sk, s.r.o.
100%
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH
51%
R+C Plakatforschung und kontrolle GmbH Wien
80%
NOVI LIST d.d.
100%
Adamić d.o.o.
30%
59%
GLAS ISTRE NOVINE d.o.o.
99,5%
INFANTINFO d.o.o.
100%
RTD d.o.o.

10 CORPORATE SOCIAL RESPONSIBILITY

TV JOJ FOUNDATION ESTABLISHMENT

*The TV JOJ Foundation was established on 18 June 2007, and, in August of that year, it begun to carry out its mission as per its motto: **"Helping those who try."** The Governing Board designated certain areas which were defined as the core objectives upon its establishment:*

They are:
→ Pediatric oncology
→ Gifted children
→ National cultural heritage
→ Individually designed humanitarian aid for individuals or groups of persons.

The foundation fulfils its purpose in particular by providing funds through donations and grants to individuals, non-profit institutions, non-governmental organisations, educational institutions, municipalities and other associations providing public services. During its existence, the Foundation has handed more than **1.4 million EUR**. In 2016 it was 113,234.56 EUR.

The Foundation has a 9-member board of directors consisting of members of TV JOJ staff – chairman Marcel Grega. The statutory authority is Foundation administrator Vladimír Fatika and the executive manager is Luboš Sarnovský.

OVERVIEW OF 2016 ACTIVITES

PEDIATRIC ONCOLOGY

The primary mission in this area was to support young oncology patients through the charity project titled "Ultra Marathon", in which the Foundation participated as a partner of the event. The Foundation's collection provided 4,455.00 EUR to the children's hospice "Plamienok".

GIFTED CHILDREN – SPORTS TALENTS

The main mission in this area is the support and development of sport in primary schools and smaller towns and villages. In 2016, the total assistance amounted to 78,666.60 EUR.

In September 2016, after a long-term preparation, the Foundation launched the **"Floorball Challenge 2017"**, the project in which floorball clubs in all elementary schools can participate. The Slovak Republic's final will be held in June 2017. The project is implemented through a campaign and challenges from September 2016 to June 2017. As part of a tour through Slovakia, primary schools received equipment (jerseys, sticks, and balls) of 8,669.40 EUR, and final donations for schools will amount to 10,000.00 EUR. The schools will also receive additional equipment from the project partners.

The second year of the project titled **"Football Harvest"** provided 65 + 5 football clubs all over Slovakia with an assistance of 69,997.20 EUR. The project focused on 65 standard football teams and five teams selected by people on Facebook.

NATIONAL CULTURAL HERITAGE

The Foundation continued its documentary project and is preparing a new documentary work which will feature the fate of persons connected with Josef Gabčík.

OTHER SUPPORT

The Foundation was financially involved in the following projects by the amount of 30,112.96 EUR:

→ The Seventh Heaven project, which continued to support the remaining families, which draw the funds gradually upon partial bills. This project was linked to the category of talented children, pediatric oncology, and assistance to the socially weaker sections of the population.
→ The Dream Dance project, within which the Foundation continued to support the family, to which the funds were paid partially.
→ The "Divínsky Boyard" project, within which the Foundation provided 1,500.00 EUR for the competition of pupils of primary schools in Central Slovakia.
→ The "Christmas Giving" project is designated for socially weaker groups of the population. Within it, the Foundation allocated the amount of 10,096.61 EUR as assistance for 11 families.
→ Collection for Stanislava Lagrunová in the amount of 516.35 EUR.
→ Collection for Peter Babjak in the amount of 13,000.00 EUR.
→ Medical aid to refugees (EMRAS) in the amount of 5,000.00 EUR.

PLANNED ACTIVITIES FOR 2017

In 2017, the Foundation intends to continue in carrying out its activities and successful projects and prepares:

→ The sixth year of the project titled "Seeking out Young Sport Talents" for gifted children, which will reward ten talented athletes.
→ The fourth year of the "Christmas Giving" project.
→ The second year of the "Ultra Marathon" project.
→ The final of the Floorball Challenge 2017.
→ The completion of production of documentary audiovisual works.
→ Assistance to mothers in need.
→ Support for oncology patients.
→ Support for children with disabilities.
→ Individually designed humanitarian aid for individuals or groups of people through a prepared continuous public collection that can be used immediately in emergencies such as fires, floods, landslides, and the like.

CORPORATE SOCIAL RESPONSIBILITY

In the field of corporate social responsibility, the Foundation ensured activities in the following areas:

ECONOMIC AREA

→ The introduction of compliance, ethics, and corruption prevention by limiting cash payments.
→ Transparency, the order, invoice, and payment monitoring system, and registering all contracts and agreements.
→ Protection of intellectual property rights in the use of goods that fall under copyright protection.
→ Good relations with donors, customers, and suppliers, and the fair approach.

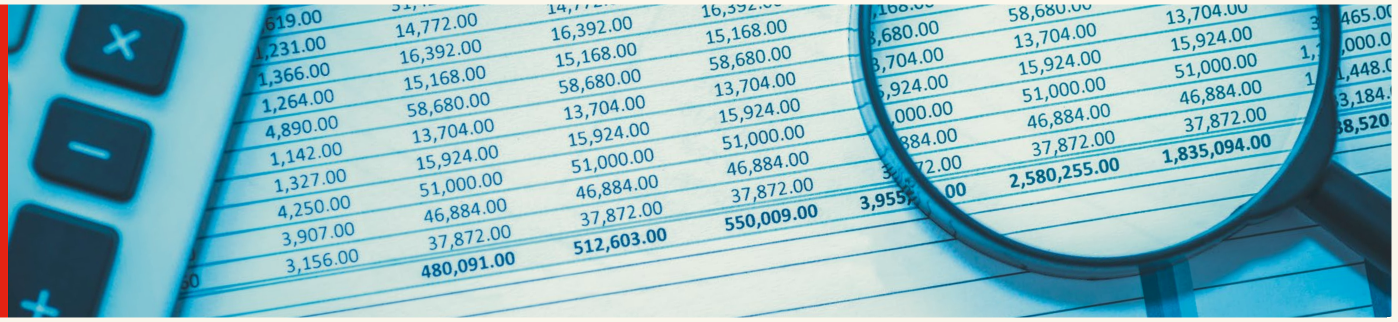
SOCIAL AREA

→ Philanthropic activity, support through the Foundation, the development of activities of children and youth, helping socially disadvantaged and vulnerable communities, and the like.
→ Communication with stakeholders, and accurate communication to donors and donees (customers).
→ Respect for human rights and support for their observance.
→ Compliance with labour standards, and responsible behavior to our employees.

ENVIRONMENTAL AREA

→ Better handling of electricity and other resources, turning off devices in standby mode and reducing the impact on the environment.
→ The use of electronic documents, the reduction of paper consumption, and recycling of paper.
→ Environmental protection, separation of waste, and ensuring of recycling beyond the law

11 DECLARATION OF THE COMPANY'S BOARD OF DIRECTORS



The individual and consolidated financial statements as of 31 December 2016 have been prepared in accordance with special regulations while providing a true and fair view of the assets, liabilities, financial position and operating result of the Company.

Mgr. Richard Flimel
Chairman of the Board of Directors

Mgr. Marcel Grega
Chairman of the Supervisory Board

CONSOLIDATED FINANCIAL STATEMENTS

JOJ Media House, a. s.
and Subsidiary Companies

Consolidated Financial Statements
for the year ended 31 December 2016

prepared in accordance with
International Financial Reporting Standards
as adopted by European Union

Translation note:
This version of the accompanying consolidated financial statements is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the consolidated financial statements takes precedence over this translation.

Content

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in thousands of EUR	*Note*	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Revenues from services	*5*	166 772	152 125
Other operating income	*6*	1 690	1 705
Total operating income		**168 462**	**153 830**
Bargain purchase gain	*4*	-	77
Personnel expenses	*7*	(26 330)	(19 392)
Production costs of TV and radio broadcasting programmes		(23 832)	(22 611)
Use and write-off of programme rights	*8,19*	(13 093)	(11 560)
Depreciation, amortization and impairment of non-current tangible assets	*9*	(17 797)	(17 931)
Rent of advertising space		(24 014)	(24 888)
Other operating expenses	*10*	(58 862)	(51 975)
Total operating expenses		**(163 928)**	**(148 357)**
Profit from operating activities		**4 534**	**5 550**
Exchange rate loss, net		(552)	(1 573)
Interest expense, net	*11*	(11 681)	(12 691)
Gain from financial instruments	*12*	241	614
Gain from associates and joint ventures		200	98
Gain / (loss) from the sale of entities	*4*	57	(4)
Other financial expenses, net		(414)	(145)
Loss before tax		**(7 615)**	**(8 151)**
Income tax	*13*	1 244	548
Loss for the period		**(6 371)**	**(7 603)**
Gain / (loss) for the period attributable to:			
Equity holders of the parent company		(6 469)	(6 891)
Non-controlling interest		98	(712)
Other comprehensive income, after tax			
Items with subsequent reclassification into profit or loss:			
Foreign currencies translation differences		(33)	313
		(33)	**313**
Total comprehensive income		**(6 404)**	**(7 290)**
Total comprehensive income attributable to:			
Equity holders of the parent company		(6 497)	(6 657)
Non-controlling interest		93	(633)

The notes presented on pages 9 to 85 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**As at 31 December 2016**	**As at 31 December 2015**
Assets			
Goodwill	*14*	11 560	6 781
TV format	*14*	84 248	88 929
Other intangible assets	*14*	63 962	66 183
Programme rights	*19*	1 379	972
Property, plant and equipment	*16*	88 768	83 006
Investments in associates and joint ventures	*18*	1 300	1 195
Trade and other receivables	*20*	253	247
Loans granted	*21*	28 357	22 030
Other assets	*22*	13	10
Deferred tax asset	*27*	1 186	979
Total non-current assets		**281 026**	**270 332**
Programme rights	*19*	14 680	14 560
Internal programme rights	*19*	31 797	24 971
Trade and other receivables	*20*	23 652	26 371
Other financial instruments	*17*	571	459
Loans granted	*21*	1 947	1 611
Other assets	*22*	3 802	2 765
Corporate income tax receivable		45	140
Cash and cash equivalents	*23*	11 809	12 549
Total current assets		**88 303**	**83 426**
Total assets		**369 329**	**353 758**

in thousands of EUR	*Note*	**As at 31 December 2016**	**As at 31 December 2015**
Equity			
Share capital	*24*	25	25
Other funds	*24*	50 904	50 368
Accumulated losses		(19 462)	(13 081)
Total equity attributable to equity holders of the parent company		**31 467**	**37 312**
Non-controlling interests		1 256	1 237
Total equity		**32 723**	**38 549**
Liabilities			
Bank loans	*25*	62 636	68 486
Loans and borrowings	*25*	8 991	10 286
Issued bonds	*26*	128 790	118 591
Provisions	*28*	1 615	1 241
Trade and other financial liabilities	*29*	2 035	943
Other liabilities	*30*	1 751	1 488
Deferred tax liability	*27*	32 052	34 184
Total non-current liabilities		**237 870**	**235 219**
Bank loans	*25*	34 285	20 756
Loans and borrowings	*25*	2 432	1 868
Issued bonds	*26*	1 406	1 646
Provisions	*28*	1 249	3 055
Trade and other financial liabilities	*29*	51 513	44 717
Other liabilities	*30*	7 243	7 012
Corporate income tax liability		608	936
Total current liabilities		**98 736**	**79 990**
Total liabilities		**336 606**	**315 209**
Total equity and liabilities		**369 329**	**353 758**

The notes presented on pages 9 to 84 form an integral part of the consolidated financial statements.

JOJ Media House, a. s. and Subsidiary Companies

Consolidated statement of changes in equity for the year ended 31 December 2016

in thousands of EUR	*Note*	**Equity attributable to equity holders of the parent company**							
		Share capital	**Legal reserve fund**	**Other capital funds**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interest**	**Total**
Balance at 1 January 2016		**25**	**307**	**51 013**	**(952)**	**(13 081)**	**37 312**	**1 237**	**38 549**
Total comprehensive income for the period									
Gain / (loss) for the period		-	-	-	-	(6 469)	(6 469)	98	(6 371)
Other comprehensive income, after tax									
Foreign currencies translation differences		-	-	-	(28)	-	(28)	(5)	(33)
Total other comprehensive income		**-**	**-**	**-**	**(28)**	**-**	**(28)**	**(5)**	**(33)**
Total comprehensive income for the period		**-**	**-**	**-**	**(28)**	**(6 469)**	**(6 497)**	**93**	**(6 404)**
Transactions with owners recognized directly in equity									
Increase of other capital funds		-	-	550	-	-	550	-	550
Transfer to other capital funds		-	-	13	-	(13)	-	-	-
Dividends paid out to non-controlling interest		-	-	-	-	-	-	(61)	(61)
Effect of new acquisitions	*4*	-	-	-	-	-	-	311	311
Changes in ownership interest without loss of control	*24*	-	-	-	1	101	102	(324)	(222)
Total transactions with owners		**-**	**-**	**563**	**1**	**88**	**652**	**(74)**	**578**
Balance at 31 December 2016		**25**	**307**	**51 576**	**(979)**	**(19 462)**	**31 467**	**1 256**	**32 723**

in thousands of EUR	*Note*	**Equity attributable to equity holders of the parent company**							
		Share capital	**Legal reserve fund**	**Other capital funds**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interest**	**Total**
Balance at 1 January 2015		**25**	**305**	**51 004**	**(1 186)**	**(6 179)**	**43 969**	**1 013**	**44 982**
Total comprehensive income for the period									
Loss for the period		-	-	-	-	(6 891)	(6 891)	(712)	(7 603)
Other comprehensive income, after tax									
Foreign currencies translation differences		-	-	-	234	-	234	79	313
Total other comprehensive income		**-**	**-**	-	**234**	**-**	**234**	**79**	**313**
Total comprehensive income for the period		**-**	**-**	-	**234**	**(6 891)**	**(6 657)**	**(633)**	**(7 290)**
Transactions with owners recorded directly in equity									
Transfer to legal reserve fund and other capital funds		-	2	9	-	(11)	-	-	-
Dividends paid out to non-controlling interest		-	-	-	-	-	-	(22)	(22)
Effect of new acquisitions	*4*	-	-	-	-	-	-	879	879
Total transactions with owners		**-**	**2**	**9**	-	**(11)**	-	**857**	**857**
Balance at 31 December 2015		**25**	**307**	**51 013**	**(952)**	**(13 081)**	**37 312**	**1 237**	**38 549**

The notes presented on pages 9 to 84 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Cash flows from operating activities			
Loss for the year		(6 371)	(7 603)
Corporate income tax	*13*	(1 244)	(548)
Interest expense, net	*11*	11 681	12 691
Profit before interest and tax		**4 066**	**4 540**
Adjustments for:			
Depreciation, amortization and impairment of non-current tangible assets	*9*	17 797	17 931
Creation / (release) of impairment of receivables and other assets		766	(85)
Bargain purchase gain	*4*	-	(77)
Gain from financial instruments		(99)	(601)
Change in provisions		(1 882)	(1 145)
Loss on disposal of non-current assets		-	511
Profit from associates and joint ventures		(200)	(98)
(Gain) / loss from the sale of entities	*4*	(57)	4
Other non-cash items		119	147
Operating profit before changes in working capital		**20 510**	**21 127**
Increase in programme rights and internally produced TV programmes		(7 353)	(4 049)
(Increase) / decrease in trade and other receivables and other assets		2 618	(3 009)
Increase in trade liabilities, other financial liabilities and other liabilities		3 822	1 113
Cash flows from operating activities		**19 597**	**15 182**
Interest paid		(11 272)	(15 431)
Income tax paid		(1 994)	(860)
Net cash flows from / (used in) operating activities		**6 331**	**(1 109)**
Cash flows from investing activities			
Business combinations, net of cash acquired	*4*	(8 990)	(1 032)
Proceeds from sale of entities, net of cash disposed	*4*	67	10
Disbursements on acquisition of ownership interests without a change of control		(185)	-
Proceeds from sale of property, plant and equipment and intangible assets		1 318	697
Acquisition of property, plant and equipment and intangible assets		(8 447)	(6 703)
Proceeds from financial instruments		81	1 018
Acquisition of financial instruments		(204)	(25)
Disbursements of loans granted		(7 638)	(22 896)
Proceeds of loans granted		2 659	336
Dividends received		105	94
Interest received		212	13
Net cash used in investing activities		**(21 022)**	**(28 488)**

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Cash flows from financing activities		
Repayments of loans	(11 627)	(29 793)
Drawings of loans	10 759	68 136
Issued bonds	8 118	34 178
Repurchase of own bonds	-	(16 452)
Redemption of issued bonds	-	(18 357)
Payments of finance lease liabilities	(615)	(485)
Increase in other capital funds	550	-
Dividends paid to non-controlling interests	(61)	(22)
Net cash from financing activities	**7 124**	**37 205**
Increase / (decrease) in cash and cash equivalents	(7 567)	7 608
Cash and cash equivalents at 1 January	(2 606)	(10 337)
Effect of exchange rate fluctuations on cash held	1	123
Cash and cash equivalents at 31 December	**(10 172)**	**(2 606)**

Cash and cash equivalents include:

in thousands of EUR	*Note*	**As at 31 December 2016**	**As at 31 December 2015**
Cash on hand, stamps and vouchers, cash in bank	23	11 809	12 549
Bank overdrafts		(21 981)	(15 155)
Total		**(10 172)**	**(2 606)**

The notes presented on pages 9 to 84 form an integral part of the consolidated financial statements.

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1. Information about the accounting entity

JOJ Media House, a. s. (hereinafter referred to as “the parent company” or "the Company") was established on 26 October 2010 and was registered in the Commercial Register as a joint stock company on 6 November 2010 (Commercial Register of the District Court Bratislava I in Bratislava, Section Sa, file 5141/B) under the identification number 45 920 206. Tax identification number is 2023141945. The Company’s address is Brečtanová 1, 831 01 Bratislava.

The Company’s share capital is registered in the Commercial Register and is fully paid up.

The Company is not a partner with unlimited liability in other companies.

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates entities and joint ventures.

The main activities of the Group is operating private TV stations, providing services to the radio broadcasters, including the sale of media (advertising) space, publishing daily newspapers and the sale of external advertisement spaces (billboards, bigboards, movable “out of home” communication, etc.).

The Company’s bodies

Board of directors	Mgr. Richard Flimel - chairman
Supervisory board	Mgr. Marcel Grega Ing. Mojmír Mlčoch János Gaál

Information about the parent of the Group

On 1 February 2013, the structure of JOJ Media House, a.s.’s shareholders has changed in such way that instead of the majority shareholder HERNADO LIMITED, with its registered office in Akropoleos, 59-61 SAVVIDES CENTER, 1st floor, Flat/Office 102, 2012 Nicosia, Cyprus, registration number: 271787 („HERNADO LIMITED“) the new majority shareholder holding 99.9% of shares of the Company became TV JOJ L.P., with its registered office in Klimentos, 41 - 43 KLIMENTOS TOWER, 2nd floor, Flat/Office 21, 1061 Nicosia, Cyprus, registration number: 12128. HERNADO LIMITED, the previous majority shareholder, acts on behalf of the new majority shareholder as its general partner. This transaction has no effect on executing the control over the Company. Other aspects of shareholder structure remain unchanged.

The ultimate owner of HERNADO LIMITED is Mgr. Richard Flimel.

The shareholders of the Company as at 31 December 2016 and as at 31 December 2015 were as follows:

in EUR	Interest in share capital EUR	Interest in share capital %	Voting rights %
TV JOJ L.P.	24 975	99.90	99.90*
Mgr. Richard Flimel	25	0.10	0.10
	25 000	**100**	**100**

* The company HERNADO LIMITED acts on behalf of TV JOJ L.P. as its general partner

1. Information about the accounting entity (continued)

The Company is not included into any other consolidated financial statements.

2. Significant accounting policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU").

b) Basis for preparation

Legal reason for the preparation of the Financial Statements

The consolidated financial statements of the Company as at 31 December 2016 have been prepared in accordance with the Article 22 of the Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from 1 January 2016 to 31 December 2016.

The consolidated financial statements were prepared using the accrual principle and going concern assumption that the Company will continue in operation for the foreseeable future.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of available-for-sale financial assets and financial assets at fair value through profit or loss which are measured at fair value.

Historical cost is generally based on the fair value of given consideration for the exchange of goods and services.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Functional currency

The consolidated financial statements are presented in euro (EUR), which is the functional currency of the Company and are rounded to thousands

The use of estimates and judgments

The financial statements require management to use various judgments, estimates and assumptions to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods, which are affected by the revision.

Information about areas with significant uncertainties in estimates and critical judgments in applying accounting policies with the most significant effect on the amounts presented in the financial statements is described in the following notes:

- Note 2.e); 2.f) – The estimated useful lives of tangible and intangible non-current assets
- Note 4 – Acquisitions and disposals of entities

2. Significant accounting policies (continued)

- Note 15 – Impairment testing of assets
- Note 17 – Other financial instruments
- Note 19 – Programme rights and internal programme rights
- Note 29 – Trade and other financial liabilities
- Note 28 – Provisions
- Note 37 – Group entities

Business combinations and purchase price allocation
Identifiable assets, liabilities and contingent liabilities of the acquired entity or its part are presented and valued in their fair value as at the date of acquisition. For the purposes of financial reporting, the purchase price allocation for individual parts of acquired net assets is realized with the assistance of professional advisors or is based on the Group's management judgement.

The valuation analysis is based on historical information and forecasted facts that are available as at the business combination date. Any forecasts that have an effect on the fair value of acquired assets are based on management's assessment, existing at that time, of the future development in the competitive and economic environment.

The results of the analysis are used also for determining the useful life for depreciating and amortization of values allocated to specific items of non-current tangible and intangible assets.

Impairment testing
On the date of an acquisition, the acquired goodwill is assigned to the relevant cash-generating units (CGUs), which are expected to benefit from the synergic effects resulting from the business combinations.

As at the balance sheet date, the Group considers the potential impairment of goodwill. If no indicator for potential impairment is detected, the Group, in accordance with IAS 36, tests the goodwill recognized in the business combination during the current accounting period and the goodwill reported in the prior accounting periods for potential impairment on an annual basis as at 31 December, i.e., as at the date of the preparation of the consolidated financial statements.

The Group is also testing for impairment other intangible assets with indefinite useful life and CGUs, where the need for such testing was identified. If no indicator of possible impairment is identified, the Group, in accordance with IAS 36, tests the intangible assets with indefinite useful life for potential impairment on an annual basis as at 31 December, i.e., as at the date of the preparation of the consolidated financial statements.

The recoverable amount of such assets is derived from future cash flows estimated by management, updated since the acquisition date. Key assumptions used in this testing are described in Note 15 – Impairment testing of assets. Impairment testing includes use of certain substantial accounting estimates, judgements and assumptions, which are inherently complex and therefore the future actual results may differ from these estimates. Even small changes in these assumptions can have a significant impact on the test result.

Impairment allowance to internal programme rights
The Group considers the usefulness of the internally generated programme rights on individual basis and carries out adjustments of the impairment allowance to internal programme rights based on estimated future losses and based on the expectation whether the internal programme right will be broadcasted in the future.

The Group writes off programme rights that cannot be broadcasted due to their expiry.

2. Significant accounting policies (continued)

Determination of the fair value of assets and liabilities
In determining the fair value of assets and liabilities, the Group uses market (observable) inputs whenever possible. If a market is not active, fair value of assets and liabilities is determined using valuation techniques.

Estimates and assumptions, used in valuation techniques, are consistent with the available information about the estimates and assumptions and with those the market participants would use in pricing.

Based on the inputs used in determining the fair value of assets and liabilities the fair value hierarchy has been defined:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

Group entities
On acquisition of a new entity, the Group reviews the baseline situation and assesses whether it's an acquisition of a controlling or a non-controlling interest.

International Financial Reporting Standards

The following International Financial Reporting Standards, amendments to standards and interpretations adopted by the EU are effective for the accounting period starting 1 January 2016, and have been applied in preparing the Group´s consolidated financial statements:

The application of standards set out below did not have a significant impact on the financial statements of the Group.

Amendments to **IAS 19 – Defined Benefit Plans: Employee Contributions.** Effective for annual periods beginning on or after 1 February 2015. The amendments apply retrospectively. Earlier application is permitted. The amendments are relevant only to defined benefit plans[1] that involve contributions from employees or third parties meeting certain criteria. Namely that they are: set out in the formal terms of the plan; linked to service and independent of the number of years of service. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

Amendments to **IAS 1 Presentation of Financial Statements**. Effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard. The guidance on materiality in IAS 1 has been amended to clarify that: immaterial information can detract from useful information, materiality applies to the whole of the financial statements, materiality applies to each disclosure requirement in an IFRS. The guidance on the order of the notes (including the accounting policies) have been amended, to: remove wording from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements, clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

[1] Post-employment defined benefit plans or other long-term employee defined benefit plans

2. Significant accounting policies (continued)

Amendment **IFRS 11 Joint Arrangements**: accounting for acquisitions of interests in joint operations. Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted. This Amendment requires business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

Amendments to **IAS 16 Property, Plant and Equipment** and to **IAS 38 Intangible Assets**: clarification of acceptable methods of depreciation and amortisation. Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted. The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

Annual Improvements to IFRSs

The improvements introduce a number of amendments to standards and consequential amendments to other standards and interpretations. Many of these changes are not expected to have a significant impact on the financial statements of the Group. Therefore we include below a discussion of only:

Annual improvements to IFRSs 2010-2012 cycle are effective for annual periods beginning on or after 1 February 2015:

The amendment to **IFRS 3 Business Combinations** with consequential amendments to other standards clarifies that when contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, rather than to any other standard. It also clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

Amendment to **IAS 24 Related Party Disclosures** extends the definition of related party to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The reporting entity must disclose these services as transactions with related parties.

Amendment to **IFRS 13 Fair Value Measurement** has clarified, in issuing IFRS 13 Fair Value Measurement it did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

Annual improvements to IFRSs 2012-2014 cycle are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted:

Amendment to **IAS 19 Employee benefits.** The amendment clarifies that the discount rate used in calculating employee benefit obligations should be based on high quality corporate bonds or government bonds in the same currency in which the benefit are to be paid.

Published International Financial Reporting Standards as adopted by EU that are not yet effective

At 31 December 2016 the following new standards, amendments to standards and interpretations, that were published and adopted by EU are not yet effective for the period ended 31 December 2016, and have not been applied in preparation of these financial statements of the Group.

2. Significant accounting policies (continued)

In May 2014, IASB issued **IFRS 15 Revenue from Contracts with Customers,** effective for the periods beginning on or after 1 January 2018. Earlier application is permitted. IFRS 15 provides a framework for revenue recognition and will be applied to all contracts with customers.

However, interest income and income from fees that are part of financial instruments and leases will continue to be outside the scope of IFRS 15 and will be governed by other relevant standards (e.g. IFRS 9 and IFRS 16 Leasing). IFRS 15 specifies that revenue should be recognised when (or as) the entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The Standard also establishes the principles that an entity shall apply to provide detailed disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Group does not anticipate earlier adoption of IFRS 15 and is currently evaluating its impact.

In July 2014, IASB issued final version of **IFRS 9 Financial Instruments** that replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 presents all three aspects of accounting for financial instrument projects: recognition and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, early application is permitted. In addition to hedge accounting, retrospective application is required, but the restatement of prior periods is not required. The Group plans to apply the new standard from the effective date. The Group began analysing the impact of the new standard on the balance sheet and assets.

Standards and interpretations not yet effective and not yet adopted by the European Union

IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15. IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals. The new Standard introduces a number of limited scope exceptions for lessees which include leases with a lease term of 12 months or less and containing no purchase options, and leases where the underlying asset has a low value (‘small-ticket’ leases). Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases will be retained.

The Group has not yet prepared an analysis of the expected quantitative impact of the new Standard. It is expected that the new Standard, when initially applied, will have an impact on the financial statements, since it will require the Group to recognise in its statement of financial position assets and liabilities relating to operating leases for which the Group acts as a lessee.

Amendments to **IAS 7** are effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. Early application is permitted. The amendments require new disclosures that help users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as the effect of foreign exchange gains or losses, changes arising from obtaining or losing control of subsidiaries, changes in fair value). The Group expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group.

2. Significant accounting policies (continued)

Amendments to **IAS 12**: Recognition of Deferred Tax Assets for Unrealised Losses. Effective for annual periods beginning on or after 1 January 2017; to be applied prospectively. Early application is permitted. The amendments clarify how and when to account for deferred tax assets in certain situations and clarify how future taxable income should be determined for the purposes of assessing the recognition of deferred tax assets. The Group expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. Effective for annual periods beginning on or after 1 January 2018. The Interpretation clarifies how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) and on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. In such circumstances, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The Group does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Group uses the exchange rate on the transaction date for the initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to **IFRS 10 and IAS 28** Sale or contribution of assets between an investor and its associate or joint venture. The effective date has not yet been determined by the IASB, however earlier adoption is permitted. The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Group has no subsidiaries, associates or joint ventures.

Other International Financial Reporting Standards

The Group has not early adopted any other IFRS standards adopted by EU where adoption is not mandatory at the balance sheet date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the Standards prospectively from the date of transition.

c) Basis for consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

2. Significant accounting policies (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is

based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when: (i) it has the power to control the relevant activities of the entities that significantly affect their profitability and income, (ii) it is exposed to, or has rights to, variable returns from its involvement with the entity and (iii) it has the ability to affect those returns through its power over the entity.

Existence and influence of voting rights, including potential voting rights, should be considered when assessing whether the Group has the control over another entity. For a right to be substantial, an equity holder must have the practical ability to exercise that right at the time when the relevant entity's activities are taken. The Group has control over another entity even though it holds less than half of the voting rights. In such a case, the Group assesses the size of the voting rights of other investors as compared to their rights as well as the distribution of ownership of these other voting rights to determine whether it has de facto decision-making power over the entity. The protection rights of other investors, such as those relating to significant changes to an entity's activities or those that are applicable only in exceptional circumstances, do not prevent the Group from controlling another entity.

iii. Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity- accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

2. Significant accounting policies (continued)

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against

the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

vii. Consolidation scope

There are 38 companies included in the consolidation as at 31 December 2016 (2015: 30 companies), out of which 34 companies (2015: 26 companies) were consolidated using the full consolidation method and 4 companies (2015: 4 companies) using the equity method. All consolidated companies prepared their annual financial statements at 31 December 2016. These companies are listed in Note 37 – Group entities.

viii. Unification of accounting policies

The accounting policies and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and agree with the policies applied by the Parent Company.

d) Foreign currency

i. Transactions in foreign currencies

Transactions in foreign currencies are initially translated into respective functional currencies of individual Group's entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies of individual entities at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into respective functional currencies of individual entities at the foreign exchange rates ruling at the dates when the relating transactions occurred and are not subsequently retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into respective functional currencies of individual entities at the foreign exchange rates ruling at the dates the fair values are determined. Foreign exchange differences arising are recognized in current period's profit or loss.

ii. Financial statements of foreign entities

Assets and liabilities of the Group's entities recorded in other currencies than functional currency of the Company (foreign companies) are translated to Euro by the exchange rate valid at the balance sheet date. The goodwill and changes in fair values related to acquisition of new entities are translated in the same way. Revenues and expenses are translated to Euro by the exchange rate valid as at the date of the accounting transaction. Related exchange rate differences are recognized into equity.

Exchange rates announced by the European Central Bank are used for translation of foreign currencies.

2. Significant accounting policies (continued)

With the loss of control in a foreign subsidiary, significant influence in a foreign associate, or joint control in a foreign jointly controlled entity, exchange rate differences previously recognized in equity are reclassified to profit or loss as part of a gain or loss on the sale of the entity.

When the Group sells a part of a foreign subsidiary without a loss of control, a proportional part of exchange rate differences recognized in equity is transferred to non-controlling interest.

When the Group sells a part of a foreign associate or a foreign jointly controlled entity without a loss of significant influence or joint control, a proportional part of exchange rate differences recognized in equity is transferred into profit or loss.

e) Property, plant and equipment (tangible fixed assets)

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (refer to accounting policy under note e) iv.) and impairment losses (refer to accounting policy under note l)).

Acquisition cost consists of the price at which an asset has been acquired plus costs related to acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located and relating production overhead costs. Borrowing costs are included in the acquisition cost of the qualifying asset.

Acquisition costs related to the replacement of the part of the property, plant and equipment is recognized in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. The carrying amount of the replaced part is derecognized.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see accounting policy e) iv.) and impairment losses (see accounting policy l)).

Other type of leasing is classified as operative leasing and such leased property is not included in the Group's statement of financial position.

iii. Subsequent expenditure

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Group and its cost can be measured reliably. All other expenditures including regular repair and maintenance of property, plant and equipment are recognised in the profit or loss as an expense as incurred.

2. Significant accounting policies (continued)

iv. Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land and acquisition of property, plant and equipment is not depreciated.

Estimated useful lives are as follows:

• Buildings and structures	20 to 37 years
• Bigboards and other advertising equipment	
Bigboards and other advertising equipment	10 to 30 years
Electronic advertising equipment	4 to 5 years
Fencing	based on contract duration
Technological installation	7 to 10 years
• Machinery and equipment	
Vehicles	4 to 5 years
Others	3 to 6 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually at the balance sheet date.

Each part of an item of property, plant and equipment (component) with a cost that is significant in relation to the total cost of the item is depreciated separately. Significant components of property, plant and equipment with similar useful lives and depreciation method are grouped together when determining the depreciation rate.

v. Gains and losses from sale of property, plant and equipment

Gains and losses from sale of property, plant and equipment are determined by comparison of proceeds from sale decreased by costs related to sale and carrying accounting value of property plant and equipment as at the date of sale. Gains and losses from sale of property, plant and equipment are recognized in profit or loss.

f) Non-current intangible assets

i. Goodwill

Goodwill is measured as the acquisition cost less cumulative losses from impairments (see accounting policy l)).

Goodwill from acquisition of subsidiaries is recognized as a separate item in the statement of financial position of the Group. Goodwill from acquisition of associates and jointly controlled entities is part of carrying value of Group’s investments in these entities.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (continued)

ii. Other non-current intangible assets

Other non-current intangible assets include assets acquired in business combinations (e.g. TV format, trademark and contractual relationships) and software. Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. These assets are carried at cost less accumulated amortisation (see accounting policy f) iv.) and impairment losses (see accounting policy l)).

iii. Subsequent expenditure

Subsequent expenditures are recognized in the carrying amount of intangible assets only when it is probable that the future economic benefits embodied will flow to the Group. All other expenditures including the costs for internally generated goodwill and trademark are recognised in the profit or loss as incurred.

iv. Amortisation

Amortisation is charged to profit or loss on a straight-line basis (with the exception of TV format, which is amortized non-straight-line based on its future expected economic benefits) over the estimated useful lives of intangible assets, from the date the asset is available for use.

Useful lives are usually firmly set. Intangible assets with an indefinite useful life are not subject to amortisation and are annually tested for impairment. Their useful life is also reassessed at balance sheet date in order to evaluate whether the existing conditions still support the indefinite useful life assumption. Goodwill is not subject to amortisation but is tested annually for impairment.

The estimated useful lives are as follows:

• Contractual relationships	7 to 20 years
• TV format[1]	42 years
• Other intangible assets - software and others	2 to 7 years
• Trademark	indefinite useful live

Useful lives of TV format, contractual relationships and trademark have been specified by an independent third party when determining the fair value of assets at acquisition of subsidiaries. The estimated useful life of TV format reflects the time frame of the target audience that was set at the date of the acquisition between the age of 12 and 54, assuming that in 42 years the preferences of the audience will change to other forms of media. Useful lives of contractual relationships reflects duration of the lease of advertising equipment and takes into account risk of discontinuance of the lease. Useful life of trademark reflects the period during which the economic benefits will flow to the Group. Since the Group is determined to use their logo, slogan and complete trademark, the Group together with an independent third party decided at the determination of fair values of assets at the acquisition of the companies that useful life of trademark will be indefinite.

Amortization methods and useful lives, as well as residual values, are reassessed at the balance sheet date and adjusted if appropriate.

[1] TV format represents the content of the television broadcasting and strategy by which this content is chosen and subsequently its perception from the point of view of TV viewer.

2. Significant accounting policies (continued)

g) Programme rights

Programme rights represent acquired titles of foreign and domestic movies and TV series where the Company obtained a right to use these titles in its broadcasting from the original holder of the rights for an agreed period. These include the right to create language versions to acquired titles, using the language appropriate to the broadcasting of the Company's station.

i. Non-current programme rights

Non-current programme rights are carried at cost. These programme rights are effective after one year from the balance sheet date. Non-current programme rights are amortised based on the number of runs. Percentage amount of amortisation was set by management based on the historical experience in the TV broadcasting and represents period during which the programme rights generate economic benefits. In case of two runs, 80% of cost is amortised after the first and 20% after the second run. In case of three and more runs, 60% of the cost is amortised after the first, 30% after the second and 10% after the third run.

Programme rights for acquired titles that have limited validity and ran through paid channels where management estimates their broadcasting more than 30 times are amortised on a straight line basis during the period the programme rights are valid.

There are several situations that lead to a downward value adjustment to programme rights. These include the programmes that will not be broadcasted as the relating rights are nearing their expiry date, the programmes with inappropriate content and the carrying amount of programmes broadcasted once, but their other runs will be broadcasted in times with a low potential to generate commercial revenue.

ii. Current programme rights

Current programme rights are carried at cost. These programme rights are effective or they will start to be effective within one year from the balance sheet date. Current programme rights are amortised in the same way as non-current programme rights, see Note g) i.).

The downward value adjustment to current programme rights is carried out in the same way as the value adjustment to non-current programme rights, see Note g) i.).

iii. Programme rights write-off

Programme rights that will expire before their broadcast are written-off through the profit or loss.

h) Internal programme rights

Internal programme rights represent the Company's own production of TV series, movies, sitcoms, documentaries, reality shows, news coverage and programmes focused on different topics (e.g. living, cooking, entertainment, etc.). Internal programmes include also dubbing and subtitles of foreign movies and TV series.

2. Significant accounting policies (continued)

Internal programme rights are recognized in the amount of direct costs of production and are amortized based on the number of broadcasted runs. Direct costs are costs which are interrelated with a production such as fees for actors, hosts, directors, script editors, screenwriters, cameramen, film producers, technicians, costs for stage setting, props, costumes, licenses, rent of premises for broadcast production and other costs related to outsourced works and services.

The percentage of amortization was determined by management based on historical experience in the television broadcasting sector and corresponds with a period during which the programme rights generate economic benefits. In case of two runs, 80% of cost is amortised after the first and 20% after the second run. In case of three runs, 60% of the cost is amortised after the first, 30% after the second and 10% after the third run.

In case of five runs, 60% of the cost is amortised after the first, 10% after the second through the fifth run.

The value of internal programme rights is decreased by programme titles that will not be broadcasted due to an inappropriate content orientation or by carrying amount of programmes broadcasted once, but their other runs will be broadcasted in time with low potential to generate advertising revenues. In case of programmes that will not be rerun in four years after the end of the last episode of the broadcast premiere, the entire carrying value of the programme (format or show) is written off as an expense, except for the internal production of the series Panelák. In case of this show, the total carrying amount will not be written off if at least one episode is broadcasted in four years after the end of the last episode of the respective series.

From the nature of internal programme rights the licensing period starts immediately after their production, and therefore they are recognised as current assets in the Consolidated statement of financial position of the Group.

i) Financial instruments

Financial assets

Financial assets are classified in one of the following categories: securities available for sale, financial instruments carried at fair value through profit or loss, loans and receivables and cash and cash equivalents. The Group does not recognise any held to maturity assets.

Securities available for sale

Securities available for sale represent non-derivative financial assets, which are not presented as financial assets carried at fair value through profit or loss, loans and receivables or assets held to maturity. Securities available for sale are recognized within other financial instruments in the statement of financial position of the Group.

Financial assets carried at fair value through profit or loss

Financial assets at fair value through profit or loss are those held by the Group for trading in order to obtain short term gains and derivative financial instruments. Such financial assets are recognized within other financial instruments in the statement of financial position of the Group.

The Group uses derivative financial instruments to hedge against risks arising from its operating, financing and investing activities. In accordance with the financial policy, the Group does not hold nor does it issue financial derivatives for trading purposes. As none of the derivatives fulfil the criteria for hedge accounting under IFRS as adopted by EU, they are treated as trade instruments.

2. Significant accounting policies (continued)

Loans and receivables
Loans and receivables represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables arise, when Group provides cash equivalents, goods or services directly to the debtor without intention of trading with the receivable.

Loans and receivables are recognized in the statement of financial position of the Group within trade and other receivables and loans granted.

Cash and cash equivalents
Cash and cash equivalents include bank accounts and deposit accounts. Overdraft bank accounts due on demand which are part of the Group's cash management are included in cash and cash equivalents for purposes of the cash flow statement.

Financial liabilities
Financial liabilities are classified in one of the following categories: financial liabilities carried at fair value through profit or loss or other financial liabilities.

Financial liabilities carried at fair value through profit or loss
Financial liabilities carried at fair value through profit or loss represent derivative financial instruments. Financial derivative instruments are recognized within trade and other financial liabilities in the statement of financial position of the Group.

The Group is using derivative financial instruments to hedge against risks arising from operating, financing and investing activities. In accordance with the financial policy of the Group, the Group does not hold nor does it issue financial derivatives for trading purposes. As none of the derivatives fulfil the criteria for hedge accounting under IFRS as adopted by EU, they are treated as trade instruments.

Other financial liabilities
Other financial liabilities are various financial liabilities not carried at fair value through profit or loss. Other financial liabilities, recognized in the statement of the financial position, are bank loans, interest-bearing borrowings, bonds issued and trade and other financial liabilities.

i. Initial recognition of financial instruments

Financial assed carried at fair value through profit or loss and securities available for sale are recognized at the date that Groups commits to purchase them. Regular purchases and sales of these financial instruments are recognized at the trading date.

Loans and receivables are recognized at the date of acquisition.

Financial liabilities are initially recognized at the trading date.

2. Significant accounting policies (continued)

Financial assets carried at fair value through profit or loss
Financial assets carried at fair value through profit or loss are initially carried at fair value without costs related to acquisition. Subsequently, they are carried at fair value, gains and losses from the change in fair value are recorded through profit or loss as part of the gain / loss from financial instruments. All costs associated to transactions are recognized in profit or loss.

Loans and receivables
Loans and receivables are initially recognized at the fair value including directly attributable transaction costs. Subsequently they are measured at amortized cost using the effective interest rate method.

Trade and other receivables are initially measured at nominal value. Receivables are decreased by write-downs for any amounts expected to be irrecoverable (see accounting policy l)).

Financial liabilities carried in fair value through profit or loss
Financial derivative instruments are initially recognized at their fair value. After initial recognition, the derivatives are measured at fair value. Gains and losses from the change in fair value are recorded through profit or loss as gains and losses from financial instruments. All costs related to transactions are recorded through profit or loss.

Other financial liabilities
Bank loans, interest-bearing borrowings and issued bonds are initially recognized at fair value decreased by related transaction costs. In subsequent periods they are recognized in the statement of financial position in amortized cost. Difference between this amount and the amount in which loans, borrowings and issued bonds are paid, is recognised as expense in profit or loss using effective interest rate method.

Trade and other financial liabilities are initially recognized at nominal value, at the time of their take over are valued at acquisition costs.

ii. Offset of financial instruments

Financial assets and financial liabilities are offset in the statement of financial position of the Group and only net amount is recognized when the Group has legally enforceable right to offset the amounts and an intention exists to settle the transactions based on their net amount.

iii. Derecognition of financial instruments

Financial asset is derecognised when the Group losses control over the contractual rights included in the asset. This occur when the rights are realized, expire or the Group surrenders them.

Financial liabilities are derecognised when the obligation of the Group specified in the contract ceases to exist, is settled or cancelled.

j) Other assets

Other assets are other non-financial assets (not described elsewhere) carried initially at their nominal value and also inventory (see also accounting policy k).

2. Significant accounting policies (continued)

k) Inventory

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The cost of inventory is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories.

l) Impairment

i. Financial assets

The carrying amounts of the Group's financial assets, other than financial assets carried at fair value through profit or loss and investments in associates and joint ventures, are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Financial assets are considered impaired, when due to objective reasons one or more conditions would have a negative impact on the expected future cash flows from the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

All individually significant assets are specifically assessed for impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar credit risk characteristics. All losses from impairment are recognized in the profit or loss.

When an event occurring after the impairment was recognized causes the amount of impairment to decrease, the impairment loss is reversed. In case of financial assets carried at amortized cost, the reversal is recorded in the profit or loss.

Impairment loss from investments in associates and joint ventures is calculated as the difference between the recoverable amount and carrying amount. Recoverable amount of such asset is higher of the net sale amount or the value in use. Impairment loss is recognized in the profit or loss and is reversed if the recoverable amount increases.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventory (see accounting policy k)), deferred tax asset (see accounting policy r)), programme rights (see accounting policy g)) and internal programme rights (see accounting policy h)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested annually for impairment as part of the relating cash generating unit (CGU).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its net realizable value and its value in use.

2. Significant accounting policies (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Group and its environment. When an asset is not generating cash flows that are sufficiently independent, its recoverable amount is determined for the CGU where it belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss and its reversal are presented in the profit or loss as a decrease or increase in non-current assets value.

Impairment loss recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses from previous periods are reassessed at each balance sheet date to ascertain whether there are factors indicating an impairment or a need for reversal. The loss is reversed if the assumptions used to estimate recoverable amount change. Impairment loss can be reversed only so that the carrying amount would not exceed the carrying amount arrived at after depreciation and amortization without impairment. In case of goodwill, the impairment loss cannot be decreased (reversed).

m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

n) Employee benefits

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement. The amount of benefit is dependent on one or more factors such as age, years of service and salary.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or to the Government. The Group have no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group had created expectations on the part of its employees that it will continue to provide the benefits and it is management's judgement that it is not probable that the Group will cease to provide them.

The liability recognised in the Consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by (a) discounting the estimated future cash outflows using interest rates of high quality government or corporate bonds which have terms to maturity approximating the terms of the related pension liability and (b) then attributing the calculated present value to the periods of service based on the plan.

2. Significant accounting policies (continued)

Actuarial gain and loss arising from experience adjustments and changes in actuarial assumptions are immediately recognized in the period when incurred.

The Group makes contributions to government and private contribution pension plans.

The Group makes contributions to the health, sickness, retirement, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year based on gross salary payments.

o) Other liabilities

Other liabilities represent liabilities from the employee's benefits (see accounting policy n)) and other non-financial liabilities (with no further disclosures in the notes) that are valued upon recognition at their nominal value.

p) Revenues from services

Revenues from provided advertisement are recognized in the period when the advertisement was broadcasted or published.

Revenues from leasing an advertisement space are recognized evenly over the duration of the lease.

Revenues from services do not carry the value added tax. They are also decreased by discounts and rebates (bonuses, credit notes, etc.).

q) Interest expense and interest income

Interest income and expense are recorded in the profit or loss as it accrues. Interest income and expense include amortization of all premiums, discounts or other differences between the initial accounting value of the interest bearing instrument and its value at the time of its maturity. This is calculated using the basis of effective interest rate.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is presented in the statement of financial position, providing for the temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes. Deferred tax does not apply to the following temporary differences: initial recognition of assets and liabilities from transaction which is not business combination and that effect neither accounting or tax profit or loss, differences related to investments in subsidiaries in which is probably that will not be settled in the foreseeable future. Deferred tax is not recognized also for taxable differences arising from initial recognition of goodwill. Deferred tax is calculated using rates that are expected to be effective when the temporary differences will be realized. These are either based on enacted or substantially enacted rates at the balance sheet date.

2. Significant accounting policies (continued)

Deferred tax asset and liability are offset, if there is legally enforceable right to offset current tax liability and asset and these relate to the same tax authority and same tax subject, or relate to different tax subjects but they intend to settled tax assets and liabilities net or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which temporary differences can be utilised. Deferred tax assets are assessed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Fair value estimates

The main methods and assumptions used to estimate the fair value of financial assets and liabilities listed in the Note 32 – Fair value information are described below:

i. Loans granted

Fair value of granted loans is determined using the estimated future discounted cash inflows from repaid principal and interest. When estimating future cash flows, default risk as well as the conditions indicating impairment were considered. Estimated fair values of granted loans represents changes in the loan valuation from the moment when they were provided as well as changes in the interest rates in case of loans bearing fixed interest rates.

ii. Bank loans, interest bearing loans and issued bonds

The fair value of loans and borrowings without specified maturity is determined as a sum of liabilities payable at the reporting date. The fair value of loans, borrowings and issued bonds with agreed maturity is determined based on the discounted future cash flows using interest rates offered for loans and borrowings with similar maturities.

iii. Trade and other financial receivables / payables

For receivables and liabilities, it is reasonable to assume that their nominal amount represent their fair value.

t) Operating segments

Operating segments are parts of the Group able to earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision makers when they are allocating resources and measuring the performance and for which financial information is available. The Company's management considers the following operating segments: "Media Slovakia", "Media Czech republic", "Media Austria" and "Media Croatia".

3. Segment information

Intra-segment elimination are presented in a separate column. Prices used between segments were set on an arm's length principle for similar services and financing.

Information about significant customers

The Group does not have revenues from one customer that would exceed 10% of its total revenues.

Additional segment information

Expenses and revenues in the consolidated statement of profit or loss and other comprehensive income for newly acquired subsidiaries are included since their acquisition date, for companies sold during the period are included until the date of sale.

3. Segment information (continued)

Information on operating segments – Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

in thousands of EUR	Media Slovakia	Media Czech republic	Media Austria	Media Croatia	Intra-segmental elimination	Total
Revenues from services	86 868	39 111	32 345	9 333	*(885)*	166 772
Other operating income	428	245	448	569	-	1 690
Total operating income	**87 296**	**39 356**	**32 793**	**9 902**	***(885)***	**168 462**
Personnel expenses	(10 297)	(4 116)	(6 634)	(5 283)	-	(26 330)
Production costs of TV and radio broadcasting programmes	(23 858)	(764)	-	-	*790*	(23 832)
Use and write-off of programme rights	(12 404)	(689)	-	-	-	(13 093)
Depreciation, amortization and impairment of non-current assets	(9 559)	(4 597)	(3 309)	(332)	-	(17 797)
Rent of advertising space	(5 192)	(10 417)	(8 490)	-	*85*	(24 014)
Other operating expenses	(27 402)	(14 639)	(12 256)	(4 575)	*10*	(58 862)
Total operating expenses	**(88 712)**	**(35 222)**	**(30 689)**	**(10 190)**	***885***	**(163 928)**
Profit / (loss) from operating activities	**(1 416)**	**4 134**	**2 104**	**(288)**	**-**	**4 534**
Exchange rate loss, net	(525)	(22)	-	(5)	-	(552)
Interest expenses, net	(7 275)	(3 845)	(495)	(66)	-	(11 681)
Gain from financial instruments	215	-	12	14	-	241
Gain from associates and joint ventures	-	200	-	-	-	200
Gain from the sale of entities	-	-	-	57	-	57
Other financial income / (expenses), net	(89)	(289)	3	(39)	-	(414)
Profit / (loss) before tax	**(9 090)**	**178**	**1 624**	**(327)**	**-**	**(7 615)**
Income tax	2 218	(892)	(82)	-	-	1 244
Profit / (loss) for the period	**(6 872)**	**(714)**	**1 542**	**(327)**	**-**	**(6 371)**
Other comprehensive income, after tax	**-**	**1**	**-**	**(34)**	**-**	***(33)***
Foreign currencies translation differences	-	1	-	(34)	-	(33)
Total comprehensive income	**(6 872)**	**(713)**	**1 542**	**(361)**	**-**	**(6 404)**

3. Segment information (continued)

Information on operating segments – Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

in thousands of EUR	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	**Intra-segmental elimination**	**Total**
Revenues from services	83 235	34 117	35 041	-	*(268)*	152 125
Other operating income	586	539	580	-	-	1 705
Total operating income	**83 821**	**34 656**	**35 621**	**-**	***(268)***	**153 830**
Bargain purchase gain	5	72	-	-	-	77
Personnel expenses	(9 648)	(3 132)	(6 612)	-	-	(19 392)
Production costs of TV and radio broadcasting programmes	(22 611)	-	-	-	-	(22 611)
Use and write-off of programme rights	(11 560)	-	-	-	-	(11 560)
Depreciation, amortization and impairment of non-current assets	(9 661)	(4 216)	(4 054)	-	-	(17 931)
Rent of advertising space	(4 936)	(10 240)	(9 868)	-	*156*	(24 888)
Other operating expenses	(24 845)	(13 709)	(13 533)	-	*112*	(51 975)
Total operating expenses	**(83 261)**	**(31 297)**	**(34 067)**	**-**	***268***	**(148 357)**
Profit from operating activities	**565**	**3 431**	**1 554**	**-**	**-**	**5 550**
Exchange rate loss, net	(1 552)	(21)	-	-	-	(1 573)
Interest expenses, net	(8 291)	(3 866)	(534)	-	-	(12 691)
Gain from financial instruments	601	-	13	-	-	614
Gain from associates and joint ventures	-	98	-	-	-	98
Loss from the sale of entities	(4)	-	-	-	-	(4)
Other financial expenses, net	(70)	(61)	(14)	-	-	(145)
Profit / (loss) before tax	**(8 751)**	**(419)**	**1 019**	**-**	**-**	**(8 151)**
Income tax	1 160	(619)	7	-	-	548
Profit / (loss) for the period	**(7 591)**	**(1 038)**	**1 026**	**-**	**-**	**(7 603)**
Other comprehensive income, after tax	**-**	**313**	**-**	**-**	**-**	***313***
Foreign currencies translation differences	-	313	-	-	-	313
Total comprehensive income	**(7 591)**	**(725)**	**1 026**	**-**	**-**	**(7 290)**

3. Segment information (continued)

Information on operating segments – Consolidated statement of financial position as at 31 December 2016

in thousands of EUR	Media Slovakia	Media Czech republic	Media Austria	Media Croatia	Intra-segmental elimination	Total
Assets						
Goodwill	6 119	3 179	-	2 262	-	11 560
TV format	84 248	-	-	-	-	84 248
Other intangible assets	9 788	27 646	25 933	595	-	63 962
Programme rights	15 438	621	-	-	-	16 059
Internal programme rights	31 797	-	-	-	-	31 797
Property, plant and equipment	26 716	32 870	23 224	5 958	-	88 768
Investment in associates and joint ventures	-	1 300	-	-	-	1 300
Trade and other receivables	14 729	8 150	716	1 565	*(1 255)*	23 905
Other financial instruments	27	55	437	52	-	571
Loans granted	42 614	337	-	455	*(13 102)*	30 304
Deferred tax asset	1 036	150	-	-	-	1 186
Other assets	962	1 747	676	579	*(149)*	3 815
Corporate income tax receivable	39	3	-	3	-	45
Cash and cash equivalents	2 950	3 782	4 944	133	-	11 809
Total assets	**236 463**	**79 840**	**55 930**	**11 602**	***(14 506)***	**369 329**
Liabilities						
Bank loans	96 921	-	-	-	-	96 921
Loans and borrowings	9 874	1 482	9 648	3 521	*(13 102)*	11 423
Issued bonds	83 112	47 084	-	-	-	130 196
Provisions	1 024	147	1 132	561	-	2 864
Trade and other financial liabilities	38 898	9 213	4 240	2 452	*(1 255)*	53 548
Other liabilities	2 710	1 002	3 247	2 184	*(149)*	8 994
Corporate income tax liability	71	465	68	4	-	608
Deferred tax liability	22 315	9 303	4	430	-	32 052
Total liabilities	**254 925**	**68 696**	**18 339**	**9 152**	***(14 506)***	**336 606**

3. Segment information (continued)

Information on operating segments – Consolidated statement of financial position as at 31 December 2015

in thousands of EUR	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	**Intra-segmental elimination**	**Total**
Assets						
Goodwill	5 343	1 438	-	-	-	6 781
TV format	88 929	-	-	-	-	88 929
Other intangible assets	10 450	28 281	27 452	-	-	66 183
Programme rights	15 532	-	-	-	-	15 532
Internal programme rights	24 971	-	-	-	-	24 971
Property, plant and equipment	27 009	32 163	23 834	-	-	83 006
Investment in associates and joint ventures	-	1 195	-	-	-	1 195
Trade and other receivables	16 735	8 724	1 168	-	*(9)*	26 618
Other financial instruments	27	-	432	-	-	459
Loans granted	33 820	71	-	-	*(10 250)*	23 641
Deferred tax asset	833	142	4	-	-	979
Other assets	805	1 298	672	-	-	2 775
Corporate income tax receivable	3	137	-	-	-	140
Cash and cash equivalents	4 533	4 661	3 355	-	-	12 549
Total assets	**228 990**	**78 110**	**56 917**	**-**	***(10 259)***	**353 758**
Liabilities						
Bank loans	89 242	-	-	-	-	89 242
Loans and borrowings	11 416	712	10 276	-	*(10 250)*	12 154
Issued bonds	72 919	47 318	-	-	-	120 237
Provisions	1 109	162	3 025	-	-	4 296
Trade and other financial liabilities	34 314	6 980	4 375	-	*(9)*	45 660
Other liabilities	4 516	833	3 151	-	-	8 500
Corporate income tax liability	387	509	40	-	-	936
Deferred tax liability	24 698	9 486	-	-	-	34 184
Total liabilities	**238 601**	**66 000**	**20 867**	**-**	***(10 259)***	**315 209**

4. Acquisition and disposal of entities

Acquisitions of new entities for the year ended 31 December 2016

Information about acquisitions carried out during the year ended 31 December 2016 are presented in notes 4.a) to 4.d).

a) Establishment of the Company

Velonet ČR, s.r.o.
On 11 January 2016, the Company through the subsidiary BigBoard Praha, a.s. founded the company VELONET ČR, s.r.o. The amount of the investment was EUR 7 000 at the time of its establishment. The company is consolidated using full consolidation method.

b) Details about new acquisitions

Group Croatia[1]
Based on a share purchase agreement signed on 5 April 2016, the Company acquired an 80.32% share in the company NOVI LIST d.d. The shares were acquired for EUR 4 821 thousand. Through this acquisition, the Company also became the ultimate parent company for Nova Revija d.o.o. (100% share), Adamić d.o.o. (100% share), Kreativni mediji d.o.o. (75% share), Smokva d.o.o. (50% share) and Glas Istre Novine d.o.o. (30% share). As at 31 December 2016, Nova Revija d.o.o., Kreativni mediji d.o.o. and Smokva d.o.o. are no longer consolidated within the Group (see paragraphs 4.j and 4.k)), the other acquired companies are consolidated using full consolidation method.
Based on a share purchase agreement signed on 5 April 2016, the Company acquired a 59.05% share in the company Glas Istre Novine d.o.o. The shares were acquired for EUR 201 thousand. Through this acquisition, the Company also became the ultimate parent company for its subsidiary Infantinfo d.o.o. (99.54% share). Both companies are consolidated using full consolidation method.
Based on a share purchase agreement signed on 5 April 2016, the Company acquired a 100% share in RTD d.o.o. Zadar. The shares were acquired for EUR 134 thousand. The company is consolidated using full consolidation method.

Magical roof s.r.o.
Based on an agreement on transfer of the ownership interest signed on 2 June 2016, the Company, through the subsidiary Slovenská produkčná, a.s., acquired a 100% share in the company Magical roof s.r.o. The ownership share was acquired for EUR 7 000. The company is consolidated using full consolidation method.

NIVEL PLUS s.r.o.
Based on an agreement on transfer of the ownership interest signed on 7 October 2016, the Company acquired a 100% share in the company NIVEL PLUS s.r.o. The ownership share was acquired for EUR 850 thousand. Part of the purchase price of EUR 450 thousand was offset with the loan previously provided, the second part will be repaid gradually. The company is consolidated using full consolidation method.

News Advertising s.r.o.
Based on an agreement on transfer of the ownership interest signed on 16 December 2016, the Company, through its subsidiary BigBoard Praha, a.s. acquired a 100% share in the company News Advertising s.r.o. The ownership share was acquired for EUR 4 021 thousand. The company is consolidated using full consolidation method.

[1] Media Croatia includes companies NOVI LIST d.d., Nova Revija d.o.o., Adamić d.o.o., Kreativni mediji d.o.o., Smokva d.o.o., Glas Istre Novine d.o.o., Infantinfo d.o.o. a RTD d.o.o. Zadar

4. Acquisition and disposal of entities (continued)

The financial results of the acquired entities since their acquisition until 31 December 2016 are presented below:

in thousands of EUR	**Loss**	**Revenues**
Croatia group	(249)	9 902
News Advertising s.r.o.	(6)	58
Others	(827)	329

Based on the Company's management expectation, if all acquisitions were performed as at 1 January 2016, the consolidated revenues for the year ended 31 December 2016 would be EUR 173 034 thousand and the consolidated loss would be EUR 6 535 thousand.

c) Goodwill

Goodwill has been allocated to cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

Croatia Group
Upon acquisition of this group, goodwill of EUR 2 291 thousand was created. The companies in the Croatia Group are mainly focused on newspaper publishing and services in the print segment.

News Advertising s.r.o.
This company is the largest player on the double bigboards market in the Czech Republic. Upon the acquisition of this company, goodwill of EUR 1 740 thousand was created and allocated to CGU BigBoard Praha. Goodwill is related to the expected synergies and the strengthening of position of BigBoard Praha, a.s. on the double bigboard market.

NIVEL PLUS s.r.o.
This company issues the newspaper Bratislavské noviny. Upon acquisition of this company, goodwill of EUR 776 thousand was created.

d) Fair value adjustments of identified net assets

The fair value of assets and liabilities was identified and set by management of the Company with the assistance of an independent expert. Realization of the fair value adjustments as they are listed below depends on the conditions that will exist on the relevant markets in the future. There is a significant level of uncertainty relating to the future development of relevant markets in which the acquired entities operate.

4. Acquisition and disposal of entities (continued)

Fair value adjustments of identified net assets in business combinations for the year ended 31 December 2016 are presented below:

In thousands of EUR	**Croatia group**	**News Advertising s.r.o.**	**Total**
Property, plant and equipment	2 767	286	3 053
Other intangible assets	(165)	984	819
Trade and other receivables	(2 592)	-	(2 592)
Ownership interests	(445)	-	(445)
Deferred tax asset	213	-	213
Loans and borrowings	281	-	281
Trade and other financial liabilities	1 039	-	1 039
Other liabilities	85	-	85
Deferred tax liability	(649)	(241)	(890)
Total net effect	**534**	**1 029**	**1 563**

The following assumptions were used to determine the fair values:

Croatia group
Fair value of intangible assets - trademarks - was determined using the income approach, namely the relief-from-royalty method. When calculating fair values, the long-term growth rate of 1.8% was applied. The rate of growth was calculated on the basis of the inflation rate in Croatia. The royalty rate of 0.5% and a discount rate of 20.9% were used to determine the fair values of trademarks. All identified trademarks have an indefinite useful live.

When calculating fair values of non-current tangible assets cost approach or market approach was used. The useful life for non-current tangible assets was determined at 37 years.

The fair value of assets and liabilities are based on the management's estimate.

News Advertising s.r.o.
The fair value of intangible assets resulting from contractual relationships was determined using the income approach, namely the multi-period excess earnings method (MPEEM). In determining the fair value, the long-term growth rate of 5% was used for the period 2018-2021 and 2% for subsequent periods. Such growth rates are considered reasonable within the markets in which the acquired entities operate. The wear and tear rate was set at 10%. The discount rate of 11.39% was used to determine the fair values of intangible assets. The useful life of non-current intangible assets resulting from contractual relationships was set at 10 years.

The fair value of non-current tangible assets was determined using the cost approach and the income approach.

As a result of the allocation of purchase prices for other business combinations, no fair value adjustments were made.

4. Acquisition and disposal of entities (continued)

e) Effect of acquisitions

The acquisitions had the following effect on Group's assets and liabilities:

in thousands of EUR	**Croatia group**	**News Advertising s.r.o.**	**Others**	**Total**
Other intangible assets	671	984	-	1 655
Property, plant and equipment	6 179	1 458	10	7 647
Other financial instruments	49	-	-	49
Loans granted	463	-	-	463
Trade and other receivables	1 346	56	38	1 440
Other assets	638	65	8	711
Deferred tax asset	213	-	-	213
Corporate income tax receivable	3	1	6	10
Cash and cash equivalents	64	80	50	194
Loans and borrowings	(939)	-	-	(939)
Provisions	(486	-	-	(486)
Trade and other financial liabilities	(2 334)	(117)	(24)	(2 475)
Other liabilities	(2 039)	(5)	(7)	(2 051)
Deferred tax liability	(648)	(241)	-	(889)
Corporate income tax liability	(4	-	-	(4)
Non-controlling interest	(311)	-	-	(311)
Net identifiable assets	**2 865**	**2 281**	**81**	**5 227**
Goodwill on acquisition of new subsidiaries	2 291	1 740	776	4 807
Cost of acquisition	**5 156**	**4 021**	**857**	**10 034**
Consideration paid in cash	(5 156)	(4 021)	(7)	(9 184)
Cash acquired	64	80	50	194
Net cash inflow / (outflow)	**(5 092)**	**(3 941)**	**43**	**(8 990)**

Acquisition and establishing of entities for the year ended 31 December 2015

Information about acquisitions and establishment of entities for the year ended 31 December 2015 is presented in Notes 4.f) and 4.i).

f) Details about new acquisition

Harad, a.s.
Based on a share purchase agreement signed on 21 April 2015, the Company acquired a 100% share in the company Harad, a.s. The shares were acquired for EUR 346 thousand and the purchase price was fully paid in 2014. Through this acquisition, the Company became an ultimate parent company of Radio Services s. r. o. Both companies are consolidated using full consolidation method.
Upon this acquisition, the Group has extended its involvement on the media market by providing services to radio broadcasters.

4. Acquisition and disposal of entities (continued)

Lafayette s. r. o.
Based on an agreement on transfer of the ownership interest signed on 8 April 2015, the Company acquired a 100% share in the company Lafayette s. r. o. The ownership share was acquired free of charge**.** The Company is consolidated using full consolidation method.

QEEP, a.s.
Based on a share purchase agreement signed on 1 July 2015, the Company acquired, through its subsidiary BigBoard Praha, a.s., a 60% share in the company QEEP, a.s. Shares were acquired for EUR 1 247 thousand. Through this acquisition, the Company became an ultimate parent company of Barrandia s.r.o. Both companies are consolidated using full consolidation method (see Note 37 – Group entities). As at 31 December 2014, Barrandia s.r.o. was consolidated using the equity method.
Upon the acquisition of the company QEEP, a.s., the Group has added large external advertisement spaces to its portfolio and at the same time strengthened its position on the market of external advertising in Prague.

Results of the acquired companies since their acquisition until 31 December 2015 are presented below:

in thousands of EUR	**Profit / (loss)**	**Revenue**
group RADIO SERVICES [2]	(476)	2 837
Lafayette s. r. o.	4	-
QEEP, a.s.	28	516
Barrandia s.r.o.	-	-

Based on the Company's management expectation, if the acquisition was performed as at 1 January 2015, consolidated revenues for the year ended 31 December 2015 would be EUR 155 320 thousand and consolidated loss would be EUR 7 500 thousand.

g) Goodwill

Acquired goodwill was allocated to individual CGUs, where it is expected that economic benefits from synergy effects of business combinations will be obtained.

The Company Harad, a.s. holds and manages a share in the company Radio Services s. r. o., who provides full range of services to radio broadcasters. Upon acquisition of the group RADIO SERVICES goodwill in the amount of EUR 3 430 thousands was recognised. The recognition of goodwill was based on the future cash flows estimated by management, on the expected growth of the media market, on the increase of market share of the main business partners and new synergic activities.

4. Acquisition and disposal of entities (continued)

h) Fair value adjustments of identified net assets

The fair value of assets and liabilities was identified and set by management of the Company with the assistance of an independent expert. Realization of the fair value adjustments as they are listed below depends on the conditions that will exist on the relevant markets in the future. There is a significant level of uncertainty relating to the future development of relevant markets in which the acquired entities operate.

[2] Group RADIO SERVICES includes companies Harad, a.s. and Radio Services s. r. o.

Fair value adjustments of identified net assets in business combinations that occurred in the year ended 31 December 2015 are presented below:

in thousands of EUR	**Property, plant, equipment**	**Other intangible assets**	**Deferred tax liability**	**Total net effect**
QEEP, a.s.	148	2 202	(447)	**1 903**

The following assumptions were used for determination of fair values:

When calculating fair values of intangible assets, a growth rate of 1.5% was applied, that is considered appropriate on the market the company operates in. A discount rate of 15.30% was applied to determine the fair value of intangible assets.

When calculating fair values of non-current tangible assets cost approach or market approach was used. The useful life for non-current tangible assets was determined at 12 - 20 years, for non-current contractual intangible relationships at 10 years.

No further adjustments to fair value were performed as a result of purchase price cost allocation in the other business combinations.

4. Acquisition and disposal of entities (continued)

i) Effect of acquisition

The acquisition of the entity had the following effect on Group's assets and liabilities:

in thousands of EUR	**group RADIO SERVICES**	**QEEP, a.s.**	**Lafayette s. r. o.**	**Barrandia s.r.o.**	**Total**
Other intangible assets	6	2 204	-	-	2 210
Property, plant and equipment	60	253	-	-	313
Loans granted	311	5	-	-	316
Trade and other receivables	938	274	-	-	1 212
Other assets	106	10	-	5	121
Corporate income tax receivable	-	6	-	-	6
Cash and cash equivalents	8	52	5	3	68
Loans and borrowings	(570)	(47)	-	(10)	(627)
Trade and other financial liabilities	(3 874)	(110)	-	-	(3 984)
Other liabilities	(69)	(3)	-	-	(72)
Deferred tax liability	-	(447)	-	-	(447)
Effect from change in the consolidation method	-	-	-	(3)	(3)
Non-controlling interest	-	(879)	-	-	(879)
Net identifiable assets / (liabilities)	**(3 084)**	**1 318**	**5**	**(5)**	**(1 766)**
Goodwill / (bargain purchase gain) on acquisition of new subsidiaries	3 430	(71)	(5)	5	3 359
Cost of acquisition	**346**	**1 247**	**-**	**-**	**1 593**
Consideration paid in cash	-	(1 100)	-	-	(1 100)
Cash acquired	8	52	5	3	68
Net cash inflow / (outflow)	**8**	**(1 048)**	**5**	**3**	**(1 032)**

Total bargain purchase gain on acquisition:

In thousands of EUR	**Total**
Bargain purchase gain at acquisition date	(76)
Foreign exchange difference on bargain purchase gain	(1)
Total bargain purchase gain	**(77)**

Disposals of entities for the year ended 31 December 2016

Information about disposal for the year ended 31 December 2016 are presented in notes 4.j) to 4.k).

4. Acquisition and disposal of entities (continued)

j) Details about sold entity

Kreativni mediji d.o.o. and Smokva d.o.o.
On 14 June 2016, the shares in the companies Kreativni mediji d.o.o. (75% share) a Smokva d.o.o. (50% share) were sold to a third party. The selling price was EUR 67 thousand.

Nova Revija d.o.o.
On 8 July 2016, the company Nova Revija d.o.o. (100% share) was liquidated.

k) Effect of the entities sold

The sale of the entities had the following effect on Group's assets and liabilities:

in thousands of EUR	**Kreativni mediji d.o.o. and Smokva d.o.o.**
Other assets	(3)
Investments in joint ventures	(7)
Disposed net identifiable assets	**(10)**
Selling price	67
Profit on sale	**57**
Consideration received in cash	67
Decrease in cash	-
Net cash inflow	**67**

Disposals of entities for the year ended 31 December 2015

Information about disposal for the year ended 31 December 2015 are presented in notes 4.l) to 4.m).

l) Details about sold entity

SENZI, a. s.
On 2 October 2015, the Group sold a 50% share in the company SENZI, a.s. to a third party. The selling price was EUR 10 thousand.

4. Acquisition and disposal of entities (continued)

m) Effect of the entity sold

The sale of the entity had the following effect on Group's assets and liabilities:

in thousands of EUR	**SENZI, a.s.**
Investments in associates and joint ventures	(14)
Disposed net identifiable assets	**(14)**
Selling price	10
Loss on sale	**(4)**
Consideration received in cash	10
Decrease in cash	-
Net cash inflow	**10**

5. Revenues from services

Revenues per major categories are as follows:

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Revenue from the segment „Media Slovakia"	86 103	82 999
Revenue from the segment „Media Czech Republic"	38 991	34 085
Revenue from the segment „Media Austria"	32 345	35 041
Revenue from the segment „Media Croatia"	9 333	-
Total	**166 772**	**152 125**

6. Other operating income

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Revenues from sale of inventory	624	323
Revenues from market research	339	349
Revenues from written off liabilities	248	124
Insurance claims	169	278
Revenues from fines and penalties	36	64
Other	274	567
Total	**1 690**	**1 705**

7. Personnel expenses

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Wages and salaries	(20 303)	(14 629)
Contribution to social insurance and health insurance	(4 741)	(3 768)
Other wages and salaries costs	(1 286)	(995)
Total	**(26 330)**	**(19 392)**

The average number of employees of the Group during the period from 1 January 2016 to 31 December 2016 was 806, out of which management represents 32 (from 1 January 2015 to 31 December 2015: 450, out of which management: 26).

The number of Group employees as at 31 December 2016 was 818, out of which management represents 41 (as at 31 December 2015: 465, out of which management 28).

8. Use and write-off of programme rights

in thousands of EUR	*Note*	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Programme rights utilisation	*19*	(13 066)	(11 491)
Write off of unused programme rights	*19*	(27)	(69)
Total		**(13 093)**	**(11 560)**

9. Depreciation, amortisation and impairment of non-current tangible assets

in thousands of EUR	*Note*	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Amortisation	*14*	(9 780)	(9 554)
Depreciation	*16*	(8 842)	(8 528)
Release of impairment allowance to non-current tangible assets	*16*	825	151
Total		**(17 797)**	**(17 931)**

10. Other operating expenses

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Placing, printing and removal of advertisements	(11 751)	(11 637)
Marketing expenses	(9 143)	(6 714)
Retransmission	(7 843)	(7 022)
Repair and maintenance	(4 503)	(3 780)
Material and energy consumption	(3 999)	(3 536)
Other expenses related to publishing local daily newspapers	(2 190)	-
Other taxes and fees	(2 062)	(2 053
Advertising time rent	(1 927)	(1 274)
Media surveys	(1 900)	(2 329)
Rent of premises	(1 728)	(2 099)
Legal, accounting and advisory services	(1 581)	(1 611)
Fees to performing rights societies and to AVF[1]	(1 201)	(1 281)
Expenses related to representation, sponsoring	(1 111)	(1 047)
Outsourcing expenses	(1 048)	(1 648)
Software support and IT services	(800)	(819)
Transport and car insurance expenses	(733)	(518)
(Creation) / release of value adjustment to trade receivables and inventories	(604)	85
Telephones fees and internet services	(590)	(569)
Other rent	(498)	(338)
Services related to rented premises	(443)	(432)
Insurance of property	(315)	(260)
Release of provisions	177	122
Fines and penalties	(86)	(159)
Other	(2 983)	(3 056)
Total	**(58 862)**	**(51 975)**

[1]AVF – Audiovisual fund – state institution for support and development of audiovisual culture and industry

The Group is using the services of the auditing companies KPMG Slovensko spol. s r.o., KPMG Česká republika, s.r.o., KPMG Austria AG, to audit the individual financial statements of the Group entities and the consolidated financial statements of the Company. The cost of these services for the year ended 31 December 2016 amounted to EUR 196 thousand (year ended 31 December 2015: EUR 218 thousand).
Costs for other services provided by the auditing company KPMG Slovensko spol. s r.o., KPMG Česká republika, s.r.o and KPMG Austria AG for the year ended 31 December 2016 amounted to EUR 5 thousand (year ended 31 December 2015: EUR 6 thousand).

11. Interest expense and income

in thousands of EUR	Year ended 31 December 2016	Year ended 31 December 2015
Interest income		
Loans granted	1 913	398
Other	7	20
Total interest income	**1 920**	**418**
Interest expense		
Issued bonds	(8 863)	(9 122)
Bank loans	(3 735)	(3 036)
Borrowings	(928)	(876)
Other	(75)	(75)
Total interest expense	**(13 601)**	**(13 109)**
Interest expense, net	**(11 681)**	**(12 691)**

12. Gain from financial instruments

in thousands of EUR	Year ended 31 December 2016	Year ended 31 December 2015
Profit from sale of own bonds	133	-
Profit from currency forwards	82	601
Other	26	13
Total	**241**	**614**

13. Income tax

in thousands of EUR	Year ended 31 December 2016	Year ended 31 December 2015
Current income tax		
Current year	1 807	1 442
Corrections of previous periods	(40)	(55)
Withholding tax	**-**	7
Deferred income tax		
Creation and reversal of temporary differences and tax losses	(2 002)	(1 942)
Change in the tax rate	(1 009)	-
Total income tax expense in profit or loss, decrease in expenses	**(1 244)**	**(548)**

13. Income tax (continued)

Reconciliation of the effective tax rate

in thousands of EUR	**2016**	**%**	**2015**	**%**
Loss before tax	**(7 615)**		**(8 151)**	
Income tax at local rate	(1 675)	22	(1 793)	22
Effect of tax rates in other countries	50	(1)	43	(1)
Permanent differences	811	(11)	254	(3)
Change in the tax rate	(1 009)	13	-	-
Bargain purchase gain	-	-	(15)	-
Tax losses to which no deferred tax was recognized in current period	731	(9)	767	(9)
Utilization of tax losses to which no deferred tax was previously recognized	(159)	2	(26)	-
Decrease in deferred tax asset in the current period due to its non-utilization	116	(2)	261	(3)
Correction of income tax from previous periods	(40)	1	(55)	1
Tax licences	(69)	1	9	-
Withholding tax	-	-	7	-
Total income tax expense in profit or loss, decrease in expenses	**(1 244)**	**16**	**(548)**	**7**

Deferred tax is calculated using the tax rate valid in period during which the receivable will be realised or the liability settled.

From 1 January 2017, the tax rate in Slovakia is 21% (2016: 22%, 2015: 22%). Tax rate in the Czech Republic 19% (2015: 19%), in Austria 25% (2015: 25%) and in Croatia 20% (2015: 20%).

14. Goodwill, TV format and other intangible assets

Year ended 31 December 2016:

in thousands of EUR	TV format	Contractual rights	Goodwill	Trade-mark	Other assets	Total
Acquisition cost						
Balance at 1 January 2016	**109 134**	**67 802**	**10 054**	**7 710**	**8 339**	**203 039**
Additions	-	-	-	-	1 245	**1 245**
Additions from business combinations	-	984	4 807	289	382	**6 462**
Disposals	-	-	-	-	(18)	**(18)**
Changes due to translation differences	-	2	(28)	(3)	(5)	**(34)**
Balance at 31 December 2016	**109 134**	**68 788**	**14 833**	**7 996**	**9 943**	**210 694**
Accumulated amortization and impairment allowance						
Balance at 1 January 2016	**(20 205)**	**(12 686)**	**(3 273)**	**-**	**(4 982)**	**(41 146)**
Amortisation	(4 681)	(3 718)	-	-	(1 381)	**(9 780)**
Disposals	-	-	-	-	4	**4**
Changes due to translation differences	-	(2)	-	-	-	**(2)**
Balance at 31 December 2016	**(24 886)**	**(16 406)**	**(3 273)**	**-**	**(6 359)**	**(50 924)**
Carrying amount						
Balance at 1 January 2016	**88 929**	**55 116**	**6 781**	**7 710**	**3 357**	**161 893**
Balance at 31 December 2016	**84 248**	**52 382**	**11 560**	**7 996**	**3 584**	**159 770**

Year ended 31 December 2015:

in thousands of EUR	TV format	Contractual rights	Goodwill	Trade-mark	Other assets	Total
Acquisition cost						
Balance at 1 January 2015	**109 134**	**64 834**	**6 583**	**7 657**	**7 287**	**195 495**
Additions	-	-	-	-	1 030	**1 030**
Additions from business combinations	-	2 202	3 435	-	8	**5 645**
Disposals	-	-	-	-	(2)	**(2)**
Changes due to translation differences	-	766	36	53	16	**871**
Balance at 31 December 2015	**109 134**	**67 802**	**10 054**	**7 710**	**8 339**	**203 039**
Accumulated amortization and impairment allowance						
Balance at 1 January 2015	**(15 398)**	**(8 977)**	**(3 273)**	**-**	**(3 820)**	**(31 468)**
Amortisation	(4 807)	(3 591)	-	-	(1 156)	**(9 554)**
Disposals	-	-	-	-	2	**2**
Changes due to translation differences	-	(118)	-	-	(8)	**(126)**
Balance at 31 December 2015	**(20 205)**	**(12 686)**	**(3 273)**	**-**	**(4 982)**	**(41 146)**
Carrying amount						
Balance at 1 January 2015	**93 736**	**55 857**	**3 310**	**7 657**	**3 467**	**164 027**
Balance at 31 December 2015	**88 929**	**55 116**	**6 781**	**7 710**	**3 357**	**161 893**

15. Impairment testing of assets

For the reasons set out in Note 2 - Significant Accounting Policies, as at the balance sheet date, management of the Group conducted impairment testing for all the identifiable cash-generating units.

a) Impairment testing for the year ended 31 December 2016

CGU BigBoard Praha[1]

As at 31 December 2016, goodwill in the amount of EUR 3 179 thousand and non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 2 044 thousand were recorded by the Group relating to CGU BigBoard Praha[1].

The assumptions used in the impairment testing of the CGU BigBoard Praha[1] as at 31 December 2016 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU BigBoard Praha[1] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase in discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Slovenská produkčná[2]

The Group does not recognize any goodwill or non-current intangible assets with indefinite useful life for the CGU Slovenská produkčná[2] as at 31 December 2016. In 2016, the Company performed an analysis to identify impairment indicators of CGU Slovenská produkčná's assets. Based on the Company's analysis, impairment indicators for the CGU Slovenská produkčná were identified, and therefore the Company performed impairment testing of assets.

15. Impairment testing of assets (continued)

The assumptions used in impairment testing of the CGU Slovenská produkčná as at 31 December 2016 were as follows:

- Assets value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were estimated based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 9% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Slovenská produkčná[2] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9% to 10% would cause the assets to be impaired by EUR 11 313 thousand. A decrease of net cash flows by 10% when compared to the management estimate would cause the assets to be impaired by EUR 8 768 thousand.

CGU Akzent BigBoard[3]

As at 31 December 2016, the Group recognized for the CGU Akzent BigBoard[3] a goodwill in the amount of EUR 1 913 thousand and non-current intangible assets with indefinite useful life, the trademark, in the amount of EUR 1 865 thousand.

The assumptions used in impairment testing of the CGU Akzent BigBoard[3] as at 31 December 2016 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- A discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to

15. Impairment testing of assets (continued)

determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Akzent BigBoard[3] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU EPAMEDIA[4]
As at 31 December 2016, no goodwill was recognized for CGU EPAMEDIA[4]. For the CGU EPAMEDIA[4], the Group recognized non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 3 800 thousand as at 31 December 2016.

The assumptions used in the impairment testing of the CGU EPAMEDIA[4] as at 31 December 2016 were as follows:

- Non-current intangible asset's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU EPAMEDIA[4] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU RADIO SERVICES[5]
As at 31 December 2016, the Group recognized for the CGU RADIO SERVICES[5] a goodwill in the amount of EUR 3 430 thousand.

The assumptions used in the impairment testing of the CGU RADIO SERVICES[5] as at 31 December 2016 were as follows:

15. Impairment testing of assets (continued)

- Non-current intangible asset's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 9.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU RADIO SERVICES[5] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9.5% to 12% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU Croatia[6]
As at 31 December 2016, the Group recognized for the CGU Croatia[6] a goodwill in the amount of EUR 2 262 thousand and non-current intangible assets with indefinite useful life, the trademark, in the amount of EUR 286 thousand.

The assumptions used in the impairment testing of the CGU Croatia[6] as at 31 December 2016 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Croatia[6] were identified.

15. Impairment testing of assets (continued)

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

[1] The group BigBoard Praha includes: BigBoard Praha, a.s., BigMedia, spol. s r.o., Czech Outdoor s.r.o., Expiria, a.s., RAILREKLAM, s.r.o., MG Advertising, s.r.o., Barrandia s.r.o., Český billboard, s.r.o., outdoor akzent s.r.o., Bilbo City s.r.o., QEEP, a.s., Velonet ČR, s.r.o. and News Advertising s.r.o.

[2] The group Slovenská produkčná includes: Slovenská produkčná, a.s., MAC TV s.r.o., DONEAL, s.r.o. and Magical roof s.r.o.

[3] The group Akzent BigBoard includes: Akzent BigBoard, a.s, BigMedia, spol. s r.o., RECAR Bratislava a.s., RECAR Slovensko a.s., Media representative, s.r.o. and BHB, s.r.o.

[4] The group EPAMEDIA includes: EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH and R + C Plakatforschung und –kontrolle Gesellschaft mbH.

[5] The group RADIO SERVICES includes: Radio Services s. r. o. (Harad, a.s)

[6] The group Croatia includes: NOVI LIST d.d. and Glas Istre Novine d.o.o. including their subsidiaries (see note 37 – Companies within the Group) and RTD d.o.o. Zadar

b) Impairment testing for the year ended 31 December 2015

CGU BigBoard Praha[1]

As at 31 December 2015, goodwill in the amount of EUR 1 437 thousand and non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 2 044 thousand were recorded by the Group relating to CGU BigBoard Praha[1].

The assumptions used in the impairment testing of the CGU BigBoard Praha[1] as at 31 December 2015 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

15. Impairment testing of assets (continued)

Based on this testing, no impairment losses of the assets of CGU BigBoard Praha[1] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase in discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Slovenská produkčná[2]

The Group does not recognize any goodwill or non-current intangible assets with indefinite useful life for the CGU Slovenská produkčná[2] as at 31 December 2015. In 2015, the Company performed an analysis to identify impairment indicators of assets. Based on the Company's analysis, impairment indicators for the CGU Slovenská produkčná[2] were identified, and therefore the Company performed impairment testing of assets.

The assumptions used in impairment testing of the CGU Slovenská produkčná[2] as at 31 December 2015 were as follows:

- Asset's value in use was derived from future cash flows estimated by the management, updated since acquisition date. Future cash flows were estimated based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 9% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Slovenská produkčná[2] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Akzent BigBoard[3]

As at 31 December 2015, the Group recognized for the CGU Akzent BigBoard[3] a goodwill in the amount of EUR 1 912 thousand and non-current intangible assets with indefinite useful life, the trademark, in the amount of EUR 1 865 thousand.

The assumptions used in impairment testing of the CGU Akzent BigBoard[3] as at 31 December 2015 were as follows:

15. Impairment testing of assets (continued)

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating. activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- A discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Akzent BigBoard[3] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU EPAMEDIA[4]

As at 31 December 2015, no goodwill was recognized for CGU EPAMEDIA[4]. For the CGU EPAMEDIA[4], the Group recognized non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 3 800 thousand as at 31 December 2015.

The assumptions used in the impairment testing of the CGU EPAMEDIA[4] as at 31 December 2015 were as follows:

- Non-current intangible asset's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU EPAMEDIA[4] were identified.

15. Impairment testing of assets (continued)

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU RADIO SERVICES[5]

As at 31 December 2015, the Group recognized for the CGU RADIO SERVICES[5] a goodwill in the amount of EUR 3 430 thousand.

The assumptions used in the impairment testing of the CGU RADIO SERVICES[5] as at 31 December 2015 were as follows:

- Non-current intangible asset's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a five-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 9.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were earnings before interest, tax, depreciation and amortization (EBITDA) and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU RADIO SERVICES[5] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9.5% to 12% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

[1] The group BigBoard Praha includes: BigBoard Praha, a.s., BigMedia, spol. s r.o., Czech Outdoor s.r.o, Expiria, s.r.o., RAILREKLAM, s.r.o., MG Advertising, s.r.o., Barrandia s.r.o., Český billboard, s.r.o., outdoor akzent s.r.o., Bilbo City s.r.o. and QEEP, a.s..

[2] The group Slovenská produkčná includes: Slovenská produkčná, a.s., MAC TV s.r.o. and DONEAL, s.r.o.

[3] The group Akzent BigBoard includes: Akzent BigBoard, a.s, BigMedia, spol. s r.o., RECAR Bratislava a.s., RECAR Slovensko a.s., Media representative, s.r.o. and BHB, s.r.o.

[4] The group EPAMEDIA includes: EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH and R + C Plakatforschung und –kontrolle Gesellschaft mbH.

[5] The group RADIO SERVICES includes: Harad, a.s. and Radio Services s. r. o.

16. Property, plant and equipment

Year ended 31 December 2016:

In thousands of EUR	**Land**	**Buildings and structures**	**Bigboards and other advertising equipment**	**Machinery and equipment**	**Acquisition of property, plant and equipment**	**Total**
Acquisition cost						
Balance as at 1 January 2016	**300**	**2 693**	**89 091**	**16 269**	**750**	**109 103**
Additions	-	357	3 573	1 991	1 588	**7 509**
Additions from business combinations	692	5 111	1 413	381	50	**7 647**
Transfers	-	-	1 160	143	(1 303)	-
Disposals	-	-	(2 804)	(1 303)	(153)	**(4 260)**
Changes due to translation differences	(9)	(64)	4	(5)	-	**(74)**
Balance as at 31 December 2016	**983**	**8 097**	**92 437**	**17 476**	**932**	**119 925**
Accumulated depreciation and impairment allowance						
Balance as at 1 January 2016	**-**	**(296)**	**(16 187)**	**(9 614)**	**-**	**(26 097)**
Depreciation	-	(222)	(5 632)	(2 988)	-	**(8 842)**
Value adjustment used	-	-	391	-	-	**391**
Release of value adjustment	-	-	825	-	-	**825**
Disposals	-	-	1 391	1 174	-	**2 565**
Changes due to translation differences	-	1	(1)	1	-	**1**
Balance as at 31 December 2016	**-**	**(517)**	**(19 213)**	**(11 427)**	**-**	**(31 157)**
Carrying value						
Balance as at 1 January 2016	**300**	**2 397**	**72 904**	**6 655**	**750**	**83 006**
Balance as at 31 December 2016	**983**	**7 580**	**73 224**	**6 049**	**932**	**88 768**

16. Property, plant and equipment (continued)

Year ended 31 December 2015:

In thousands of EUR	Land	Buildings and structures	Bigboards and other advertising equipment	Machinery and equipment	Acquisition of property, plant and equipment	Total
Acquisition cost						
Balance as at 1 January 2015	**299**	**2 643**	**88 028**	**13 496**	**421**	**104 887**
Additions	-	17	3 070	2 369	1 277	**6 733**
Additions from business combinations	-	-	196	60	57	**313**
Transfers	-	-	982	3	(985)	**-**
Disposals	-	-	(3 534)	(239)	(24)	**(3 797)**
Changes due to translation differences	1	33	349	580	4	**967**
Balance as at 31 December 2015	**300**	**2 693**	**89 091**	**16 269**	**750**	**109 103**
Accumulated depreciation and impairment allowance						
Balance as at 1 January 2015	**-**	**(206)**	**(13 002)**	**(6 961)**	**-**	**(20 169)**
Depreciation	-	(87)	(5 744)	(2 697)	-	**(8 528)**
Value adjustment used	-	-	887	-	-	**887**
Release of value adjustment	-	-	151	-	-	**151**
Disposals	-	-	1 577	124	-	**1 701**
Changes due to translation differences	-	(3)	(56)	(80)	-	**(139)**
Balance as at 31 December 2015	**-**	**(296)**	**(16 187)**	**(9 614)**	**-**	**(26 097)**
Carrying value						
Balance as at 1 January 2015	**299**	**2 437**	**75 026**	**6 535**	**421**	**84 718**
Balance as at 31 December 2015	**300**	**2 397**	**72 904**	**6 655**	**750**	**83 006**

Impairment of non–current tangible assets

The decrease of value of non-current tangible assets results from the plan to dismantle advertising equipment in the Austrian companies. The reason for planned dismantling is the obsolescence of advertising equipment and cost savings in the future. According to the plan to dismantle advertising equipment, the Group planned to dismantle 4 000 advertising equipment units during years 2015 - 2016. The Group will no longer use the dismantled advertising equipment. Based on this plan, the Group has recorded the impairment provision to non-current tangible assets in the amount of EUR 2 676 thousand as at 31 December 2014. The amount of impairment provision of non-current tangible assets corresponds to the carrying amount of advertising equipment which was planned to be dismantled.

16. Property, plant and equipment (continued)

For the year ended 31 December 2016, the Group has used the impairment provision in the amount of EUR 391 thousand upon the disposal of the assets for which the impairment provision was created (for the year ended 31 December 2015: EUR 887 thousand). An impairment provision in the amount of EUR 825 thousand was reversed as the reason for its creation ceased to exist (for the year ended 31 December 2015: EUR 151 thousand).
As at 31 December 2016, the impairment provision amounted to EUR 422 thousand and will be used in the following years for the regular dismantling of advertising equipment and new investments in advertising equipment.

Insurance of property, plant and equipment
The Group has insured its assets against natural disasters, theft, vandalism and general machinery malfunction. Cars are insured through full accident and liability insurance. The Group is also insured against liability for damage. The total insured amount of assets as at 31 December 2016 amounts to EUR 45 063 thousand (31 December 2015: EUR 45 783 thousand).

Leased assets
The Group leases cars, broadcasting equipment, land and a building based on a finance lease agreements. The finance lease agreement relating to the land and building is concluded until 2021. The finance lease agreements relating to broadcasting equipment are signed until 2020.

The carrying value of leased assets amounted to EUR 3 203 thousand as at 31 December 2016 (31 December 2015: EUR 3 169 thousand).

Restriction in use of assets
On 23 June 2014, the Police of the Czech Republic, Bureau of Corruption and Financial Crime ruled a Decision to seize advertising equipment of the company Czech Outdoor, s.r.o. based on a suspicion of a crime regarding the administration of property of other person. This seizure relates to 164 advertising constructions in the carrying amount of approximately EUR 5 366 thousand. According to the Decision, Czech Outdoor s.r.o. is eligible to use this equipment for the purpose of its own entrepreneurial activities, however it is not allowed to transfer these assets to third parties or use them as a lien. The above-mentioned criminal proceeding is not held against Czech Outdoor, s.r.o. or its current or former statutory representatives, it is held against the former statutory representatives of Ředitelství silnic a dálnic ČR (Road and Motorway directorate of the Czech Republic), with which Czech Outdoor s.r.o. signed in 2010 an amendment to the rental contracts. Management of Czech Outdoor, s.r.o., represented by the law firm AK Brož, Sokol & Novák, actively undergoes legal actions to cancel this seizure. This seizure does not have any direct material impact on the profit or loss of the Group.

17. Other financial instruments

in thousands of EUR	**31 December 2016**	**31 December 2015**
Mutual funds	437	432
Securities available for sale	134	27
Total	**571**	**459**

The administrator of the mutual funds is Raiffeisenlandesbank Niederösterreich-Wien AG.

Fair value hierarchy

Determining fair value of financial assets carried at fair value through profit or loss is as follows:

in thousands of EUR	**31 December 2016**	**31 December 2015**
Level 1	437	432

18. Investments in associates and joint ventures

v thousands of EUR	**31 December 2016**	**31 December 2015**
Associates	1 300	1 195
Joint ventures	-	-
Total	**1 300**	**1 195**

As at 31 December 2016, the Group records a share on unrecorded losses of associates and joint ventures in the amount of EUR 3 thousand (as at 31 December 2015: EUR 1 thousand).

For the year ended 31 December 2016, the Group’s share on unrecorded losses of associates and joint ventures in the amount of EUR 2 thousand (for the year ended 31 December 2015: EUR 1 thousand).

Joint ventures

For the year ended 31 December 2016, the Group's share of profit / (loss) of joint ventures and Group's share of other comprehensive income of joint ventures is EUR 0 thousand (for the year ended 31 December 2015: Group's share on losses of joint ventures was EUR 0 thousand and the Group's share on other comprehensive income of joint ventures was EUR 0 thousand).

Associates

The Group has a significant investment in an associate RAILREKLAM, s.r.o. with a place of business in the Czech Republic.

18. Interest in associates and joint ventures (continued)

Summarised financial information of an associate RAILREKLAM, s.r.o. is presented in the following table:

in thousands or EUR	**31 December 2016**	**31 December 2015**
Non-current assets	233	280
Current assets	2 563	1 965
Non-current liabilities	-	(86)
Current liabilities	(1 036)	(611)
Net assets and liabilities (100%)	1 760	1 548
Group share of net assets and liabilities	863	758
Goodwill	437	437
The value of investment in the consolidated statement of financial position	**1 300**	**1 195**

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Income (100%)	4 370	4 178
Profit for the period (100%)	408	201
Other comprehensive income (100%)	(2)	(1)
Comprehensive income for period (100%)	406	200
Group share on comprehensive income	**119**	**59**
Dividends received by the Group from the associate	57	56

19. Programme rights and internal programme rights

Year ended 31 December 2016:

in thousands of EUR

	Programme rights	Internal programme rights	Total
Acquisition cost			
Balance as at 1 January 2016	**15 532**	**27 980**	**43 512**
Additions	13 620	30 590	**44 210**
Utilised	(13 066)	(23 832)	**(36 898)**
Written off	(27)	-	**(27)**
Balance as at 31 December 2016	**16 059**	**34 738**	**50 797**
Impairment allowance			
Balance as at 1 January 2016	**-**	**(3 009)**	**(3 009)**
Utilised	-	68	**68**
Balance as at 31 December 2016	**-**	**(2 941)**	**(2 941)**
Carrying value			
Balance as at 1 January 2016	**15 532**	**24 971**	**40 503**
Balance as at 31 December 2016	**16 059**	**31 797**	**47 856**

Year ended 31 December 2015:

in thousands of EUR

	Programme rights	Internal programme rights	Total
Acquisition cost			
Balance as at 1 January 2015	**14 348**	**25 841**	**40 189**
Additions	12 744	24 692	**37 436**
Utilised	(11 491)	(22 553)	**(34 044)**
Written off	(69)	-	**(69)**
Balance as at 31 December 2015	**15 532**	**27 980**	**43 512**
Impairment allowance			
Balance as at 1 January 2015	**-**	**(3 735)**	**(3 735)**
Utilised	-	726	**726**
Balance as at 31 December 2015	**-**	**(3 009)**	**(3 009)**
Carrying value			
Balance as at 1 January 2015	**14 348**	**22 106**	**36 454**
Balance as at 31 December 2015	**15 532**	**24 971**	**40 503**

For the years ended 31 December 2016 and 31 December 2015, the main increase in internal programme rights was represented by series, reality shows and news programmes.

19. Programme rights and internal programme rights (continued)

in thousands of EUR	31 December 2016	31 December 2015
Valid programme rights or those becoming valid within 1 year after the balance sheet date	14 680	14 560
Current programme rights	**14 680**	**14 560**
Programme rights becoming valid more than 1 year after the balance sheet date	297	351
Programme rights becoming valid more than 2 years after the balance sheet date	1 082	621
Non-current programme rights	**1 379**	**972**
Total	**16 059**	**15 532**

The Group has no programme rights or internal programme rights carried at a value exceeding net realisable value, as management expects that income from broadcasted advertisements will exceed the value of programme rights and internal programme rights presented in the consolidated statement of financial position.

20. Trade and other receivables

in thousands of EUR	31 December 2016	31 December 2015
Trade receivables	24 662	27 109
Other receivables	1 503	1 490
Receivables subtotal	**26 165**	**28 599**
Impairment allowance to receivables	(2 260)	(1 981)
Total	**23 905**	**26 618**

Changes in impairment allowance during the period:

in thousands of EUR	Year ended 31 December 2016	Year ended 31 December 2015
Balance as at 1 January	**1 981**	**2 287**
Creation	1 292	781
Use	(314)	(254)
Release	(697)	(866)
Changes due to translation differences	(2)	33
Balance as at 31 December	**2 260**	**1 981**

Impairment provisions to receivables reflect customers' credit rating and their ability to pay their liabilities.

21. Loans granted

in thousands of EUR	31 December 2016	31 December 2015
Loans granted	30 344	23 668
Impairment allowance	(40)	(27)
Total	**30 304**	**23 641**

See also Note 31 – Risk management information.

Changes in impairment allowance during the period:

in thousands of EUR	Year ended 31 December 2016	Year ended 31 December 2015
Balance as at 1 January	**27**	**26**
Creation	13	-
Changes due to translation differences	-	1
Balance as at 31 December	**40**	**27**

22. Other assets

in thousands of EUR	31 December 2016	31 December 2015
Prepaid expenses	1 335	1 358
Advances paid	1 123	824
Inventory	822	433
Tax receivables	421	151
Receivables from employees and institutions of social security	114	9
Total	**3 815**	**2 775**

23. Cash and cash equivalents

in thousands of EUR	31 December 2016	31 December 2015
Bank accounts	11 724	10 597
Cash in hand	71	77
Stamps and vouchers	14	15
Cash, that is not at the Group's full disposal	-	1 860
Total	**11 809**	**12 549**

As at 31 December 2015, cash and cash equivalents that were not at the Group's full disposal amounted to EUR 1 860 thousand. The Group used them as a lien for its issued bonds (see Note 26 - Issued bonds).

24. Equity

Share capital

As at 31 December 2016 and 31 December 2015, the Company's share capital equals EUR 25 thousand. Share capital as at 31 December 2016 and 31 December 2015 constituted of 1 000 common shares in a nominal value of EUR 25 per share.

The shareholder is entitled to dividends and is entitled to cast his vote during general meetings of the Company, 1 vote per share.

Share capital is fully paid up.

Other funds

Other funds include legal reserve fund in the amount of EUR 307 thousand, other capital funds in the amount of EUR 51 576 thousand and fund from foreign currencies translations differences in the amount of EUR -979 thousand (as at 31 December 2015 legal reserve fund: EUR 307 thousand, other capital funds: EUR 51 013 thousand and fund from foreign currency translation: EUR -952 thousand).

The Company is obliged, according to the Slovak legal regulations, to create a legal reserve fund at a minimum of 10% of net profit and at least up to 20% of the share capital (cumulatively). The legal reserve fund can only be used to cover the Company's losses and cannot be paid out as dividends. The calculation of the reserve fund is carried out in line with legal requirements.

Non-controlling interests

The following subsidiaries have non-controlling interests that are significant to the Group:

	Place of business	Ownership interest attributable to Non-controlling share	
		31 December 2016	31 December 2015
		%	%
BigBoard Praha, a.s.	Czech Republic	40	40
Czech Outdoor s.r.o.	Czech Republic	40	40

24. Equity (continued)

Summary financial information of subsidiaries before elimination of intra-group relations are shown in the table below:

	BigBoard Praha, a.s.		Czech Outdoor s.r.o.	
in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Revenue (100%)	12 937	12 420	14 785	13 584
Profit / (loss) for period (100%)	(3 271)	(3 812)	1 564	1 277
Other comprehensive income (100%)	(2)	(126)	1	145
Comprehensive income for period (100%)	**(3 273)**	**(3 938)**	**1 565**	**1 422**
Profit / (loss) for the period attributable to non-controlling interests	(1 308)	(1 525)	626	511
Comprehensive income for period attributable to non-controlling interests	(1 309)	(1 575)	626	569

	BigBoard Praha, a.s.		Czech Outdoor s.r.o.	
in thousands of EUR	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Non-current assets	43 093	44 281	18 839	19 933
Current assets	7 508	6 194	8 174	8 166
Non-current liabilities	(50 256)	(47 594)	(3 670)	(18 385)
Current liabilities	(10 966)	(10 229)	(15 309)	(3 245)
Net assets/liabilities (100%)	**(10 621)**	**(7 348)**	**8 034**	**6 469**
Net assets/liabilities attributable to non-controlling interests	(4 248)	(2 939)	3 214	2 588

24. Equity (continued)

in thousands of EUR	BigBoard Praha, a.s. Year ended 31 December 2016	BigBoard Praha, a.s. Year ended 31 December 2015	Czech Outdoor s.r.o. Year ended 31 December 2016	Czech Outdoor s.r.o. Year ended 31 December 2015
Cash flows from operating activities	60	1 407	3 006	1 943
Cash flows used in investing activities	(3 814)	(2 100)	(487)	(930)
Cash flows from / (used in) financing activities	2 031	2 193	(2 627)	(1 101)
Increase / (decrease) in cash and cash equivalents	**(1 723)**	**1 500**	**(108)**	**(88)**

Effect on acquisition of ownership interest without a loss of control as at 31 December 2016

in thousands of EUR	
Carrying amount of non-controlling interest acquired	324
Acquisition cost of non-controlling interest	(222)
Increase of equity attributable to equity holders of the parent company	**102**

25. Bank loans and loans and borrowings

in thousands of EUR	31 December 2016	31 December 2015
Bank loans – bearing fixed interest rates	17	7
Bank loans – bearing variable interest rates	96 904	89 235
Borrowings – bearing fixed interest rates	10 783	11 359
Borrowings – bearing variable interest rates	640	795
Total	**108 344**	**101 396**

The average interest rate of bank loans and interest bearing borrowings as at 31 December 2016 equalled to 4.14% (as at 31 December 2015: 4.42%).

As at 31 December 2016, the Group drew loans from several banking institutions. Some loans have contractually defined amount of financial covenants that the Group is obligated to fulfil.

An agreement on instalment loan in the amount of EUR 8 093 thousand with the final maturity in 2020 has defined covenants. As at 31 December 2016, the Group breached one of them and loan has become payable on demand. Therefore, the Group presented the loan as current as at 31 December 2016. The Group does not expect that the bank will demand early repayment of the loan.

25. Bank loans and loans and borrowings (continued)

The financial leasing contract relating to a building also has defined covenants. The Group as at 31 December 2016 breached the covenants as defined in the contract on financial leasing and financial leasing has become payable on demand. Therefore, the Group presented the liability as current as at 31 December 2016. Concurrently, the Group does not expect that the leasing company will demand early repayment of the finance lease.

The Group provided guarantees for received bank loans, interest bearing borrowings and finance leasing:

in thousands of EUR	**31 December 2016**	**31 December 2015**
Internal programme rights	31 797	24 971
Programme rights	15 437	15 532
Trade and other receivables	3 594	1 594
Cash, that is not at the Group's full disposal	-	1 860
Property, plant and equipment	2 748	2 494
Total	**53 576**	**46 451**

Property, plant and equipment represents leased property used for securing the finance leasing in the amount of EUR 2 676 thousand (as at 31 December 2015: EUR 2 494 thousand).

Finance lease liabilities

Finance lease liabilities as at 31 December 2016 were as follows:

in thousands of EUR	**Payments**	**Interest**	**Principal**
Less than 3 months	804	63	741
3 months to 1 year	372	25	347
1 to 5 years	1 008	29	979
Total	**2 184**	**117**	**2 067**

Finance lease liabilities as at 31 December 2015 were as follows:

in thousands of EUR	**Payments**	**Interest**	**Principal**
Less than 3 months	949	91	858
3 months to 1 year	297	29	268
1 to 5 years	1 205	52	1 153
Total	**2 451**	**172**	**2 279**

26. Issued bonds

The Company has the following bonds in issue:

in thousands of EUR	ISIN	Issued	Due date	Original currency of the issue	Nominal value of the issue in original currency	Effective interest rate in %	Carrying value as at 31 December 2016	Carrying value as at 31 December 2015
Type								
Payable to bearer	SK4120008244	21.12.2011	21.12.2015	EUR	25 000	7.66	-	-
Payable to bearer	CZ0003502312	28.11.2012	28.11.2022	CZK	730 000	4.63	27 013	26 960
Payable to bearer	CZ0003503153	5.12.2012	5.12.2024	CZK	545 041	9.37	20 071	20 358
Payable to bearer	SK4120009382	15.8.2013	15.8.2018	EUR	48 130	6.62	49 138	41 262
Payable to bearer	SK4120011222	7.12.2015	7.12.2021	EUR	46 033	6.24	33 974	31 657
							130 196	**120 237**

The bonds presented as current liabilities in the Consolidated statement of financial position of the Group in the amount of EUR 1 406 thousand represent unpaid accrued interest that will be paid within one year.

Bonds ISIN SK4120008244 were zero coupon bonds. Interest expense for the year ended 31 December 2015 was in the amount of EUR 1 778 thousand. The bonds were fully paid on 21 December 2015.

Bonds ISIN CZ0003502312 are bearing fixed interest that is payable semi-annually. Interest expense for the year ended 31 December 2016 is in the amount EUR 1 938 thousand (for the year ended 31 December 2015 in the amount of EUR 1 990 thousand).
Based on the meeting of bondholders held on 17 October 2016, it was agreed that the maturity of bonds will be prolonged to 28 November 2022 and the nominal interest rate will be reduced from 7% p.a. to 4.5% p.a., in both cases with effect from 28 November 2016.
As at 31 December 2015, the bonds were secured by cash on bank account in the amount of EUR 1 860 thousand (CZK 50 265 thousand). The Group did not have this amount at its full disposal.

Bonds ISIN CZ0003503153 are bearing fixed interest that is payable annually. Interest expense for the year ended 31 December 2016 is in the amount of EUR 1 889 thousand (for the year ended 31 December 2015 in the amount of EUR 1 875 thousand).
Based on the Board meeting held on 30 October 2016, it was agreed that the maturity of bonds will be prolonged to 5 December 2024.
Bonds in the nominal value in the amount of CZK 100 000 thousand (EUR 3 701 thousand) were purchased back by the Group on 12 August 2013, and are still held by the Group as at 31 December 2016.

Bonds ISIN SK4120009382 are bearing fixed interest that is payable annually. Interest expense for the year ended 31 December 2016 is in the amount of EUR 2 968 thousand (for the year ended 31 December 2015 in the amount of EUR 3 375 thousand).
Bonds in the nominal value of EUR 12 970 thousand were purchased back by the Group on 25 August 2015. Additional bonds in the nominal value of EUR 1 500 thousand were purchased back by the Group on 9 December 2015.
For the year ended 31 December 2016, the Group sold own bonds as follows: on 20 April 2016 in the nominal value of EUR 6 000 thousand, on 24 May 2016 in the nominal value of EUR 500 thousand and on 25 July 2016 in the nominal value EUR 1 100 thousand. The Group generated a profit from this transaction in the amount of EUR 56 thousand. As at 31 December 2016, own bonds held by the Group amounted to EUR 6 870 thousand.

26. Issued bonds (continued)

Bonds SK4120011222 are zero coupon bonds. Interest expense for the year ended 31 December 2016 is in the amount of EUR 2 068 thousand (for the year ended 31 December 2015: EUR 104 thousand).
Bonds in the nominal value of EUR 2 812 thousand were purchased back by the Group on 9 December 2015 for EUR 1 982 thousand.
On 12 April 2016, the Group sold own bonds in the nominal value of EUR 345 thousand. The Group generated a profit from this transaction in the amount of EUR 7 thousand. As at 31 December 2016, own bonds held by the group amounted to EUR 2 467 thousand.

27. Deferred tax asset / (liability)

The following items gave rise to a deferred tax asset / (liability):

in thousands of EUR	**Receivables 31 December 2016**	**Liabilities 31 December 2016**	**Total 31 December 2016**
Temporary differences related to:			
Property, plant and equipment	8	(12 663)	(12 655)
Intangible assets	4	(30 719)	(30 715)
Provisions	317	-	317
Unpaid interest	-	(129)	(129)
Tax losses	11 281	-	11 281
Other	1 093	(58)	1 035
Netting	*(11 517)*	*11 517*	-
Total	**1 186**	**(32 052)**	**(30 866)**

in thousands of EUR	**Receivables 31 December 2015**	**Liabilities 31 December 2015**	**Total 31 December 2015**
Temporary differences related to:			
Property, plant and equipment	-	(12 415)	(12 415)
Intangible assets	-	(33 126)	(33 126)
Provisions	331	-	331
Unpaid interest	-	(338)	(338)
Tax losses	11 500	-	11 500
Other	846	(3)	843
Netting	*(11 698)*	*11 698*	-
Total	**979**	**(34 184)**	**(33 205)**

Deferred tax asset from losses carried forward is recognized only to the extent that is probable that a taxable profit will be available again which this amount can be utilized.

27. Deferred tax asset / (liability) (continued)

Deferred tax asset arising from the following items was not recognized (tax base):

in thousands of EUR	**31 December 2016**	**31 December 2015**
Tax losses	57 612	56 681
Total	**57 612**	**56 681**

Expected periods for expiration of tax losses utilization:

in thousands of EUR	**2017**	**2018**	**2019**	**2020**	**After 2020**
Tax losses	3 639	1 708	3 181	3 531	91 315

Tax losses incurred in Slovakia can be utilized on a straight line basis no more than 4 consecutive years equally, the maximum time period for tax losses utilization in the Czech Republic and in Croatia is 5 years. In Austria, tax losses utilization is not limited by time.

28. Provisions

Year ended 31 December 2016:

in thousands of EUR	**Onerous contracts**	**Asset retirement obligation provision**	**Employee benefits**	**Fines from RpVaR[1] and lawsuits**	**Other provisions**	**Provisions total**
Balance as at 1 January	**1 461**	**581**	**877**	**649**	**728**	**4 296**
Additions from acquisitions	-	-	302	184	-	**486**
Creation	36	-	82	120	400	**638**
Utilisation	(1 427)	(104)	(24)	(81)	(504)	**(2 140)**
Release	(9)	(349)	-	(47)	(5)	**(410)**
Changes due to translation differences	-	-	(4)	(2)	-	**(6)**
Balance as at 31 December	**61**	**128**	**1 233**	**823**	**619**	**2 864**

Current	1 249
Non-current	1 615
Total	**2 864**

28. Provisions (continued)

Year ended 31 December 2015:

in thousands of EUR	**Onerous contracts**	**Asset retirement obligation provision**	**Employee benefits**	**Fines from RpVaR[1] and lawsuits**	**Other provisions**	**Provisions total**
Balance as at 1 January	**2 259**	**1 128**	**924**	**638**	**486**	**5 435**
Creation	318	58	47	184	717	**1 324**
Utilisation	(1 116)	(369)	(94)	(163)	(466)	**(2 208)**
Release	-	(239)	-	(11)	(9)	**(259)**
Changes due to translation differences	-	3	-	1	-	**4**
Balance as at 31 December	**1 461**	**581**	**877**	**649**	**728**	**4 296**

Current	3 055
Non-current	1 241
Total	**4 296**

[1]RpVaR – Council for Broadcasting and Retransmission

The asset retirement obligation provision resulted from the plan to dismantle advertising equipment in entities in Austria. According to the plan to dismantle advertising equipment, the Group planned to dismantle 4 000 advertising equipment units during of years 2015 – 2016. The average market price for the dismantling of one advertising equipment unit is EUR 255. Using these inputs the provision was estimated in the amount of EUR 1 020 thousand.
As at 31 December 2015, the asset retirement obligation provision in entities in Austria amounted to EUR 453 thousand. During 2016, the asset retirement obligation provision in the amount of EUR 104 thousand was used and provision in the amount of EUR 349 thousand was released.

The asset retirement obligation provision also included a provision resulting from the amendment to the Act on land communication in the Czech Republic. Under this amendment, the Group has a legal obligation to dismantle advertising equipment units that do not comply with the new regulation until 31 August 2017. Therefore, the Group created a provision reflecting the estimated revenue from the sale of dismantled parts of the advertising equipment units. The average market price for dismantling of one advertising equipment unit considering revenues from its sale is EUR 110 (CZK 2 982).
As at 31 December 2016, the asset retirement obligation provision in the entities in the Czech Republic amounted to EUR 128 thousand (as at 31 December 2015: EUR 128 thousand).

29. Trade liabilities and other financial liabilities

in thousands of EUR	**31 December 2016**	**31 December 2015**
Trade liabilities	49 470	40 879
Accrued expenses	2 993	3 243
Other financial liabilities	1 085	1 538
Total	**53 548**	**45 660**

As at 31 December 2016, other financial liabilities include an interest rate swap in the amount of EUR 50 thousand (as at 31 December 2015: EUR 147 thousand), which is recorded at fair value.

Fair value hierarchy

Determination of fair value of interest rate swap is shown in the following table:

in thousands of EUR	**31 December 2016**	**31 December 2015**
Level 2	50	147

Structure of liabilities according to their due dates is shown in the following table:

in thousands of EUR	**31 December 2016**	**31 December 2015**
Overdue liabilities	9 018	7 344
Liabilities within due date	44 530	38 316
	53 548	**45 660**

Majority of the overdue liabilities as at 31 December 2016 were paid by the date of the financial statements preparation.

30. Other liabilities

in thousands of EUR	**31 December 2016**	**31 December 2015**
Liabilities towards employees and institutions of social security	5 181	3 486
Other tax liabilities	2 127	2 207
Deferred revenue	1 012	559
Advance payments received	674	2 248
Total	**8 994**	**8 500**

The liabilities towards employees and institutions include a social fund liability in the amount EUR 103 thousand as at 31 December 2016 (as at 31 December 2015: EUR 96 thousand).

31. Risk management information

This section provides details on the financial risks to which the Group is exposed to and the methods of their management. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk represents mainly interest rate risk and currency risk.

Liquidity risk

Liquidity risk is formed during financing the ordinary activities of the Group, concurrently with the ability to meet its obligations when due, and during management of financial positions. It poses a risk of failure to fund assets in adequate due date and interest rate and a risk of failure to realize assets for an appropriate price within a reasonable time period.

Individual companies in the Group use different methods for managing liquidity risk. The Group's management focuses on monitoring and managing liquidity of each individual company.

The following table presents an analysis of financial assets and liabilities of the Group presented according to the remaining contractual maturity of financial assets and liabilities as at balance sheet date. The presented amounts also include estimated payments of interest and represent contractual undiscounted cash flows.

The maturity of financial assets and liabilities as at 31 December 2016 is as follows:

in thousands of EUR	**Carrying amount**	**Undis-counted cash flows**	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**
Assets						
Cash and cash equivalents	11 809	11 809	11 809	-	-	-
Trade and other receivables	23 905	23 905	22 785	867	171	82
Other financial instruments	571	571	571	-	-	-
Loans granted	30 304	34 185	7	2 034	32 144	-
	66 589	**70 470**	**35 172**	**2 901**	**32 315**	**82**
Liabilities						
Bank loans and interest bearing borrowings	(108 344)	(121 439)	(8 383)	(31 012)	(71 698)	(10 346)
Trade and other financial liabilities	(53 548)	(53 548)	(43 890)	(7 623)	(2 035)	-
Issued bonds	(130 196)	(169 960)	-	(6 209)	(109 902)	(53 849)
	(292 088)	**(344 947)**	**(52 273)**	**(44 844)**	**(183 635)**	**(64 195)**

The differences between the current financial assets and liabilities are balanced by the Group as follows:

- The Group has several not fully drawn loans, which can be utilized when needed. Current financial needs are satisfied through overdraft facilities and undrawn credit lines. As at 31 December 2016, the Group had EUR 8 911 thousand (as at 31 December 2015: EUR 14 906 thousand) of undrawn overdraft facilities.
- The Group at the same time drew overdraft facilities in the amount of EUR 21 981 thousand as at 31 December 2016 (as at 31 December 2015: EUR 15 155 thousand). These loans are granted for one year period and are regularly prolonged. Based on past experience, Group's management expects that the maturity of these loans will be extended for another year and therefore will not result in an outflow of cash during 2017, that equals to the amount of drawn balances of overdrafts as at 31 December 2016.

- As at 31 December 2016, the Group presents as current assets acquired programme rights and internal programme rights amounting to EUR 46 477 thousand (as at 31 December 2015: EUR 39 531 thousands). The Group will gain cash inflows, during 2017 and ongoing periods depending on the licence agreement, from utilizing programme rights and internal programme rights.
- A bank loan of EUR 8 093 thousand with maturity in 2020 is presented as current by the Group. As at 31 December 2016, the Group breached one of the covenants defined in the loan contract and loan has become payable on demand. The Group does not expect that the bank will demand early repayment of the loan, resulting in a cash outflow, except to regular repayment of the loan.

The maturity of financial assets and liabilities as at 31 December 2015 is as follows:

in thousands of EUR	**Carrying amount**	**Undis-counted cash flows**	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**
Assets						
Cash and cash equivalents	12 549	12 549	10 689	-	1 860	-
Trade and other receivables	26 618	26 618	26 322	49	158	89
Other financial instruments	459	459	459	-	-	-
Loans granted	23 641	27 509	-	1 662	25 847	-
	63 267	**67 135**	**37 470**	**1 711**	**27 865**	**89**
Liabilities						
Bank loans and interest bearing borrowings	(101 396)	(118 946)	(8 730)	(16 539)	(83 981)	(9 696)
Trade and other financial liabilities	(45 660)	(45 659)	(38 139)	(6 578)	(942)	-
Issued bonds	(120 237)	(152 537)	-	(6 692)	(100 157)	(45 688)
	(267 293)	**(317 142)**	**(46 869)**	**(29 809)**	**(185 080)**	**(55 384)**

Credit risk

The Group is facing this risk especially with trade receivables, other receivables and granted loans. The exposure to this risk is expressed by the carrying amount of these assets in the consolidated statement of financial position. The carrying amount of receivables and granted loans represent the maximum possible loss that would have to be recorded should the counterparty fail to meet its contractual obligations and all guarantees would have a zero value. The carrying amount thus substantially exceeds the expected losses expressed by impairment allowance.

The Company has not accepted any guarantees for its receivables.

31. Risk management information (continued)

Credit risk exposure by sector as at 31 December 2016 is as follows:

in thousands of EUR	**Corporations**	**Banks and financial institutions**	**Other**	**Total**
Assets				
Cash and cash equivalents	-	11 724	85	**11 809**
Trade and other receivables	23 793	20	92	**23 905**
Other financial instruments	101	470	-	**571**
Loans granted	24 425	5 807	72	**30 304**
	48 319	**18 021**	**249**	**66 589**

Credit risk exposure by sector as at 31 December 2015 is as follows:

in thousands of EUR	**Corporations**	**Banks and financial institutions**	**Other**	**Total**
Assets				
Cash and cash equivalents	-	12 457	92	**12 549**
Trade and other receivables	25 795	508	315	**26 618**
Other financial instruments	27	432	-	**459**
Loans granted	22 852	-	789	**23 641**
	48 674	**13 397**	**1 196**	**63 267**

As at 31 December 2016, the average interest rate on provided loans was 6.82% (31 December 2015: 6.99%).

As at 31 December 2016, loans granted include one significant loan that represents 71% of the total loans provided (as at 31 December 2015: one major loan represented 90% of total loans provided). The most significant loan in total of EUR 21 434 thousand was provided to one related party (as at 31 December 2015: the most significant loan in total of EUR 21 185 thousand was granted to one related party).

Credit risk exposure by country as at 31 December 2016 is as follows:

in thousands of EUR	**Slovakia**	**Czech Republic**	**Austria**	**Cyprus**	**Other**	**Total**
Assets						
Cash and cash equivalents	2 936	3 796	4 944	-	133	**11 809**
Trade and other receivables	12 725	8 708	666	-	1 806	**23 905**
Other financial instruments	27	55	437	-	52	**571**
Loans granted	2 270	337	-	21 434	6 263	**30 304**
	17 958	**12 896**	**6 047**	**21 434**	**8 254**	**66 589**

31. Risk management information (continued)

Credit risk exposure by country as at 31 December 2015 is as follows:

in thousands of EUR	Slovakia	Czech Republic	Austria	Cyprus	Other	Total
Assets						
Cash and cash equivalents	4 510	4 683	3 356	-	-	**12 549**
Trade and other receivables	16 127	9 035	1 113	-	343	**26 618**
Other financial instruments	27	-	432		-	**459**
Loans granted	2 374	83	-	21 184	-	**23 641**
	23 038	**13 801**	**4 901**	**21 184**	**343**	**63 267**

Credit risk exposure – impairment of financial assets

Trade and other receivables

in thousands of EUR	31 December 2016				31 December 2015			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	15 232	58	(257)	14 975	20 715	73	(13)	20 702
Overdue 1-30 days	4 829	18	(56)	4 773	3 438	12	(4)	3 434
Overdue 31-180 days	3 457	13	(300)	3 157	2 121	7	(14)	2 107
Overdue 181-365 days	934	4	(333)	601	637	2	(400)	237
Overdue more than 365 days	1 713	7	(1 314)	399	1 688	6	(1 550)	138
	26 165	**100**	**(2 260)**	**23 905**	**28 599**	**100**	**(1 981)**	**26 618**

Loans granted

in thousands of EUR	31 December 2016				31 December 2015			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	30 331	100	(27)	30 304	23 668	100	(27)	23 641
Overdue more than 365 days	13	-	(13)	-	-	-	-	-
	30 344	**100**	**(40)**	**30 304**	**23 668**	**100**	**(27)**	**23 641**

Other financial instruments

in thousands of EUR	31 December 2016				31 December 2015			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	720	100	(149)	571	459	100	-	459

31. Risk management information (continued)

Currency risk

The Group is exposed to currency risk especially in relation to USD and CZK. Long term contracts for purchasing programme rights are mostly denominated in USD that is why the Group manages the currency risk by forward contracts. Currency risk to CZK results mostly from interest-bearing borrowings denominated in CZK. The following table provides an analysis of only those items of financial assets and liabilities of the Group that are denominated in a currency other than the functional currency of the individual Group companies.

Currency risk exposure as at 31 December 2016 is as follows:

in thousands of EUR	**EUR**	**CZK**	**USD**
Assets			
Cash and cash equivalents	16	5	71
	16	**5**	**71**
Liabilities			
Bank loans and interest bearing borrowings	-	7 247	-
Trade and other financial liabilities	195	19	10 516
	195	**7 266**	**10 516**

Currency risk exposure as at 31 December 2015 is as follows:

in thousands of EUR	**EUR**	**CZK**	**USD**
Assets			
Cash and cash equivalents	-	5	125
Trade and other receivables	-	3	6
	-	**8**	**131**
Liabilities			
Bank loans and interest bearing borrowings	-	6 831	-
Trade and other financial liabilities	-	110	10 892
	-	**6 941**	**10 892**

31. Risk management information (continued)

Sensitivity analysis
Strengthening of the euro by 10% against foreign currencies listed below would have the following effect on the portfolio (in case of a weakening, the opposite effect). This analysis assumes that all other variables, in particular interest rates, remain unchanged.

in thousands of EUR	**Effect on portfolio**
31 December 2016	
CZK	660
USD	949
31 December 2015	
CZK	627
USD	233

Interest rate risk

The operations of the Group are exposed to the interest rate fluctuations. The scope of this risk is equal to the amount of interest bearing assets and liabilities, whose interest rate at their maturity or at the moment of a change varies from the current interest rate. The period during which the financial instrument has set a fixed interest rate reflects the exposure to the risk in changes in interest rates.

Profile of financial instruments
As at 31 December 2016, the interest rate profile of the interest bearing financial instruments of the Group is as follows:

in thousands of EUR	**31 December 2016**	**31 December 2015**
Fixed interest rate		
Assets	32 892	27 456
Bank loans and interest bearing borrowings	(10 800)	(11 366)
Issued bonds	(130 196)	(120 237)
	(108 104)	**(104 147)**
Variable interest rate		
Assets	9 136	8 642
Bank loans and interest bearing borrowings	(97 544)	(90 030)
	(88 408)	**(81 388)**

Sensitivity analysis for instruments with variable interest rates
A change by 100 basis points in interest rates would have the following effect on the portfolio:

in thousands of EUR	**31 December 2016**	**31 December 2015**
A decrease in interest rates by 100 bp	875	804
An increase in interest rates by 100 bp	(875)	(804)

31. Risk management information (continued)

Operational risk

The Group is also exposed to operational risk, such as outage in broadcasting. The Group manages this risk by diversifying transmissions and implementing backup technological solutions for eliminating this risk.

Furthermore, the Group is exposed to a risk that the rental contracts for areas beneath its advertising equipment will not be renewed in the future. This risk is mitigated by diversifying the providers of space for advertising equipment.

Capital management

Management of the Company considers equity as capital for the purposes of the capital management. The aim of the Group in the capital management is to continue as going concern, to provide sufficient return on capital to the shareholders and benefits for other stakeholders. The aim is also to keep optimal structure of capital with the aim of reduction of the financing costs. Management of the Group manages the shareholders' equity recognized in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2016 in the amount of EUR 32 723 thousand (as at 31 December 2015: EUR 38 549 thousand). The Group monitors structure of the capital based on the ratio of the total debt to the total of equity and liabilities. Total debt is calculated as the amount of bank loans, interest rate borrowings and issued bonds (including short term portions as recognized in the Consolidated statement of the financial position).

If necessary, the parent company provides financial support by increasing the equity through other capital funds. During 2016, other capital funds were increased by the parent company TV JOJ L.P by EUR 550 thousand (during 2015, other capital funds were not increased by the parent company TV JOJ L.P).

32. Fair value information

The following summary includes information about carrying and fair values of financial assets and liabilities of the Group which are not carried at fair value. The summary does not include financial assets and liabilities where their carrying amount approximates fair value.

	31 December 2016		**31 December 2015**	
in thousands of EUR	**Carrying amount**	**Fair value Level: 2**	**Carrying amount**	**Fair value Level: 2**
Financial assets				
Loans granted	30 304	31 418	23 641	23 341
Cash, which is not at the Group's full disposal	-	-	1 860	-
Financial liabilities				
Bank loans	96 921	99 128	89 242	85 813
Interest bearing borrowings	11 423	12 638	12 154	12 384
Issued bonds	130 196	139 328	120 237	123 434

The main methods and assumptions used in estimating fair values are discussed in Note 2 - Significant Accounting Policies - accounting policy s).

33. Leasing of assets

Group as a lessee

The Group is leasing cars, administrative and technical premises, advertising space, advertising equipment and land underneath the advertising equipment, which it does not own.
The contracts are usually for an indefinite time period with notice period from 1 to 6 months or for a period from 3 months to 8 years.

For the year ended 31 December 2016, total recurring lease expenses under frame contracts amounted to EUR 23 139 thousand (for the year ended 31 December 2015: EUR 20 208 thousand).

Group as a lessor

The Group is leasing advertising space and equipment to other parties. The contracts are mostly one-off leases.

34. Contingent liabilities

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

35. Subsequent events

On 4 January 2017, the company Flowee s.r.o. was established, in which the Group through its subsidiary BigBoard Praha, a.s., has 35% share.

On 7 February 2017, the Group sold to a third party 98.63% share in the company Infantinfo d.o.o. The Group retained a share of 0.91%, which will be presented under Other financial instruments.

36. Other events

Act on land communication

The Group has a contractual obligation to dismantle advertising equipment units that do not comply with a new regulation based on the amendment to the Act on land communication in the Czech Republic until 31 August 2017. The Group therefore created a provision in the amount of EUR 128 thousand. The provision reflects the estimated revenue from the sale of dismantled parts of the advertising units which will partly cover dismantling costs.

Prague building regulations

On 15 July 2014, the Council of the City of Prague adopted a Regulation no. 1607/2014, which states general requirements for land use and technical requirements for buildings in the capital city Prague (Prague building regulations, PSP), hereinafter referred to as "Regulation". The article 77 and subsequent articles of the Regulation addresses rules for placing of advertising installations and structures for advertising in the capital city of Prague in the built-up areas. This Regulation entered into force on 1 October 2014. Due to formal errors, consisting mainly in the absence of notification of PSP as a technical regulation in the European Union authorities, the validity of the PSP was suspended by the Ministry of Regional Development in January 2015. The Regulation was subsequently redrafted included part related to the regulation of advertisement. New version approved by the Council of the city of Prague by Regulation no. 1839 from 11 August 2015 was send as a notification to the European Council. In February 2016, the European Council has not approved the Regulation based on facts that are not related to the regulation of outdoor advertising. On 27 May 2016, the Council of the City of Prague approved new version of regulation no. 10/2016, effective from 1 August 2016.

36. Other events (continued)

The Group sees the proposed method of regulation as appropriate, as this will improve the quality of public space while maintaining the functionality of outdoor advertising. The Group expects decrease in number of their advertising equipment by 12%. The expected economic impact on the Group will be rather neutral to positive because, a restriction in the supply and expected continuing demand, will result in an increase in unit prices and in increase in the profitability of advertising equipment units in the capital Prague.

In connection with the amendment to the Act on land communications and Prague building regulations the Group expects decrease in revenues from dismantled panels in the table below. The following methodology was used to calculate the decrease in revenues:

- The Group identified advertisement equipment to be impacted by the required Regulations and the new Act on land communications

- The Group recalculated the average revenue for the advertising equipment based on the number of active panels, total revenues in 2016 and occupancy of individual panels.

In the case of the Act on land communiations, the final dismantling will take place in the second half of 2017, and thus the full impact of the reduced revenues will occur only in 2018.

Year	The expected decline in consolidated revenues in each year (in thousands of EUR)
2017	(3 532)
2018	(7 617)
2019	(7 704)
2020	(7 797)
2021	(7 825)

37. Group entities

A list of the Group entities as at 31 December 2016 is as follows:

	Country of registration	Company share held	Control	Consolidation method
JOJ Media House, a. s.	Slovakia	100%	direct	Full
Slovenská produkčná, a.s.	Slovakia	94.96%	direct	Full
MAC TV s.r.o.	Slovakia	100%	indirect	Full
TELEPON PLUS. spol. s r.o.	Slovakia	49%	indirect	Equity
DONEAL. s.r.o.	Czech Republic	100%	indirect	Full
Magical roof s.r.o.	Czech Republic	100%	indirect	Full
Akzent BigBoard, a.s.	Slovakia	100%	direct	Full
BigMedia. spol. s r.o.	Slovakia	100%	indirect	Full
RECAR Bratislava a.s.	Slovakia	80%	indirect	Full
RECAR Slovensko a.s.	Slovakia	100%	indirect	Full
Media representative. s.r.o.	Slovakia	100%	indirect	Full
BHB. s.r.o.	Slovakia	51%	indirect	Full
Akcie.sk, s.r.o.	Slovakia	100%	direct	Full
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH	Austria	100%	indirect	Full
R + C Plakatforschung und – kontrolle Gesellschaft mbH	Austria	51%	indirect	Full
Starhouse Media, a. s.	Slovakia	30%	direct	Equity
BigBoard Praha, a.s.	Czech Republic	60%	direct	Full
BigMedia. spol. s r.o.	Czech Republic	100%	indirect	Full
Czech Outdoor s.r.o.[6]	Czech Republic	100%	indirect	Full
Expiria. a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, s.r.o.	Czech Republic	49%	indirect	Equity
MG Advertising. s.r.o.	Czech Republic	50%	indirect	Equity
QEEP. a.s.[4]	Czech Republic	80%	indirect	Full
Barrandia s.r.o. [1]	Czech Republic	100%	indirect	Full
Český billboard. s.r.o.	Czech Republic	100%	indirect	Full
outdoor akzent s.r.o.	Czech Republic	100%	indirect	Full
Bilbo City s.r.o.	Czech Republic	100%	indirect	Full
Velonet ČR. s.r.o.	Czech Republic	100%	indirect	Full
News Advertising s.r.o.	Czech Republic	100%	indirect	Full
eFabrica, a. s. [2]	Slovakia	100%	direct	Full
Radio Services a.s. (Harad, a.s.) [3]	Slovakia	100%	direct	Full
Lafayette s. r. o.	Slovakia	100%	direct	Full
NOVI LIST d.d. [7]	Croatia	80.32%	direct	Full
Adamić d.o.o.	Croatia	100%	indirect	Full
Glas Istre Novine d.o.o. [5]	Croatia	89.05%	direct	Full
Infantinfo d.o.o.	Croatia	99.54%	indirect	Full
RTD d.o.o. Zadar	Croatia	100%	direct	Full
NIVEL PLUS s.r.o	Slovakia	100%	direct	Full

37. Group entities (continued)

A list of the Group entities as at 31 December 2015 is as follows:

	Country of registration	Company share held	Control	Consolidation method
JOJ Media House, a. s.	Slovakia	100%	direct	Full
Slovenská produkčná, a.s.	Slovakia	94.96%	direct	Full
MAC TV s.r.o.	Slovakia	100%	indirect	Full
TELEPON PLUS, spol. s r.o.	Slovakia	49%	indirect	Equity
DONEAL, s.r.o.	Czech Republic	100%	indirect	Full
Akzent BigBoard, a.s.	Slovakia	100%	direct	Full
BigMedia, spol. s r.o.	Slovakia	100%	indirect	Full
RECAR Bratislava a.s.	Slovakia	80%	indirect	Full
RECAR Slovensko a.s.	Slovakia	100%	indirect	Full
Media representative, s.r.o.	Slovakia	100%	indirect	Full
BHB, s.r.o.	Slovakia	51%	indirect	Full
Akcie.sk, s.r.o.	Slovakia	100%	direct	Full
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH	Austria	100%	indirect	Full
R + C Plakatforschung und – kontrolle Gesellschaft mbH	Austria	51%	indirect	Full
Starhouse Media, a. s.	Slovakia	30%	direct	Equity
BigBoard Praha, a.s.	Czech Republic	60%	direct	Full
BigMedia, spol. s r.o.	Czech Republic	100%	indirect	Full
Czech Outdoor s.r.o. [6]	Czech Republic	100%	indirect	Full
Expiria, a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, s.r.o.	Czech Republic	49%	indirect	Equity
MG Advertising, s.r.o.	Czech Republic	50%	indirect	Equity
QEEP, a.s. [4]	Czech Republic	60%	indirect	Full
Barrandia s.r.o. [1]	Czech Republic	100%	indirect	Full
Český billboard, s.r.o.	Czech Republic	100%	indirect	Full
outdoor akzent s.r.o.	Czech Republic	100%	indirect	Full
Bilbo City s.r.o.	Czech Republic	100%	indirect	Full
eFabrica, a. s. [2]	Slovakia	51%	direct	Full
Harad, a.s. [3]	Slovakia	100%	direct	Full
Radio Services s. r. o. [3]	Slovakia	100%	indirect	Full
Lafayette s. r. o.	Slovakia	100%	direct	Full

[1] The Group owns a 50% share in Barrandia s.r.o. through its subsidiary BigBoard Praha, a.s. and a 50% share through the subsidiary QEEP, a.s.

[2] On 21 January 2016, the Group acquired an additional 49% share in the company eFabrica, a. s.

[3] During 2016, the company Radio Services s. r. o. was merged with the company Harad, a.s. and then the company Harad, a.s. changed its name to Radio Services a.s.

37. Group entities (continued)

[4] On 16 July 2016, the Group acquired an additional 20% share in the company QEEP, a.s.

[5] The Group has a 59.05% share in the company Glas Istre Novine d.o.o. through the parent company JOJ Media House, a.s. and a 30% share through the subsidiary NOVI LIST d.d.

[6] The Group has a 99.9% share in the company Czech Outdoor s.r.o. through its subsidiary BigBoard Praha, a.s. and a 0.1% share through its subsidiary BigMedia, spol. s r.o.

[7] On 7 April 2016, the Group purchased share in Nova Revija d.o.o. (100% share), Kreativni mediji d.o.o. (75% share) and Smokva d.o.o. (50% share) through its subsidiary NOVI LIST d.d. On 14 June 2016, the shares in the companies Kreativni mediji d.o.o. (75% share) and Smokva d.o.o. (50% share) were sold to a third party. On 8 July 2016, the company Nova Revija d.o.o. was liquidated.

Despite the fact that the Group's effective share in the companies QEEP, a.s. and Barrandia s.r.o. is below 50%, the Group has evaluated, based on an analysis, that it controls these companies through its subsidiary BigBoard Praha, a.s.

38. Related parties

Identification of related parties

The Company considers the following as related parties: shareholders of the parent entity, companies controlled by the shareholders of the Company, associates, joint ventures, the Company's key management and the entities controlled by the Company's management.

Transactions with key management personnel

During the year 2016, the key management personnel of the Company received a reward in the amount of EUR 84 thousand (for the year ended 31 December 2015: EUR 35 thousand).

Other transactions with related parties

Receivables and liabilities from transactions with related parties:

in thousands of EUR	**Receivables 31 December 2016**	**Liabilities 31 December 2016**	**Receivables 31 December 2015**	**Liabilities 31 December 2015**
Shareholders of the Company	21 434	-	21 184	-
Associated companies	33	11	34	-
Joint ventures	12	-	8	-
Total	**21 479**	**11**	**21 226**	**-**

38. Related parties (continued)

Revenue and expenses from transactions with related parties:

in thousands of EUR	**Revenues Year ended 31 December 2016**	**Expenses Year ended 31 December 2016**	**Revenue Year ended 31 December 2015**	**Expenses Year ended 31 December 2015**
Shareholders of the Company	1 455	-	285	-
Associated companies	216	(86)	183	(56)
Joint ventures	2	-	2	(36)
Companies controlled by the Company's management	1	-	-	-
Total	**1 674**	**(86)**	**470**	**(92)**

Loan commitments to related parties

in thousands of EUR	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Shareholders of the Company	1 205	-
Total	**1 205**	**-**

For the year ended 31 December 2016, other capital funds were increased by the parent company TV JOJ L.P. by EUR 550 thousand (for the year ended 31 December 2015: share capital was not increased by the parent company TV JOJ L.P.).

The Company does not have any other assets and liabilities arising from transactions with related parties.

Transactions with related parties are realized at standard market conditions.

39. Approval of consolidated financial statements

The financial statements on pages 1 to 85 for the year ended 31 December 2016 were prepared and approved by the board of directors for issue on 28 April 2017.

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Mgr. Richard Flimel
Chairman of the Board of Directors