JOJ MEDIAHOUSE

ANNUAL REPORT 2017

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Dear business partners and colleagues,

The past year has undoubtedly been one of the most successful in the history of the JOJ Media House. Therefore, I would like to thank our business partners and investors as well as all employees without whom we would not develop our business and achieve excellent results.

Economic growth has positively affected the situation across the media segment. Even the last year, however, was full of changes and surprises. Slovakia was in the role of experimental rabbit when Facebook introduced a new news feed called the Explore Feed. It has driven not only agencies but also advertisers to reconsider their communication settings and to look for another alternative. Even the largest advertisers in the world, such as Unilever and Procter & Gamble, have been re-evaluating their approach and increasingly focusing on "brand safety". They do not want their ad to appear alongside dubious or otherwise harmful content on the web. These are good news for traditional media; they represent stability and certainty, and their presence in the media mix is still very important.

JOJ Media House had a very successful year and 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 JOJ Group's stay in DVB-T as the most significant decision of our Group in the past year. We care about 100% coverage and accessibility of our signal for free in every household and being a TV for every viewer.

TV JOJ has recorded the most successful year in its history in terms of viewership, market position and also the popularity of its TV stations among the Slovak audience. In the last year, the TV JOJ News has historically taken over the position of the most watched news, and the TV JOJ has become a stable leader in prime time. It broke records in the most exposed days of the year – Christmas Eve, New Year's Eve and New Year's Day. I also consider ending the illegal dissemination of Czech stations in Slovakia to be a breakthrough decision of Czech broadcasters. Even the 15th anniversary of the TV JOJ was an important event for us, which we celebrated with both our employees and viewers. However, I am most pleased that we managed to monetize our accomplishments along with the increase in the price and thus achieved a significantly higher yield compared to market growth.

The year 2017 was successful even in the outdoor advertising sector, as evidenced by the results of the Slovak, Czech and Austrian companies belonging to the Group. The Austrian Epamedia invests in the development of digital advertising, the world's most dynamically developing area of the outdoor advertising market. In addition, Epamedia as the first outdoor company in Austria produces 100% CO2-neutral advertising campaigns and is also becoming a model for other companies. The increasing pressure to regulate outdoor advertising whether on a nationwide level (Amendment to the Road Traffic Act) or at the level of local regulations (Prague Construction Regulations) is a big challenge for the Czech BigBoard Praha. The Slovak BigBoard Akzent continues strengthening its position in the regions and develops transport advertising.

For the first time in history, we managed to bring together the strongest commercial radio stations and created the "Rádio funguje" initiative, culminating in the 1st year of the Radio Rulezz conference. I believe that these activities will continue and help to increase the share of radio stations in the overall media mix.

In the next year, we want to continue fulfilling our vision of building a strong Central European media group. We will provide high-quality media services, improve product quality, and bring a range of interesting projects within each of our segments.

I wish you all a successful year 2018.

Richard Flimel

JOJ Media House a.s. 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 SECTOR

- 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, cinema.joj.sk, jojfamily.cz, nadacia.joj.sk, huste.tv, noviny.sk, europskenoviny.sk, topstar.sk, miesto-premuza.sk, prezenu.sk, kinosala.joj.sk, lajkit.sk, autofans.sk, style.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. (80% share) – The company is a holder of a license to broadcast the TV channel JOJ FAMILY.
- PMT, s.r.o. (27% share) – The company ensures the implementation of electronic television audience measurement via people meters.

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 WEB 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.
- Cestovná agentúra CKSK, s.r.o. (30% share) – The company operates as an Internet travel agency.

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. (100% share) – Rental of advertising space.

- Český billboard, s.r.o. (100% share) – Rental of advertising space.
- MG Advertising, s.r.o. (50% share) – Rental of advertising space.
- Barrandia s.r.o. (100% share) – Rental of advertising space.
- Expiria, a.s. (100% share) – Rental of advertising space.
- RAILREKLAM, spol. s r.o. (100% share) – Rental of advertising space on the property of the company České dráhy, a.s.
- outdoor akzent s.r.o. (100% share) – The company is the leader in the field of billboard outdoor advertising in the Czech market.
- Bilbo City s.r.o. (100% share) – Rental of advertising space.
- Velonet ČR, s.r.o. (100% share) – Rental of advertising space, bike sharing.
- Qeep, a.s. (100% share) – The company focuses on large-format outdoor media and LED screens in the city center of Prague.
- News Advertising s.r.o. (100% share) – Rental of advertising, especially double bigboard spaces.
- Flowee s.r.o. (65% share) – The company operates the biggest page about modern lifestyle on the Internet in the Czech Republic.
- D & C AGENCY s.r.o. (100% share) – The company owns a 48% share in the company ERFLEX, a.s.
- ERFLEX, a.s. (48% share) – The company primarily deals with building and operating networks of outdoor advertising and navigation spaces.

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:

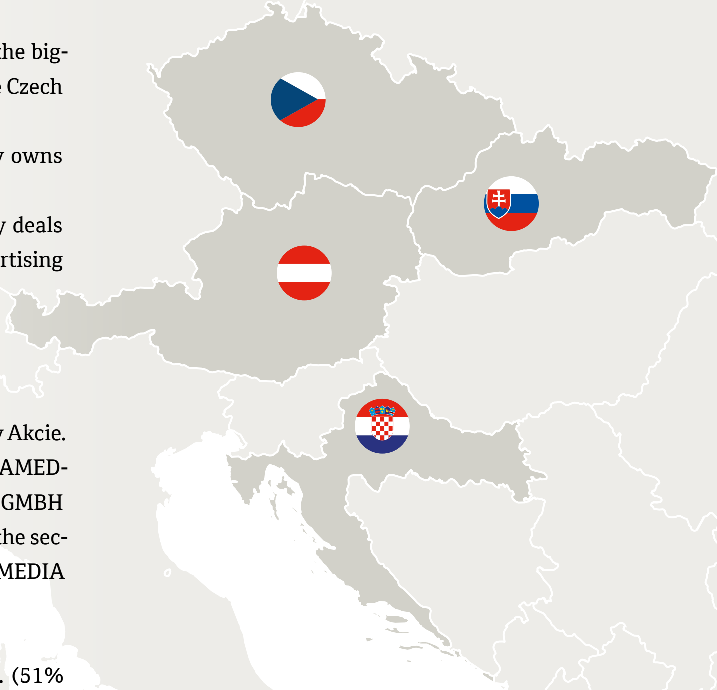
- R&C Plakatforschung und – Kontrolle Ges.m.b.H. (51% share).

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%) – The Novi List newspaper publishing.
- GLAS ISTRE NOVINE d. o. o. (89%) – The Glas Istre newspaper publishing.
- RTD d.o.o. (100 %) – The Zadarski List newspaper publishing.
- INFANTINFO d.o.o. (0.9%) – 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.

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

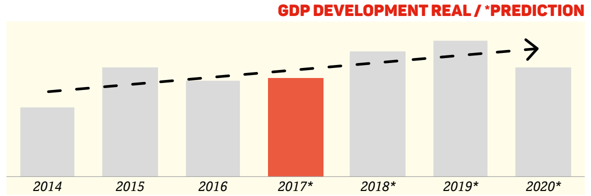
According to Eurostat's latest estimates, gross domestic product of the Eurozone grew by 2.5% in 2017, which is the fastest growth in the last 10 years. With its results, the economy is overtaking expectations, and everything indicates that significant growth will continue in the coming year. Unemployment and budget deficits continue to decline. Strong demand, high capacity utilization and favorable financial conditions have a positive impact on investment. Also, the economic sentiment indicator has reached the highest level in EU countries since 2007. In line with these developments, growth projections for 2018 and 2019 have also increased, both in the Eurozone and the EU as a whole. However, the risks of adverse developments associated with the uncertain outcome of the Brexit negotiations as well as the risks arising from geopolitical tensions and the shift towards more closed and protectionist policies remain. While most of the Eurozone countries are experiencing labor market growth, this is far from being reflected in wages. The wages are, however, essential to maintaining consumption, which is the engine of economic growth.

The positive development of the Eurozone economies also affected the situation in the media markets, where the companies of the JOJ Media House, a.s. operate. The latest forecasts for advertising spending show that the market is still transforming. According to Dentsu Aegis Network's analysis, global investment in the world averaged 569 million USD in 2017, which is growth by 3.1% compared to the previous year, and the **global ad spending growth will accelerate to 3.6% in 2018**.

THE SLOVAK MEDIA MARKET

The gross domestic product of Slovakia grew by 3.4% in 2017. The Ministry of Finance expects GDP growth by 4.2% in 2018. The central bank is more optimistic – in its latest forecast, it estimated the growth of the economy to 4.3%. The growth of household consumption as well as record low rates and wage and employment growth had the most significant impact on the development of the Slovak economy. According to the NBS forecasts, the positive trend would be maintained in the coming years. In 2019, the growth of the economy should accelerate to 4.7%, but after a breakthrough in the propulsion impulses from new production capacities in the automotive industry, it is expected to slow down to 3.8% in 2020.

GDP DEVELOPMENT REAL / *PREDICTION



Source: NBS Medium Term Forecast P4QA-2017

NBS MACROECONOMIC FORECAST

Year-on-year Dynamics in %	2014	2015	2016	2017*	2018*	2019*	2020*
GDP Development Real / *Prediction	2,4%	3,8%	3,3%	3,4%	4,3%	4,7%	3,8%

Source: NBS Medium Term Forecast P4QA-2017

The Slovak economy maintained a robust growth rate at the beginning of 2017 at 0.8% quarter on quarter, mainly due to domestic demand. Positive developments on the labor market have supported private consumption, and investment has been restored. Foreign demand has dragged exports, but the temporary slowdown in production in the automotive industry moderated slightly. In the year-on-year comparison, the growth was 3.1%.

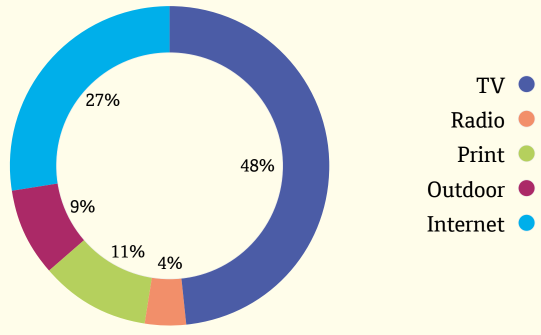
The growth rate of the Slovak economy remained at 0.8% in the second quarter, reaching a growth of 3.3% year-on-year. The main challenge was domestic demand, which is still supported by favorable developments in the labor market. On the contrary, investment demand declined. Similarly, export performance has been reduced due to the change in production in the automotive industry. This development was short-lived and in the next quarter the production of means of transport was revitalized, which subsequently accelerated the growth of exports.

The rate of growth of the Slovak economy reached 0.8% in the third quarter, with domestic demand being the main source. Strong growth was recorded mainly in private consumption. It was supported by an improving labor market situation and high consumer confidence. After a slump in the second quarter, investment growth recovered in the third quarter. Exports were slightly revived, but still lagged behind the growth in foreign demand. In the year-on-year comparison, the growth of the Slovak economy reached 3.4%.

The Slovak economy accelerated slightly in the quarter-on-quarter growth to 0.9%, to which both export and domestic demand contributed. It should be supported in particular by private consumption and investment. This is indicated by positive results of retail, new car registrations, construction sales, and continued credit growth.

The Slovak media market had a successful year with an increase in advertising spending at 4.0%. Based on their estimates, media agencies predict the overall growth of the Slovak media market from 4.4% to optimistic 7.7% in 2018. They expect a significant increase in investment from the State and the European Union. The largest advertisers are traditionally companies in the retail, pharmaceutical, telecommunications and financial sectors. Even in the next year, the market will be dragged mainly by television and online advertising, to which more than three quarters of media investments are headed.

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



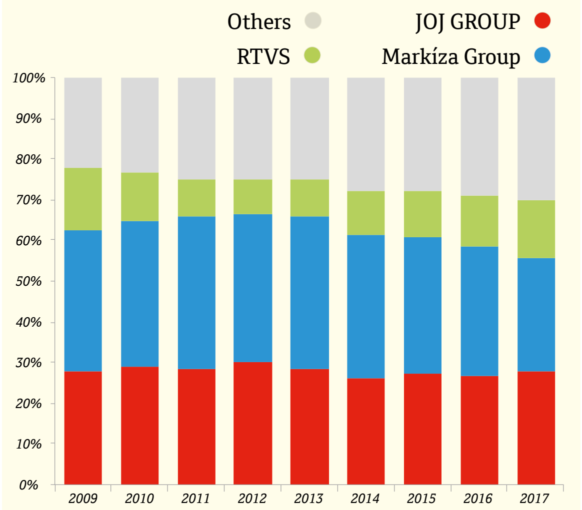
Source: GroupM

TELEVISION ADVERTISING

The economy of the Eurozone and, together with it, the Slovak economy grew in 2017, and this development was also positive for investment in the media market. According to GroupM estimates, the TV advertising sector grew by 2.8%. TV continues to hold its dominant position in the Slovak media market with a market share of 47.6% (GroupM). The TV advertising market can be considered stable, as there was no entry of a new competitor or significant legislative or other changes in 2017.

Major providers of television advertising continue to remain:

PRIME TIME DEVELOPMENT BY YEARS (SHR % 12-54)



Source: TNS

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. The last-named channel launched its broadcast in the Czech Republic on 5 September 2016. The television stations RiK, Ťuki TV and JOJ Cinema belong to a group of paid channels.

THE OUTDOOR ADVERTISING MARKET

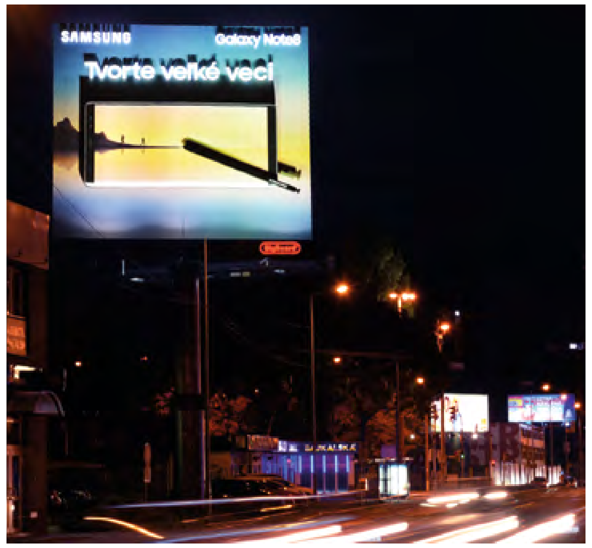
According to estimates by Unimedia, the Slovak outdoor advertising market grew by 3.0% in 2017. It should maintain a 9% (GroupM) share in the advertising market in the next year as well. JOJ Media House is the leader on the outdoor advertising market, owning a 100% share in Akzent BigBoard, a.s., which started its business activities in 2008 and managed to build a strong group of companies engaged in outdoor advertising. The Akzent BigBoard Group is constantly strengthening its position in the outdoor advertising market, not only by expanding the product portfolio, but also by providing complex services and streamlining the organizational structure and administrative difficulty in selling outdoor advertising. We evaluate the development of the outdoor advertising market in the past year positively. There was no entry of a major competitor on this market. GroupM's analysis predicts 2% growth in the Slovak outdoor advertising market in 2018.

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, s.r.o. 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 advertiser. 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 to 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.



THE AUSTRIAN MEDIA MARKET

The outlook for the development of the Austrian economy is favorable. Thanks to the strong growth of the Austrian economy, the country continues to experience a decline in unemployment. According to the forecast of the Austrian economic institute WIFO (Österreichische Institut für Wirtschaftsforschung), **Austria's gross domestic product will grow by 2.8% in 2018**. IHS Institute (Institut für Höhere Studien) expects its year-on-year increase to reach 2.6%.

Investments in the media sector are expected to have a similar positive trend, although growth in this area is likely to slow down compared to the strong previous year. According to GroupM estimates, the whole media market grew by 5.6% this year, compared with last year's growth by 5.3%. From that, the **growth of the outdoor advertising sector is estimated at 8.0% in 2017**. Prints and televisions have the largest shares of the market, and the growth of investments is mainly driven by television and online advertising. The **early parliamentary elections** in October 2017 had a significant positive impact on the entire media market, but mainly on the growth of outdoor advertising.

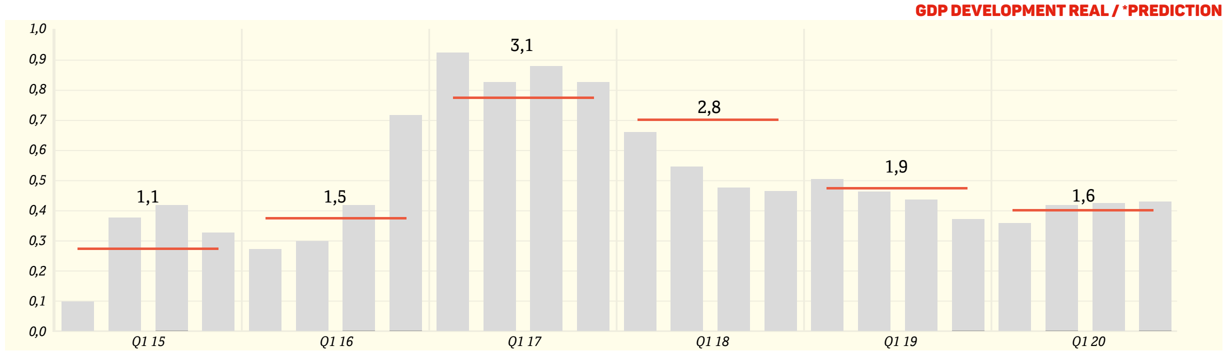
JOJ Media House has been doing business on the Austrian outdoor advertising market since 2012. We consider this market to be developed and stabilized. In recent years, the focus has been on optimizing the portfolio of advertising media and streamlining the organizational structure, which has resulted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

GDP DEVELOPMENT REAL / *PREDICTION IN AUSTRIA

Year-on-year Dynamics in %	2014	2015	2016	2017*	2018*	2019*	2020*
GDP Development Real / *Prediction	0.3%	1.1%	1.5%	3.1%	2.8%	1.9%	1.6%

Source: Oesterreichische Nationalbank (ONB)

GDP DEVELOPMENT REAL / *PREDICTION



Source: Osterreichische Nationalbank (ONB)

MEDIA MARKET ANALYSIS

THE CZECH MEDIA MARKET

Compared to the previous year, the year-on-year **rate of economic growth accelerated from 2.5% to 4.5%**. Growth in the coming years will slow, but will still exceed 3%. The increase in domestic economic activity will be driven mainly by the robust growth in household consumption. This reflects the optimism of consumers in the environment of high income growth. Increasing foreign demand, coupled with a shortage of free labor and continuing low interest rates, motivate businesses to increase investment in machinery and equipment. The economy will also benefit from stable growth in demand in the countries of the Czech Republic's main trading partners. The tightening of monetary conditions in both the exchange rate and interest rate should act against the overheating of the economy.

The year 2017 was successful in the advertising business. All monitored media types have recognized a year-on-year increase in the gross media investment allocation. According to Nielsen Admosphere, in the last year, the aggregate list price of the used advertising space **exceeded 100 billion Czech crown, which represents a growth by 11%** over the previous year. The strongest media is TV, which has maintained last year's double-digit growth and a dominant position in the advertising market (46.4%).

On-line advertising accounted for 22.5%, and print advertising reached 18.6% in advertising budgets last year. Radio advertising accounts for 7.3% of the total, and **outdoor advertising had a share of 5.1% in the year 2017**. Last year, Alza.cz, Ferrero Česká and Procter & Gamble were using the highest priced ads.

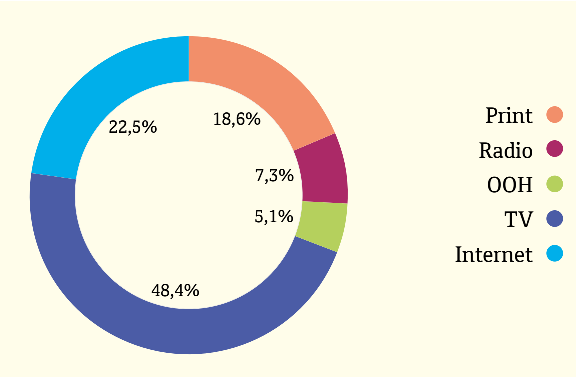
This year, the outdoor advertising market recorded an increase of 3.4% in the list prices of advertising. The largest provider of outdoor advertising in the Czech Republic is the BigBoard Group, which belongs to the JOJ Media House Group. **BigBoard continues to hold more than half of the market share**, which, in addition to organic growth, it has achieved through acquisitions. The shares in Qeep, a.s., which focuses on large-format outdoor media and LED screens in the center of Prague, or in RAILREKLAM, s.r.o., which leases the advertising space on the property of České dráhy, a.s., were acquired in this way.

GDP DEVELOPMENT REAL / *PREDICTION IN THE CZECH REPUBLIC

Year-on-year Dynamics in %	2013	2014	2015	2016	2017*	2018*	2019*
GDP Development Real / *Prediction	-0.5%	2.7%	5.4%	2.5%	4.5%	3.6%	3.2%

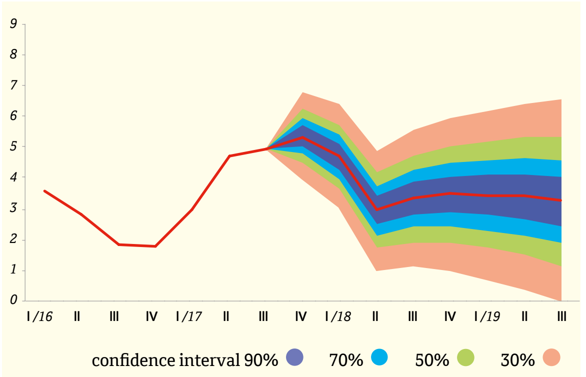
Source: Czech National Bank (CNB)

SHARE OF MEDIA TYPES IN THE MEDIA MARKET IN 2017



Source: SPIR, MEDIAN, Nielsen Admosphere

REAL GDP FORECAST IN THE CZECH REPUBLIC



Source: Czech National Bank (CNB)

MEDIA MARKET ANALYSIS

THE CROATIAN MEDIA MARKET

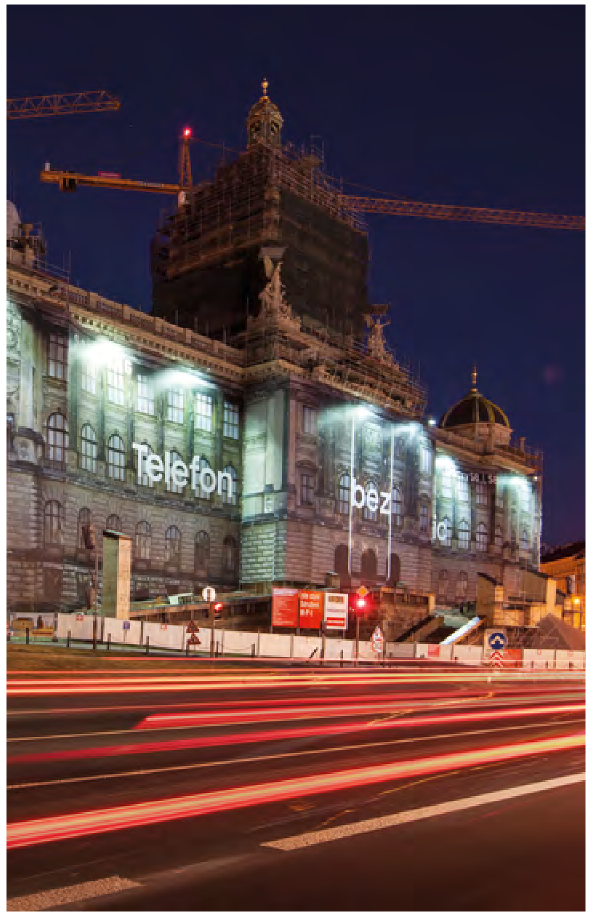
After six years of recession, the Croatian economy started to grow in 2015, and this **growth continued at 3.1% in 2017**. This positive trend was primarily supported by the increase of the tourism industry and accelerating household consumption. The Croatian National Bank predicts comparable growth for the next year, backed by investments, domestic consumption, and euro funds. If Croatia is to cooperate closely with the European Commission and start implementing the required reforms, it has the preconditions for managing the economic difficulties and creating a prosperous economy in the coming years. Croatia would like to become a member of the Eurozone within seven to eight years. Prior to joining the Eurozone, the country will have to tackle in particular government debt, which now exceeds 80% of the gross domestic product.

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. According to GroupM estimates, the media market in Croatia declined by 3.3% this year, of which the largest part was a decrease in TV advertising. For the next year, GroupM estimates the year-on-year **growth of the media market at 5.6%**. The financial problems of the largest Croatian company Agrokor had the most significant impact on the decline in media investment in 2017. Many other advertisers have also lowered their marketing budgets as their results are heavily linked to Konzum – the Croatia's largest supermarket chain owned by this holding.

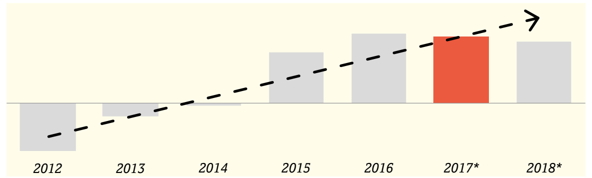
GDP DEVELOPMENT REAL / *PREDICTION IN CROATIA

Year-on-year Dynamics in %	2012	2013	2014	2015	2016	2017*	2018*
GDP Development Real / *Prediction	-2.2%	-0.6%	-0.1%	2.3%	3.2%	3.1%	2.9%

Source: Hrvatska narodna banka (HNB)

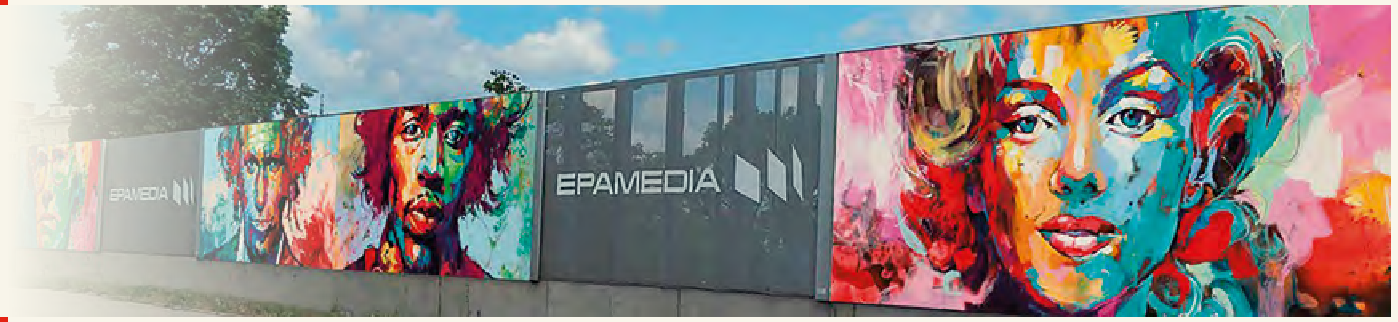


GDP DEVELOPMENT REAL / *PREDICTION



Source: Hrvatska narodna banka (HNB)

04 SUMMARY OF BUSINESS | THE OUTDOOR ADVERTISING MARKET



THE OUTDOOR ADVERTISING MARKET IN THE SLOVAK REPUBLIC

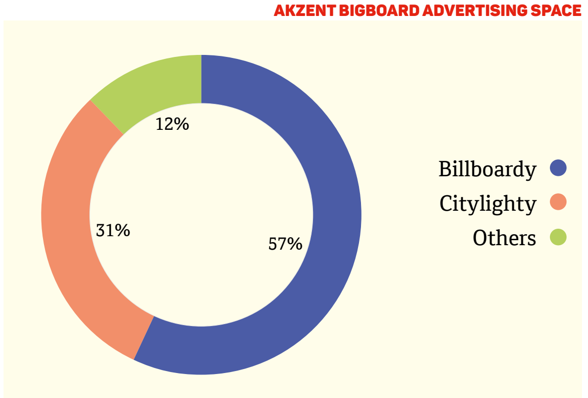
Likewise in 2016, several elections were held in 2017. **Regional elections** took place in early November and contributed to the company's growth. The Akzent BigBoard Group has enlarged its portfolio by **134 bigboards**. At present, they are already successfully integrated and their trading is characterized by high sales. Billboards form the largest group of advertising devices in its portfolio with a total number of more than 6,000 units. It is estimated that this figure represents approximately a 35% share in the Slovak billboard market, confirming the position of the leader on the outdoor advertising market.

Since January 2017, the Company exclusively covers the media space on **as well as in the trains of Železničná spoločnosť Slovensko**. We have already carried out sticking of first posters on wagons, sampling of materials and leaflet delivery. Clients can also take advantage of the patronage of a train, allowing them to reach a broad target group and a large number of potential customers through the train's name. The name of the train is used in reports in trains and station platforms. In addition, the name of the client is placed on tickets, schedules, search engines and electronic boards. It is an original way to get into a broad awareness of people.

Atypical designs of out-of-home advertising facilities have become their integral part in recent years, and so it was also this year. Clients make their campaigns very creative – they like to present their products on bigboards with a 3D superstructure or speaking city light stops, or associate pleasant with useful, when, for example, a shower was installed into the client's hyperboard where athletes could refresh themselves.

For the next year, we expect a further increase in sales as well as in the number of bigboards by purchasing existing devices. The Company's strategy is to boost business in regions, to develop in the field of transport and, at the same time, to seek solutions to reduce overheads and operating costs. The Company's goal is to cover advertising in means of transport throughout Slovakia. In the context of expanding its offer, the contracts with the cities of Liptovský Mikuláš and Ružomberok have been concluded with effect from 2018. The long-term goal is to ensure exclusive sales in regional cities, creating the groundwork for the overall advertising impact on this area.

PERCENTAGE OF SELECTED AKZENT BIGBOARD ADVERTISING SPACE



Source: Akzent BigBoard

THE OUTDOOR ADVERTISING MARKET IN THE CZECH REPUBLIC

According to Nielsen Admosphere data, the media market in the Czech Republic grew by 11% year-on-year in 2017. The largest advertisers were traditionally the companies Alza.cz, Ferrero and Procter & Gamble. The impact of the legislation on reducing the growth of investment in outdoor advertising (2.3% increase) was significant in 2017, as on 1 September 2017, the **amendment to the Road Act came into force**, which prohibits advertising near motorways and first class roads. According to a rough estimate, such advertising accounted for about 10% of the total outdoor advertising space. The demand for these areas has been partially replaced by areas in cities, but a specific group of advertisers requesting direct motorway billboards remains unsatisfied.

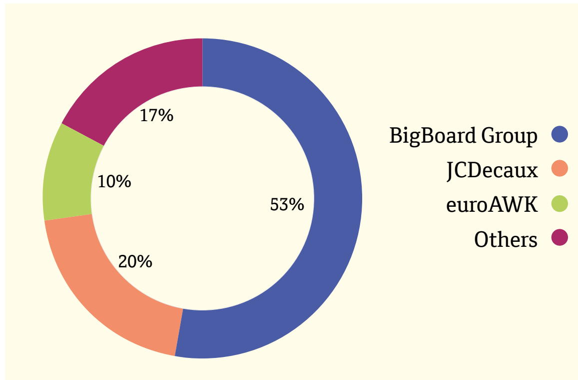
In October 2017, parliamentary elections took place in the Czech Republic. The outdoor advertising campaigns were not so robust as in the past. It was partly caused by negative imaging of outdoor advertising in some media. Another reason is the new legal regulation on budget ceilings for election campaigns, which is not entirely clear and has raised excessive concerns of some political subjects about its violation.

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**. This Group includes the following brands: BigBoard, Czech Outdoor, outdoor akzent, BilboCity, BigMedia, Qeep, News Advertising, and, in December 2017, it acquired a 100% share in the company RAILREKLAM s.r.o.

In October 2018, **municipal elections** will take place, which will not have a major impact on total annual media investment. The removal of billboards near motorways will continue. With the declining number of areas, the value of the remaining areas will grow slowly at key locations such as sally roads, city circuits, and the like. Continuous efforts are being made to **improve the quality of panels**, i.e. their upgrade to a larger format or using digital panels. DOOH will gain an increasing share of revenue, but its stronger development is hindered by strict regulation that does not allow for simple replacement of a static panel to a digital one. We do not expect any more significant M&A activity on the market.

The BigBoard Group uses 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. For comparison, TV campaigns are planned based on a sample of 1,850 households (4,470 individuals), which is about a 1,000 times smaller sample of people (4 million O2 mobile users) than in the case of BigPlan.

MARKET SHARE OF SELECTED OOH COMPANIES IN 2017



Source: Nielsen Admosphere

BIGPLAN IN 14 REGIONS AND 77 DISTRICTS OF THE CZECH REPUBLIC

Source: BigPlan Brochure

THE OUTDOOR ADVERTISING MARKET IN AUSTRIA

The growth of the Austrian economy at the level of 3.1% and early parliamentary elections in October 2017 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 8.0%,** which surpassed 5.6% growth in the entire media market in 2017 that slightly accelerated 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.

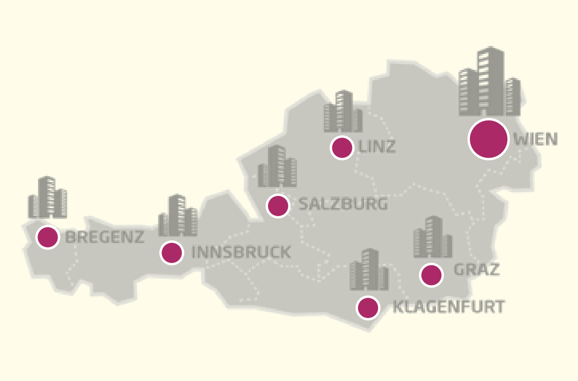
JOJ Media House has been doing business in this market through the company EPAMEDIA since 2012. The company with more than 90 years of tradition in this field is the market leader in out-of-home advertising in Austria with more than 18 thousand billboards, 4 thousand city lights, 1 thousand poster lights, and other unique types of advertising space. Together, it has **more than 23,000 spaces** across Austria, and thus belonging to market leaders with an estimated 38% share. A traditional and biggest competitor is the company GEWISTA, with a 39% share, and other companies having together a 23% share. EPAMEDIA focuses mainly on optimizing the portfolio of advertising media and streamlining the organizational structure, which is reflected in the positive results of the company. Since 2013, the company has been strategically and operationally managed by Brigitte Ecker and Ing. Mag. Alexander Labschütz. With six regional offices and headquarters in Vienna, 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 an above-average year-on-year growth rate. These are advertisings on larger LED panels where ad spots are usually broadcast in short time loops. This type of advertising media has a number of 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.

Thanks to comprehensive care and consultation in 2017, the Company has seen an enormous increase in customer interest in special installations. Despite the high quality of digital or special outdoor advertising, traditional media, such as posters, are among the most attractive types of advertising.

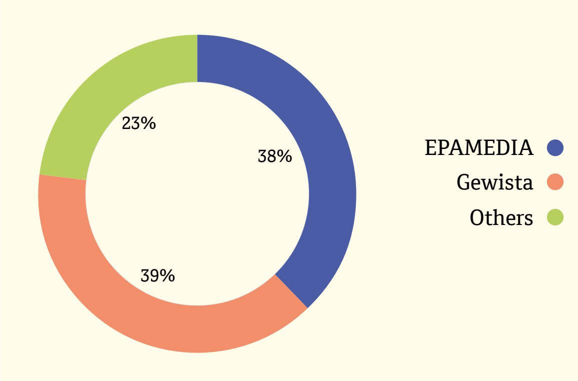
The **environment and sustainable development** play an important role in the Company. Since 2017, EPAMEDIA as the first outdoor company in Austria produces 100% CO2-neutral campaigns, has built a first stop in Vienna powered by solar panels only, uses electric cars, and saves energy and paper in administration. It also helps its clients and partners improve their carbon footprint.

HEADQUARTERS IN VIENNA AND 6 REGIONAL OFFICES



Source: EPAMEDIA

PERCENTAGE OF OUT-OF-HOME ADVERTISING IN THE AUSTRIAN ADVERTISING MARKET IN 2017 BY CARRIER



Source: Estimates of Management

04 SUMMARY OF BUSINESS

THE TV JOJ GROUP

The JOJ Group, **as the only** commercial television group, influences **100% of the Slovak population**. Its free-to-air stations JOJ, PLUS and WAU achieve **unrivaled penetration** through terrestrial broadcasting in **DVB-T**, satellite, cable retransmission and IPTV operators. The PayTV stations RiK, Ťuki TV and JOJ Cinema are available at **all relevant satellite and cable operators** in Slovakia, and JOJ Cinema even in the Czech Republic.

The JOJ Group has also experience in **trading foreign stations** on our market – it sells the TV station **Prima Plus** of the Czech broadcaster FTP Prima to clients in Slovakia. Since June 2017, the quality thematic TV stations **AMC, Sport 1, Sport 2, Minimax** and **Spectrum** of the company AMC Networks have been added to its business portfolio as part of the sale of advertising on the Slovak market.

CURRENT MARKET POSITION

The **JOJ brand** has been operating on the Slovak market for 16 years and, in that time, it has managed to extend its portfolio to 7 already established television stations in Slovakia and the Czech Republic and 17 web portals in the online and mobile environment.

The JOJ Group is searching for **world-class TV brands for business or production representation**, and the content created by it is already being broadcast in several countries within Europe, Latin America and the Middle East.

In 2017, the JOJ Group managed to become an **unrivaled leader in prime time** already at the beginning of the year, what was achieved by its **most watched news** and **the highest quality series** setting trends in Slovak broadcasting.

Likewise in 2018, it will also bring its **own quality production in all the genres** and address target groups **through all platforms** – free broadcasting, the online environment, mobile applications, and represented paid channels that complement the additional influence, as well as through HbbTV.

TV JOJ

In March 2017, **TV JOJ** completed the 15th year of its existence and **extremely successfully** started the following year with continuously progressing news and quality original production, which is a **number one to Slovak audience** on a long-term basis, as well as the television which replaced its competitors on the position of a leader in broadcasting prime time.

The people meter quantitative results of audience have been again confirmed by the qualitative Brand Study which revealed that the audience is aware of the family setting of the channel as well as the television itself. Respondents described TV JOJ as **powerful, healthy predatory, investigative, curious, interesting or modern**. They perceive the television through their favorite moderators and personalities who do not leave the impression of "negative celebrity".

JOJ is the television for the whole family. It keeps its programme structure stable and offers its viewers favorite classics which the audience expects to be broadcast and it airs premieres on the Slovak market. News programmes are the **most popular programmes** among all the other Slovak television programmes, and the **TV JOJ News** or the **Best Weather Forecast** are currently at the top of the rating list. In addition to the news, especially **fun shows and series on TV JOJ** are successful in prime time, which viewers prefer as opposed to the ones produced by its competitors.

In 2017, Slovaks got to like new comedy series **Summer Holidays**. Every episode was a leader on the market at broadcasting time and the series were the most-watched original non-reporting programme over the first three months in Slovakia. The most epic series of the year – the historical detective story titled **1890** – also enjoyed success. The popularity of the favorite entertainment show **Incognito** kept growing throughout the spring and autumn season. It is a regular number one on the market at broadcasting time and keeps reaching breaking ratings. The growing success of JOJ entertainment shows has been confirmed by **Nobody's Perfect**, Seven, or the new music entertainment show titled **Everything I Like**. The third series of "Naši" or the premiere episodes of the family show **The Seventh Heaven** have also scored, and the new shows such as **Take Me Out** or **Super Karaoke** have found their audience not only on TV but also on the Internet. TV JOJ guarantees the premiere programmes to its audience throughout the year not only through its own production but also the acquisition of **blockbusters** from abroad.

PLUS

PLUS is the second channel of the JOJ Group portfolio and it is currently focused on the commercially interesting audience – modern men in productive age as well as independent dynamic women. **Among the smaller channels, PLUS has the highest number of loyal viewers** who watch it regularly and it has been maintaining its stable position on the Slovak market for nine years. It commenced its tenth broadcasting year as the most watched channel among "younger" Slovak TV channels in the long term. In summer 2017, the male part of its audience ensured its **record-breaking performance**.

The **varied programme structure** is comprised especially of great acquisition films, series and programmes, favorite original formats as well as documentary series and popular foreign shows. What is most popular on PLUS are **films broadcast in prime time**, for instance The Way Back, Man on a Ledge, In the Blood or Rise or the Planet of the Apes. PLUS viewers like to laugh with **Czech classics** such as "Kameňák" or the Sun, hay... series as well as its favorite original **comedy series** like **Professionals** or **Fling It to Marmots**. Regarding acquisition series and programmes, let's mention titles such as The Simpsons, Myth Busters, Kitchen Nightmares, Crash Scene Investigation and the like. The channel offers the viewers also reruns of premiere shows which they could not watch on TV JOJ, such as **Take Me Out** or **Super Karaoke**. With regard to its target audience, last year, PLUS continued broadcasting the original reality show on MMA combat sports named **Oktagon Challenge**. In autumn, the exceptionally successful talent show **America's Got Talent XII** also appeared on Slovak screens thanks to PLUS.

WAU

TV WAU started broadcasting in 2013 as the third channel of the JOJ Group portfolio. In the middle of summer of 2016, WAU transformed its image into more modern look with attractive graphics and expanded its programme offer. The channel has begun focusing not only on young, modern and urban women but also on all **commercially attractive younger viewers**. At the same time, WAU has continued to **complement the programme offer of the other JOJ Group channels**, and thus, for Slovak viewers, it became an alternative to the free-to-air TV JOJ and PLUS. **WAU has improved its year-on-year performance**, and in comparison to 2016, it achieved better all-day and prime time ratings in the course of the first three quarters of 2017.

The programme structure of WAU is characterized especially by crime series. It broadcasts all seasons of the **best known** ones as well as premiere episodes of new series in prime time, for example C.S.I. New York, Las Vegas and Miami, and Ghost Whisperers, Bones, Criminal Minds, Midsomer Murders, Tyrant and Vražedné práva. The o**riginal formats of TV JOJ** are also very popular among viewers including various genres, shows and programmes – such as Courtroom, Incognito, The Devil Never Sleeps, Shopaholics, Dr. Perfect, Topstar, or the detective series 1890. The winter and summer seasons were strong time periods when the channel once again **confirmed its great performance and profiling**. Therefore, the main programme of WAU will still involve acquisition series, controversial documentary reality shows, strong original series as well as daily lifestyle programmes.

JOJ CINEMA

As a thematic film channel, JOJ Cinema has been broadcasting since June 2015 and it was tuned by **more than fifth of Czech viewers older than 15** in 2017. The channel found its audience also in Slovakia as well as in the Czech Republic and confirmed its **strong position among film channels**. JOJ Cinema broadcasts 24 hours a day in HD with dubbing but also in the DUO audio mode with the original sound track. The

SUMMARY OF BUSINESS · THE TV JOJ GROUP

channel offers its programmes not only for all fans of movies but also for whole families. One of its priorities is to let a viewer enjoy watching a **high-quality film free of advertisement**. A backbone of its programme offer is the **Czech and Slovak television premieres of current blockbusters**. The most successful films of the last year were the thriller End of a Gun and especially the drama Free State of Jones, the action film London Has Fallen as well as the adventure film Gods of Egypt. In the following seasons, the audience can look forward to other latest blockbusters.

In 2017, the JOJ Group reacted to the trend of the so-called "postponed watching" by introducing the channel **JOJ Cinema +1** which broadcast with one hour delay with respect to classic JOJ Cinema. This decision has paid off as the postponed watching of the channel amounts to 11 % share on the Czech market and, moreover, the channel fulfills the television's effort to **increase the comfort of its audience**.

Furthermore, JOJ Cinema has earned the viewers' interest as well as an **award from experts** – the dubbing produced by the JOJ Group has been nominated for the Czech Frantisek Filipovsky Dubbing Award for the second time in a row. Last year, JOJ Cinema was granted two awards, and this year, the dubbing of JOJ Cinema has been nominated in three categories.

RIK

Children's channels are one of the television production areas for which **demand keeps rising**. Three years ago, parents did not have at their disposal any children's channel in Slovak language. As a sole media group on the market, the **JOJ Group offers right two channels for children in the Slovak language** today. According to the latest Brand Study, RiK and Ťuki TV have **become very popular among families with children and the awareness of these brands has increased to the unexpected extent** within this target group. Moreover, Ťuki proves that the JOJ Group is capable of customizing the television programme as well as the whole channel for its clients.

RiK has already been active on the market for the forth year and is present in more than 700 thousand households all over Slovakia. The programme structure of the channel includes favorite **classic Czechoslovak fairy-tales** as well as foreign and especially European acquisitions. It broadcasts fairy-tales such as Ferdy the Ant, "Mach a Šebestová", Fairy Tales of Moss and Fern, Pat & Mat 2, and the Story of the Little Mole. At the same time, RiK airs more and more **original programmes of its own production** every year, **many of which are educational**. Let us mention such titles as **"Sníček", "Rapotáčik", "Zabi nudu", "Maliny Jam"**, and **"Hanička a Murko"** and many other.

RiK entertains the smallest audience not only through television broadcasting. Children can get in touch with their favorite channel and meet its mascot and moderators during excursions in JOJ TV in Bratislava or **evens throughout Slovakia**. The channel does not forget about viewers in kindergartens for whom it prepares **special performances** of individual artists famous from shows broadcast by RiK. The JOJ Group publishes also **books** under the brands of these children's channels to motivate its youngest viewers to read and develop their imagination also without watching moving pictures.

ŤUKI TV

The second TV channel for children in the JOJ Group's portfolio broadcasts for the youngest viewers exclusively in the Slovak language and it differs from its slightly older brother RiK by its availability to the customers of only one Slovak operator.

Ťuki TV will celebrate its 4th anniversary in June 2018 and it will be the youngest viewers who will get a birthday gift – **a new programme structure and new fairy tales**. They can look forward to watching classic Czechoslovak, Czech, Russian and Polish cartoon fairy-tales such as Bob and Bobek, Bolek and Lolek, Just you wait!, Teddy Floppy Ear, or the Story of the Little Mole, as well as more modern Masha and the Bear. The acquisitions will include also premiere episodes of the series "Rexik", Enchanted Pencil, Shaun the Sheep, Bob the Builder, or "Mach a Šebestová na cestách". In the following year, Ťuki TV is to broadcast a number of original titles – **special Slovak programme formats**, produced exclusively just for this channel, for example, new episodes of the bedtime stories produced by it called **"Ťuki a stratený psík"**. Children can also enjoy Miro Jaroš coming with completely new episodes of the extremely popular series **"Neposlušník 3"**, and the funny entertainment programme **"Výbuch"** with two roguish scientists.

Ťuki TV makes also its small viewers happy **at various events**. In 2018, children will have the opportunity to compete and play various games with the colorful cock and take part in activities during the Telekom Children's Festival or the **Ťuki Tour** which will be accompanied by Miro Jaroš' concerts. The viewers will also enjoy taking part in children's activities during the JOJ in the City. The next year, Ťuki will also visit ill children in **hospital** and make them happy by its joyful presence as well as gifts – plush toys and books.

JOJ FAMILY

JOJ Family is a full-frame multi-genre family television channel which has been broadcasting the **best of the TV JOJ programme structure for the Czech audience** since september 2016. The rating of JOJ Family has been continuously growing. In January 2017, it already reached above-average results and, after half a year of its broadcast, it has **already exceeded its percentage share in the Czech market**.

JOJ Family has achieved the excellent results due to its wide-ranging programme – it airs the **original production of TV JOJ** as well as **popular Czech films and series** such as "Třetí patro", "Plechová kavalerie", "Hotel Herbich", "Zkoušky z dospělosti", The Second Breath as well as The Sons and Daughters of Jakub Sklář. Regarding acquisitions, it broadcasts especially **European production** – Dr. Stefan Frank, Claun, the action series Medicopter, and action, crime and romantic movies. In 2018, JOJ Family will broadcast other **Czech series and movies from film archives**, as well as American family movies. JOJ Family a proper television channel with the programme structure intended for all relevant target groups on the Czech market, focusing on families.

However, the original formats of JOJ TV are the most successful formats of JOJ Family, for example, the original **Courtroom** in the Slovak as well as the Czech version, the family show **The Seventh Heaven** which has achieved record-breaking results by now, and the premiere episodes of **Czech-Slovakia's Got Talent**.

As a free DVB-T station, JOJ Family is included in the 4th multiplex in the Czech Republic and is also available in the offer of Czech satellite, cable or IPTV operators. In its commercial activities, JOJ Family is represented by the company Atmedia. Its media representation portfolio also includes JOJ Cinema. In terms of distribution and in relation to operators, JOJ Family is represented by the media company AXOCOM, which also covers the distribution of JOJ Cinema in the Czech Republic and Slovakia.

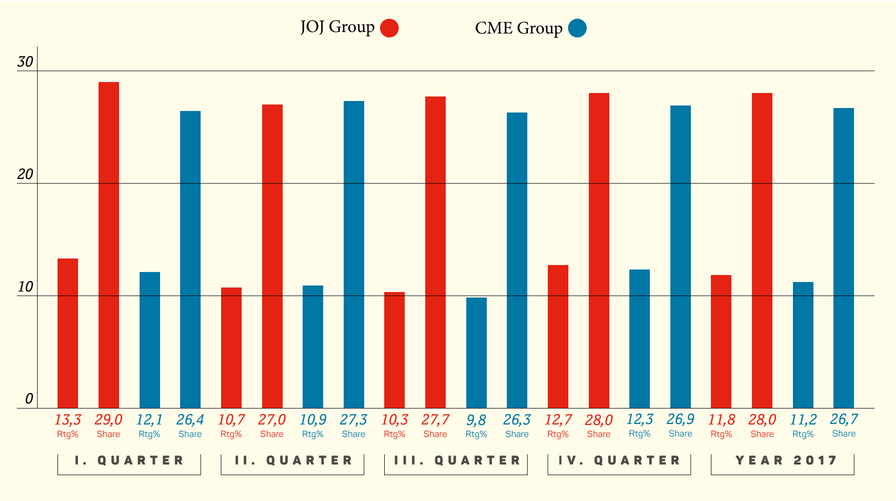
VIEWERSHIP IN 2017

The year 2017, when **JOJ TV** celebrated its 15th anniversary, was the **most successful year in its history**, whether from the point of view of the audience, as well as in terms of its market position, the market dynamics, and the popularity of its TV stations among the Slovak viewers. **Last year, the JOJ Group recorded a year-on-year rise in both its all-day and prime time performances.** During all four quarters of the year, the group of the JOJ stations was also the **undisputed leader in the prime time** for the universal target group (see the following graph). TV JOJ also has the **most watched news** – according to the popularity results, the news on TV JOJ (i.e. the broadcasting time from 19:00 to 20:35) has reached the highest audience on the market within the universal audience of over 12 years of age.

News programmes are the **most popular programmes** among all the other offers of all Slovak television channels, which grew year on year on TV JOJ last year. The following data are the best performing of programmes in 2017 within the 12+ target group: **TV JOJ News** (17.4 % Rtg and 31.2 % Shr, 1 January 2017), **CRIMI** (14.6 % Rtg and 26.8 % Shr, 1 January 2017), **Sport** (14.0 % Rtg and 27.4 % Shr, 12 February 2017), and **The Best Weather** (17.1 % Rtg and 33.2 % Shr, 12 February 2017).

Last year, the Slovak audience especially enjoyed the new family series **Summer Holidays** which was the most watched original non-news programme in Slovakia in the first three months of 2017 (14.8 % Rtg and 32.3 % Shr, 18 January 2017 within the 12+ CS). The most epic series of the year – the historical detective story titled **1890** – also enjoyed success (13.2 % Rtg and 26.8 % Shr, 5 March 2017 within the 12+ CS). The popularity of famous entertainment shows has grown steadily in 2017. For example, **Incognito** has been a regular market leader at the time of its broadcast and achieved its record-breaking performances (13.1% Rtg and 29.7% Shr, 4 December 2017 within the 12+ CS). The growing success of JOJ entertainment shows has been confirmed by **Nobody's Perfect** (14.6 % Rtg and 25.9 % Shr, 31 December 2017 within the 12+ CS), or the music entertainment show **Everything I Like** (16.1 % Rtg and 29.1 % Shr, 31 December 2017 within the 12+ CS) and many others. The family programme **The Seventh Heaven** has also achieved outstanding performances and it was the most watched non-news and non-sports programme on our market in 2017 (16.3% Rtg and 36.4% Shr, 19 February 2017 within the 12+ CS).

COMPARISON OF JOJ GROUP AND CME GROUP RESULTS IN PRIME TIME (19:00-22:00) WITHIN 12+ TG IN 2017

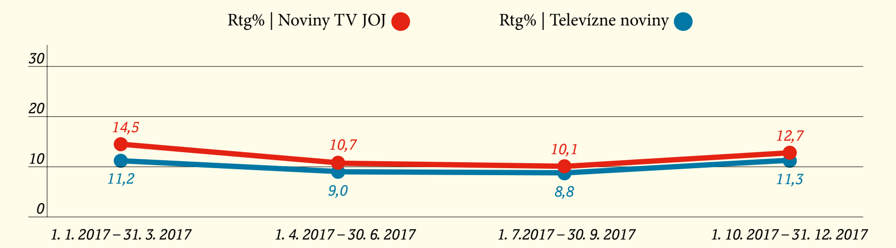


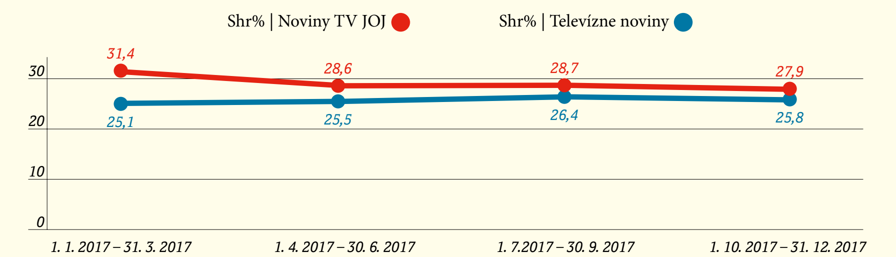
Data are analyzed in LIVE + VOSDAL (Viewing On Same Day As Life) – the live broadcast analysis associated with delayed viewing played on the same day as a live broadcast. Since 1 January 2017, data are analyzed with the addition of GUESTS. Audience values are listed for the target group of 12+.

Data source: PMT/KANTAR MEDIA

THE MOST POPULAR PROGRAMME IN SLOVAKIA – TV JOJ NEWS

DEVELOPMENT OF AUDIENCE OF TV JOJ AND TV MARKIZA MAJOR NEWS PROGRAMMES IN PARTICULAR QUARTERS OF 2017





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Data source: PMT/KANTAR MEDIA

JOJ'S DIGITAL WORLD

During its operation on the Slovak media market, the JOJ brand expanded its portfolio and nowadays it has already **established 7 television stations and 17 websites**. It thus brings its own production in all genres and addresses target groups **through all platforms** – free broadcasting, represented paid channels that complement the additional influence, as well as the online and mobile environment.

The news portal of TV JOJ – noviny.sk – has undergone a fundamental change of visual, functionality, and system last year. The lifestyle sections preženu.sk and premuža.sk have been transferred under the main website of the television – JOJ.sk – and supplemented by a new portal focused on young people titled lajkit.sk. In 2017, **HUSTE.tv**, the only sports Internet TV in Slovakia, has launched its new era using the new technology with exclusive contents provided completely free of charge in the highest quality and on all devices. That's why it achieved the record-breaking, up to threefold, year-on-year rise in audience and continues to strengthen its market position.

TV JOJ daily catches its viewers' eyes even on social networks. By communicating effectively and connecting Facebook with Instagram, it offers its audience the exclusive behind-the-scene view of the creation of individual shows and programmes included in its television programme structure. Official fan pages of TV JOJ belong among the **most popular and watched media** in Slovakia.

However, TV JOJ can be reached by its viewers and fans not only through TV screens or mobile devices, but also live. The largest television street event in Slovakia – **JOJ in the City – celebrated its 10th anniversary in 2017**. At the time, organizers of the event did not have any idea how successful the JOJ in the City could be and how many people would come to see their favorite television every year. Today, this traditional September event held on squares in Slovak cities attracts a number of fans – about 50 thousand a year. In 2018, the JOJ in the City will enter its second decade. It will continue to try to convey its television claim **Experience of Seeing!** to its viewers even live.

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. Since 1 January 2016, in addition to the three full-area radios, Radio Services, a.s., has been trading **Rádio Europa 2**, which 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, precisely focusing on the target group, and effectively spending funds on advertising. In addition to classic radio stations, we also have a portfolio of themed radio stations: "Rádio Anténa Rock Hard", "Rádio Jemné Chillout", "Rádio Vlna GOLDEN HITS", and children's radio "Žofka".

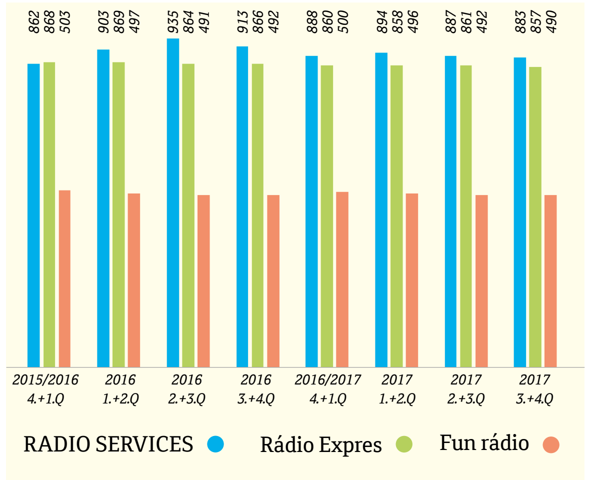
In the parameter of "listening in the last week", the total listening of radios was 88.4% at the end of 2017, which is 3,955,000 listeners aged 14 to 79. Nearly 3 million people (61.5% of the population) listen to the radio every day, and, on average, every citizen of the Slovak Republic listens to the radio for more than 1 hour and 55 minutes. By combining these four radio stations, **we can reach up to 1,774,000 listeners** within a wide range of target groups in Slovakia **a week**. The most notable competitors include "Rádio Expres", "Rádio Slovensko", and "Fun rádio".

For the first time in history, the strongest commercial radio stations have created an initiative called "Radio Works". Its aim is to promote the perception of radio as an attractive, interactive, and flexible medium, whose presence in the media mix is important. The first step of this initiative was to conduct surveys among listeners, advertisers and agencies. The results are the findings that confirmed the significance and unique nature of radio. Through radio it is much easier to segment and affect specific audience and customer categories. Subsequently, on 20 September 2017, the 1st year of the Radio Rulezz Conference was held in Bratislava. There were many famous Slovak and foreign speakers who have long experience with radios. Radio stations want the Radio Rulezz Conference to become a regular event. They believe it will help to make this type of media more attractive for advertisers.

Daily audience	RADIO SERVICES		Rádio Expres		Fun rádio	
	Prj	Shr %	Prj	Shr %	Prj	Shr %
2015/2016 4. + 1.Q	**862**	**24.2%**	868	23.0%	503	12.7%
2016 1. + 2.Q	**903**	**24.8%**	869	23.2%	497	12.8%
2016 2. + 3.Q	**935**	**25.1%**	864	23.2%	491	12.4%
2016 3. + 4.Q	**913**	**25.2%**	866	22.4%	492	12.1%
2016/2017 4. + 1.Q	**888**	**24.3%**	860	21.8%	500	12.0%
2017 1. + 2.Q	**894**	**24.2%**	858	22.2%	496	12.3%
2017 2. + 3.Q	**887**	**25.1%**	861	23.0%	492	12.4%
2017 3. + 4.Q	**883**	**24.9%**	857	23.0%	490	12.3%

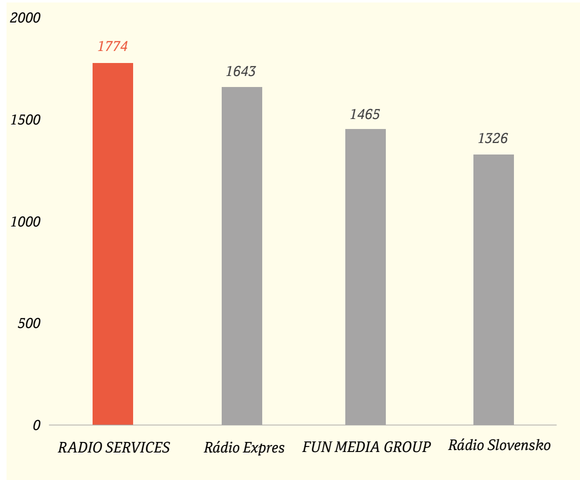
Source: MML-TGI – Extended data – Slovak Republic

DEVELOPMENT OF DAILY LISTENING TO RADIO SERVICES COMPARED TO MAIN COMPETITORS



Source: MML-TGI – Extended data – Slovak Republic

WEEKLY AUDIENCE 14+ (IN THOUSANDS)



Source: MML-TGI – Extended data for 3Q and 4Q 2017 – Slovak Republic

04 SUMMARY OF BUSINESS | PRINT MEDIA SECTOR

SUMMARY OF BUSINESS • PRINT MEDIA SECTOR

THE CROATIAN PRINT MEDIA MARKET

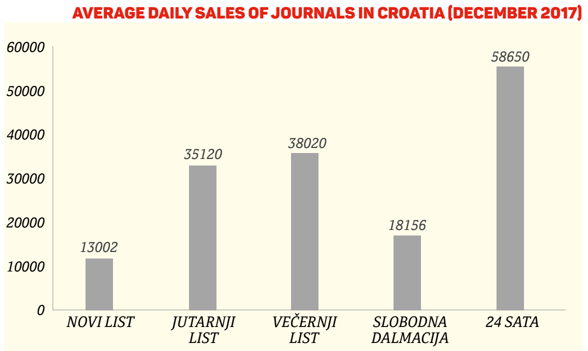
At the end of 2017, JOJ Media House, a.s., owned an 80% share in the publishing house NOVI LIST, d.d., an 89% share in GLAS ISTRE d.o.o. and a 100% share in RTD d.o.o. With this acquisition, the Group has expanded its operation in the media market into the print segment in Croatia. The Group has thus gained the oldest Croatian daily **Novi List**, with its history dating back to 1900, located in the city of Rijeka. It is currently the 5th bestselling journal in Croatia, with average daily sales of 13 thousand copies, as well as the most important market player in the Primorje-Gorski Kotar County, where it has more than 70% market 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. based in Pula publishes a regional daily of the same name since 1943, when it served as a partisan leaflet during the war. It focuses on the Istrian region where it continues to be the bestselling daily and has achieved more than 30% market share. The company RTD d.o.o. publishes **Zadarski List**. Which began in 1994 when it was published as a weekly, and four years later it became a daily newspaper, and continues to date. Today, this journal is one of the most famous symbols of Zadar, covering the entire surrounding region. As the first, the daily always brings the themes from the Zadar County where it is the second most sold journal with a market share of over 20%. A total of 466 thousand copies were sold in 2017.

The biggest competitors in the daily segment are the nationwide newspaper 24 sata, Jutarnji list, Večernji list, and Slobodna Dalmacija. However, all 3 daily newspapers under JOJ Media House hold significant shares in their regions. We are the **third largest group of newspaper publishers in Croatia**, following the Styria Group and the Hanza Media Group.

The companies achieved positive results in 2017, compared to the previous year. This was mainly due to municipal elections and the resulting higher revenues from marketing and graphic services. The companies also streamline their processes and reduce staff costs. They invest mainly in their internet portals to improve their readers' access to paid as well as free content. Most of the Croatian regional media revenues come from marketing activities that make up the most important component of their turnover.

In 2017, Novi List expanded its range of activities, for example, on native advertising, event management, magazine production, and photo studio rental. This year, the benefits of investing in the www.novilist.hr portal could be seen – revenue from online advertising grew year-on-year by up to threefold. **Novi List** actively strengthened its role in society, especially around Rijeka, by organizing lifestyle events and various competitions. Organizing conferences is also a good opportunity for newspaper publishers to use existing platforms, existing resources and to improve their revenues. In 2017, from this point of view, the "Istria – Bio Region" conference was the most important event of **Glas Istre**. It was held under the patronage of the European Union and brought the great interest of the public and advertisers. Due to local elections and the increase in its price, **Zadarski List** managed to increase its revenue in 2017. It also invested in upgrading its Internet portal and the possibility of subscribing to its online journal. Every year, it organizes events to support athletes or fishing competitions in Zadar.

AVERAGE DAILY SALES OF JOURNALS IN CROATIA (DECEMBER 2017)



Source: Croatian Competition Agency

SUMMARY OF BUSINESS • PRINT MEDIA SECTOR

THE SLOVAK PRINT MEDIA MARKET

On 17 October 2016, the company JOJ Media House, a.s., acquired the company NIVEL PLUS s.r.o., whose main activity is publishing the newspaper **Bratislavské noviny** and ensuring the operation of the news portal www.bratislavskenoviny.sk. Bratislavské noviny originated in 1998, following the Nova Posoniensia newspaper published by Matej Bel in Pressburg in 1721-1722 as well as the rich history of Pressburger Zeitung, which was published between 1764 and 1929.

Fortnightly, the company issues **182,500 copies** in 5 mutations, separately for each of the Bratislava districts. They are distributed free of charge to the mailboxes in the entire city of Bratislava. The newspaper allows the possibility to advertise in the whole edition or in the copies to be distributed in the individual district important for its clients in terms of their business activities and services offered.

PR and image advertising of candidates for the **Elections to Self-governing Regions**, for which Bratislavské noviny are an important communication channel to address the target groups of voters in the 55+ age category, had a positive effect on revenues from June to November 2017. In 2017, the traffic of **www.bratislavskenoviny.sk** grew markedly, and the number of unique users more than doubled year on year. It is the result of an overall improvement of the page at the visual and contents level. In 2017, in addition to the visual design, the portal has undergone a content conversion. The video content, rich photographic documentation of processed topics, and social networking promotion on Facebook with over 7,200 fans, the number of who is still growing, have become an integral part of the news.

Since June 2017, we have been publishing a new monthly – **Magazín NA CESTE**. About 35 thousand copies are distributed free of charge to travelers in selected trains of Železničná spoločnosť Slovensko. The magazine brings up-to-date information and travel reports from Slovakia, historical facts, interviews with celebrities, news from the world of show biz, the latest trends in the world of technology, current health topics, and tips and ideas for apartments, houses or gardens. Due to the free distribution in trains, advertising in the magazine reaches a wider target audience and a large number of potential clients.


ZADARMO
Noviny o živote v Bratislave sú distribuované každé dva týždne do všetkých mestských častí.
EV 3101/09 ~ ISSN 1335-5228
Vydáva NIVEL PLUS s.r.o., Ivanská cesta 2D, 821 04 Bratislava
Tlačí MAFRAPRINT
Roznáša spoločnosť Red Post, s.r.o.

Bratislavské Noviny®

Aktuálne správy o dianí v Bratislave
nájdete aj na www.banoviny.sk
a aj na Facebooku www.facebook.com/banoviny
Píšte, pýtajte sa, komentujte

Streda 27. decembra 2017 | Pressburger Zeitung ~ Pozsonyi Újság ~ Nova Posoniensia | Ročník XX. ~ Číslo 26

Miletičku čakajú zmeny
Na trhovisku pribudne ulička remesiel aj nové zastrešenie.

Čo bude z reštaurácie na Hlavnej stanici?
Desaťročia nevyužívané priestory začali rekonštruovať. Ako to vyzerá vo vnútri?

Primátor a starostovia

Silvester v meste bude najmä audiovizuálnym zážitkom

Ohrozená prevádzka divadla
STARÉ MESTO
Historická budova SND na Hviezdoslavovom námestí potrebuje komplexnú rozsiahlu rekonštrukciu zvonka aj v interiéri. Situácia je taká kritická, že je ohrozený hrací plán i prevádzka budovy.
Vláda sa preto zhodla, že na nevyhnutné opravy priestorov historickej budovy SND sa má vyčleniť zo štátneho rozpočtu 980 000 eur. Je potrebné zrealizovať aspoň opravy priestorov a hlavných

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, eFabrica, a.s., has been developing the next generation publishing platform – **CONTENTO CMS**, based on the principle of micro-services. This platform provides an entirely new, modern, and effective approach to creating online projects and consolidating online content.

CONTENTO CMS 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, Contento CMS uses API calls, which are nowadays a modern communication standard. CONTENTO CMS is a **system designed primarily for televisions, radios, publishing and large media houses**, which have many projects and the need to consolidate the contents and search for synergies.

In 2017, eFabrica, a.s., continued the implementation of Contento CMS for existing clients – the consolidation of projects from the **JOJ Group's online portfolio** has been completed and is currently being "driven" by Contento CMS. New projects were launched – Place for a Man (miestopremuza.sk) – a magazine for modern men, Mom´s Recipes (maminerecepty.sk) – a "tasty" page containing recipes from the popular show My Mom Cooks Better Than Yours, STYLE.sk – the most stylish Slovak website offering a daily dose of style and fashion trends not only to women.

Several new projects were implemented for the company **MAFRA Slovakia, a.s.** At the beginning of 2017, the website for the popular magazine Evita (svetevity.sk) by Evita Urbaníková – the Slovak bestselling author – was launched. The RUNGO magazine website (rungo.sk) for those who run from the heart was redesigned. In the second half of the year, several projects were launched at the same time – HN Veda (hnveda.sk) portal, which looks at things from a scientific point of view; HN History (hnhistory.sk) – the website where you can find historical context, profiles of personalities, and an overview of past events; HN Focus (hnfocus.sk) – the website for all those who want to know more about topics that have stirred up debates in the society; HN View (hnview.sk) – the website bringing an overview of the most interesting photos in one place. Many years of experience and the know-how of employees of eFabrica, a.s., have also proven successful in upgrading the homepage of the flagship of the Mafra publishing house – hnonline.sk.

The **election to the higher territorial units of the Slovak Republic** was one of the attracting projects of eFabrica, a.s., in the year 2017. With regard to the election, the system was developed to aggregate and manage election results. The system uses data from the Statistical Office of the Slovak Republic and displays them in real-time on news portals.

The most prominent project in 2017 was the implementation of **Contento VASTerix** – a middleware application that allows managing ad formats, ads, and plans outside of the advertising system. The application generates advertising campaigns in the VAST or VPAID format (international standard) for the advertising system and video player on the page. With this application, clients save the cost of serving a video ad directly from the ad system. In conjunction with Contento Media Library and Contento Transcoder, eFabrica, a.s., is able to offer a comprehensive solution for all publishers who want to monetize their video content.

Another new, interesting client of the company eFabrica, a.s., who came in 2017, is the publisher of the regional newspaper **Bratislavské noviny**. Migrating and consolidating the content of an existing website under Contento CMS was carried out for this client. Expanding the functionality of the website with new modern modules and online video was a matter of course.

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.

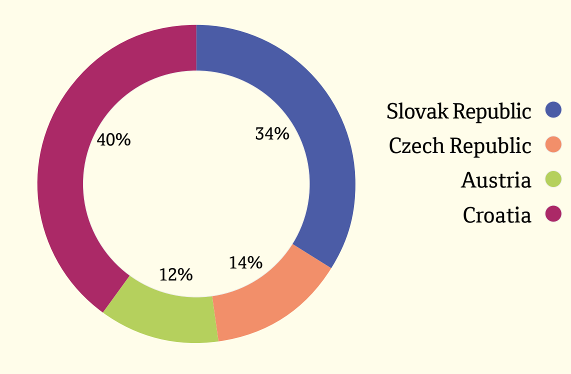
The JOJ Media House Group is one of the major employers not only in Slovakia but also in other countries in which it performs its business activities, such as the Czech Republic, Austria, and Croatia. Compared to the previous year, the average number of employees of the entire Group has not changed.

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 the 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

	2017	2016
Slovak Republic	279	266
Czech Republic	110	90
Austria	94	96
Croatia	323	355
Total JOJ Media House	**806**	**807**

SHARE OF COUNTRIES IN THE TOTAL NUMBER OF EMPLOYEES IN 2017



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

	2017	2016
JOJ Media House, a.s.	3	4
Slovenská Produkčná, a.s.	199	188
MAC TV s.r.o.	4	4
BigMedia, spol. s r. o.	22	22
Akzent BigBoard, a. s.	25	24
Recar Slovensko a. s.	2	2
Recar Bratislava a.s.	5	5
NIVEL PLUS s.r.o.	1	n/a
BHB, s.r.o.	1	1
Radio Services a.s.	10	11
eFabrica, a.s.	7	5
Big Board Praha, a.s.	28	29
Czech Outdoor, s.r.o.	19	15
BigMedia, spol. s r.o.	25	25
QEEP a.s.	0	1
Outdoor akzent s.r.o.	17	20
RAILREKLAM s.r.o.	21	n/a
EPAMEDIA - EUROPÄISCHE PLAKAT - UND AUSSEN MEDIEN GMBH	91	93
R+C Plakatforschung und kontrolle GmbH	3	3
Novi List d.d.	228	243
Glas Istre Novine d.o.o. Pula	64	80
RTD, d.o.o.	31	32
Total JOJ Media House	**806**	**807**

PERSONNEL POLICY

06 SIGNIFICANT EVENTS IN 2017

→ 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 16 January 2017, the company MAC TV, s.r.o., acquired an 11% share in the company **PMT, s.r.o.**

→ On 31 January 2017, at its extraordinary meeting, 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 share in the amount of 98.63% in the Croatian company **Infantinfo d.o.o.**

→ On 12 June 2017, the company Radio services a.s. purchased a 30% share in the company **Cestovná agentúra CKSK, s.r.o.**

→ On 6 October 2017, the company Slovenská produkčná, a.s., sold its share in the amount of 20% in the company **Magical roof s.r.o.**

→ On 15 November 2017, the company BigBoard Praha, a.s., acquired a 50% share in the company **D & C Agency s.r.o.**

→ On 8 December 2017, the company NOVI LIST d.d. sold its share in the amount of 100% in the company **Adamić d.o.o.**

→ On 15 December 2017, the company BigBoard Praha, a.s., acquired a 30% share in the company **Flowee s.r.o.**

→ On 18 December 2017, the company BigBoard Praha, a.s., acquired a 20% share in the company **Qeep, a.s.**

→ On 21 December 2017, through the company Expiria a.s., the company BigBoard Praha, a.s., acquired a 51% share in the company **RAILREKLAM s.r.o.**

Events occurring after the closing of the accounting period

→ 1 January 2018 was the decisive date on which the company Media representative, s.r.o., merged with Akzent BigBoard, a.s.

SIGNIFICANT EVENTS IN 2017

07 RISK FACTORS AND RISK MANAGEMENT

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

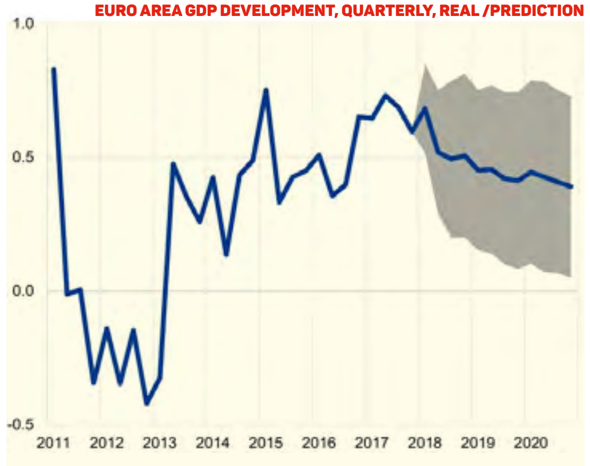
THE RISK OF THE COMPANY BECOMING DEPENDENT ON BUSINESS RESULTS OF ITS SUBSIDIARIES

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 favorable 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, QUARTERLY, 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 COMPETITIVE STATIONS BEING LAUNCHED

The advent of digitization 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 digital broadcasting license, new companies can enter the market, and the established companies may launch new 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 broadcasting and advertising area is subject to regulation and, should the conditions of this regulation change, it can not be guaranteed that such a change will not be reflected negatively in the economic results of the Group's business.

THE RISK OF VIEWER'S RATINGS DECLINING

The emergence of competing television stations with attractive ranges of programmes as well as alternative forms of entertainment can lead to an outflow of viewers. The preferences and tastes of audiences are changing, and the Group 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 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 Group includes, to a large extent, debt financing that originated in the pre-crisis period. The companies within the holding initially chose

PRIME TIME 12-54 SHR%

PRIME TIME	TV JOJ	Markíza	Jednotka	Dvojka	Plus	DOMA	Dajto!	FOOOR	WAU	Senzi	Others
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
2017	20,9	20,4	11,3	2,5	4,5	4,0	3,6		2,5		30,3

Source: TNS

an aggressive financial strategy, the financial market crisis, however, hindered their rapid development. The Group does not exclude the need to re-use resources other than its own to reimburse existing or future liabilities. The use of foreign funding sources is associated not only with a more limited approach to new sources of funding but also with reduced flexibility in management decisions resulting from different provisions in loan agreements designed to protect existing creditors.

TECHNOLOGICAL DEVELOPMENT

The development of new technologies is associated with the risk of lagging behind competitors. Although there are ongoing shifts in the media sector, the improvement, upgrading and the implementation of individual innovations is a financially and operationally demanding process that requires not only changes by media companies but also changes on the part of 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.

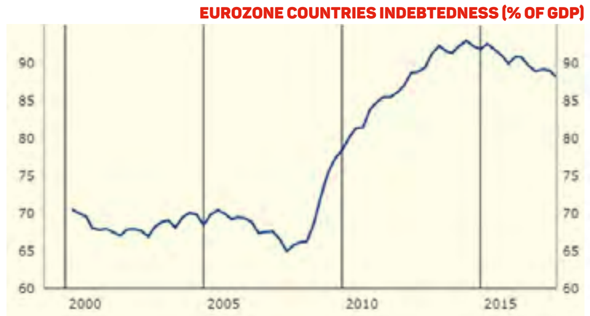
THE RISK OF CONCENTRATION

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 EUROZONE

The current unstable situation in Europe and the unresolved issues of assistance to disproportionately indebted EU members expose the Slovak Republic and Austria as Eurozone members to the risk associated with the strategy of assistance to these Eurozone countries. In the context of strengthening the power of the European Financial Stabilization Mechanism, an increase in guarantees arises. In the case of failure of the Eurozone countries such as Greece which has the problem to repay loans from the European Financial Stabilization Mechanism, associated with the need for financial assistance from other EU Member States, 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 related regulations, measures and decisions could negatively affect the Group's financial performance.

EUROZONE COUNTRIES INDEBTEDNESS (% OF GDP)



Source: European Central Bank (ECB)

THE RISK OF LEGAL ACTION

Due to the nature of the business within the holding companies in the media industry, where often shocking information and information on the edge of the law appear in a competitive fight, it is not possible to exclude potential litigation of 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 being direct advertisers, are also the cornerstones of business of the 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 onset of digitization, distributing companies will gain a stronger bargaining position and will be more selective when concluding 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 programme structures could lead to a decline in advertising revenue.

THE RISK OF NON-RENEWAL OF LEASING CONTRACTS

Structures with advertising sold by companies operating on the market of outdoor advertising are located on land that is not owned by the companies themselves, nor is the property of the companies within the holding. These are areas which Akzent BigBoard, BigBoard Praha, EPAMEDIA and their subsidiaries rent. In most cases, relationships with landlords are governed by fixed-term agreements, therefore there is a risk that, after the expiry of the agreed period, the agreements will not be renewed, whether due to reluctance to extend the agreement by the landlord or due to other limitations. There is therefore a risk that adequate replacement advertising areas 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 in relation to the Euro, is the internal risk factor that affects income/expense of the Group, especially the company Slovenská produkčná, a.s. The majority of film licenses and licenses for shows are acquired from transatlantic 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 the related risk.

DEVELOPMENT OF THE EUR TO USD EXCHANGE RATE IN 2017

Source: European Central Bank (ECB)

NATURAL CATASTROPHES

No industry can avoid natural catastrophes, some of which can have a devastating impact on the operation of all companies. These include, for example, meteorological, geological or other disasters 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, society and overall conditions evolve, national laws are also being developed. The Group has expanded its operations to four Central and Eastern European countries and has therefore identified the risk of changing legislation. 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 relocation and ultimately reducing the total number of advertising media.

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: share certificates
- nominal value: 25.00 EUR, with the issue price of each share in the amount of 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 was in the amount of 25 million EUR 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 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., the 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 by the bodies 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 entities 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.

The powers of the General Assembly include:

- a) deciding on amendments to the Articles of Association by the two-thirds of votes of the shareholders present;
- b) election and removal of the members of the Board of Directors by the majority of the votes of the present shareholders and the appointment of the chairman of the Board of Directors from among the members of the Board of Directors. The term of office of a member of the Board of Directors is five years. A member of the Board of Directors may be only a natural person;
- c) election and removal of members of the Supervisory Board by the majority of the votes of the shareholders present, with the exception of members of the Supervisory Board elected and removed by employees. The term of office of the members of the Supervisory Board is five years. The chairman of the Supervisory Board is elected and removed by members of the Supervisory Board from among themselves, and the person concerned shall not vote. A member of the Supervisory Board may be only a natural person.

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

In the period from 1 January 2017 to 31 December 2017, the General Assembly was convened as follows:

- At its **extraordinary meeting** held on 31 January 2017, the **General Assembly** of JOJ Media House, a.s., adopted the resolution that the Supervisory Board will perform the activities of the Audit Committee.
  - The General Assembly decided to amend Article XII of the Articles of Association so that paragraph 4 reading as follows will be added after paragraph 3: "The Supervisory Board performs the activities of the Audit Committee under a separate regulation governing the scope and activities of the Audit Committee." The original paragraphs 4 to 20 will be marked as paragraphs 5 to 21.

- On 28 April 2017, the **annual meeting of the General Assembly** of JOJ Media House, a.s., was held for the purpose of consultation and approval of the regular individual financial statements, a proposal to settle the loss of the Company for 2016, the approval of the auditor for 2017, and the approval of the consolidated financial statements together with the annual report 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 2016 and decided to approve it.
  - The General Assembly of the Company decided on the settlement of the loss for 2016 amounting to -879,533.47 EUR (in words: eight hundred seventy-nine thousand five hundred and thirty-three euros and forty-seven euro cents) as follows: Loss for the year 2016 will be shifted to the Unpaid Loss 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 for 2017, which is the company KPMG Slovensko spol. s r.o.
  - 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 2016 and decided to approve them.

- On 21 November 2017, the **extraordinary meeting of the General Assembly** of JOJ Media House, a.s., was held for the purpose of increasing the capital fund.
  - The General Assembly approved that the majority shareholder shall provide the company JOJ Media House, a.s., with funds in the form of a contribution in the "Other Capital Funds".

THE BOARD OF DIRECTORS

The Board of Directors is the statutory body of the company JOJ Media House, a.s. It is authorized 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 organizational 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 of the Company.

The Board of Directors has one member:

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

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

János Gaál
Member of the Supervisory Board
(since 17 October 2011)

THE AUDIT COMMITTEET

Upon the decision of the extraordinary meeting of the General Assembly 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 11 December 2017, the Board of Directors declared compliance with the principles of the **Slovak Code of Corporate Governance**. The Compliance Statement includes complete information about the Company management methods as well as information on deviations from the Slovak Code of Corporate Governance. All this information is published on the www.jojmediahouse.sk website. The governance of the Company deviates from this Code in the following points:

I.C.2.iii
The corporate governance framework should allow the use of electronic voting in absentia, including the electronic distribution of proxy advisory documents and reliable voting validation systems.

This principle has not been met. The Company does not use electronic voting at the General Assembly.

I.C.4
To elect members of the company bodies and to decide on their remuneration is the fundamental right of the shareholder. Effective shareholder participation in decisions on the nomination, election and remuneration of members of corporate bodies should be encouraged.

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

I.C.4.iv.
The remuneration system for members of corporate bodies and employees in the form of shares should be approved by shareholders.

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

I.C.4.v.
Remuneration for members of company bodies and senior management should be made public, especially as regards the remuneration scheme; as well as the total amount of compensation paid under this scheme, explaining the link between the remuneration and the performance of the company.

This principle has not been met. The Company proceeds in accordance with the Commercial Code and the Articles of Association, but the members of the Supervisory Board and the Board of Directors are not entitled to any remuneration.

I.C.4.vi.
Non-financial remuneration schemes (shares, etc.) should be approved by shareholders, either for particular individuals or the functioning of the whole system.

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

I.C.6
Obstacles to cross-border voting should be removed.

This principle has been met partially. The voting time allows domestic and foreign shareholders to response in time. However, the Company does not use electronic voting.

I.C.6.iii
In order to further facilitate the voting of foreign investors, laws, rules and corporate procedures should allow participation in voting in electronic form and in a non-discriminatory manner.

This principle has not been met. The Company does not use voting in electronic form at the General Assembly.

II.D
The corporate governance framework should require service providers, such as proxy advisers, analysts, brokers, rating agencies, and others who provide analyzes or advice with the possibility of influencing the decisions of investors / shareholders to adopt, apply and publish procedures to minimize conflicts of interest that could impair the integrity of their analyzes or advice.

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 the client.

IV.A.4.
The disclosure of information should include, inter alia, the following information:
Statement of remuneration in the company, including information about the remuneration of members of corporate bodies and senior management, as well as information on the link between the remuneration of members of the bodies and senior management and the long-term performance of the company.

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

IV.A.5.
The disclosure of information should include, inter alia, the following information:
Information about members of the company bodies, including their qualifications, selection procedures, ownership of shares in the company, membership in other bodies, other executive functions, and whether the company body considers them to be 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.i.
The disclosure of information should include, inter alia, the following information:
The internal arrangement of the bodies and the strategy in the field of corporate governance. Information should be disclosed about the internal arrangement of the bodies and the strategy in the field of corporate governance, including the content of any corporate governance code or the procedure and processes through which it is implemented.

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

IV.C.i.
The audit committee or a similar body of the company should oversee the internal audit activities as well as the overall relationship with external auditors.

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.

V.D.5.iv.

The company body or appointment committee should identify potential candidates who meet the required profiles and propose them to shareholders and consider candidates nominated by shareholders who have the right to submit nominations.

This principle has been met partially. The Company has not established any appointment committee.

INTERNAL CONTROL SYSTEMS

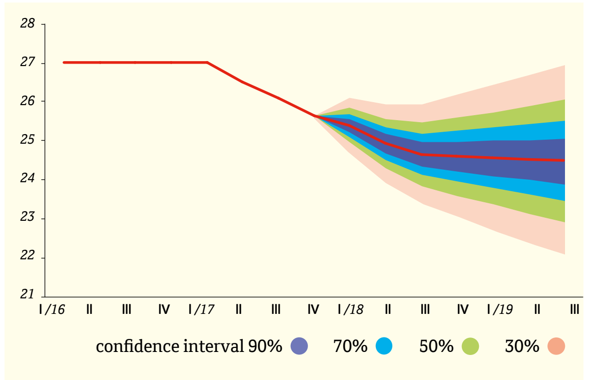
Analyses of profit, cash flow, liquidity, profitability, activity, and debts, as well as cost analyses form part of the system of internal controls and financial management in the Group. They are connected with strict control measures in accounting and monitoring devices of a technical nature. Using the system of internal controls, we ensure the compliance of the activities of the Company with the laws, internal rules, and 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 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 difference 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.

FORECAST OF THE CZK / EUR EXCHANGE RATE

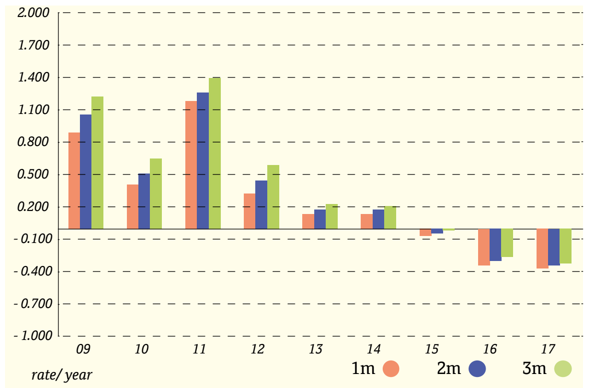


Source: Czech National Bank (CNB)

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 debt

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.

EURIBOR YEARLY - 1M, 2M, 3M



Source: European Money Markets Institute (EMMI)

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.

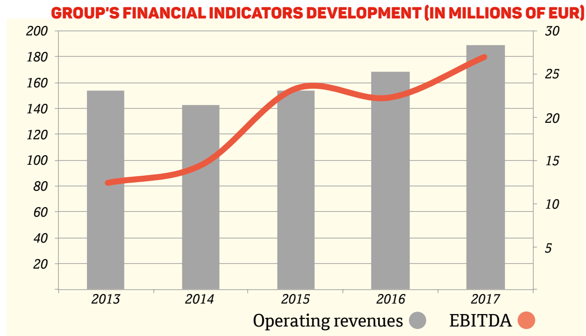
COMPANY'S BUSINESS MODEL

The Company's business model is based on selling advertising space, the price of which is crucially dependent on audience measurement, monitoring and surveys 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 2018 are also favorable. 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'S FINANCIAL INDICATORS DEVELOPMENT (IN MILLIONS OF EUR)



Source: Consolidated Financial Statements of the Group

ADMINISTRATION AND MANAGEMENT

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 2017 in the amount of -421,264.98 EUR shall be decided by the General Assembly. The proposal of the statutory body to the General Assembly is as follows:

→ shifting to the Unpaid Loss of Past Years account in the amount of 421,264.98 EUR.

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

OTHER ADDITIONAL INFORMATION

In 2017, 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 to vote by shareholders is not limited by the Articles of Association.

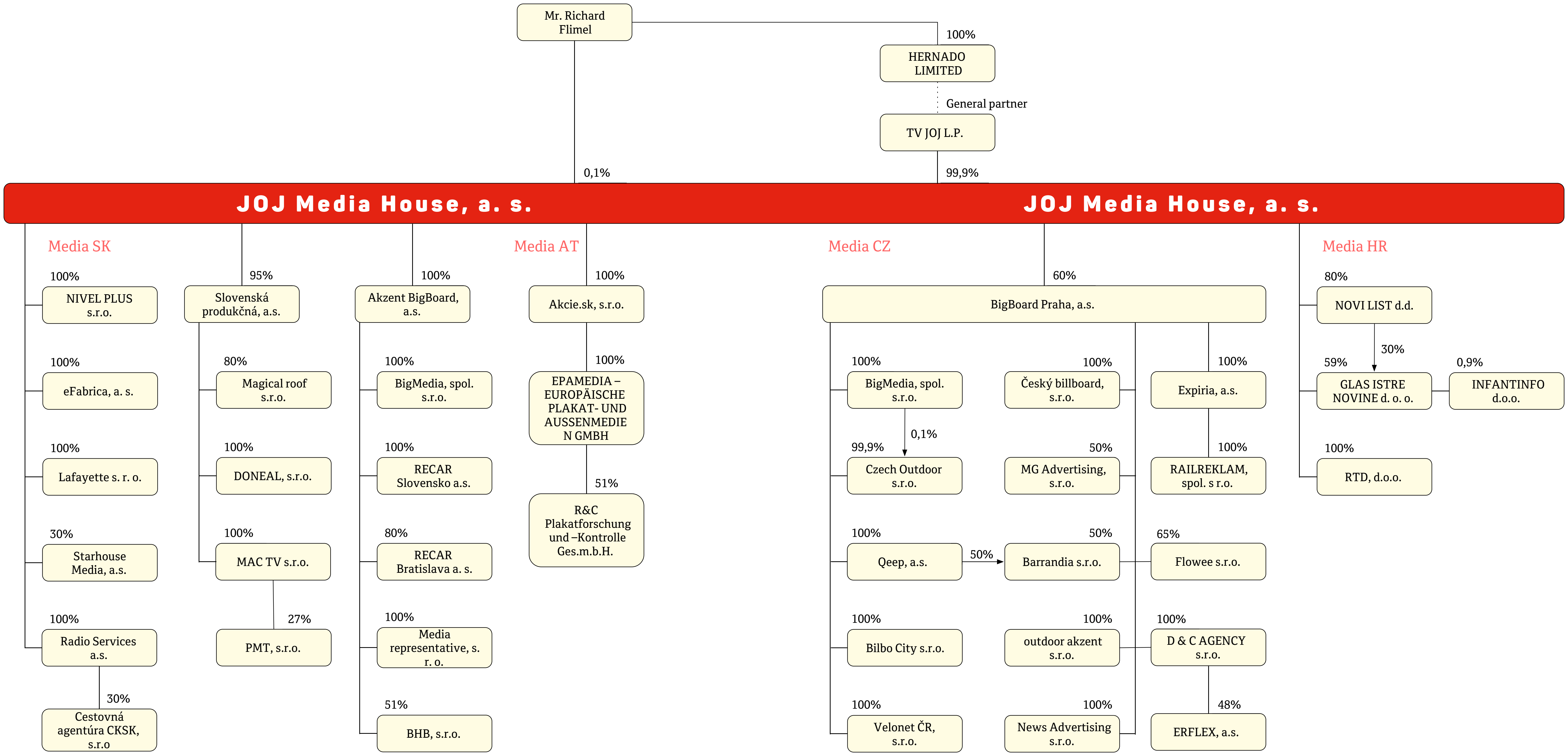
To the date of preparation of this document, no securities were issued, the owners of which would have special control rights.

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, the Company is not aware of any additional specific regulations 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 ORGANIZATIONAL 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.
Media SK
100%
NIVEL PLUS s.r.o.
100%
eFabrica, a. s.
100%
Lafayette s. r. o.
30%
Starhouse Media, a.s.
100%
Radio Services a.s.
30%
Cestovná agentúra CKSK, s.r.o
95%
Slovenská produkčná, a.s.
80%
Magical roof s.r.o.
100%
DONEAL, s.r.o.
100%
MAC TV s.r.o.
27%
PMT, 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.
Media AT
100%
Akcie.sk, s.r.o.
100%
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIE N GMBH
51%
R&C Plakatforschung und –Kontrolle Ges.m.b.H.
Media CZ
60%
BigBoard Praha, a.s.
100%
BigMedia, spol. s.r.o.
0,1%
99,9%
Czech Outdoor s.r.o.
100%
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.
100%
RAILREKLAM, spol. s r.o.
65%
Flowee s.r.o.
100%
D & C AGENCY s.r.o.
48%
ERFLEX, a.s.
Media HR
80%
NOVI LIST d.d.
30%
59%
GLAS ISTRE NOVINE d. o. o.
0,9%
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 **1.5 million EUR**. In 2017 it was 71,378.72 EUR.

The Foundation is managed by the Governing Board consisting of 9 members of TV JOJ staff. The chairman is Marcel Grega, the statutory authority Vladimír Fatika – Foundation administrator – and the executive manager Luboš Sarnovský.

OVERVIEW OF 2017 ACTIVITIES

PEDIATRIC ONCOLOGY

The primary mission in this area was to support young oncology patients through the project of a new playroom at the Oncology Department of the Children's Faculty Hospital Banská Bystrica implemented by the Civil Association Svetielko nádeje.

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.

The "Floorball Challenge 2017" was a pilot project for a sports programme designed for primary schools to develop children's sports activities and build new talents. There were 8 teams in the Slovak Republic's final held in Poprad, each representing their region (higher territorial unit). The teams received support in the form of jerseys and equipment for their school as well as financial aid in the total amount of 2,400.00 EUR, and the first three players received additional support totaling 2,500.00 EUR.

The "Floorball SK Liga 2017/2018" project was based on the previous floorball activity, but it changed dramatically the essence of the project and focused on primary schools at the district level, with an important condition for registering a boy's team to engage and register a girl's team. By this activity, we aim to attract girls to the sport and motivate pupils to exercise. In total, almost 5,000 pupils joined the project. The project supported schools by direct subsidies in the amount of 5,600.00 EUR, and regional final tournaments as well as the nationwide final to be held in Bratislava in August 2018 will bring another 3,000.00 EUR to schools.

The special third year of the project titled "Football Harvest" provided 70 football clubs all over Slovakia, which do not receive support from the Slovak Football Association, with an assistance of 57,651.00 EUR. The aid was used for training equipment and jerseys.

NATIONAL CULTURAL HERITAGE

The Foundation continued its documentary project and is preparing a new documentary work "Heydrich and 74 women" about how his death affected the experiments on the 74 women in concentration camps. The document was directed by Veronika Tóthová.

OTHER SUPPORT

The Foundation was financially involved in the following projects:

- V siedmom nebi project, which continued supporting the remaining families that 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.
- support for individuals and associations.
- aid for the Children's Faculty Hospital Banská Bystrica, within which funds in the amount of almost 60 thousand euros were raised for the neonatal clinic in a strong support of Gordany Turuk.

PLANNED ACTIVITIES FOR 2018

In 2018, the Foundation intends to continue 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 final of the Floorball SK Liga 2017/2018,
- the beginning of the Floorball SK Liga 2018/2019,
- the project for employees – 2% Naši Našim,
- the continuation of the documentary audiovisual works production,
- 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 resources and electricity, turning off devices in standby mode, 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 2017 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

ATTACHMENT

CONSOLIDATED FINANCIAL STATEMENTS

JOJ Media House, a. s.
and Subsidiary Companies

Consolidated Financial Statements
for the year ended 31 December 2017

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.

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in thousands of EUR	*Note*	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Revenues from services	*5*	187 686	166 772
Other operating income	*6*	1 529	1 690
Total operating income		**189 215**	**168 462**
Bargain purchase gain		160	-
Personnel expenses	*7*	(28 905)	(26 330)
Production costs of TV and radio broadcasting programmes	*18,*	(29 365)	(23 832)
Use and write-off of programme rights	*8,18*	(14 012)	(13 093)
Posting, printing and removal of advertising		(12 611)	(11 751)
Depreciation, amortization and impairment of non-current tangible and intangible assets	*9*	(17 888)	(17 797)
Rent of advertising space		(25 247)	(24 014)
Other operating expenses	*10*	(52 829)	(47 111)
Total operating expenses		**(180 857)**	**(163 928)**
Profit from operating activities		**8 518**	**4 534**
Exchange rate gain / (loss), net		907	(552)
Interest expense, net	*11*	(11 237)	(11 681)
Gain / (loss) from financial instruments, net		(65)	241
Gain from associates and joint ventures		1 022	200
Gain from the sale of entities	*4*	366	57
Other financial expenses, net		(531)	(414)
Loss before tax		**(1 020)**	**(7 615)**
Income tax	*12*	(926)	1 244
Loss for the period		**(1 946)**	**(6 371)**
Gain / (loss) for the period attributable to:			
Equity holders of the parent company		(3 364)	(6 469)
Non-controlling interest		1 418	98
Other comprehensive income, after tax			
Items with subsequent reclassification into profit or loss:			
Foreign currencies translation differences		766	(33)
		766	**(33)**
Total comprehensive income		**(1 180)**	**(6 404)**
Total comprehensive income attributable to:			
Equity holders of the parent company		(2 830)	(6 497)
Non-controlling interest		1 650	93

The notes presented on pages 9 to 88 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**As at 31 December 2017**	**As at 31 December 2016**
Assets			
Goodwill	*13*	12 069	11 560
TV format	*13*	79 694	84 248
Other intangible assets	*13*	62 152	63 962
Programme rights	*18*	1 750	1 379
Property, plant and equipment	*15*	90 898	88 768
Investments in associates and joint ventures	*17*	63	1 300
Trade and other receivables	*19*	297	253
Loans granted	*20*	2 269	28 357
Other assets	*21*	143	13
Deferred tax asset	*27*	945	1 186
Total non-current assets		**250 280**	**281 026**
Programme rights	*18*	15 610	14 680
Internal programme rights	*18*	33 320	31 797
Trade and other receivables	*19*	29 206	23 652
Other financial instruments	*16*	962	571
Loans granted	*20*	23 445	1 947
Other assets	*21*	5 217	3 802
Corporate income tax receivable		224	45
Cash and cash equivalents	*22*	17 572	11 809
Assets held for sale	*23*	689	-
Total current assets		**126 245**	**88 303**
Total assets		**376 525**	**369 329**

in thousands of EUR	*Note*	**As at 31 December 2017**	**As at 31 December 2016**
Equity			
Share capital	*24*	25	25
Other funds	*24*	59 237	50 904
Accumulated losses		(22 683)	(19 462)
Total equity attributable to equity holders of the parent company		**36 579**	**31 467**
Non-controlling interests		2 390	1 256
Total equity		**38 969**	**32 723**
Liabilities			
Bank loans	*25*	56 345	62 636
Loans and borrowings	*25*	9 804	8 991
Issued bonds	*26*	87 794	128 790
Provisions	*28*	1 773	1 615
Trade and other financial liabilities	*29*	1 024	2 035
Other liabilities	*30*	1 168	1 751
Deferred tax liability	*27*	31 255	32 052
Total non-current liabilities		**189 163**	**237 870**
Bank loans	*25*	30 147	34 285
Loans and borrowings	*25*	2 952	2 432
Issued bonds	*26*	51 625	1 406
Provisions	*28*	2 407	1 249
Trade and other financial liabilities	*29*	52 832	51 513
Other liabilities	*30*	7 394	7 243
Corporate income tax liability		934	608
Liabilities related to assets held for sale	*23*	102	-
Total current liabilities		**148 393**	**98 736**
Total liabilities		**337 556**	**336 606**
Total equity and liabilities		**376 525**	**369 329**

The notes presented on pages 9 to 88 form an integral part of the consolidated financial statements.

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 2017		**25**	**307**	**51 576**	**(979)**	**(19 462)**	**31 467**	**1 256**	**32 723**
Total comprehensive income for the period									
Gain / (loss) for the period		-	-	-	-	(3 364)	(3 364)	1 418	(1 946)
Other comprehensive income, after tax									
Foreign currencies translation differences		-	-	-	534	-	534	232	766
Total other comprehensive income		**-**	**-**	**-**	**534**	**-**	**534**	**232**	**766**
Total comprehensive income for the period		**-**	**-**	**-**	**534**	**(3 364)**	**(2 830)**	**1 650**	**(1 180)**
Transactions with owners recognized directly in equity									
Increase of other capital funds		-	-	7 800	-	(393)	7 407	393	7 800
Transfer to the legal reserve fund and other capital funds		-	3	(39)	-	36	-	-	-
Dividends paid out to non-controlling interest		-	-	-	-	-	-	(94)	(94)
Effect of new acquisitions	*4*	-	-	-	-	-	-	(95)	(95)
Changes in ownership interest without loss of control	*24*	-	-	-	35	500	535	(720)	(185)
Total transactions with owners		**-**	**3**	**7 761**	**35**	**143**	**7 942**	**(516)**	**7 426**
Balance at 31 December 2017		**25**	**310**	**59 337**	**(410)**	**(22 683)**	**36 579**	**2 390**	**38 969**

		Equity attributable to equity holders of the parent company							
in thousands of EUR	*Note*	**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 recorded 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**

The notes presented on pages 9 to 88 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Cash flows from operating activities			
Loss for the year		(1 946)	(6 371)
Corporate income tax	*12*	926	(1 244)
Interest expense, net	*11*	11 237	11 681
Profit before interest and tax		**10 217**	**4 066**
Adjustments for:			
Depreciation, amortization and impairment of non-current assets	*9*	17 888	17 797
Creation of impairment of receivables, loans provided and other assets		159	766
Write off of accrued internal programme rights	*18*	3 914	
Bargain purchase gain		(160)	-
Gain / (loss) from financial instruments		65	(99)
Change in provisions		983	(1 882)
Loss on disposal of non-current assets		260	-
Profit from associates and joint ventures		(1 022)	(200)
Gain from the sale of entities		(366)	(57)
Other non-cash items		471	119
Operating profit before changes in working capital		**32 409**	**20 510**
Increase in programme rights and internal programme rights		(6 706)	(7 353)
(Increase) / decrease in trade and other receivables and other assets		(6 106)	2 618
Increase / (decrease) in trade liabilities, other financial liabilities and other liabilities		(1 615)	3 822
Cash flows from operating activities		**17 982**	**19 597**
Interest paid		(10 028)	(11 272)
Income tax paid		(2 305)	(1 994)
Net cash flows from operating activities		**5 649**	**6 331**
Cash flows from investing activities			
(Disbursements on) / Proceeds from business combinations, net of cash acquired	*4*	45	(8 990)
Proceeds from sale of entities, net of cash disposed	*4*	3	67
Disbursements on acquisition of ownership interests without a change of control		(185)	(185)
Proceeds from sale of property, plant and equipment and intangible assets		1 025	1 318
Acquisition of property, plant and equipment and intangible assets		(8 257)	(8 447)
Proceeds from financial instruments		61	81
Disbursements on acquisition of financial instruments		(236)	(204)
Disbursements of loans granted		(1 269)	(7 638)
Proceeds of loans granted		6 187	2 659
Dividends received		207	105
Interest received		367	212
Net cash used in investing activities		**(2 052)**	**(21 022)**

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Cash flows from financing activities		
Repayments of loans	(14 906)	(11 627)
Drawings of loans	3 061	10 759
Sale of own bonds	4 137	8 118
Payments of finance lease liabilities	(627)	(615)
Increase in other capital funds	7 800	550
Dividends paid to non-controlling interests	(94)	(61)
Net cash from / (used in) financing activities	**(629)**	**7 124**
Increase / (decrease) in cash and cash equivalents	2 968	(7 567)
Cash and cash equivalents at 1 January	(10 172)	(2 606)
Effect of exchange rate fluctuations on cash held	297	1
Cash and cash equivalents at 31 December	**(6 907)**	**(10 172)**

Cash and cash equivalents include:

in thousands of EUR	*Note*	**As at 31 December 2017**	**As at 31 December 2016**
Cash and cash equivalents	*22*	17 572	11 809
Cash and cash equivalents included in assets held for sale	*23*	29	-
Bank overdrafts		(24 508)	(21 981)
Total		**(6 907)**	**(10 172)**

The notes presented on pages 9 to 88 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 2017 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 2017 and as at 31 December 2016 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 2017 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 2017 to 31 December 2017.

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 note 14 – Impairment testing of 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.

2. Significant accounting policies (continued)

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 14 – 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.

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 2017, 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.

Amendment to **IAS 7 Statement of Cash flows** is effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. The amendment requires 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 amendment doesn't have a material impact on the presentation of the financial statements of the Group.

Amendment to **IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses** is effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. 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 amendment doesn't have a material impact on the presentation of the financial statements of the Group.

2. Significant accounting policies (continued)

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

At 31 December 2017 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 2017, and have not been applied in preparation of these financial statements of the Group.

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.

Management of the Group completed its assessment of the expected impact of the initial application of IFRS 15 and does not expect that the new Standard, when initially applied, will have material impact on the Group's financial statements as at 1 January 2018. Management of the Group does not expect that the timing and measurement of the Group's revenues are going to change under IFRS 15.

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.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:
- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, a Company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances. For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking an 'expected credit loss' (ECL) model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

2. Significant accounting policies (continued)

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items. Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Group will apply the new standard from the effective date. Management of the Group completed its assessment of the expected impact of the initial application of IFRS 9 and it evaluates the impact on the Group's financial statement as not significant.

IFRS 16 Leases was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15. The lessee must apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. IFRS 16 supersedes IAS 17 Leases and related interpretations, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 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 management of the Group has not yet prepared an analysis of the expected quantitative impact of the IFRS 16. It is expected that the new Standard, when initially applied, may 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.

2. Significant accounting policies (continued)

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

Annual Improvements to IFRS

IASB issued a set of amendments to multiple standards, called as Annual Improvements to IFRS 2014-2016 Cycle (issued on 8 December 2016), effective for annual periods beginning on or after 1 January 2018 except for the changes to IFRS 12 that shall be applied for annual periods beginning on or after 1 January 2017 and the Annual Improvements to IFRS 2015-2017 Cycle (issued on 12 December 2017), effective for annual periods beginning on or after 1 January 2019.

Amendments to **IFRS 10 and IAS 28** Sale or contribution of assets between an investor and its associate or joint venture. IASB decided to defer the endorsement indefinitely, but the early application 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.

Amendments to **IAS 28 Long-term Interests in Associates and Joint Ventures**, effective for annual periods beginning on or after 1 January 2019. The amendment clarifies adoption of IFRS 9 to long-term interests in Associates and Joint Ventures, where the equivalent method is not applicable.

Amendments to **IFRS 9 Financial instruments: Prepayment Features with Negative Compensation**, effective for annual periods beginning on or after 1 January 2019. The amendment deals with the classification of financial assets with early repayment and clarifies the accounting of financial liabilities after the modification.

The adoption of the above amendments will not have a material impact on the Group's accounting policies and financial statements.

Interpretation **IFRIC 22 Foreign Currency Transactions and Advance Consideration** clarifies that when determining the spot exchange rate to be used for the initial recognition of a related asset, expense or income (or part of it), and the derecognition of non-monetary assets or non-monetary liabilities arising from the payment or receipt of advance consideration in a foreign currency, the transaction date is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of 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. Companies may apply the amendments retrospectively. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and revenues that were originally recognized during or after:

(i) the beginning of the accounting period in which the Company initially applied the interpretation or
(ii) the beginning of the previous accounting period recognized for comparative purposes in the financial statements of the reporting period in which the Company initially applied the interpretation.

Interpretation IFRIC 22 is effective for annual periods beginning on or after 1 January 2018. Early application is permitted, which must be disclosed in the financial statements.
The Group does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Group policy is in line with the interpretation.

2. Significant accounting policies (continued)

Interpretation **IFRIC 23** Uncertainty over Income Tax Treatments clarifies the accounting for income tax, when such accounting involves uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it address the interest and penalty requirements associated with uncertainty in their assessment. Interpretation specifically addresses the following questions:

- Whether the Company individually assesses the uncertainty in tax accounting
- The assumptions that an entity performs when assessing tax practices by tax authorities
- As an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax reductions and tax rates
- How the entity assesses the changes in facts and circumstances.

An entity should determine whether any uncertain tax assessment should be considered separately or together with one or more other uncertain assumptions. Applied should be a procedure that better predicts the solution of uncertainty. The interpretation is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, with certain transitional concessions being possible. The Company will apply the interpretation as of its date of effectiveness. The Group does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Group does not operate in a complex multinational tax environment.

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.

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.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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 40 companies included in the consolidation as at 31 December 2017 (2016: 38 companies), out of which 35 companies (2016: 34 companies) were consolidated using the full consolidation method and 5 companies (2016: 4 companies) using the equity method. All consolidated companies prepared their annual financial statements at 31 December 2017. 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.

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.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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
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.

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.

2. Significant accounting policies (continued)

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

The 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. The useful lives of contractual relationships reflects the duration of the lease of advertising equipment and takes into the account risk of discontinuance of the lease. The useful life of the 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.

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.

2. Significant accounting policies (continued)

[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.

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.

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 the case of two runs, 80% of cost is amortised after the first and 20% after the second run. In the case of three runs, 60% of the cost is amortised after the first, 30% after the second and 10% after the third run.

In the 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 the 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.

2. Significant accounting policies (continued)

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.

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.

ii. Valuation of financial instruments

Securities available for sale
Securities available for sale are initially recognized at fair value, this valuation is increased by costs related to acquisition or issue. Subsequent to initial recognition, gains and losses are measured at fair value and the gains and losses arising from the change in fair value are recognised directly in equity. The change in the fair value of securities available for sale is derecognised from equity to profit or loss at the time of sale. All incurred costs associated with transactions are recognized in profit or loss.

If the fair value cannot be reliably determined, the securities available for sale are stated at cost.

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.

2. Significant accounting policies (continued)

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 of the Group in amortized cost. Difference between this amount and the amount in which loans, borrowings and issued bonds are repaid, 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.

iii. 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.

iv. 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).

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.

2. Significant accounting policies (continued)

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.

i. 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. 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).

2. Significant accounting policies (continued)

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.

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 on the taxable income 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.

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

In determining the fair value of assets and liabilities, the Group uses market (observable) inputs whenever possible. If the market is not active, the fair value of assets and liabilities is determined using the valuation techniques. When applying valuation techniques, the estimates and assumptions are used, that are consistent with available information on estimates and assumptions and that would be used by other market participants in price determination.

Based on inputs used to determine the fair value of assets and liabilities, different levels of fair value were defined:
Level 1: quoted market prices (not adjusted) in active markets for identical assets and liabilities
Level 2: inputs other than quoted prices in Level 1 that are observable for the assets or liabilities, either directly (eg. as prices) or indirectly (eg. derived from prices).
Level 3: inputs for assets and liabilities that are not based on observable market inputs (unobservable inputs).

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) Assets held for sale

If the value of non-current assets (or assets and liabilities included in the group of assets held for sale) is expected to be realized mainly through its sale not its use, the asset is classified as assets held for sale.

Immediately before the initial classification of the asset as held for sale (or assets and liabilities included in the group of assets held for sale), the carrying amount of the asset is restated in accordance with applicable IFRSs. After classification as held for sale, non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment losses of a group of assets held for sale are initially allocated to goodwill and then in a proportionate way to other assets and liabilities, except inventories, financial assets and deffered tax asset, which are further recognised in accordance with the Group's accounting policies.

u) 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 2017

in thousands of EUR	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	***Intra-segmental elimination***	**Total**
Revenues from services	99 060	43 534	33 655	12 576	*(1 139)*	187 686
Other operating income	248	583	419	279	-	1 529
Total operating income	**99 308**	**44 117**	**34 074**	**12 855**	***(1 139)***	**189 215**
Bargain purchase gain	54	106	-	-	-	160
Personnel expenses	(11 587)	(4 085)	(6 219)	(7 014)	-	(28 905)
Production costs of TV and radio broadcasting programmes	(30 076)	(357)	-	-	*1 068*	(29 365)
Use and write-off of programme rights	(13 134)	(878)	-	-	-	(14 012)
Posting, printing and removal of advertising	(3 420)	(3 705)	(5 486)	-	-	(12 611)
Depreciation, amortization and impairment of non-current assets	(9 314)	(4 275)	(4 005)	(294)	-	(17 888)
Rent of advertising space	(5 274)	(11 130)	(8 945)	-	*102*	(25 247)
Other operating expenses	(25 681)	(13 882)	(7 377)	(5 889)	-	(52 829)
Total operating expenses	**(98 486)**	**(38 312)**	**(32 032)**	**(13 197)**	***1 170***	**(180 857)**
Profit / (loss) from operating activities	**876**	**5 911**	**2 042**	**(342)**	***31***	**8 518**
Exchange rate gain/ (loss), net	819	123	-	(7)	*(28)*	907
Interest expenses, net	(7 454)	(3 236)	(423)	(124)	-	(11 237)
Gain / (loss) from financial instruments, net	(85)	-	1	19	-	(65)
Gain from associates and joint ventures	-	1 022	-	-	-	1 022
Gain from the sale of entities	-	-	-	366	-	366
Other financial income / (expenses), net	(122)	93	(8)	(494)	-	(531)
Profit / (loss) before tax	**(5 966)**	**3 913**	**1 612**	**(582)**	***3***	**(1 020)**
Income tax	331	(956)	(233)	(68)	-	(926)
Profit / (loss) for the period	**(5 635)**	**2 957**	**1 379**	**(650)**	***3***	**(1 946)**
Other comprehensive income, after tax	-	**727**	**-**	**39**	-	**766**
Foreign currencies translation differences	-	727	-	39	-	766
Total comprehensive income	**(5 635)**	**3 684**	**1 379**	**(611)**	***3***	**(1 180)**

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)
Posting, printing and removal of advertising	(3 080)	(3 675)	(4 996)			
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	(24 322)	(10 964)	(7 260)	(4 575)	*10*	(47 111)
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, net	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 financial position as at 31 December 2017

in thousands of EUR	Media Slovakia	Media Czech republic	Media Austria	Media Croatia	*Intra-segmental elimination*	Total
Assets						
Goodwill	6 119	4 022	-	1 928	-	12 069
TV format	79 694	-	-	-	-	79 694
Other intangible assets	8 688	28 509	24 420	535	-	62 152
Programme rights	16 844	516	-	-	-	17 360
Internal programme rights	33 320	-	-	-	-	33 320
Property, plant and equipment	26 480	36 669	21 884	5 865	-	90 898
Investment in associates and joint ventures	63	-	-	-	-	63
Trade and other receivables	16 991	10 829	833	1 332	*(482)*	29 503
Other financial instruments	34	464	430	34	-	962
Loans granted	37 659	651	-	7	*(12 603)*	25 714
Deferred tax asset	938	7	-	-	-	945
Other assets	1 668	2 262	709	721	-	5 360
Corporate income tax receivable	16	204	-	4	-	224
Cash and cash equivalents	4 402	5 820	7 274	76	-	17 572
Assets held for sale	-	119	-	570	-	689
Total assets	**232 916**	**90 072**	**55 550**	**11 072**	***(13 085)***	**376 525**
Liabilities						
Bank loans	85 403	1 002	-	87	-	86 492
Loans and borrowings	10 796	2 351	8 123	4 023	*(12 537)*	12 756
Issued bonds	89 547	49 872	-	-	-	139 419
Provisions	915	1 738	1 033	494	-	4 180
Trade and other financial liabilities	38 611	9 312	3 947	2 468	*(482)*	53 856
Other liabilities	2 456	1 208	3 234	1 666	*(2)*	8 562
Corporate income tax liability	296	394	240	4	-	934
Deferred tax liability	21 209	9 720	3	323	-	31 255
Liabilities related to assets held for sale	-	-	-	169	*(67)*	102
Total liabilities	**249 233**	**75 597**	**16 580**	**9 234**	***(13 088)***	**337 556**

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**

4. Acquisition and disposal of entities

Acquisitions of new entities for the year ended 31 December 2017

Information about acquisitions carried out and newly established entities during the year ended 31 December 2017 are presented in notes 4.a) to 4.d).

a) Details about new acquisitions

PMT, s.r.o.
Based on an agreement on transfer of the ownership interest signed on 16 January 2017, the Company, through the subsidiary MAC TV s.r.o. acquired an 11% share in the company PMT, s.r.o. The shares were acquired for EUR 2 thousand. Company MAC TV s.r.o. had previously held the share of 16%. As at 31 December 2017, the company is consolidated using equivalent consolidation method.

Cestovná agentúra CKSK, s.r.o.
Based on an agreement on transfer of the ownership interest signed on 12 June 2017, the Company, through the subsidiary Radio Services a.s. acquired an 30% share in the company Cestovná agentúra CKSK, s.r.o. The shares were acquired for EUR 5 thousand. As at 31 December 2017, the company is consolidated using equivalent consolidation method.

D & C AGENCY s.r.o.
On 15 November 2017, the Company through the subsidiary BigBoard Praha, a.s. acquired a 50% share in the company D & C AGENCY s.r.o. The shares were acquired for EUR 156 thousand. The company BigBoard Praha, a.s. had previously held a share of 50%, but did not exercise effective control or joint control over the company D & C AGENCY s.r.o. As at 31 December 2017, the company is consolidated using full consolidation method.

Flowee s.r.o.
On 4 January 2017, the Company through the subsidiary BigBoard Praha, a.s. established the company Flowee s.r.o. The amount of the investment was EUR 9 thousand at the time of its establishment and the share of the Group was 35% at the time of establishment. Subsequently, on 15 December 2017, the company, through the subsidiary BigBoard Praha, a.s. acquired an additional share of 30%. Acquisition value of the additional share was EUR 0. As at 31 December 2017, the company is consolidated using full consolidation method.

RAILREKLAM, spol. s r.o.
On 21 December 2017, the Company through the subsidiary Expiria, a.s. acquired a 51% share in the company RAILREKLAM, spol. s r.o. The shares were acquired for EUR 2 319 thousand. The company Expiria, a.s. had previously held a share of 49% and the company RAILREKLAM, spol. s r.o. was consolidated using equivalent consolidation method. As at 31 December 2017, the company is consolidated using full consolidation method.

b) Goodwill

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

Cestovná agentúra CKSK, s.r.o.
The goodwill in the amount of EUR 3 thousand has arisen on acquisition. The company operates in tourism.

4. Acquisition and disposal of entities (continued)

Flowee s.r.o.
The goodwill in the amount of EUR 177 thousand has arisen on acquisition. The company runs a website (portal) that publishes articles on healthy lifestyles, personal development and the like. The company Flowee s.r.o. generates revenue primary by offering an online advertising space, running an e-shop and organizing special promotional projects such as various events, training sessions and seminars. Through this acquisition, the Group strengthened its position on the market and improved its portfolio of online advertising.

RAILREKLAM, spol. s r.o.
The goodwill in the amount of EUR 480 thousand has arisen on acquisition. The company RAIREKLAM, spol. s r.o. operates more than 10 000 advertising slots of different types and formats. The company has signed exclusive agreements with companies' České dráhy, a.s. ("CD") and Správa železniční dopravní cesty, státní organizace ("SZDC") valid until the year 2020 respectively 2025, on the basis of which the company RAIREKLAM, spol. s r.o. became the sole entity authorized to use the assets CD and SZDC to place an advertisement. Through this acquisition, the Group strengthened its position on the market and improved its portfolio of advertising media.

c) 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 level of uncertainty relating to the future development of relevant markets in which the acquired entities operate.

Fair value adjustments of identified net assets in business combinations for the year ended 31 December 2017 are presented below:

In thousands of EUR	**RAILREKLAM, spol. s r.o.**	**D & C AGENCY s.r.o.**	**Total**
Property, plant and equipment	1 543	-	1 543
Other intangible assets	789	-	789
Other financial instrument	-	76	76
Deferred tax liability	(443)	(14)	(457)
Total net effect	**1 889**	**62**	**1 951**

Adjustments to the fair values of the assets of both listed companies are based on the management's estimate and the external specialist.

The following assumptions were used to determine the fair values:

RAILREKLAM, spol. s r.o.
The fair value of non-current tangible assets was determined using the market approach for cars and using the cost approach for other items of non-current tangible assets. In the cost method, the fair value of the asset is determined on the basis of the replacement costs, respectively the prices for which new equivalent assets can be acquired. To determine the replacement costs, the following approaches were used: Replacement cost new ("RCN") a Cost of reproduction new ("CRN").

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 2% was used for the 2021 and for subsequent periods. Such growth rate is considered reasonable within the markets in which the acquired entitiy operates.

4. Acquisition and disposal of entities (continued)

For the years 2019 and 2020, management expects revenue growth at the level of 1.5%, respectively 0.3%. For the year 2018 management expects revenue decrease in 3.7%, which relates to the contractual obligation to dismantle advertising equipment that does not comply with a new regulation based on the amendment to the Land Communication Act in the Czech Republic (see Note 36 – Other events). The wear and tear rate was set at 10%. The discount rate of 10.3% and 14.1% were 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.

D & C AGENCY s.r.o.
The fair value of financial investment was determined using the income approach, namely the method of discounted cash flows. In determining the fair value, the discount rate of 9.2% and the long-term growth rate of 2% was used, such growth rate is considered reasonable within the markets in which the acquired entity operates.

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

d) Effect of acquisitions

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

in thousands of EUR	**RAILREKLAM, spol. s r.o.**	**Others**	**Total**
Other intangible assets	921	4	925
Property, plant and equipment	1 846	-	1 846
Other financial instruments	-	265	265
Interest in an associate or joint ventures	(2 228)	60	(2 168)
Trade and other receivables	510	2	512
Other assets	168	8	176
Cash and cash equivalents	2 506	21	2 527
Borrowings	-	(201)	(201)
Provisions	(274)	-	(274)
Trade and other financial liabilities	(978)	(95)	(1 073)
Other liabilities	(170)	(2)	(172)
Deferred tax liability	(392)	(14)	(406)
Corporate income tax liability	(70)	-	(70)
Non-controlling interest	-	95	95
Net identifiable assets	**1 839**	**143**	**1 982**
Goodwill on acquisition of new subsidiaries	480	20	500
Cost of acquisition	**2 319**	**163**	**2 482**
Consideration paid in cash	(2 319)	(163)	(2 482)
Cash acquired	2 506	21	2 527
Net cash inflow / (outflow)	**187**	**(142)**	**45**
Gain after acquisition	88	141	229
Revenues for period after acquisition	-	1	1

4. Acquisition and disposal of entities (continued)

Based on the Company's management expectation, if the acquisition was performed as at 1 January 2017, consolidated revenues for the year ended 31 December 2017 would be EUR 193 855 thousand and consolidated loss would be EUR 1 621 thousand.

Acquisition and establishing of entities for the year ended 31 December 2016

Information about acquisitions and establishment of entities for the year ended 31 December 2016 is presented in Notes 4.e) to 4.i).

e) 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 thousand at the time of its establishment. The company is consolidated using full consolidation method.

f) Details about new acquisition

Group Croatia[1]
Based on an agreement on transfer of the ownership interest 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.l and 4.m)), 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 thousand. 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.

[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

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.

g) 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.

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.

Fair value adjustments of identified net assets in business combinations that occurred in 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**

4. Acquisition and disposal of entities (continued)

The following assumptions were used for determination of 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 and expert.

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.

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

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)

i) Effect of acquisition

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)**
Loss after acquisition	(249)	(6)	(827)	(1 082)
Revenues for period after acquisition	9 902	58	329	10 289

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

Disposals of entities for the year ended 31 December 2017

Information about disposal for the year ended 31 December 2017 are presented in notes 4.j) to 4.k).

4. Acquisition and disposal of entities (continued)

j) Details about sold entity

Infantinfo d.o.o.
On 7 February 2017, the shares in the company Infantinfo d.o.o. (98.64% share) were sold to a third party. The selling price was EUR 7 thousand. The Group has retained a share of 0.9% in the company Infantinfo d.o.o.

Adamić d.o.o.
On 8 December 2017, the shares of 100% in the company Adamić d.o.o. was sold gratuitously.

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	**Infantinfo d.o.o.**	**Adamić d.o.o.**	**Total**
Property, plant and equipment	(13)	(6)	(19)
Trade and other receivables	(57)	(40)	(97)
Other assets	(1)	(183)	(184)
Cash and cash equivalents	(3)	(1)	(4)
Loans and borrowings	21	-	21
Trade and other financial liabilities	108	453	561
Other liabilities	42	39	81
Disposed net identifiable liabilities	**97**	**262**	**359**
Selling price	7	-	7
Profit on sale	**104**	**262**	**366**
Consideration received in cash	7	-	7
Decrease in cash	(3)	(1)	(4)
Net cash inflow / (outflow)	**4**	**(1)**	**3**

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.l) to 4.m).

l) 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.

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	**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**

5. Revenues from services

Revenues per major categories are as follows:

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Revenue from the segment „Media Slovakia"	98 937	86 103
Revenue from the segment „Media Czech Republic"	42 518	38 991
Revenue from the segment „Media Austria"	33 655	32 345
Revenue from the segment „Media Croatia"	12 576	9 333
Total	**187 686**	**166 772**

6. Other operating income

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Revenues from market research	349	339
Revenues from sale of inventory	279	624
Insurance claims	211	169
Revenues from fines and penalties	152	36
Revenues from written off liabilities	26	248
Others	512	274
Total	**1 529**	**1 690**

7. Personnel expenses

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Wages and salaries	(21 826)	(20 303)
Contribution to social insurance and health insurance	(5 810)	(4 741)
Other wages and salaries costs	(1 269)	(1 286)
Total	**(28 905)**	**(26 330)**

The average number of employees of the Group during the period from 1 January 2017 to 31 December 2017 was 805, out of which management represents 32 (from 1 January 2016 to 31 December 2016: 806, out of which management: 32).

The number of Group employees as at 31 December 2017 was 821, out of which management represents 37 (as at 31 December 2016: 818, out of which management 41).

8. Use and write-off of programme rights

in thousands of EUR	*Note*	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Programme rights utilisation	*18*	(13 994)	(13 066)
Write off of unused programme rights	*18*	(18)	(27)
Total		**(14 012)**	**(13 093)**

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

in thousands of EUR	*Note*	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Amortisation	*13*	(9 691)	(9 780)
Depreciation	*15*	(8 189)	(8 842)
(Creation) / Release of impairment allowance to non-current assets	*15*	(8)	825
Total		**(17 888)**	**(17 797)**

10. Other operating expenses

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Marketing expenses	(9 784)	(9 143)
Retransmission	(8 331)	(7 843)
Material and energy consumption	(4 300)	(3 999)
Repair and maintenance	(4 275)	(4 503)
Other expenses related to publishing local daily newspapers	(3 299)	(2 190)
Other taxes and fees	(2 191)	(2 062)
Legal, accounting and advisory services	(2 007)	(1 581)
Advertising time rent	(1 942)	(1 927)
Rent of premises	(1 780)	(1 728)
Media surveys	(1 737)	(1 900)
Expenses related to representation, sponsoring	(1 298)	(1 111)
Fees to performing rights societies and to AVF[1]	(1 275)	(1 201)
Software support and IT services	(1 270)	(800)
(Creation) / Release of provisions	(1 244)	177
Outsourcing expenses	(1 198)	(1 048)
Transport and car insurance expenses	(715)	(733)
Other rent	(660)	(498)
Telephones fees and internet services	(640)	(590)
Services related to rented premises	(441)	(443)
Insurance of property	(351)	(315)
(Creation) / release of value adjustment to trade receivables and inventories	295	(604)
Fines and penalties	(247)	(86)
Other	(4 139)	(2 983)
Total	**(52 829)**	**(47 111)**

[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., PricewaterhouseCoopers Audit, s.r.o., KPMG Austria AG and KPMG D.O.O., 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 2017 amounted to EUR 229 thousand (year ended 31 December 2016: EUR 196 thousand).

Costs for other services provided by the auditing companies KPMG Slovensko spol. s r.o., PricewaterhouseCoopers Audit, s.r.o., KPMG Austria AG and KPMG D.O.O. for the year ended 31 December 2017 amounted to EUR 2 thousand (year ended 31 December 2016: EUR 5 thousand).

In 2016, expenses of posting, printing and removal of advertising were presented as a part of this note. From 2017, they are presented separately on the face of the Consolidated statement of profit or loss and other comprehensive income.

11. Interest expense and income

in thousands of EUR	*Note*	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Interest income			
Loans granted		1 818	1 913
Other		-	7
Total interest income		**1 818**	**1 920**
Interest expense			
Issued bonds	*26*	(8 455)	(8 863)
Bank loans		(3 769)	(3 735)
Borrowings		(481)	(928)
Other		(350)	(75)
Total interest expense		**(13 055)**	**(13 601)**
Interest expense, net		**(11 237)**	**(11 681)**

12. Income tax

in thousands of EUR	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Current income tax		
Current year	2 250	1 807
Corrections of previous periods	116	(40)
Deferred income tax		
Creation and reversal of temporary differences and tax losses	(1 396)	(2 002)
Change in the tax rate	(44)	(1 009)
Total income tax expense in profit or loss / (decrease in expenses)	**926**	**(1 244)**

12. Income tax (continued)

Reconciliation of the effective tax rate

in thousands of EUR	**2017**	**%**	**2016**	**%**
Loss before tax	**(1 020)**		**(7 615)**	
Income tax at local rate	(214)	21	(1 675)	22
Effect of tax rates in other countries	4	-	50	(1)
Permanent differences	1 496	(147)	811	(11)
Change in the tax rate	(44)	4	(1 009)	13
Bargain purchase gain	(32)	3	-	-
Tax losses to which no deferred tax was recognized in current period	369	(36)	731	(9)
Utilization of tax losses to which no deferred tax was previously recognized	(410)	40	(159)	2
Correction of deferred tax liability / asset from previous periods	(505)	49	(14)	-
Decrease in deferred tax asset in the current period due to its non-utilization	124	(12)	130	(2)
Correction of income tax from previous periods	116	(11)	(40)	1
Tax licences	22	(2)	(69)	1
Total income tax expense in profit or loss / (decrease in expenses)	**926**	**(91)**	**(1 244)**	**16**

Deferred tax is calculated using the tax rate which is expected to be 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%). The tax rate in the Czech Republic is 19% (2016: 19%), in Austria 25% (2016: 25%) and in Croatia 18% (2016: 20%).

13. Goodwill, TV format and other intangible assets

Year ended 31 December 2017:

in thousands of EUR	TV format	Contractual rights	Goodwill	Trade-mark	Other assets	Total
Acquisition cost						
Balance at 1 January 2017	**109 134**	**68 788**	**14 833**	**7 996**	**9 943**	**210 694**
Additions	-	-	-	-	1 219	**1 219**
Additions from business combinations	-	-	177	-	4	**181**
Disposals	-	-	-	-	(965)	**(965)**
Disposals at the sale of the company	-	-	-	-	(2)	**(2)**
Transfer to the assets held for sale	-	-	(370)	-	-	**(370)**
Change of the consolidation method	-	834	480	-	87	**1 401**
Changes due to translation differences	-	1 879	222	124	94	**2 319**
Balance at 31 December 2017	**109 134**	**71 501**	**15 342**	**8 120**	**10 380**	**214 477**
Accumulated amortization and impairment allowance						
Balance at 1 January 2017	**(24 886)**	**(16 406)**	**(3 273)**	**-**	**(6 359)**	**(50 924)**
Amortisation	(4 554)	(3 861)	-	-	(1 276)	**(9 691)**
Disposals	-	-	-	-	580	**580**
Disposals at the sale of the company	-	-	-	-	2	**2**
Changes due to translation differences	-	(483)	-	-	(46)	**(529)**
Balance at 31 December 2017	**(29 440)**	**(20 750)**	**(3 273)**	**-**	**(7 099)**	**(60 562)**
Carrying amount						
Balance at 1 January 2017	**84 248**	**52 382**	**11 560**	**7 996**	**3 584**	**159 770**
Balance at 31 December 2017	**79 694**	**50 751**	**12 069**	**8 120**	**3 281**	**153 915**

13. Goodwill, TV format and other intangible assets (continued)

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**

14. 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 2017

CGU BigBoard Praha[1]

As at 31 December 2017, goodwill in the amount of EUR 4 020 thousand and non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 2 165 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 2017 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.

14. Impairment testing of assets (continued)

- 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 expected net cash flows 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 2017. In 2017, 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.

The assumptions used in impairment testing of the CGU Slovenská produkčná as at 31 December 2017 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 expected net cash flows 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.

14. Impairment testing of assets (continued)

CGU Akzent BigBoard[3]

As at 31 December 2017, 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 2017 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 expected net cash flows 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 2017, 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 2017.

The assumptions used in the impairment testing of the CGU EPAMEDIA[4] as at 31 December 2017 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.

14. Impairment testing of assets (continued)

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows 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 2017, 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 2017 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 expected net cash flows 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 2017, the Group recognized for the CGU Croatia[6] a goodwill in the amount of EUR 1 928 thousand and non-current intangible assets with indefinite useful life, the trademark, in the amount of EUR 290 thousand.

The assumptions used in the impairment testing of the CGU Croatia[6] as at 31 December 2017 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.

14. Impairment testing of assets (continued)

- 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 expected net cash flows 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.

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. D & C AGENCY s.r.o., News Advertising s.r.o. and Flowee s.r.o.,

[2] The group Slovenská produkčná includes: Slovenská produkčná, a.s., MAC TV s.r.o., PMT, 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 a.s. and Cestovná agentúra CKSK, s.r.o.

[6] The group Croatia includes: NOVI LIST d.d. and Glas Istre Novine d.o.o.

b) 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.

14. Impairment testing of assets (continued)

- 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 expected net cash flows 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.

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 expected net cash flows 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.

14. 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 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 expected net cash flows 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 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.

14. Impairment testing of assets (continued)

- 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 expected net cash flows 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:

- 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 expected net cash flows 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.

14. Impairment testing of assets (continued)

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 expected net cash flows 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.

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 spol. 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 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

15. Property, plant and equipment

Year ended 31 December 2017:

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 2017	**983**	**8 097**	**92 437**	**17 476**	**932**	**119 925**
Additions	-	136	1 710	2 821	2 851	**7 518**
Transfers	-	-	1 048	5	(1 053)	**-**
Disposals	-	(5)	(2 582)	(264)	(79)	**(2 930)**
Disposals at the sale of the company	-	(17)	-	(13)	-	**(30)**
Transfer to the assets held for sale	-	(119)	-	(18)	-	**(137)**
Change of the consolidation method	-	-	1 692	147	7	**1 846**
Changes due to translation differences	13	83	2 306	152	28	**2 582**
Balance as at 31 December 2017	**996**	**8 175**	**96 611**	**20 306**	**2 686**	**128 774**
Accumulated depreciation and impairment allowance						
Balance as at 1 January 2017	**-**	**(517)**	**(19 213)**	**(11 427)**	**-**	**(31 157)**
Depreciation	-	(266)	(5 216)	(2 707)	-	**(8 189)**
Value adjustment creation	-	-	(8)	-	-	**(8)**
Release of value adjustment	-	-	43	-	-	**43**
Disposals	-	1	1 788	197	-	**1 986**
Disposals at the sale of the company	-	2	-	9	-	**11**
Transfer to the assets held for sale	-	-	-	9	-	**9**
Changes due to translation differences	-	(3)	(504)	(64)	-	**(571)**
Balance as at 31 December 2017	**-**	**(783)**	**(23 110)**	**(13 983)**	**-**	**(37 876)**
Carrying value						
Balance as at 1 January 2017	**983**	**7 580**	**73 224**	**6 049**	**932**	**88 768**
Balance as at 31 December 2017	**996**	**7 392**	**73 501**	**6 323**	**2 686**	**90 898**

15. Property, plant and equipment (continued)

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**

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.

15. Property, plant and equipment (continued)

For the year ended 31 December 2017, the Group has used the impairment provision in the amount of EUR 43 thousand upon the disposal of the assets for which the impairment provision was created and creates the impairment provision in the amount of EUR 8 thousand (for the year ended 31 December 2016: use of the impairment provision in the amount of EUR 391 thousand and reversal of the impairment provision as the reason for its creation ceased to exist in the amount of EUR 825 thousand).
As at 31 December 2017, the impairment provision amounted to EUR 387 thousand and will be used in the following years for the regular dismantling of 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 2017 amounts to EUR 55 054 thousand (31 December 2016: EUR 45 063 thousand).

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

The carrying value of leased assets amounted to EUR 3 816 thousand as at 31 December 2017 (31 December 2016: EUR 3 203 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 5 411 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.

16. Other financial instruments

in thousands of EUR	**31 December 2017**	**31 December 2016**
Securities available for sale	498	101
Mutual funds	430	437
Other financial assets valuated by fair value through the profit/ (loss)	34	33
Total	**962**	**571**

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

16. Other financial instruments (continued)

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 2017**	**31 December 2016**
Level 1	464	470

17. Investments in associates and joint ventures

v thousands of EUR	**31 December 2017**	**31 December 2016**
Associates	63	1 300
Total	**63**	**1 300**

As at 31 December 2017, the Group has a share on unrecorded losses of associates and joint ventures in the cumulative amount of EUR 4 thousand (as at 31 December 2016: EUR 3 thousand).

For the year ended 31 December 2017, the Group’s share on unrecorded losses of associates and joint ventures was in the amount of EUR 1 thousand (for the year ended 31 December 2016: EUR 2 thousand).

Associates

For the year ended 31 December 2017, the Group's share of profit of non-significant associates is EUR 51 thousand (for the year ended 31 December 2016: EUR 0 thousand).

As at 31 December 2016 the Group had a significant investment in an associate RAILREKLAM, s.r.o. with a place of business in the Czech Republic. As at 31 December 2017, the associate RAILREKLAM, s.r.o. is consolidated by the full consolidation method.

17. Interest in associates and joint ventures (continued)

Summarised financial information of an associate RAILREKLAM, s.r.o. for the year ended 31 December 2016 is presented in the following table:

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

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

18. Programme rights and internal programme rights

Year ended 31 December 2017:

in thousands of EUR

	Programme rights	Internal programme rights	Total
Acquisition cost			
Balance as at 1 January 2017	**16 059**	**34 738**	**50 797**
Additions	15 281	29 936	**45 217**
Utilisation	(13 994)	(25 451)	**(39 445)**
Written off	(18)	(3 914)	**(3 932)**
Changes due to translation differences	32	-	**32**
Balance as at 31 December 2017	**17 360**	**35 309**	**52 669**
Impairment allowance			
Balance as at 1 January 2017	**-**	**(2 941)**	**(2 941)**
Utilisation	-	952	**952**
Balance as at 31 December 2017	**-**	**(1 989)**	**(1 989)**
Carrying value			
Balance as at 1 January 2017	**16 059**	**31 797**	**47 856**
Balance as at 31 December 2017	**17 360**	**33 320**	**50 680**

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**
Utilisation	(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)**
Utilisation	-	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**

For the year ended 31 December 2017, the main increase in internal programme rights was represented by series (For the year ended 31 December 2016: series and reality shows).

18. Programme rights and internal programme rights (continued)

in thousands of EUR	31 December 2017	31 December 2016
Valid programme rights or those becoming valid within 1 year after the balance sheet date	15 610	14 680
Current programme rights	**15 610**	**14 680**
Programme rights becoming valid more than 1 year after the balance sheet date	395	297
Programme rights becoming valid more than 2 years after the balance sheet date	1 355	1 082
Non-current programme rights	**1 750**	**1 379**
Total	**17 360**	**16 059**

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.

19. Trade and other receivables

in thousands of EUR	31 December 2017	31 December 2016
Trade receivables	30 008	24 662
Other receivables	1 349	1 503
Receivables subtotal	**31 357**	**26 165**
Impairment allowance to receivables	(1 854)	(2 260)
Total	**29 503**	**23 905**

Changes in impairment allowance during the period:

in thousands of EUR	Year ended 31 December 2017	Year ended 31 December 2016
Balance as at 1 January	**2 260**	**1 981**
Creation	752	1 292
Use	(163)	(314)
Release	(1 072)	(697)
Disposal at the sale of the company	(3)	-
Changes due to translation differences	80	(2)
Balance as at 31 December	**1 854**	**2 260**

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

20. Loans granted

in thousands of EUR	31 December 2017	31 December 2016
Loans granted	26 211	30 344
Impairment allowance	(497)	(40)
Total	**25 714**	**30 304**

See also Note 31 – Risk management information.

Changes in impairment allowance during the period:

in thousands of EUR	Year ended 31 December 2017	Year ended 31 December 2016
Balance as at 1 January	**40**	**27**
Creation	454	13
Changes due to translation differences	3	-
Balance as at 31 December	**497**	**40**

21. Other assets

in thousands of EUR	31 December 2017	31 December 2016
Advances paid	2 017	1 123
Prepaid expenses	1 881	1 335
Inventory	865	822
Tax receivables	531	421
Receivables from employees and institutions of social security	66	114
Total	**5 360**	**3 815**

22. Cash and cash equivalents

in thousands of EUR	31 December 2017	31 December 2016
Bank accounts	17 450	11 724
Cash in hand	90	71
Stamps and vouchers	32	14
Total	**17 572**	**11 809**

23. Assets held for sale

The detail structure of the assets held for sale is as at 31 December 2017 as follows::

in thousands of EUR	**RTD d.o.o. Zadar**	**BigMedia, spol. s r.o.**	**Total**
Segment	*Media Croatia*	*Media Czech Republic*	
Assets			
Goodwill	370	-	**370**
Property, plant and equipment	9	119	**128**
Other financial instruments	1	-	**1**
Trade and other receivables	161	-	**161**
Cash and cash equivalents	29	-	**29**
Total assets	**570**	**119**	**689**
Liabilities			
Trade and other financial liabilities	20	-	**20**
Other liabilities	33	-	**33**
Deferred tax liability	49	-	**49**
Total liabilities	**102**	**-**	**102**

Property, plant and equipment in the amount of EUR 119 thousand in the company BigMedia, spol. s r.o. represents a flat held for sale.

24. Equity

Share capital

As at 31 December 2017 and 31 December 2016, the Company's share capital equals EUR 25 thousand. Share capital as at 31 December 2017 and 31 December 2016 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 310 thousand, other capital funds in the amount of EUR 59 337 thousand and fund from foreign currencies translations differences in the amount of EUR (410) thousand (as at 31 December 2016: legal reserve fund of EUR 307 thousand, other capital funds of EUR 51 576 thousand and fund from foreign currency translation of EUR (979) 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.

24. Equity (continued)

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 2017	31 December 2016
		%	%
BigBoard Praha, a.s.	Czech Republic	40	40
Czech Outdoor s.r.o.	Czech Republic	40	40

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 2017	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Revenue (100%)	14 917	12 937	14 223	14 785
Profit / (loss) for period (100%)	(13)	(3 271)	(35)	1 564
Other comprehensive income (100%)	(585)	(2)	467	1
Comprehensive income for period (100%)	**(598)**	**(3 273)**	**432**	**1 565**
Profit / (loss) for the period attributable to non-controlling interests	(5)	(1 308)	(14)	626
Comprehensive income for period attributable to non-controlling interests	(239)	(1 309)	173	626

	BigBoard Praha, a.s.		Czech Outdoor s.r.o.	
in thousands of EUR	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Non-current assets	48 005	43 093	18 959	18 839
Current assets	7 093	7 508	9 927	8 174
Non-current liabilities	(52 399)	(50 256)	(16 025)	(3 670)
Current liabilities	(13 951)	(10 966)	(4 394)	(15 309)
Net assets / (liabilities) (100%)	**(11 252)**	**(10 621)**	**8 467**	**8 034**
Net assets / (liabilities) attributable to non-controlling interests	(4 501)	(4 248)	3 387	3 214

24. Equity (continued)

in thousands of EUR	BigBoard Praha, a.s. Year ended 31 December 2017	BigBoard Praha, a.s. Year ended 31 December 2016	Czech Outdoor s.r.o. Year ended 31 December 2017	Czech Outdoor s.r.o. Year ended 31 December 2016
Cash flows from operating activities	763	60	675	3 006
Cash flows from / (used in) investing activities	1 120	(3 814)	(917)	(487)
Cash flows from / (used in) financing activities	(2 596)	2 031	-	(2 627)
Decrease in cash and cash equivalents	**(713)**	**(1 723)**	**(242)**	**(108)**

Effect on acquisition of ownership interest without a loss of control as at 31 December 2017

in thousands of EUR	
Carrying amount of non-controlling interest acquired	523
Acquisition cost of non-controlling interest	(568)
Change of equity attributable to equity holders of the parent company	**(45)**

Effect on disposal of ownership interest without a loss of control as at 31 December 2017

in thousands of EUR	
Carrying amount of non-controlling interest disposed	580
Sale price	-
Change of equity attributable to equity holders of the parent company	**580**
Share premium attributable to NCI	**383**

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)
Change of equity attributable to equity holders of the parent company	**102**

25. Bank loans and interest bearing borrowings

in thousands of EUR	31 December 2017	31 December 2016
Bank loans – bearing fixed interest rates	973	17
Bank loans – bearing variable interest rates	85 519	96 904
Borrowings – bearing fixed interest rates	12 266	10 783
Borrowings – bearing variable interest rates	490	640
Total	**99 248**	**108 344**

The average interest rate of bank loans and interest bearing borrowings as at 31 December 2017 equalled to 4.03% (as at 31 December 2016: 4.14%).

As at 31 December 2017, the Group drew loans from several banking institutions. Some loans have contractually defined amount of financial covenants that the Group is obligated to fulfil. As at 31 December 2017, the Group fulfiled all the financial covenants.

The financial leasing contract relating to a building also has defined covenants. The Group as at 31 December 2017 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 2017. 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 2017	31 December 2016
Internal programme rights	33 320	31 797
Programme rights	17 360	15 437
Trade and other receivables	8 334	3 594
Property, plant and equipment	3 641	2 748
Other guarantees	250	-
Total	**62 905**	**53 576**

Property, plant and equipment represents leased property used for securing the finance leasing in the amount of EUR 3 436 thousand (as at 31 December 2016: EUR 2 676 thousand).

25. Bank loans and interest bearing borrowings (continued)

Finance lease liabilities

Finance lease liabilities as at 31 December 2017 were as follows:

in thousands of EUR	**Payments**	**Interest**	**Principal**
Less than 3 months	682	42	640
3 months to 1 year	433	28	405
1 to 5 years	915	25	890
Total	**2 030**	**95**	**1 935**

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**

25. Bank loans and interest bearing borrowings (continued)

Reconciliation of the liabilities movement to the cash flow from financing activities:

in thousands of EUR	Bank Overdrafts	Bank loans and interest bearing borrowings	Issued bonds	Equity attributable to equity holders of the parent company	NCI	Total
Balance as at 1 January 2017	**21 981**	**86 363**	**130 196**	**31 467**	**1 256**	**271 263**
Changes in cash flows from financing activities						
Repayments of loans	-	(14 906)	-	-	-	(14 906)
Drawings of loans	-	3 061	-	-	-	3 061
Sale of own bonds	-	-	4 137	-	-	4 137
Finance lease payments	-	(627)	-	-	-	(627)
Increase in other capital funds	-	-	-	7 407	393	7 800
Dividends paid to non-controlling interests	-	-	-	-	(94)	(94)
Total changes in cash flows from financing activities	**-**	**(12 472)**	**4 137**	**7 407**	**299**	**(629)**
Other changes						
Interest expenses	755	3 495	8 455	-	-	12 705
Unrealized exchanged gains, net	-	517	2 774	534	232	4 057
Interest paid	(765)	(3 120)	(6 143)	-	-	(10 028)
Acquisition of property, plant and equipment through financial lease	-	480	-	-	-	480
Non-monetary transactions	-	(703)	-	-	-	(703)
Increase in overdraft in period	2 537	-	-	-	-	2 537
Changes resulting from acquisitions of subsidiaries and associates and changes in ownership without change of control	-	180	-	535	(815)	(100)
Other changes with the effect on Equity	-	-	-	(3 364)	1 418	(1 946)
Total of other changes	**2 527**	**849**	**5 086**	**(2 295)**	**835**	**7 002**
Balance as at 31 December 2017	**24 508**	**74 740**	**139 419**	**36 579**	**2 390**	**277 636**

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 2017	Carrying value as at 31 December 2016
Type								
Payable to bearer	CZ0003502312	28.11.2012	28.11.2022	CZK	730 000	4.63	28 603	27 013
Payable to bearer	CZ0003503153	5.12.2012	5.12.2024	CZK	545 041	9.37	21 269	20 071
Payable to bearer	SK4120009382	15.8.2013	15.8.2018	EUR	50 280	6.62	51 371	49 138
Payable to bearer	SK4120011222	7.12.2015	7.12.2021	EUR	48 500	6.24	38 176	33 974
							139 419	**130 196**

The bonds in the amount of EUR 51 625 thousand presented as current liabilities in the Consolidated statement of financial position of the Group represent unpaid accrued interest and the bond ISIN SK4120009382, that will be paid within one year.

Bonds ISIN CZ0003502312 are bearing fixed interest that is payable semi-annually. Interest expense for the year ended 31 December 2017 is in the amount EUR 1 268 thousand (for the year ended 31 December 2016 in the amount of EUR 1 938 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.

Bonds ISIN CZ0003503153 are bearing fixed interest that is payable annually. Interest expense for the year ended 31 December 2017 is in the amount of EUR 1 893 thousand (for the year ended 31 December 2016 in the amount of EUR 1 889 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 3 916 thousand) were purchased back by the Group and are still held by the Group as at 31 December 2017.

Bonds ISIN SK4120009382 are bearing fixed interest that is payable annually. Interest expense for the year ended 31 December 2017 is in the amount of EUR 3 079 thousand (for the year ended 31 December 2016 in the amount of EUR 2 968 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.
For the year ended 31 December 2017 , the Group sold own bonds in the nominal value of EUR 2 150 thousand. The Group generated a loss in the amount of EUR 25 thousand.

As at 31 December 2017, own bonds held by the Group amounted to EUR 4 720 thousand.

26. Issued bonds (continued)

Bonds SK4120011222 are zero coupon bonds. Interest expense for the year ended 31 December 2017 is in the amount of EUR 2 215 thousand (for the year ended 31 December 2016: EUR 2 068 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.

For the year ended 31 December 2017, the Group sold own bonds in the nominal value of EUR 2 467 thousand. The Group generated a gain in the amount of EUR 49 thousand.

As at 31 December 2017, the Group didn't own any bonds from this issue.

27. Deferred tax asset / (liability)

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

in thousands of EUR	**Receivables 31 December 2017**	**Liabilities 31 December 2017**	**Total 31 December 2017**
Temporary differences related to:			
Property, plant and equipment	9	(12 872)	(12 863)
Intangible assets	-	(29 483)	(29 483)
Provisions	610	-	610
Unpaid interest	-	(205)	(205)
Tax losses	10 459	-	10 459
Other	1 190	(18)	1 172
Netting	*(11 323)*	*11 323*	-
Total	**945**	**(31 255)**	**(30 310)**

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)**

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 2017	31 December 2016
Tax losses	58 434	57 612
Total	**58 434**	**57 612**

Expected periods for expiration of tax losses utilization:

in thousands of EUR	2018	2019	2020	2021	After 2021
Tax losses	2 455	4 065	4 323	2 624	87 109

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 2017:

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	**61**	**128**	**1 233**	**823**	**619**	**2 864**
Creation	2	1 323	-	247	415	**1 987**
Utilisation	(51)	(81)	(59)	(189)	(394)	**(774)**
Release	(13)	-	-	(210)	(5)	**(228)**
Changes due to translation differences	-	46	6	5	-	**57**
Changes of consolidation method	-	274	-	-	-	**274**
Balance as at 31 December	**(1)**	**1 690**	**1 180**	**676**	**635**	**4 180**

Current	2 407
Non-current	1 773
Total	**4 180**

28. Provisions (continued)

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**

[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. Therefore, the Group increased a provision for dismantle the parts of the advertising equipment units up to the amount of EUR 1 690 thousand (as at 31 December 2016: EUR 128 thousand).

29. Trade liabilities and other financial liabilities

in thousands of EUR	**31 December 2017**	**31 December 2016**
Trade liabilities	48 702	49 470
Accrued expenses	3 450	2 993
Other financial liabilities	1 704	1 085
Total	**53 856**	**53 548**

As at 31 December 2016, other financial liabilities included an interest rate swap in the amount of EUR 50 thousand, which was recorded at fair value. As at 31 December 2017, the interest rate swap was fully paid.

Fair value hierarchy

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

in thousands of EUR	**31 December 2017**	**31 December 2016**
Level 2	-	50

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

in thousands of EUR	**31 December 2017**	**31 December 2016**
Overdue liabilities	8 700	9 018
Liabilities within due date	45 156	44 530
	53 856	**53 548**

Majority of the overdue liabilities as at 31 December 2017 were paid by the date of the financial statements preparation.

30. Other liabilities

in thousands of EUR	**31 December 2017**	**31 December 2016**
Liabilities towards employees and institutions of social security	4 897	5 181
Other tax liabilities	2 666	2 127
Deferred revenue	780	1 012
Advance payments received	219	674
Total	**8 562**	**8 994**

The liabilities towards employees and institutions include a social fund liability in the amount EUR 110 thousand as at 31 December 2017 (as at 31 December 2016: EUR 103 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 2017 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	17 572	*17 572*	17 572	-	-	-
Trade and other receivables	29 503	*29 503*	28 794	412	210	87
Other financial instruments	962	*962*	962	-	-	-
Loans granted	25 714	*27 072*	280	24 131	2 661	-
	73 751	***75 109***	**47 608**	**24 543**	**2 871**	**87**
Liabilities						
Bank loans and interest bearing borrowings	(99 248)	*(119 980)*	(8 751)	(26 626)	(47 918)	(36 685)
Trade and other financial liabilities	(53 856)	*(53 856)*	(45 605)	(7 227)	(1 024)	-
Issued bonds	(139 419)	*(171 668)*	-	(56 563)	(89 918)	(25 187)
	(292 523)	***(345 504)***	**(54 356)**	**(90 416)**	**(138 860)**	**(61 872)**

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

- Bonds in the nominal amount of EUR 51 371 thousand mature in august 2018. Management of the Group is actively preparing a new issue of bonds in the expected amount of EUR 47 000 thousand. Subsequently, management of the Group expects the net cash outflow only in the amount of EUR 4 371 thousand.
- 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.

31. Risk management information (continued)

As at 31 December 2017, the Group had EUR 1 371 thousand (as at 31 December 2016: EUR 8 911 thousand) of undrawn overdraft facilities.

- The Group at the same time drew overdraft facilities in the amount of EUR 24 508 thousand as at 31 December 2017 (as at 31 December 2016: EUR 21 981 thousand). These loans are granted for one year period and are regularly prolonged. Based on past experience, the 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 2018 that equals to the amount of drawn balances of overdrafts as at 31 December 2017.
- As at 31 December 2017, the Group presents as current assets acquired programme rights and internal programme rights amounting to EUR 48 930 thousand (as at 31 December 2016: EUR 46 477 thousands). The Group will gain cash inflows, during 2018 and ongoing periods depending on the licence agreement, from utilizing programme rights and internal programme rights.

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)**

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 2017 is as follows:

in thousands of EUR	**Corporations**	**Banks and financial institutions**	**Other**	**Total**
Assets				
Cash and cash equivalents	-	17 450	122	**17 572**
Trade and other receivables	29 250	107	146	**29 503**
Other financial instruments	532	430	-	**962**
Loans granted	23 862	1 771	81	**25 714**
	53 644	**19 758**	**349**	**73 751**

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**

As at 31 December 2017, the average interest rate on provided loans was 5.38% (as at 31 December 2016: 6.82%).

As at 31 December 2017, loans granted include one significant loan that represents 83% of the total loans provided (as at 31 December 2016: one major loan represented 71% of total loans provided). The most significant loan in total of EUR 21 398 thousand was provided to one related party (as at 31 December 2016: the most significant loan in total of EUR 21 434 thousand was granted to one related party).

Credit risk exposure by country as at 31 December 2017 is as follows:

in thousands of EUR	**Slovakia**	**Czech Republic**	**Austria**	**Cyprus**	**Other**	**Total**
Assets						
Cash and cash equivalents	4 393	5 829	7 274	-	76	**17 572**
Trade and other receivables	15 907	10 937	740	-	1 919	**29 503**
Other financial instruments	34	464	430	-	34	**962**
Loans granted	1 887	651	-	21 398	1 778	**25 714**
	22 221	**17 881**	**8 444**	**21 398**	**3 807**	**73 751**

31. Risk management information (continued)

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**

Credit risk exposure – impairment of financial assets

Trade and other receivables

in thousands of EUR	31 December 2017				31 December 2016			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	21 102	67	(72)	21 030	15 232	58	(257)	14 975
Overdue 1-30 days	3 001	10	(7)	2 994	4 829	18	(56)	4 773
Overdue 31-180 days	4 412	14	(81)	4 331	3 457	13	(300)	3 157
Overdue 181-365 days	539	2	(237)	302	934	4	(333)	601
Overdue more than 365 days	2 303	7	(1 457)	846	1 713	7	(1 314)	399
	31 357	**100**	**(1 854)**	**29 503**	**26 165**	**100**	**(2 260)**	**23 905**

Loans granted

in thousands of EUR	31 December 2017				31 December 2016			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	25 743	98	(29)	25 714	30 331	100	(27)	30 304
Overdue more than 365 days	468	2	(468)	-	13	-	(13)	-
	26 211	**100**	**(497)**	**25 714**	**30 344**	**100**	**(40)**	**30 304**

Other financial instruments

in thousands of EUR	31 December 2017				31 December 2016			
	Nominal value	%	Impairment provision	Carrying value	Nominal value	%	Impairment provision	Carrying value
Due maturity	962	100	-	962	720	100	(149)	571

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 2017 is as follows:

in thousands of EUR	**EUR**	**CZK**	**USD**
Assets			
Cash and cash equivalents	9	54	247
Trade and other receivables	189	53	-
	198	**107**	**247**
Liabilities			
Bank loans and interest bearing borrowings	1 002	8 107	-
Trade and other financial liabilities	152	21	10 624
	1 154	**8 128**	**10 624**

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**

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 the 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 2017	
CZK	729
USD	943
31 December 2016	
CZK	660
USD	949

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 2017, the interest rate profile of the interest bearing financial instruments of the Group is as follows:

in thousands of EUR	**31 December 2017**	**31 December 2016**
Fixed interest rate		
Assets	31 447	32 892
Bank loans and interest bearing borrowings	(13 239)	(10 800)
Issued bonds	(139 419)	(130 196)
	(121 211)	**(108 104)**
Variable interest rate		
Assets	11 717	9 136
Bank loans and interest bearing borrowings	(86 009)	(97 544)
	(74 292)	**(88 408)**

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 2017**	**31 December 2016**
A decrease in interest rates by 100 bp	734	875
An increase in interest rates by 100 bp	(734)	(875)

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 2017 in the amount of EUR 38 969 thousand (as at 31 December 2016: EUR 32 723 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 2017, other capital funds were increased by the parent company TV JOJ L.P by EUR 7 800 thousand (during 2016, other capital funds were increased by the parent company TV JOJ L.P by EUR 550 thousand).

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 2017		31 December 2016	
in thousands of EUR	**Carrying amount**	**Fair value Level: 2**	**Carrying amount**	**Fair value Level: 2**
Financial assets				
Loans granted	25 714	26 089	30 304	31 418
Financial liabilities				
Bank loans	86 492	88 947	96 921	99 128
Interest bearing borrowings	12 756	12 964	11 423	12 638
Issued bonds	139 419	149 835	130 196	139 328

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 18 years.

For the year ended 31 December 2017, total recurring lease expenses under frame contracts amounted to EUR 24 384 thousand (for the year ended 31 December 2016: EUR 23 139 thousand).

The structure of the future minimum irrevocable lease liabilities as at 31 December 2017 is as follows:

in thousands of EUR	**31 December 2017**	**31 December 2016**
Less than 1 year	18 508	15 588
1 to 5 years	35 914	36 860
More than 5 years	1 887	3 053
Total	**54 994**	**55 501**

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

As at 1 January 2018, a merger of Media representative, s.r.o. and Akzent BigBoard, a.s. has occurred. The successor company has become a company Akzent BigBoard, a.s.

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. The Group considered that it would not be able to dismantle these advertising equipment itself and would have to use the services of authorized suppliers. Therefore in 2017, the Group increased the asset retirement obligation provision to EUR 1 690 thousand included the advertising equipment retirement obligation provision of company RAILREKLAM, spol. s r.o. (as at 31 December 2016: EUR 128 thousand).

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

36. Other events (continued)

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, including the 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 sent as a notification to the European Council. In February 2016, the European Council has not approved the Regulation due to the 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.

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 a 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 an 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 a decrease in revenues from dismantled panels. In 2017, the Group recorded a decrease in revenues of EUR 1 646 thousands. In 2018, the Group expects a decrease in revenue in another EUR 7 293 thousands. These legal measures will thus have an annual impact on revenue reductions in the amount of EUR 8 939 thousands. 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 calculated potential revenue on these advertising equipment without an impact of the Regulations and the new Act on land communications and projected them into the following years.

37. Group entities

A list of the Group entities as at 31 December 2017 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
PMT, s.r.o.	Slovakia	27%	indirect	Equity
DONEAL, s.r.o.	Czech Republic	100%	indirect	Full
Magical roof s.r.o. 5	Czech Republic	80%	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.3	Czech Republic	100%	indirect	Full
Expiria, a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, spol. s r.o. 6	Czech Republic	100%	indirect	Full
MG Advertising, s.r.o.	Czech Republic	50%	indirect	Equity
QEEP, a.s. 7	Czech Republic	100%	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
D & C AGENCY s.r.o.	Czech Republic	100%	indirect	Full
News Advertising s.r.o.	Czech Republic	100%	indirect	Full
Flowee s.r.o. 4	Czech Republic	65%	indirect	Full
eFabrica, a. s.	Slovakia	100%	direct	Full
Radio Services a.s.	Slovakia	100%	direct	Full
Cestovná agentúra CKSK, s.r.o.	Slovakia	30%	indirect	Equity
Lafayette s. r. o.	Slovakia	100%	direct	Full
NOVI LIST d.d. 4	Croatia	80.32%	direct	Full
Glas Istre Novine d.o.o. 2	Croatia	89.05%	direct	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 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.3	Czech Republic	100%	indirect	Full
Expiria, a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, spol. s r.o.	Czech Republic	49%	indirect	Equity
MG Advertising, s.r.o.	Czech Republic	50%	indirect	Equity
QEEP, a.s.	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.	Slovakia	100%	direct	Full
Radio Services a.s.	Slovakia	100%	direct	Full
Lafayette s. r. o.	Slovakia	100%	direct	Full
NOVI LIST d.d. 4	Croatia	80.32%	direct	Full
Adamić d.o.o.	Croatia	100%	indirect	Full
Glas Istre Novine d.o.o. 2	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

[1] The Group owns a 50% share in Barrandia s.r.o. through its subsidiary BigBoard Praha, a.s. and a 50% share through its subsidiary QEEP, a.s.

[2] The Group owns a 59.05% share in Glas Istre Novine d.o.o. through the parent company JOJ Media House, a. s. a 30% share through its subsidiary NOVI LIST d.d.

37. Group entities (continued)

[3] The Group owns a 99.9% share in 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. (Czech republic)

[4] Although the Group's effective share in Flowee s.r.o. is less than 50%, the Group assessed, that it has a control of the company through its subsidiary BigBoard Praha, a.s.

[5] On 6 October 2017, the share of the Group in Magical roof s.r.o. decreased by 20%.

[6] On 21 December 2017, the Group acquired an additional 51% share in RAILREKLAM, spol. s r.o. and so the consolidation method was changed from Equity consolidation method to full consolidation method.

[7] On 18 December 2017, the Group acquired an additional 20% share in QEEP, 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 personel and the entities controlled by the Company's management.

Transactions with key management personnel

For the year ended 31 December 2017, the key management personnel of the Company received a reward in the amount of EUR 51 thousand (for the year ended 31 December 2016: EUR 84 thousand).

Other transactions with related parties

Receivables and liabilities from transactions with related parties:

in thousands of EUR	**Receivables 31 December 2017**	**Liabilities 31 December 2017**	**Receivables 31 December 2016**	**Liabilities 31 December 2016**
Shareholders of the Company	21 398	-	21 434	-
Associated companies	-	-	33	11
Joint ventures	7	-	12	-
Total	**21 405**	**-**	**21 479**	**11**

38. Related parties (continued)

Revenue and expenses from transactions with related parties:

in thousands of EUR	Revenues Year ended 31 December 2017	Expenses Year ended 31 December 2017	Revenue Year ended 31 December 2016	Expenses Year ended 31 December 2016
Shareholders of the Company	1 360	-	1 455	-
Associated companies	366	(126)	216	(86)
Joint ventures	-	-	2	-
Companies controlled by the Company's management	-	-	1	-
Total	**1 726**	**(126)**	**1 674**	**(86)**

Loan commitments to related parties

in thousands of EUR	As at 31 December 2017	As at 31 December 2016
Shareholders of the Company	-	1 205
Total	**-**	**1 205**

For the year ended 31 December 2017, other capital funds were increased by the parent company TV JOJ L.P. by EUR 7 800 thousand (for the year ended 31 December 2016: share capital was increased by the parent company TV JOJ L.P. by EUR 550 thousand).

The Group 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 88 for the year ended 31 December 2017 were prepared and approved by the board of directors for issue on 27 April 2018.

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Mgr. Richard Flimel
Chairman of the Board of Directors