

VGD - AVOS AUDIT s.r.o.

Translation of the Independent Auditor`s Report in Slovak language

## **INDEPENDENT AUDITOR`S REPORT**

**for the period from 1.1.2015 to 31.3.2015  
concerning verification of the average print run and paid  
circulation of periodicals published by**

**P E R E X , a . s .**

## INDEPENDENT AUDITOR'S REPORT

We were appointed to verify Average Print Run and Paid Circulation of Pravda daily and Average Print Run and Paid Circulation of Pravda Magazin supplement for the period from January 1st 2015 to March 31th 2015 in accordance with the Print Run and Paid Circulation Calculation Methodology approved by the Board of Directors of P E R E X , a. s. on July 24th 2012, as submitted to us.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the data submitted to us based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the submitted data are free of material misstatements

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the submitted data. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the submitted data, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and objective presentation of the data on numbers of printed and sold copies in order to design audit procedures that are appropriate in the circumstances.

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

### **Opinion**

Having reviewed the mutual links between the accounting records and the Average Print Run and Paid Circulation of Pravda daily and Average Print Run and Paid Circulation of Pravda Magazin supplement, as included in this Report, we have found no material misstatements and confirm that the average numbers of sold copies of the periodicals mentioned below in the reported months of 2015 are as follows:


Periodical	January 2015	February 2015	March 2015
Pravda daily	42 062	44 701	43 933
Pravda Magazin supplement	45 650	45 080	43 866

Piešťany, 22<sup>th</sup> May 2015

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 Licencia SKAu č. 269



  
 Responsible Auditor  
 Ing. Erik Marek  
 Licencia SKAu č. 866

	Month of edition											
	January	February	March	April	May	Jun	July	August	September	October	November	December
<b>Print run</b>	<b>61 042</b>	<b>64 112</b>	<b>61 798</b>									
Retail Sales	27 200	25 501	26 614									
Retail Sales B**	1	11	3									
Retail Sales C	3	4	4									
Subscriptions A	13 759	13 747	13 914									
Subscriptions B	-	-	-									
Subscriptions C	-	-	-									
Other Sales	1 100	5 439	3 398									
<b>Paid Circulation *</b>	<b>42 062</b>	<b>44 701</b>	<b>43 933</b>									
Returns	18 981	19 411	17 865									

17 pcs per month, an average of 0,68 pcs/edition

255 pcs per month, an average of 10,63 pcs/edition

75 pcs per month, an average of 2,88 pcs/edition

113 pcs per month, an average of 4,35 pcs/edition

70 pcs per month, an average of 2,8 pcs/edition

94 pcs per month, an average of 3,92 pcs/edition

### Explanations:

- Print Run:** Number of copies printed and invoiced by the print provider. The supplier invoice is duly recorded in the PEREX's accounting and paid to the supplier's account.
- Retail Sales A:** Sales through the distribution network of the independent distributor Mediaprint-Kapa Pressegrasso, a.s., under a contract with PEREX.
- Retail Sales B:** Sales through in-house store or the in-house distribution network. Presently, PEREX does not operate its own distribution network. PEREX sells Pravda copies in its own store which is accessible on the premises of the company's registered office.
- Retail Sales C:** Sales through a distribution network owned by a publisher domiciled in the Slovak Republic. The sales take place outside the distribution network of the independent distributor Mediaprint-Kapa Pressegrasso, a.s. These sales may include sales through news-vendors.
- Subscriptions A:** Subscriptions distributed by Slovenská pošta, a.s. under a contract with PEREX.
- Subscriptions B:** Subscriptions distributed by a distribution network owned by a publisher domiciled in the Slovak Republic.
- Subscriptions C:** Subscriptions delivered by Mediaprint-Kapa Pressegrasso, a.s., or other independent distribution network of an alternative postal service operator.
- Other Sales:** Included in other sales are copies sold directly to the buyer under a purchase order or contract. Ordered copies are invoiced to the buyer. The invoice is duly recorded in the PEREX's accounting. The price of copies ordered and invoiced is at least 50% of the basic cover price. See the calculation methodology.
- Paid Circulation:** It is the sum of all sales.
- Returns:** Included in returned copies are copies destined for sale (whether directly, through distributors, news-agents or otherwise) that were not sold.
- \* Comment:** The calculation of average values of respective sale types leads to rounding and hence to a possible difference of +1pcs or -1pcs to the average paid circulation, which is calculated as a proportion of the sum of all the sales and the number of issues in a given month.
- \*\* Comment:** In 2015 Sales in PEREX's own store range from 17 to 255 pieces, resulting in a monthly average of 0,68 - 10,63 pcs/issue.

	Month of edition											
	January	February	March	April	May	Jun	July	August	September	October	November	December
<b>Print run</b>	<b>64 370</b>	<b>63 973</b>	<b>64 061</b>									
Retail Sales	29 073	28 649	27 098									
Retail Sales B**	1	1	1									
Retail Sales C	3	4	4									
Subscriptions A	16 542	16 393	16 731									
Subscriptions B	-	-	-									
Subscriptions C	-	-	-									
Other Sales	30	33	33									
<b>Paid Circulation *</b>	<b>45 650</b>	<b>45 080</b>	<b>43 866</b>									
Returns	18 720	18 894	20 195									

4 pcs per month, an average of 1,00 pcs/edition

3 pcs per month, an average of 0,75 pcs/edition

3 pcs per month, an average of 0,75 pcs/edition

17 pcs per month, an average of 4,25 pcs/edition

13 pcs per month, an average of 3,25 pcs/edition

16 pcs per month, an average of 4,00 pcs/edition

### Explanations:

- Print Run:** Number of copies printed and invoiced by the print provider. The supplier invoice is duly recorded in the PEREX's accounting and paid to the supplier's account.
- Retail Sales A:** Sales through the distribution network of the independent distributor Mediaprint-Kapa Pressegrasso, a.s., under a contract with PEREX.
- Retail Sales B:** Sales through in-house store or the in-house distribution network. Presently, PEREX does not operate its own distribution network. PEREX sells Pravda copies in its own store which is accessible on the premises of the company's registered office.
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- Other Sales:** Included in other sales are copies sold directly to the buyer under a purchase order or contract. Ordered copies are invoiced to the buyer. The invoice is duly recorded in the PEREX's accounting. The price of copies ordered and invoiced is at least 50% of the basic cover price. See the calculation methodology.
- Paid Circulation:** It is the sum of all sales.
- Returns:** Included in returned copies are copies destined for sale (whether directly, through distributors, news-agents or otherwise) that were not sold.
- \* Comment:** The calculation of average values of respective sale types leads to rounding and hence to a possible difference of +1 pcs or -1 pcs to the average paid circulation, which is calculated as a proportion of the sum of all the sales and the number of issues in a given month.
- \*\* Comment:** In 2015 Sales in PEREX's own store range from 3 to 4 pieces, resulting in a monthly average of 0,75 - 1,00 pcs/issue.