

**Translation of the Independent Auditor`s
Report in Slovak language**

INDEPENDENT AUDITOR`S REPORT

for the period from 1.10.2016 to 31.12.2016

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 of the average print run and paid circulation of periodicals

to the Statutory Body of P E R E X , a. s.

We have performed verification of quarterly report of the average print run and paid circulation of Pravda periodicals and average print run and paid circulation of Pravda Magazín for the period from 1.10.2016 to 31.12.2016 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.

Responsibility of Statutory Body

Statutory body is responsible for the preparation of this quarterly report of the average print run and paid circulation of Pravda periodicals and average print run and paid circulation of Pravda Magazín 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.

Auditor`s Responsibility

Our responsibility is to express an opinion on items included in this quarterly report are in accordance with approved methodology. We performed our verification in accordance with International Standards of Assurance Engagement (ISAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information). This standard require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that items included in quarterly report are free of material misstatements

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in this quarterly report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of this quarterly report that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, quarterly report of the average print run and paid circulation of Pravda periodicals and average print run and paid circulation of Pravda Magazín for the period from 1.10.2016 to 31.12.2016 are prepared, in all material respects, 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.

We confirm that the average numbers of sold copies of the periodicals mentioned below in the reported months of 2016 are as follows:


Periodical	October 2016	November 2016	December 2016
Pravda daily	38 116	37 301	38 198
Pravda Magazín supplement	41 205	42 245	42 103

Piešťany, 27th February 2017

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 Responsible auditor
 Ing. Erik Marek
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	Month of edition											
	January	February	March	April	May	Jun	July	August	September	October	November	December
Print run										54 050	53 611	54 877
Retail Sales										25 157	24 142	24 763
Retail Sales B**										1	0	1
Retail Sales C										-	-	-
Subscriptions A										12 289	12 322	12 455
Subscriptions B										-	-	-
Subscriptions C										-	-	-
Other Sales										670	836	980
Paid Circulation *										38 116	37 301	38 198
Returns										15 934	16 311	16 680

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 accesible 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 2016 Sales in PEREX's own store range from 9 to 13 pieces, resulting in a monthly average of 0,35 - 0,52 pcs/issue.

13 pcs per month, an average of 0,52 pcs/edition

	Month of edition											
	January	February	March	April	May	Jun	July	August	September	October	November	December
Print run										57 935	58 234	57 902
Retail Sales										26 560	27 303	27 491
Retail Sales B**										1	0	1
Retail Sales C											-	-
Subscriptions A										14 510	14 506	14 537
Subscriptions B										-	-	-
Subscriptions C										-	-	-
Other Sales										134	437	74
Paid Circulation *										41 205	42 245	42 103
Returns										16 731	15 989	15 799

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

1 pcs per month, an average of 0,25 pcs/edition

4 pcs per month, an average of 0,80 pcs/edition

Explanations:

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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 accesible on the premises of the company's registered office.
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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 +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 2016 Sales in PEREX's own store range from 1 to 5 pieces, resulting in a monthly average of 0,25 - 1,00 pcs/issue.