

Print Run and Paid Circulation Calculation Methodology of Pravda Daily

INTRODUCTION

P E R E X, a. s. (hereinafter “Perex”) publishes **Pravda** daily (hereinafter “**Pravda**”), a print medium registered by the Ministry of Culture of the Slovak Republic under the registration number EV 344/08.

Pravda is sold at the price printed on the front page of the newspaper. It is published six times a week. The different issues have different structures, numbers of pages and supplements, and the selling price.

I. BASIC DEFINITIONS

1. Standard Issue

‘Standard issue’ means an issue sold at the standard price.

2. Extended Issue

‘Extended issue’ means an issue sold at a higher price. An extended issue usually has an extended number of pages or special supplements.

3. Numbers of Newspaper Copies

3.1 Print Run

‘Print run’ means the 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.

3.2 Paid Circulation

1. ‘Paid Circulation’ means the sum of copies sold to subscribers and through retail sale and other sales.
2. Included in the paid circulation are also copies distributed for consideration, i.e. whose distribution is subject to billing.
3. Receipts from such sales of newspaper copies are duly recorded in the Perex’s accounting and supported by appropriate documents, that is invoices, or cash receipts, where appropriate.
4. Copies from a previous period that are distributed during the current period are not included in the paid circulation of the current period (this refers to additionally distributed copies or resale of returned unsold copies).

3.3 Subscriptions

1. Perex or an agent must receive for subscribers’ copies at least 50 % of the basic cover price, that is at least 50 % of the basic cover price of issues sold at different prices on different publication days.
2. Copies that are delivered free of charge to newly acquired buyers are not included in subscriptions.

3.3.1 Subscriptions A

This refers to subscriptions where the distribution is made by *Slovenská pošta, a.s.* under a contract with Perex.

3.3.2 Subscriptions B

This refers to subscriptions where the distribution is made by a distribution network owned by a publisher domiciled in the Slovak Republic.

3.3.2 Subscriptions C

This refers to subscriptions where the delivery is made by Mediaprint - Kapa Pressegrasso, a.s. or other independent distribution network of an alternative postal service operator.

3.4 Retail Sales

1. Included in retail sales are copies sold in the in-house store or a third-party contractual store for cash, or copies invoiced to distributors other than final consumers who are entitled to return unsold copies to Perex. Distributors buy the print media for resale at a purchase price amounting to at least 50 % of the basic cover price.
2. Copies sold for cash in the in-house store are included only insofar a proper accounting/tax document was issued for the copies.
3. Included in retail sales are copies invoiced to distributors and contractual resellers, less returned unsold copies.
4. Where distributors' or news-vendors' services are used that are not available to other publishers, Perex submits documents evidencing the physical existence of those distributors (the point-of-sale address or a list of news-vendor names) and the numbers of copies purchased, numbers of returned copies, and documents evidencing receipts from the sales.

3.4.1 Retail Sales A

This refers to sales through the distribution network of the independent distributor Mediaprint - Kapa Pressegrasso, a.s. under a contract with Perex.

3.4.2 Retail Sales B

This refers to sales through the 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.

3.4.3 Retail Sales C

1. This refers to sales through a distribution network owned by a publisher domiciled in the Slovak Republic.
2. The sales take place outside the distribution network of the independent distributor Mediaprint - Kapa Pressegrasso, a.s.
3. These sales may include sales through news-vendors.

3.5 Other Sales

1. Included in other sales are copies sold directly to the buyer under a purchase order or contract.
2. Ordered copies are invoiced directly to the buyer. The invoice is duly recorded in the Perex's accounting.
3. The price of copies ordered and invoiced is at least 50 % of the basic cover price.
4. The buyer uses such copies for his own purposes, his customers, partners and third parties on the basis of voluntary cooperation.
5. Invoices for other sales are paid to Perex's account.
6. The final use of such copies is declared as follows:
 - delivery of **Pravda** to the reader - a citizen
 - delivery of **Pravda** to the reader - a natural-person business entity
 - delivery of **Pravda** to the reader - a legal-person business entity

Buyers concerned are the following:

- transportation companies (aircraft, trains, buses)
- hospitals and healthcare facilities
- travel agencies, hotels, car showrooms
- general government bodies and local authorities
- community organisations
- contractual marketing distributors

4. Return of Unsold Copies

1. Included in returned copies are copies destined for sale (whether directly, through distributors, news-agents or otherwise) that were not sold.
2. Perex checks the numbers of unsold copies physically, directly at the distributor's place, through external inspectors.
3. A distributor regularly reports the numbers of unsold copies to Perex.
4. Perex issues a credit note for returned unsold copies to the distributor against the Title Sales Report.
5. A credit note is duly recorded in the Perex's accounting.

5. Monthly Average Paid Circulation

The 'monthly average paid circulation' is the sum of copies of the different issues sold, as referred to items 3.3, 3.4 and 3.5, divided by the number of issues for the month reported.

6. Monthly Average Print Run

The 'monthly average print run' of each issue divided by the number of issues for the month reported.

7. Basic Cover Price

'Basic cover price' is the publicly declared price, shown on the front page of **Pravda** daily as the basic cover price for the retail sale and for subscriptions, at which a copy is actually sold.

II. DISCLOSURE OF INFORMATION CONCERNING CIRCULATION

1. Perex discloses its figures for print run and paid circulation on www.pravda.sk website.
2. The disclosure takes form of a table and is broken down as follows:
 - Print run
 - Retail sales A, B and C
 - Subscriptions A, B and C
 - Other sales
 - Paid circulation as the sum of the different types of sale
 - Returns
3. Figures for print run and paid circulation for the month being evaluated are disclosed no later than the tenth day of the second subsequent month. If the tenth day is a non-working day or holiday, the disclosure is made on the next working day.
4. The scope of disclosure includes the average print run, average paid circulation and average number of returned (unsold) copies.

III. VERIFICATION OF THE DISCLOSURE OF THE CIRCULATION

1. The verification of disclosures concerning the print run and paid circulation is made by an auditor holding a valid licence and registered in the register of auditors of the Slovak Chamber of Auditors.
2. Starting from January 2012, the auditor verifies the disclosures for each month.
3. The verification takes place on the premises of Perex once a quarter, i.e. at least three months are reviewed at a time and the review date is subject to ad-hoc agreement.
4. The auditor issues a report on the verification of the disclosures, including the auditor's statement of opinion which is published on www.pravda.sk no later than three days after delivery to Perex.
5. The first verification of disclosures (information published in ABC SR) will be done in August 2012. As of that date, information for January - June 2012 will be verified and published in accordance with this **Print Run and Paid Circulation Calculation Methodology of Pravda Daily**.
6. Since Perex was a member of ABC SR Civic Association in 2011 and, pursuant to the Association's valid methodology for the verification of disclosures, two months of the second half of 2011 (August and October) were randomly drawn at the General Meeting held on 26 April 2012, the disclosures for the two months will be verified by the auditor in accordance with this **Print Run and Paid Circulation Calculation Methodology of Pravda Daily**.
7. The auditor will verify, in accordance with the **Print Run and Paid Circulation Calculation Methodology of Pravda Daily**, the following documents:
 - Contracts concerning outsourced printing services
 - Contracts concerning outsourced distribution services
 - Contracts concerning the sale of **Pravda** daily
 - Supplier invoices and credit notes for the printing of **Pravda**, as recorded in the Perex's accounting

- Buyer invoices and credit notes for the sale of **Pravda**, as recorded in the Perex's accounting
 - Payments of supplier invoices for the printing of **Pravda**
 - Payments of buyer invoices for the sale of **Pravda**
 - Operational records related to the above-mentioned documentation
 - Other documents and supporting statements as may be requested by the auditor
8. In addition to the abovementioned documentation, Perex will provide for the verification the following:
- The general ledger, including sub-account records for the period reviewed
 - The register of supplier invoices
 - The register of buyer invoices
 - Purchase orders for the printing
 - Purchase orders for the distribution
 - Reports on sales of the titles
 - Other documents and supporting statements as may be requested by the auditor

IV. FINAL PROVISIONS

The **Print Run and Paid Circulation Calculation Methodology of Pravda Daily** was approved by the Board of Directors of Perex at its session held on 24 July 2012.

The decision to terminate the membership of ABC SR Civic Association was approved by the Board of Directors of Perex at its session held on 11 September 2012.


Ing. Emília FULLOVÁ
Member of the Board of Directors of
P E R E X, a. s.

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Member of the Board of Directors of
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