Consolidated Financial Statements
for the financial year ended 31 December 2018
European Directories Midco S.à r.l., Luxembourg
(with the Report of the Réviseur d'Entreprises Agréé thereon)

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Subscribed capital: EUR 100,000

EDSA
European Directories Group

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Report of Board of Directors

The consolidated financial statements of European Directories Midco S.à r.l. (the "Company") and its subsidiaries (the "Group") included in this annual report reflect the consolidated results of the operations of the Group for the year ended 31 December 2018.

Financial performance summary

The traditional consumer and print products continue the perpetual decline in line with the Board of Directors' expectations. The digital businesses' revenue experienced a small decline as contract churn in profile services was not fully compensated by growth in other digital products. Cost reduction programmes, including the restructuring plan announced at DTG in December 2018, continue to pursue optimization of the declining traditional business operations and to grow EBITDA-margin in the digital businesses.

The digital businesses continue to report positive operating cash flow (EBITDA less capital expenditure and working capital movement) after restructuring costs on an LTM basis. Whilst the digital businesses are cash flow positive, the Group remains reliant for the majority of its cash generation on the declining consumer services.

The key operational risks facing the Group continue to be the generic decline in traditional revenues (print products and consumer services) and the highly competitive nature of the digital markets.

Annual impairment testing of the Group's intangible assets was performed in December 2018. The declining traditional Finnish consumer business has realized cash flows in accordance with expectations, but has declining future cash flow generation potential. Further the current performance at the DTG business in the Netherlands has been poor leading to the expectation of lower future cash flow projections. The resultant impairment calculations implied impairment of MEUR 39 and MEUR 27 respectively. The other business units have adequate headroom in the impairment calculations and do not have any indication for impairment.

Annual 2017 figures along with published Interim January-March 2018 and January-June 2018 figures have been restated due to the adoption of IFRS 15 and in accordance with IAS 8 due to misstatements discovered in Austrian business during third quarter of 2018. For more detailed information please see notes 2.4 and 32.

Group Revenue

Group revenues for 2018 totalled MEUR 225, a MEUR 15 or 6% decline compared to the previous year.

New media revenues totalling MEUR 84 increased by 8% from previous year level. Profile services revenues totalling MEUR 80 decreased by 12% from previous year. The total share of online products in the Group's product portfolio totalled 73% (70%) in the year to date.

Print revenues totalled MEUR 5 a decline of 42% compared to previous year. Print revenues represented 2% of total revenues, showing a decrease of 2 percentage points. Consumer services consisting of directory assistance and SMS data information services in Finland declined by 13% and totalled MEUR 45, representing 20% of total revenues.

Group Results

Group EBITDA for the year amounted to MEUR 35 (MEUR 42), with EBITDA margin of 15% (18%). The Group's total operating costs and expenses for the period decreased by MEUR 6 compared to the prior year due to continued cost saving measures already in effect, offset by the costs incurred to achieve the longer term cost savings and non-capitalized investment in new product development resulting in a similar level of other operating expenses as compared to prior year. Personnel expenses decreased by MEUR 5, or 5%, mainly due to lower employee numbers. Cost of consumables remained at the same level compared to prior year as production costs for print decreased, offset by higher costs for online products.

Operating result declined to MEUR -51 (MEUR 14), representing a negative operating margin (6% in 2017) due to MEUR 66 impairments of intangible assets recorded.

Finland (Fonecta)
Revenues of MEUR 106 were MEUR 9 or 8% below 2017 mainly due to expected and perpetual 13% decline in directory assistance & SMS. Fonecta Group has completed the transition to digital business and no longer recognized print revenue in 2018. The directory assistance & SMS revenues were MEUR 45, which continues to present a significant 43% share from the 2018 total revenue. Total Online revenues amounted to MEUR 59, of which 57% came from new media revenues. EBITDA decreased from MEUR 39 in 2017 to MEUR 33 in 2018.

Austria (Herold)
Revenues declined by 10% to MEUR 56 in 2018 mainly due to decline in profile services with the increase in new media revenues insufficient to offset the decline. EBITDA of MEUR 5 declined MEUR 1 compared to prior year.

The Netherlands (DTG)
Revenues declined by 10% from MEUR 54 to MEUR 49 in 2018 due to structural decline in all business areas. EBITDA increased from MEUR 0 to MEUR 2 mainly due to lower number of personnel and cost savings achieved.

Germany (Dogado)
Revenues increased 76% from MEUR 8 to MEUR 15 in 2018 mainly due to succesful buy-and-build strategy by the Group. EBITDA of MEUR 3 increased by MEUR 1 from the prior year as the increase in revenue was achieved while simultaneously maintaining a steady EBITDA margin level of 17% (18%).

Events during the period

Acquisitions and divestments

The Group made MEUR 1 deferred acquisition payments in the year relating to acquisitions made in previous years and acquired two businesses with total consideration less than MEUR 0.5.

The Group did not make any divestments in 2018.

Tax positions

The Finnish tax office decided in October 2016 that it does not accept the tax deductibility of intragroup loan interest costs for two Finnish holding companies. According to the decision, the Finnish holding companies are not allowed to deduct MEUR 16 interest for tax year 2015. Furthermore, in accordance with the 2016 decision, such interests are also non-deductible for tax years 2016 and 2017 for MEUR 14 and MEUR 12, respectively. Loss carry-forwards from previous tax years have been sufficient to cover the related increase in taxable income, such that the decision has not triggered immediate cash tax for the companies until the end of tax year 2018. However, if the tax office's decision is upheld and applied for all years from 2014 onwards, tax losses carried forward could be absorbed and therefore no longer available to offset current and future taxable profits. In October 2018 the Tax Administration’s board ruled against appeals made by the companies. The companies find the decision unfounded and have launched further appeal processes to Helsinki Administrative Court.

Tax audits in Austria related to years 2007-2009, the tax authority denied Herold tax deduction for goodwill amortization relating to a previous acquisition. The tax authority considers the transaction a related party transaction (thereby disqualifying goodwill amortization from 2005 and interest deduction as of 2011). In addition, the tax authority questions the arm’s length nature of certain intercompany interest expenses. The financial impact for all years up to 31 December 2016 is estimated to be maximum MEUR 10 (including interest and penalties). Herold has appealed the decision to the local court but provided for the majority of the amount claimed.

In tax audits related to years 2010-2012, the tax inspector challenged the company on calculations in relation to advertising tax, VAT deductibility of certain expenses, and on tax deductions related to refinancing cost, certain expenses and intercompany recharges. Herold has allocated revenue for certain bundled products between print and online revenue from 2010 onwards. The print revenue is subject to advertising tax, whereas the online revenue is not taxed under the current tax law. The allocation of revenue between print and online has been made based on an external study of consumer behavior by a market research company. The tax inspector challenged the allocation and claimed that the online share of revenue should be subject to advertising tax. This claim represented a MEUR 0.6 advertising tax exposure for 2010-2016. The tax inspector also challenged MEUR 0.4 tax and VAT deductions for specific barter transactions and certain customer events (event marketing). Related to the same tax audit, the tax inspectors also challenged tax deductions related to refinancing cost, certain expenses and intercompany recharges and claimed interest on the unpaid tax amounts. This claim represented a MEUR 2.0 tax and associated interest exposure for 2010-2015. The Group recorded an additional MEUR 3.0 provision in December 2017 for the above mentioned tax and interest on the unpaid tax exposures. However, the Group has agreed to a compromise with the local tax authorities in 2018. The agreement regards advertising tax and VAT deductibility of certain expenses for the financial years 2010 - 2012. As a result the Group has paid MEUR 1.0 VAT and advertising taxes in cash and reversed unused provisions for MEUR 2.2.

Cash flow and financing

Net cash from operating activities increased to MEUR 28 (MEUR 20) mainly due to MEUR 9 favourable change in working capital. Net cash used in investing activities was MEUR -12 (MEUR -27), representing financial investments, deferred acquisitions payments and capital expenditure on customer products and services. The financing activities cash flow mainly consists of the repayment of the short term loan, MEUR 10 in June and MEUR 2.5 in September 2018.

After the replacement of the bank debt in December 2013 by the issuance of MEUR 160 senior secured bonds, the bonds were listed on the Nasdaq Stockholm in December 2014. During 2017, European Directories (DH7) B.V. (a group holding company) purchased MEUR 18 nominal value of the bonds for a consideration of MEUR 14. The gain and amortized cost was booked to other financial income. The amortisation of the bond transaction costs during January-December 2018 was MEUR 0.2. The amortised cost of the bond as of 31 December 2018 was MEUR 79 and nominal value MEUR 80. On 30 January 2018, the Group announced its proposal for an bond extension and amendments to terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The principal terms of the amended terms and conditions include an extension of the bonds of 2.5 years to 9 June 2021, an increase of the interest margin of 150 bps to 8.5% and an consent fee of 1.0%. The amended bond terms and conditions resulted in MEUR 0.8 one-time consent fee payment and an additional MEUR 1.2 annualized interest cash outflow impact for the Group.

The liquidity position of the Group remains sufficient with a cash balance of MEUR 28 (31.12.2017: MEUR 24). The amortised cost of the bond as of 31 December 2017 and 2018 was MEUR 79. As a result, net interest-bearing debt at 31 December 2018 was MEUR 54, excluding subordinated shareholder loans (compared to MEUR 70 at the end of December 2017).

Net debt (excluding shareholder loan[(*)])

The Group's net debt at 31 December 2018 is set out below:

Amounts 1000 EUR	**31 December 2018**
Bond	78 984
Current financial liabilities	3 143
Interest-bearing liabilities	**82 127**
Minus: Cash and cash equivalents	-27 787
Total net debt	**54 340**

[(*)] *Shareholder loan is related party loan and excluded from the Net debt calculation.*

The Group is operating mainly in Euro zone countries and does not have material foreign exchange exposures.

Management and board changes

On 7 February 2018, Domenico Latronico replaced Fabrice Rota, on 19 November 2018 Atif Kamal replaced Sébastien Rimlinger and on 23 November 2018 Kristina Velicka replaced Domenico Latronico on the board of European Directories Midco S.à r.l., which as a result now consists of the following members: Marcus Englert (Chairman), Hannu Syrjänen, Björn Osterloff, Peder Prahl, Marco Sodi, Atif Kamal and Kristina Velicka.

On 7 February 2018, Domenico Latronico replaced Fabrice Rota, on 19 November 2018 Atif Kamal replaced Sébastien Rimlinger and on 23 November 2018 Kristina Velicka replaced Domenico Latronico on the board of European Directories GP S.à r.l., the general partner of European Directories BondCo S.C.A., which as a result now consists of John D. Sutherland, Manager A, Atif Kamal, Manager B and Kristina Velicka, Manager B.

Control framework

A group-wide control framework process is in place. The objective of this process is to synchronize and, where necessary, improve the various internal controls and risk management procedures across the Group.

Risk includes strategic, operational, financial, regulatory and other issues that cause uncertainty or hazard to the business, and is measured in terms of likelihood and consequences. The objectives of risk management in the Group are:
- to identify and manage risks appropriately across the Group;
- to ensure and assist operating companies to identify, analyse and manage risks, which might affect the Group's ability to achieve its strategic objectives; and
- to validate how the decisions to reduce or eliminate risks have been implemented.

The overall objectives of the group-wide control framework process are to ensure that:
- risk management is an integral part of business management;
- risk management is a continuous process;
- risk management is supported by effective internal control systems; and
- risk management is effected by continuous reporting and review mechanisms to ensure risks are identified, escalated and addressed in a timely and appropriate manner.

The risk register that is currently maintained by all operating companies was developed to address all of the above. The register is split into strategic risks, commercial and operational risks, technical & IT risks, financial risks, HR and health & safety risks, and legal risks. All risks follow a consistent qualification process in which the risk and its possible consequences including the impact, likelihood and inherent risk rating, are categorized. This register results in an overall risk level assessment against which the specific controls are described including the effectiveness of the controls and the ultimately remaining residual risk. The risks identified in the risk registers are in general common risks as one would assume to see with a company active in this industry. Where necessary, the notes to the financial statements include specific information. Information on the financial risks is included in note 26 Financial Risk Management.

The Group has corporate governance rules and rules of procedure in place which have been adopted by the Board of directors of European Directories Midco S.à r.l. and are applicable to work carried out by the Board of Managers of the Company, the Group CFO, the local operating companies’ managing directors and other executive management of the Company and its subsidiaries. The Group has implemented a Code of Conduct which provides the legal and ethical framework for the conduct of all directors, officers and employees of the Group and defines the basic rules of conduct within the Group and in relation to its business partners and the general public.

Outlook

With the ongoing business transformation, the decline in traditional product revenues is expected to continue whilst the digital businesses' revenues are estimated to remain at or around similar levels overall. With continued cost control, EBITDA is expected to improve modestly. Cash flow performance is expected to be satisfactory throughout 2019 as witnessed in 2018.

Other information

Agreements between shareholders

The Company, European Directories OpHoldco S.à r.l. and certain direct and indirect owners of the Company entered into a subscription and shareholders deed on 7 December 2012, regulating standard issues on how resolutions of the Group are passed, how the directors of the Company are appointed and remunerated, how board meetings are held, how shares in the Company may be transferred and other matters which are normally regulated in shareholders' agreements.

Branches

The Company has no branches.

Share capital

The issued share capital consists of 4,990,000 Class A shares, 4,010,000 Class B shares and 1,000,000 Class C shares. Each share class has a nominal value of Euro 0.01 and all shares are fully paid up. Each share entitles the holder to one vote at the Annual General Meeting.

According to the Articles of Association, profits shall be allocated between the different share classes as follows:
a) the Class C shares shall be entitled to receive an amount up to 15% of the aggregate amount to be distributed;
b) the Class A shares shall be entitled to receive an amount equal to 49.9% of the aggregate amount of the distributable amount after subtraction of the C share entitlement;
c) the Class B shares shall be entitled to receive an amount equal to 50.1% of the aggregate amount of the distributable amount after subtraction of the C share entitlement; and
d) the holders of each class of shares shall be entitled to participate in those proceeds of a distribution which are to be distributed in respect of that class, pro rata to the number of shares they hold within that class.

At the end of 2018 the entirely paid share capital registered in the Luxembourg trade register was Euro 100,000.

Research and Development

The Group has a focus on product development and is constantly reviewing new product and services opportunities to strengthen its market position. By regularly launching new products and services in each market the operating companies adapt to the market and the changing customer needs. New product developments are shared on a Group level through regular formal and informal information and idea sharing of the local operating companies' managers. The Group has the ability to replicate complete product offerings and concepts from one market to another, which results in potential cost savings and revenue growth.

Post-balance sheet events

In January 2019, the Group completed the acquisition, through its subsidiary Dogado GmbH, of checkdomain GmbH, a closely similarly sized business, which is one of Germany's leading domain registration and hosting providers.

On 2 January 2019, the Group utilised the Permitted Basket under the bond terms to raise bank funding of MEUR 11.5 for the above mentioned transaction. The facility is repayable within 12 months.

Luxembourg, 8 April 2019

The Board of Managers,

Marcus Englert	Peder Prahl
Marco Sodi	Björn Osterloff
Hannu Syrjänen	Atif Kamal
Kristina Velicka	

Consolidated balance sheet

1000 EUR	Note	Dec 31 2018	Dec 31 2017*
ASSETS			
Non-current assets			
Goodwill	8,9	156 899	221 135
Other intangible assets	9	67 732	79 621
Property, plant and equipment	10	9 619	7 944
Investments in associates	12	-	280
Other investments	11,13	4 388	3 231
Loan receivables	11	350	350
Loan receivables from related parties	14	1 877	1 877
Other financial assets	11	879	137
Deferred tax assets	22	1 666	2 374
Total non-current assets		**243 409**	**316 948**
Current assets			
Inventories		99	286
Trade and other receivables	11,15	42 577	48 075
Cash and cash equivalents	11,16	27 787	23 961
Total current assets		**70 463**	**72 322**
Total assets		**313 872**	**389 270**
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	100	100
Share premium	17	16 449	16 449
Other reserves	17	10	10
Retained earnings		-117 611	-37 108
Total		**-101 053**	**-20 549**
Non-controlling interests	19	813	1 383
Total equity		**-100 240**	**-19 165**
LIABILITIES			
Non-current liabilities			
Bond	11,20	78 984	-
Shareholder loan and accrued interest	11,20	202 260	176 461
Deferred tax liabilities	22	32 749	34 355
Provisions	24	756	2 314
Pension obligations	21	4 792	5 203
Total non-current liabilities		**319 540**	**218 333**
Current liabilities			
Bond	11,20	-	79 267
Current financial liabilities	11,20	3 143	14 260
Trade payables	11	12 484	10 330
Deferred revenues	5	36 878	39 730
Provisions	24	12 258	13 528
Other current liabilities	11,23	29 808	32 987
Total current liabilities		**94 571**	**190 103**
Total liabilities		**414 111**	**408 436**
Total equity and liabilities		**313 872**	**389 270**

*) Figures have been restated due to a misstatement (IAS 8) and due to adoption of IFRS 15. For more details please see notes 2.4 and 32.

Consolidated income statement

1000 EUR	Note	2018	2017*
Revenues	4,5	**225 409**	**239 948**
Other income		2 294	1 239
Cost of consumables		-52 343	-52 973
Personnel expenses	6	-98 834	-103 897
Other operating expenses		-41 756	-41 842
EBITDA[**)]	4,5	**34 769**	**42 475**
Depreciation, amortisation and impairment charges	9,10	-85 729	-28 309
Operating result		**-50 961**	**14 166**
Finance income	7	1 275	6 467
Finance expense	7	-33 461	-29 894
Net finance costs	7	-32 186	-23 426
Result before income tax		**-83 147**	**-9 260**
Income tax	22	2 275	-2 832
Result for the period		**-80 872**	**-12 092**
Attributable to:			
Owners of the parent		-80 527	-11 870
Non-controlling interests	19	-345	-223
		-80 872	**-12 092**

Consolidated statement of comprehensive income

1000 EUR	Note	2018	2017*
Result for the period		**-80 872**	**-12 092**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations		9	55
		9	**55**
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of defined benefit liability	21	73	56
Related tax	22	-60	17
		13	**73**
Other comprehensive income for the period, net of tax		22	128
Total comprehensive income for the year		**-80 850**	**-11 964**
Total comprehensive income attributable to			
Owners of the parent		-80 505	-11 742
Non-controlling interests	19	-345	-223
		-80 850	**-11 964**

*) Figures have been restated due to a misstatement (IAS 8) and due to adoption of IFRS 15. For more details please see notes 2.4 and 32.

[**)] EBITDA is defined as Operating profit/loss before depreciation, amortisation and impairment charges.

Consolidated statement of changes in equity

1000 EUR	Note	Share capital	Share premium	Other reserves	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity 31 December 2017*)**		**100**	**16 449**	**10**	**-37 107**	**-20 548**	**1 383**	**-19 165**
Profit for the period		-	-	-	-80 527	-80 527	-345	-80 872
Remeasurements of defined benefit liability	21	-	-	-	13	13	-	13
Translation differences		-	-	-	9	9	-	9
Comprehensive income for the period		**-**	**-**	**-**	**-80 505**	**-80 505**	**-345**	**-80 850**
Dividends to non-controlling interests	19	-	-	-	-	-	-225	-225
Total equity 31 December 2018		**100**	**16 449**	**10**	**-117 611**	**-101 052**	**813**	**-100 240**
Total equity 31 December 2016		**100**	**16 449**	**10**	**-34 197**	**-17 638**	**1 073**	**-16 564**
+/- IFRS 15 transition effect		-	-	-	918	918	-	918
Restated total equity 31 December 2016		**100**	**16 449**	**10**	**-33 279**	**-16 720**	**1 073**	**-15 647**
Loss for the period		-	-	-	-11 870	-11 870	-223	-12 092
Remeasurements of defined benefit liability	21	-	-	-	73	73	-	73
Translation differences		-	-	-	55	55	-	55
Comprehensive income for the period		**-**	**-**	**-**	**-11 742**	**-11 742**	**-223**	**-11 965**
Acquisition of non-controlling interest*)	19	-	-	-	71	71	-71	-
Capital injection to subsidiary with a non-controlling interest*)	19	-	-	-	-415	-415	715	300
Total changes in ownership interests		**-**	**-**	**-**	**-345**	**-345**	**645**	**300**
Derecognization of put option**)	20	-	-	-	8 259	8 259	-	8 259
Dividends to non-controlling interests	19	-	-	-	-	-	-113	-113
Total equity 31 December 2017*)**		**100**	**16 449**	**10**	**-37 107**	**-20 548**	**1 383**	**-19 165**

*) During 2017, the Group acquired an additional 4 % interest in Dogado GmbH increasing its ownership from 66 % to 70 % in accordance with the Organisation Agreement entered into on the acquisition of the original 51% shareholding. The non-controlling interest's share decreased from 34 % to 30%. The acquisition was made by the issuance of new shares (TEUR 2 350) by Dogado. The Group recognised a decrease in non-controlling interest of TEUR 71 from the acquisition and an increase in non-controlling interest of TEUR 715 from the capital injection.

**) The Group has derecognised a financial liability for a put option relating to the acquisition of non-controlling interest in Dogado GmbH (see note 20).

***) Figures have been restated due to a misstatement (IAS 8) and due to adoption of IFRS 15. For more details please see notes 2.4 and 32.

Consolidated cash flow statement

1000 EUR	Note	2018	2017*
Cash flow from operating activities			
Result for the period		**-80 872**	**-12 092**
Adjustments for:			
Income taxes	22	-2 275	2 832
Finance costs - net	7	32 186	23 426
Depreciation, amortisation and impairment charges	9,10	85 729	28 309
Operating profit before depreciations		**34 769**	**42 475**
Interest received		46	84
Interest paid		-6 605	-9 700
Other financial items		-137	-126
Taxes paid	22	-2 646	-7 258
Operating cash flow before movements in working capital		**25 427**	**25 475**
Net change in working capital		2 878	-5 769
Net cash from operating activities		**28 304**	**19 706**
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses, net of cash acquired	8	-1 537	-15 676
Purchases of other investments	11,13	-	-1 758
Purchases of intangible assets and property, plant and equipment	10	-10 477	-8 932
Proceeds from sales of other investments		18	-
Proceeds from interest-bearing receivables		-	-408
Net cash used in investing activities		**-11 996**	**-26 774**
Cash flow before financing activities		**16 309**	**-7 067**
Cash flow from financing activities			
Changes in long-term liabilities	20	-	-13 916
Changes in short-term liabilities	20	-11 465	13 957
Refinancing costs		-796	-
Capital injection by a non-controlling interest	19	-	300
Dividends paid to non-controlling interests	19	-225	-113
Net cash used in financing activities		**-12 486**	**228**
Net increase (+) / decrease (-) in cash and cash equivalents		**3 823**	**-6 839**
Cash and cash equivalents at the beginning of period	16	**23 961**	**30 800**
Foreign exchange differences in cash and cash equivalents		4	-
Cash and cash equivalents at the end of period	16	**27 787**	**23 961**

*) Figures have been restated due to a misstatement (IAS 8) and due to adoption of IFRS 15. For more details please see notes 2.4 and 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Group includes the parent company, European Directories Midco S.à r.l., corporate registration number B 155418, and its subsidiaries and associated companies. The parent company is a holding company and has its registered office in Luxembourg. The registered address of the parent company is 46A, Avenue J.F. Kennedy, L-1855 Luxembourg. The parent company's subsidiary European Directories Bondco S.C.A has a bond listed on Nasdaq Stockholm since 5 December 2014. The principal activities of the Group consist of publishing and distribution of printed (telephone) directories, profile services, online marketing and website services, data services, online and mobile searches, and directory assistance services. The Group is active in the Netherlands, Finland, Austria and Germany.

These consolidated financial statements were authorised by the Board of Managers for issuance on 8 April 2019.

2 Accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) and IFRIC interpretations in effect on 31 December 2018 and as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention except available for sale financial assets.

The consolidated financial statements are presented in Euros, rounded to the nearest thousand (EUR x1,000). All figures in the consolidated financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented.

In the third quarter of 2018 an internal investigation was launched into the validity of certain sales contracts and invoices due to suspicion of inapproprоate practices in the Austrian business segment. The investigation was assisted by an independent review by Deloitte Austria.

This internal investigation has been completed. As a result, the suspicions were confirmed and a number of sales invoices regarding financial year 2017 proved to be invalid. These activities have resulted in an overstatement of net income and a misstatement of balance sheet in the Austrian business segment leading to the necessary restatement of the prior period of 2017 as well as published January-March 2018 and January-June figures 2018. The quantitative effect of the restatement is presented in note 32.

2.2 Presentation of Consolidated Income Statement and Balance Sheet

IAS 1 Presentation of Financial Statements standard does not define operating profit/loss. The Group has defined it as net amount of operating income and expenses, including revenue and other income, less operating expenses, such as cost of consumables, personnel expenses, depreciation, amortisation and impairment charges arising as well as other operating expenses. Operating profit/loss excludes financial items, share of results from associates and income taxes.

Consolidated income statement includes, in addition to operating profit/loss, EBITDA, which is presented to better reflect the Group's business performance when comparing results to previous periods. EBITDA is defined as operating profit/(loss) before depreciation, amortisation and impairment charges.

IAS 1 standard does not define EBITDA either. EBITDA is not a measurement under IFRS and the reader should not consider EBITDA as an alternative to a) net income (as determined in accordance with IFRS), b) cash flows from operating, investing or financing activities (as determined in accordance with IFRS), or as a measure of our ability to meet cash needs or c) any other measures or performance under IFRS. EBITDA is not a direct measure of our liquidity, which is shown by the Group's cash flow statement and needs to be considered in the context of our financial commitments. EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of our potential future results. We believe that EBITDA is a key performance indicator to measure the underlying performance of the business and is commonly reported and widely used by investors in comparing performance on a consistent basis without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods or non-operating factors. Accordingly, EBITDA has been added as additional information to permit a more complete and comprehensive analysis of our operating performance and of our ability to service our debt.

In the consolidated balance sheet, assets and liabilities are classified as current when they are expected to realise within 12 months or when they are classified as liquid funds. Other assets and liabilities are classified as non-current assets or liabilities.

2.3 Use of estimates

The preparation of financial statements in conformity with IFRS standards requires Group management to make certain estimates and judgements in applying the accounting principles. Information about the judgement exercised by management in applying the Group's accounting principles and the areas where the estimates and judgements have biggest impact in the financial statements are presented in Note 3 Critical accounting estimates and sources of uncertainty.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

a) New and amended standards applied in financial year ended

The Group has applied as from 1 January 2018 the following new and amended standards that have come into effect.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments: IFRS 9 replaced the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group has applied simplified approach included in the standard for recognising impairment on trade receivables so that the loss allowance is always measured at an amount equal to lifetime expected credit losses. The Group does not apply hedge accounting. The adoption of IFRS 9 did not have a significant impact on the Group's financial statements. Comparative information has not been restated.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018): The new standard replaced current IAS 18 and IAS 11 standards and related interpretations. In IFRS 15, a five-step model is applied to determine when to recognise revenue, and for which amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard introduces also extensive new disclosure requirements. The impacts of IFRS 15 on the Group's consolidated financial statements have been assessed for the main revenue streams as follows:

Profile services
The Group offers its customers visibility (customers' contact details are shown) on the Group's search sites and provides services to manage customers' contact details on selected global partner search, map and social media platforms. Products in this category may be sold separately or in bundled packages together with Print. At contract inception, the revenue of the bundled packages are evaluated and in case distinct services or products e.g. performance obligations are identified, the revenue is recognized over time using stand-alone selling prices as the services are provided. The Group's earlier accounting principles for these revenues were consistent with IFRS 15.

New Media
This category includes campaign products, where the Group offers services such as display advertising, search engine marketing (SEM), search engine optimization (SEO), data and analytical services, videos, websites, hosting services, online booking platforms and other similar online products. In search engine marketing, the Group offers customers a certain amount of clicks over a campaign period in major search engines. These campaigns may include set-up services, which are in case the service is a separate performance obligation recognized at the time when the service is initially established. In case the criteria for separate performance obligation is not met no transaction price is allocated to the set-up services and revenue is recognized over the contract period. Revenue for the campaign products are recognized over the contracted period. Search engine optimization (SEO) entails optimizing customers' websites for the major search engines. The group conducts continuous updates in order to deliver the desired results. The revenue is recognized on a straight-line-basis over the period during which the service is provided. Under IFRS 15, if the services form series of distinct services, these are treated as single performance obligation.

Consumer Services
In the Consumer Services category, the Group offers customers directory assistance and SMS services. Revenue is recognized when the service is provided to the end user in a telephone call or text message (SMS). The Group's earlier accounting principles under IAS 18 were consistent with IFRS 15.

Print
In the Print category the Group offers customers printed products (books). Following IFRS 15, the revenue is recognized at a defined point in time which is the date of publication. The Group did not recognize revenue in accordance with this principle in all aspects. Accounting policy has been changed to meet the requirements of IFRS 15. As the revenues within the Print business are declining and will present an insignificant share of the Group's total revenues, the accounting policy change did not have a significant impact on Group revenues.

Relating to all revenue streams under IFRS 15, incremental costs to obtain a contract are capitalized in case the amortization period is expected to exceed one year, which is also a change to earlier applied revenue recognition principles. The revenue recognition for variable considerations was in line with the IFRS 15 requirements.

The Group has applied IFRS 15 retrospectively. The impact of the adoption of the standard as at 1 January 2018 is summarised below.

	Impact of adoption of IFRS 15		
1000 EUR	As reported at 31 December 2017*	Adjustments due to adoption of IFRS 15	Restated balance 31 December 2017
Deferred tax assets	1 644	731	2 374
Trade and other receivables	52 494	-4 418	48 075
Deferred revenues	-42 391	2 661	-39 730
All other balance sheet items	-29 884	-	-29 884
Total equity	**-18 138**	**-1 027**	**-19 165**
Revenues	243 054	-3 107	239 948
Cost of comsumables	-53 405	432	-52 973
Income tax	-3 563	731	-2 832
All other income statement items	-196 236	-	-196 236
Total result for the period	**-10 149**	**-1 944**	**-12 092**

*) Figures have been restated due to a misstatement (IAS 8). For more details, please see note 32.

The impact of TEUR -1,027 to equity and TEUR -1,944 to income statement was due to the earlier recognition of revenue and related cost from Print contracts.

Other amendments to standards or interpretations issued and effective from periods beginning 1 January 2018 did not have an effect on the Group's financial statements.

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective (in case endorsed by EU).

IFRS 16 Leases
IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019) replaces the current IAS 17 -standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value about USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting.

The Group plans to apply IFRS 16 using the modified retrospective approach. Based on the information currently available, the Group will recognise additional assets of ca. MEUR 19 and liabilities of ca. MEUR 20 having an ca. MEUR 1 impact on the Group's equity as per January 2019. The estimate may change prior to recognizing the accurate effect.

The Group will apply the following recognition exemptions included in the standard: short-term leases and leases of low-value assets.

IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial years beginning on or after 1 January 2019)
The interpretation brings clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test is whether the tax authority will accept the company's chosen tax treatment. When considering this the assumption is that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The interpretation is not expected to have any material effect on the Group's financial statements.

Other new standards issued or amended effecting future financial periods are not expected to have any significant impact on the Group's financial statements.

2.5 Going concern

Board of Managers' position as regard to going concern of the Company

The net debt position as of 31 December 2018 was TEUR 256,599 (2017: TEUR 246,027) including accrued PIK (payment in kind) interest on the shareholder loan. Net debt position excluding the shareholder loan was TEUR 54,339 (2017: TEUR 69,566). Cash flow forecasts for the upcoming 12 months after signing the consolidated financial statements show a positive cash flow that should enable the Group to maintain its operations for at least the next 12 months.

With the maturity extension and changes to the bond terms and conditions, the Group has secured its financing position until June 2021. Consequently, and taking the current cash flow and working capital forecasts into consideration, these financial statements have been prepared on a going concern basis assuming that the Group will continue in operation for at least the 12 months following and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

2.6 Consolidation

(a) General consolidation principles

Consolidation

Consolidation, consolidation method and classification of ownership interests depend on whether the Group has power to control or jointly control the entity or have significant influence or other interests in the entity. When the Group has power to control the entity, it is consolidated as a subsidiary in the Group according to principles described below in Note 2.6 b) Subsidiaries. When the Group has joint control or significant influence over an entity but does not have power to control it, the entity is accounted for by using the equity method according to principles set in Note 2.6 c) Associated companies. If the Group does not have power to control nor significantly influence the entity, its ownership interests are classified as fair value through profit or loss (financial assets available for sale under IAS 39) and accounted for according to principles in Note 2.12 Financial Instruments.

Translation of foreign currency items

Items included in each subsidiary's financial statements are measured using the currency that is the main currency of the operating environment of each subsidiary ("functional currency"). The consolidated financial statements have been presented in euros, which is the parent company's functional and presentation currency. Transactions denominated in foreign currencies in group companies are translated into the functional currency by using the exchange rate on the day of the transaction. Receivables and liabilities that are denominated in foreign currencies and are outstanding on the closing date are translated using the exchange rate of the closing date. Exchange rate differences are recognised in the income statement.

Foreign subsidiaries whose functional currency is not the Euro are translated into euros by using the average rate for the financial year. Balance sheets are translated by using the closing rate for the financial period. Translation differences arising from the elimination of acquisition costs of foreign subsidiaries are recognised in other comprehensive income. When a foreign subsidiary is sold, the differences are recognised as part of the sales gain or loss.

(b) Subsidiaries

The Group's consolidated financial statements include the parent company European Directories Midco S.à r.l. and all its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquired subsidiaries are included in the consolidated financial statements from the day the Group has control, and disposed subsidiaries until the control ceases.

Acquired and established companies are accounted for using the acquisition method of accounting. Accordingly, the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of the acquisition. The excess between purchase price and fair value of the Group's share of the identifiable net assets is recognised as goodwill.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless there is evidence of an impairment related to the asset transferred. The accounting policies of subsidiaries have been changed to correspond the Group's accounting policies. The Group companies are listed in Note 31 Group companies on 31 December 2018.

Non-controlling interests and transactions with non-controlling interests

Non-controlling interests are presented within equity in the consolidated balance sheet, separated from equity attributable to owners of the parent. For each acquisition the non-controlling interest can be recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The carrying amount of non-controlling interests is the amount of the interests at initial recognition added with the non-controlling interests' share of subsequent changes in equity. Transactions with non-controlling interests are regarded as transactions with equity owners.

(c) Associated companies

Associated companies are companies in which the Group usually holds 20-50 per cent of the voting rights or in which the Group has significant influence but in which it does not exercise control. The Group's interests in associated companies are accounted for using the equity method.

The investment in associates are initially recognised at cost. Trasnaction costs and goodwill are included in the value of the investment. The Group recognises its share of the post-acquisition results in associates in the income statement and of items in the statement of comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations on behalf of the associate.

Results from the transactions between the Group and its associates are recognised only to the extent of unrelated investor's interests in the associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. In case of such indications, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment is recognised in share of results in associates.

Accounting policies of associates have been changed where necessary to correspond with the accounting policies adopted by the Group. If financial statements for the period are not available, the share of the profit of associated companies is included in the consolidated accounts based on the preliminary financial statements or latest available information.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Managers.

2.8 Intangible assets

Intangible assets are measured at cost less accumulated amortisation less any impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Amortisation is calculated using the straight-line method over their estimated useful lives, and is recognised in the income statement. Goodwill is not amortised.

The estimated useful lives are as follows:

Trademarks	10-20 years
Customer relationships	3-15 years
Software development costs	2-4 years
Data rights	10 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"s, or groups of CGUs) that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks

Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

At each reporting date, the Group reviews the carrying amounts of its trademarks to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

(c) Customer relationships

Customer relationships are recognised at fair value in connection with acquisitions. The values of those relationships are amortised over the estimated useful lives.

At each reporting date, the Group reviews the carrying amounts of its customer relationships to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

(d) Software development costs and data rights

Major software development costs are capitalised when they are expected to generate economic value longer than one year. Acquired user rights and licences are recorded as computer software at the acquisition cost, including the cost of making the licence and software ready for use. Maintenance and minor development costs are recognised as an expense as incurred. Data rights and computer software and other intangible assets are amortised over the useful lives.

At each reporting date, the Group reviews the carrying amounts of its computer development costs and acquired user rights and licenses to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

2.9 Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested at least annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets of CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Non-current assets and liabilities held for sale

Non-current assets or disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable, during the following twelve months.

Immediately before classification, assets held for sale or assets and liabilities of disposal groups are valued at the lower of the carrying amount or their fair value less costs to sell. Depreciation on these assets is discontinued at the moment of classification. The Group does not have any non-current assets or disposal groups classified as held for sale at the reporting date of 31 December 2018 or 31 December 2017.

2.11 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs where applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Property, plant and equipment under construction/in progress are not depreciated.

The estimated useful lives are:

Leasehold improvements	lease term or shorter
Office equipment	5-10 years
Motor vehicles	4-8 years
Computers	2-4 years
Other equipment	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

On every reporting date the Group reviews individual property, plant, and equipment items for any indication of impairment losses. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than the recoverable amount.

2.12 Financial instruments

2.12.1 Classification and measurement

Financial assets and liabilities

As a result of adoption of IFRS 9 the Group has from the beginning of 2018 classified its financial assets based on the business model in which a financial asset is managed and its contractual cash flows characteristics into following categories: measured at amortised costs and fair value through profit and loss (FVTPL).

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset is not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Group's financial assets measured at amortised cost comprise of trade receivables, loan receivables and other receivables, cash and cash equivalent.

Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises. The Group's equity investment consist of shares in listed and non-listed companies.

Expected credit losses

The Group applies a simplified approach to measure expected credit losses of trade receivables measured at amortized cost. In the simplified approach expected credit losses are measured by applying an allowance matrix and recognized at an amount equal to lifetime expected credit losses. The expected credit losses are based on historical information on actual credit losses on receivables. The model takes into account other information on the future economic conditions available at the time of measurement.

Financial assets measured at fair value through profit or loss –category consist of financial assets that are held for trading or that are measured at fair value through profit or loss at the time of initial recognition. Group's financial assets measured at fair value through profit or loss consist of shares. Realized and unrealized gains or losses arising from changes in fair values are recognized in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. The Group has only liabilities that are measured at amortised costs, which are subsequently measured using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Equity instruments

The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. The shares were earlier under IAS 39 classified as available-for-sale under which fair value gains and losses were recognized through OCI.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

2.12.2 Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has a reliably estimated impact on the estimated future cash flows of the financial asset or group of financial assets.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount. The recoverable amount is the estimated future cash flow discounted at the original effective interest rate of the instrument. From there on, the reversal of the discount effect is booked as interest income. The loss is recognised in profit or loss. Interest income on impaired loans is recognised using the original effective interest rate.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group uses simplified approach included in IFRS 9 for recognising impairment on trade receivables and other financial costs measured at amortised cost. The loss allowance is measured based on historical experience and taking also into consideration forward-looking information to an amount equaling to lifetime expected credit losses (ECL).

When the Group has objective evidence that it may not be able to collect a trade receivables that are due, a bad debt provision is recognised. Financial difficulties that indicate that a customer is going into bankruptcy, financial restructuring or substantial delays in payments are examples of objective evidence that might cause trade receivables to be impaired. Impairment of trade receivables is recognised in other operating expenses.

2.15 Inventories

Inventories, directories in progress and deferred directory costs are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the parent company's (European Directories Midco S.à r.l.) equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the parent until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the parent. Dividends on ordinary shares are recognised in the consolidated financial statements in the period in which they are approved by the Company's shareholders.

2.18 Financial liabilities

The Group financial liabilities are classified at amortised costs or at FVTPL. Initially liabilities are recognised at cost. Any directly attributable transaction cost are allocated to the liability. Subsequent to initial recognition, the liability component of financial insturment is measured at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised costs comprise of interest bearing liabilities, finance lease liabilities and trade payables.

The liabilities are presented as non-current liabilities if the Group does not have an unconditional right to defer settlement of the liability at least 12 months from the reporting date. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Put option written over non-controlling interests in subsidiaries

The potential cash payments relating to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

The amount that may become payable under the option by exercise is initially recognised at fair value within financial liabilities with a corresponding charge directly to equity.

Such options are subsequently measured at discounted repayment amount, using the effective interest rate method, in order to accrete the liability up to the amount payable by the option at the date at which it first becomes exercisable. The charge arising is recognised in finance cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.19 Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans. The main defined benefit pension plan in DTG has been closed as of 31 December 2014 and from 1 January 2015 onwards no employee benefits are accrued. As of 1 January 2015 all employees of DTG have started pension accrual in a new pension plan, which classifies as a defined contribution pension plan under IAS 19. As a result of this new pension plan, no future pension accrual has taken place within the main pension plan as of 1 January 2015.

Defined benefit and defined contribution plans

Pension plans are classified as defined benefit and defined contribution plans. Payments made into defined contribution pension plans are recognised in the income statement in the period to which the payment relates. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Current service cost is the present value of the post employment benefit, which is earned by the employees during the year and it is recognised as employee benefit expense (pension cost/personnel expense). The liability recognised in the balance sheet in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. Note 20 Pension obligations includes a description of exposure to most significant risks and a sensitivity analysis on impacts of changes in actuarial assumptions.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination. The Group is demonstrably committed when it has a detailed formal plan to terminate the employment of current employees without possibility to withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as provisions corresponds to management's best estimate of the expenses that will be necessary to meet the obligation at the end of the reporting period. When the time value of money is material, the amount recognised is the present value of the estimated expenditures.

Restructuring provisions are recognised when the Group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it. A restructuring plan must include at least the following information: the operations affected, the workplace locations, working tasks and estimated number of people who will be paid compensation for the ending of their employment, the likely costs and the date of the implementation of the plan. Future operating losses are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract minus the possible expected benefits. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.21 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.22 Current and deferred Income tax

Tax expense for the period comprises current and deferred tax and adjustments to previous years' taxation. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or other equity items.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is calculated for temporary differences between accounting and taxation using the valid tax rates for future years at the closing date. Deferred tax is recognised to the extent that realisation of the related tax benefit through future profits is probable. Temporary differences arise mainly from amortisation of intangible assets and unused tax losses. Utilising deferred tax assets related to tax losses requires management to make expectations of future performance of operations.

Deferred tax assets and liabilities are set off when they are levied by the same taxing authority and the Group has legally enforceable right to set off the balances.

2.23 Revenue recognition

The Group revenue is generated from Profile Services, Consumer services, New Media and Print product groups. Revenue is recognised when goods are delivered or services are provided. If the services or products contains more than one performance obligation, then the consideration is allocated with the reference to the relative stand-alone selling prices of the products or services. The Group recognises revenue when the amount of revenue can be reliably measured and to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue reocgnised will not occur.

According to IFRS 15, the Group applies the following five-step revenue recognition model:
- identify the contract(s) with customers;
- identify the performance obligation in the contract;
- determine the transaction price;
- transaction price is allocated to each separate performance obligation in "an amount that depicts the amount of consideration to which the entity expects to be entitled in axchange for transferring the promised goods or services to the customer";
- recognise revenue when (or as) each performance obligation is satisfied.

Profile Services

The Group offers its customers visibility (customers' contact details are shown) on the Group's search sites and provides services to manage customers' contact details on selected global partner search, map and social media platforms. Products in this category may be sold separately or in bundled packages together with Print. The revenue from the bundles are apportioned based on the stand-alone prices to the constituent components. The revenue is recognised over time that the service is provided, normally 12 months. The revenue recognition starts when the customer begins to receive the service.

Consumer Services

In the Consumer Services category the Group offers customers directory assistance and SMS services. Revenue is recognised when the service is provided to the end user in a telephone call or text message (SMS).

New Media

This category includes campaign products, where the Group offers services such as display advertising, search engine marketing (SEM), search engine optimization (SEO), data and analytical services, videos, websites, hosting services, online booking platforms and other similar online products.

In search engine marketing the Group offers customers a certain amount of clicks over a campaign period in major search engines. These campaigns may include set-up services, which are in case the service is a separate performance obligation recognized at the time when the service is initially established. In case the criteria for separate performance obligaton is not met no transaction price is allocated to the set-up services and revenue is recognized over the contract period.

Search engine optimization (SEO) entails optimizing customers' websites for the major search engines. The group conducts continuous updates in order to deliver the desired results. The revenue is allocated over the period during which the service is provided.

Print

Print revenues are recognised at a defined point of time which is the date of the publication. Publication means that a substantial part of the directories are distributed and this is considered to be the point when the Group has transferred control of the goods. Revenue is measured at the fair value of the consideration, net of discounts and value added taxes.

Other

The difference between the value of the revenue recognised to date and the total sales invoiced is carried as deferred revenue on the balance sheet. Deferred revenue is presented net of accrued direct costs.

2.24 Financial income and expenses

Financial income and expenses comprise interest expenses calculated using the effective interest rate method and foreign exchange gains and losses. Interest income and expenses are recognised on a time-proportion basis using the effective interest rate method.

Dividend income is recognised when the company has a legal right to receive the dividends. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

2.25 Leases

Lease agreements of property, plant and equipment, where a substantial part of the risks and rewards of ownership are transferred to the Group, are classified as finance leases. Finance leases are capitalised at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding sum is recognised as a finance lease liability. The lease payments are allocated between the finance expenses and the reduction of the outstanding liability. The corresponding rental obligations, net of finance charges, are included in the long-term or short-term interest-bearing liabilities. Asset items acquired under finance leases are capitalised over the shorter of the useful life of the asset or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement over the lease term in other operating expenses.

2.26 Cash flow statement

The cash flow statement has been prepared using the indirect method, whereby the net result according to the consolidated income statement is taken as a basis for the movements in cash.

2.27 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year. The Group did not have any discontinued operations at the reporting date as of 31 December 2018 or 31 December 2017.

3 Critical accounting estimates and sources of uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the individual notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018 is included in the following notes:

Critical accounting estimates	Note
Valuation of intangible assets acquired in a business combination	8. Acquisition and disposal of subsidiaries 9. Intangible assets
Assumptions relating to impairment testing of intangible assets and goodwill	9. Intangible assets
Measurement of defined benefit obligations: key actuarial assumptions	21. Pension obligations
Recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used	22. Income taxes
Assumptions made when estimating provisions (tax provisions and provision for onerous leases)	24. Provisions

4 Segment information

The Board of Managers is the Group's chief operating decision maker. Operating segments are based on the information reviewed by the Board of Managers for the purposes of allocating resources and assessing performance. In order to clarify the operating segment naming, structure and presentation in relation to the underlying businesses, the Group decided to use geographic naming convention starting in 2018. As of 1 January 2018, the Group started to report Germany as a separate operating segment. The Germany operating segment was reported under Austria (Herold) operating segment prior to this. The comparative numbers in this report are restated to present Germany as a separate segment.

The Board of Managers considers the business from a geographic perspective in Finland, Austria, the Netherlands and, as of 1 January 2018, Germany.

• Finland reporting segment consists of profile services, consumer services, print, new media and other online product lines (segment previously named Fonecta).
• Netherlands reporting segment consists of profile services, print, new media and other online product lines (segment previously named DTG).
• Austria reporting segment consists of profile services, print, new media and other online product lines (segment previously named Herold).
• Germany reporting segment consists of new media product lines.
• "Other" is not a reporting segment, but consists of corporate headquarter costs and corporate financing and other group eliminations.

The Board of Managers reviews the revenue and EBITDA within these reportable segments. Revenues and EBITDA are key financial measures that are used to assess the success of our people in achieving growth in the business and operational efficiencies.

All revenues are generated from rendering of services.

2018 1000 EUR	Finland	Netherlands	Austria	Germany	Other	Total
Revenues	105 503	48 930	56 192	14 784	-	**225 409**
EBITDA	33 044	2 325	4 631	2 541	-7 773	**34 769**
Result before income tax	-40 916	-42 055	-1 041	-1 385	2 250	**-83 147**
Capital expenditure	1 974	5 767	1 227	1 509	-	**10 477**

2017 1000 EUR	Finland	Netherlands	Austria	Germany	Other	Total
Revenues	114 511	54 426	62 610	8 401	-	**239 948**
EBITDA	39 249	472	5 758	1 510	-4 514	**42 475**
Result before income tax	1 368	-23 249	699	-959	12 880	**-9 261**
Capital expenditure	1 403	5 378	1 238	913	-	**8 932**

Revenues by product group and country	Finland		Austria		Germany		Netherlands	
1000 EUR	2018	2017	2018	2017	2018	2017	2018	2017
Profile services	25 810	28 044	22 584	28 366	-	-	31 910	34 384
Consumer services	45 224	51 786	-	-	-	-	-	-
New media	33 681	32 162	27 050	26 969	14 785	8 401	8 708	10 778
Print	-	1 692	1 696	2 021	-	-	3 349	4 953
Other	788	826	4 861	5 254	-	-	4 963	4 311
Total revenues	**105 503**	**114 511**	**56 192**	**62 610**	**14 785**	**8 401**	**48 930**	**54 426**

Revenues from transactions with any single external customer do not amount to 10 per cent or more of the Group’s revenue.

	Assets by segment		Liabilities by segment	
1000 EUR	2018	2017	2018	2017
Finland	193 457	254 773	110 950	131 668
Netherlands	41 310	71 677	289 077	281 191
Austria	58 521	62 478	28 823	31 444
Germany	33 707	32 395	31 529	27 910
Other	-13 123	-32 053	-46 267	-63 778
Total in the balance sheet	**313 872**	**389 270**	**414 111**	**408 435**

5 Revenue recognition

Revenues by product group		
1000 EUR	2018	2017
Profile services	80 304	90 794
Consumer services	45 224	51 786
New media	84 225	78 311
Print	5 045	8 666
Other	10 612	10 390
Total revenues	**225 409**	**239 948**

Timing of revenue	At the point in time		Services transferred over time	
1000 EUR	2018	2017	2018	2017
Profile services	-	-	80 304	90 794
Consumer services	45 224	51 786	-	-
New media	16 226	15 568	67 999	62 744
Print	5 045	6 974	-	1 692
Other	5 649	6 079	4 963	4 311
Total revenues	**72 144**	**80 408**	**153 266**	**159 541**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

1000 EUR	Note	31 Dec 2018	1 Jan 2018
Receivables, which are included in Trade and other receivables	15	5 696	7 010
Contract assets		1 300	221
Contract liabilities		36 878	39 730

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from customers.

The amount of revenue estimated to be recognised from the contracts in force as per 31 December 2018:

The timing of expected revenue recognition				
1000 EUR	Total	Jan-Jun 2019	Jul-Dec 2019	Later
Revenue not yet recognised	24 553	5 797	4 933	13 823

No information is provided about remaining performance obligations at 31 December 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

6 Personnel expenses

1000 EUR	2018	2017
Salaries & wages	65 744	69 368
Social security costs*)	10 106	11 870
Pension costs	5 773	5 459
of which related to defined benefit plans	*-210*	*-279*
of which related to defined contribution plans	*5 983*	*5 738*
Other**)	*17 211*	*17 200*
Total	**98 834**	**103 897**

*) The social security costs include certain municipal and local taxes for Austria that are payable by the employer.

**) Main items in other personnnel expenses are temporary staff expenses, car expenses, travel expenses and restructuring expenses of TEUR 3,857 (2017: TEUR 2,373).

7 Net finance costs

1000 EUR	2018	2017
Interest income on loans and receivables	60	85
Interest income - other	8	7
Gain on repurchasing of the bonds	-	6 181
Finance income - other	1 207	194
Finance income	**1 275**	**6 467**
Financial liabilities measured at amortised cost - interest expense:		
Bond*)	-6 633	-5 875
Shareholder loan	-25 798	-22 351
Amortisation of loan transaction costs (bond)	-513	-348
Net interest on net defined benefit liability	-69	-341
Other	-448	-979
Finance expense	**-33 461**	**-29 894**
Net finance costs	**-32 186**	**-23 427**

*) The interest expense in 2018 on the bond is net of interest income of TEUR 1,054 (2017: TEUR 5,435) from the bonds formerly held by the Group.

8 Acquisition and disposal of subsidiaries

8.1 Acquisitions

Acquisitions in 2018

During 2018 the Group has aquired two business through its group company Dogado Gmbh for TEUR 473. The fair values of the acquired net assets have been determined on a provisional basis, pending completion of the final valuation. Cash flow related to these acquisitions was TEUR 373. Deferred consideration of TEUR 1,146 was paid relating to acquisitions made in previous years.

Acquisitions in 2017

The Group (through its group company Dogado GmbH) made three German domain and webhosting business acquisitions on 10 March, 7 July and 16 September 2017. Further, on 16 October 2017 Dogado acquired 100% of the shares and votes in Alfahosting GmbH, a comparable sized webhosting and cloud service business in Germany. The combined total acquisition price for the acquisitions through Dogado was TEUR 18,422, creating a goodwill of TEUR 12,591 which is mainly attributable to the synergies expected to be received from integrating the businesses into the Group's existing hosting business.

For the financial period ended 31 December 2017, acquired companies contributed a revenue of TEUR 1,336 and profit of TEUR 306 to the Group. If the acquisitions had occurred on 1 January 2017, management estimates that consolidated revenue would have been TEUR 6,206 and consolidated loss would have been TEUR 481. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of the acquisitions would have been the same if the acquisition had occurred on 1 January 2017.

During 2017, the Group acquired an additional 4% interest in Dogado GmbH increasing its ownership from 66% to 70%. See details in statement of changes in total equity on page 11.

8.2 Disposals

Disposals in 2018

There was no disposals during 2018.

Disposals in 2017

On 28 February 2017, the Group disposed of its 24.9% shareholding in Binder Trittenwein GmbH for a MEUR 0.1 resulting in a small loss to the Group.

On 1 December 2017, the Group disposed of its 100% shareholding in DR3 B.V. for a nominal amount resulting in a small gain to the Group.

9 Intangible assets

The movements in intangible assets can be shown as follows:

Cost 1000 EUR	Goodwill	Trademarks	Customer relationships	Other	Total
At 1 January 2017	**426 637**	**244 775**	**108 624**	**262 058**	**1 042 094**
Acquisitions through business combinations	12 591	-	4 887	2 344	19 822
Additions	-	-	-	6 235	6 235
Disposals	-	-	-	-84	-84
As at 31 December 2017	**439 228**	**244 775**	**113 511**	**270 552**	**1 068 066**
Acquisitions through business combinations	-	-	-	473	473
Additions	-	-	-	6 597	6 597
Disposals	-	-	-	-181	-181
As at 31 December 2018	**439 228**	**244 775**	**113 511**	**277 442**	**1 074 956**

Accumulated amortisation and impairment 1000 EUR	Goodwill	Trademarks	Customer relationships	Other	Total
At 1 January 2017	**-210 597**	**-197 499**	**-100 515**	**-232 796**	**-741 407**
Impairment	-7 496	-	-	-	-7 496
Amortisations for the year	-	-3 527	-2 369	-12 512	-18 408
As at 31 December 2017	**-218 093**	**-201 026**	**-102 884**	**-245 308**	**-767 311**
Impairment	-64 236	-1 561	-	-	-65 798
Amortisation charge for the year	-	-3 451	-2 147	-11 619	-17 217
As at 31 December 2018	**-282 329**	**-206 038**	**-105 031**	**-256 927**	**-850 326**
Carrying amount 31 December 2017	221 135	43 749	10 627	25 245	300 756
Carrying amount 31 December 2018	**156 899**	**38 737**	**8 480**	**20 515**	**224 630**

No borrowing costs have been capitalised within intangible assets.

Impairment tests for goodwill

The recoverable amount in all cash-generating units has been determined based on value-in-use calculations. As a result of a Group internal re-organisation, the Group has changed the composition of the CGUs. One of the legal entities in reporting segment Finland was demerged into two legal entities during 2018. The demerger enabled the Group to identify two smaller sets of assets that the cash inflows are largely independent for. The CGUs identified are referred to as CGU 020202, which refers to the Consumer services business in Finland, and CGU Fonecta BA which refers to the other business activities performed in Finland. These two CGUs, Fonecta BA and 020202, were formerly identified as CGU Fonecta.

As a result of changes in reporting segment composition (please see note 4 for more details), the CGU formerly known as Herold is now identified as CGUs Herold and Dogado. CGU Herold corresponds with reporting segment Austria and CGU Dogado with reporting segment Germany.

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Key assumptions of the cash flow projections relate to long-term growth, EBITDA and discount rate. These figures are set in relation to the historical figures and external reports on market growth. The cash flow for the third year is used as the base for the fourth year and onwards in perpetuity for all CGUs except for 020202. Due to the expected perpetual decline in Finnish consumer business services, in CGU 020202 the cash flow for the third year is used as the base for the fourth year and onwards by a fixed value. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2018 was determined similarly to the 31 December 2017 goodwill impairment test and was based on the following key assumptions:

- Cash flows were forecast based on past experience, actual operating results and the three-year business plan.
- Cash flows beyond three-year forecast period were extrapolated using a constant growth rate, which does not exceed the long-term average growth rate for the industry.
- The capital structure and asset beta used in the weighted average cost of capital calculation are derived from selected peer group and available market information.

The key assumptions used in estimation of the recoverable amount are set out below.

In percent	Growth rate *		Discount rate (pre-tax) *	
	2018	2017	2018	2017
Fonecta BA*	0,0	0,0	13,4	-
020202*	0,0	-	13,4	-
Herold	2,0	2,0	13,2	13,4
DTG	0,0	0,0	14,1	14,5
Dogado	1,7	2,0	13,5	-

* = As a result of the Group internal re-organisation, the Group has changed the composition of the CGUs. For more details, please see first paragraph. The discount rate (pre-tax) just with prior year CGU composition (CGU Fonecta) was 12.8%.

Goodwill is monitored by management at the reporting segment level all other segments but Finland which consists of two CGUs, Fonecta BA and 020202. The following is a summary of goodwill allocation for each reporting segment:

2018 1000 EUR	Opening	Reclassification *	Addition	Impairment	Closing
Fonecta BA	147 333	-99 771	-	-	47 563
020202	-	99 771	-	-39 126	60 644
DTG	41 139	-	-	-25 110	16 028
Herold	32 663	-15 776	-	-	16 887
Dogado	-	15 776	-	-	15 776
Total	**221 135**	**-**	**-**	**-64 236**	**156 898**

* = As a result of the Group internal re-organisation, the Group has changed the composition of the CGUs. For more details, please see first paragraph.

2017 1000 EUR	Opening	Addition	Impairment	Closing
Fonecta	147 333	-	-	147 333
DTG	48 635	-	-7 496	41 139
Herold	20 072	12 591	-	32 663
Total	**216 040**	**12 591**	**-7 496**	**221 135**

In the annual goodwill impairment testing conducted at the end of 2018 the carrying amounts of two CGUs were determined to be higher than their recoverable amount and impairment losses of MEUR 39 and MEUR 25 were recognised for CGU 020202 and CGU DTG (Netherlands) respectively. The impairment losses were allocated fully to goodwill, reducing the goodwill included in CGU 020202 to MEUR 61 and in CGU DTG to MEUR 16; and has been included in 'Depreciation, amortisation and impairment charges' in the condensed consolidated statement of profit or loss and OCI.

Following the impairment loss recognised in the CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment.

Sensitivity Analysis for 2018

The recoverable amounts of all cash-generating units have been determined based on value-in-use calculations. The cash-generating units equal the reporting segments for all other reporting segments but Finland which consists of two CGUs, Fonecta BA and 020202. These calculations use pre-tax cash flow projections based on financial plans approved by management covering a three-year period. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use at 31 December 2018 was determined similarly to the 31 December 2017 goodwill impairment test. The discount rates (pre-tax) used in the valuation were Fonecta BA 13.4%, 020202 13.4%, DTG 14.1% (14.5%), Herold 13.2% (13.4%) and Dogado 13.5%.

The difference between carrying value of assets and net recoverable value in CGU Dogado was MEUR 4. CGU Dogado key assumptions were EBITDA margin levels of 23%-34%, WACC of 10.0% and residual growth of 1,7%. According to sensitivity analysis, the following change in Dogado key assumption; decrease of EBITDA level of 10.1%-points, or decrease of 1.8%-points in residual growth rate, or 1.3%-points increase in WACC-level, would lead to the carrying value of assets and net recoverable value to be equal.

The difference between carrying value of assets and net recoverable value in CGU Fonecta BA was MEUR 10. CGU Fonecta BA key assumptions were EBITDA margin levels of 14%-22%, WACC of 10.6% and residual growth of 0%. According to sensitivity analysis, the following change in Fonecta BA key assumption; decrease of EBITDA level of 9.5%-points, or decrease of 2.3%-points in residual growth rate, or 1.6%-points increase in WACC-level, would lead to the carrying value of assets and net recoverable value to be equal.

Sensitivity Analysis for 2017

In light of the challenges facing the operating businesses, the Board of Directors concluded that the conditions existed for undertaking impairment testing at the half year. The resultant calculations implied an impairment to the goodwill of DTG due to an increase, compared with the prior year end, in the discount rate used. This reflected the additional risks which the Board considered to apply to this business unit. No impairment was implied for the other business units. The DTG impairment loss of MEUR 7.5 was allocated fully to goodwill.

The Group also performed a customary year-end impairment testing in December 2017. Based on the year-end testing, there are no further impairment indicators for DTG or the other business units.

The recoverable amounts of all cash-generating units have been determined based on value-in-use calculations. The cash-generating units equal the reporting segments. These calculations use pre-tax cash flow projections based on financial plans approved by management covering a three-year period. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use at 31 December 2017 was determined similarly to the 31 December 2016 goodwill impairment test. The discount rates (pre-tax) used in the valuation were Fonecta 12.8% (12.8% December 31 2016), DTG 14.5% (12.0%) and Herold 13.4% (13.2%).

The difference between carrying value of assets and net recoverable value in DTG CGU was MEUR 20. DTG CGU key assumptions were EBITDA margin levels of 26%-28%, WACC of 14.5% and residual growth of 0%. According to sensitivity analysis, the following change in DTG key assumption; decrease of EBITDA level of 5.2%-points, or decrease of 7.5%-points in residual growth rate, or 5.8%-points increase in WACC-level, would lead to the carrying value of assets and net recoverable value to be equal.

The difference between carrying value of assets and net recoverable value in Fonecta CGU was MEUR 36. Fonecta CGU key assumptions were EBITDA margin levels of 26%-27%, WACC of 12.8% and residual growth of 0%. According to sensitivity analysis, the following change in Fonecta key assumption; decrease of EBITDA level of 4%-points, or decrease of 3.3%-points in residual growth rate, or 2.8%-points increase in WACC-level, would lead to the carrying value of assets and net recoverable value to be equal.

10 Property, plant and equipment

The movements in property, plant and equipment can be shown as follows.

Cost 1000 EUR	Furniture & fittings	IT	Other	Total
At 1 January 2017	**12 852**	**29 852**	**12 019**	**54 723**
Acquisitions through business combinations	-	686	49	735
Additions	-	680	2 387	3 067
At 31 December 2017	**12 852**	**31 219**	**14 455**	**58 525**
Acquisitions through business combinations	-	43	-	43
Additions	1	1 690	2 661	4 352
Disposals	-	-	-5	-5
At 31 December 2018	**12 853**	**32 951**	**17 111**	**62 915**
Accumulated amortisation and impairment				
At 1 January 2017	**-11 912**	**-26 872**	**-9 392**	**-48 176**
Depreciation charge for the year	-45	-1 188	-1 172	-2 376
At 31 December 2017	**-11 957**	**-28 060**	**-10 564**	**-50 581**
Depreciation charge for the year	-7	-1 203	-1 505	-2 714
At 31 December 2018	**-11 964**	**-29 263**	**-12 069**	**-53 296**
Carrying amount 31 December 2017	**895**	**3 158**	**3 891**	**7 944**
Carrying amount 31 December 2018	**889**	**3 688**	**5 042**	**9 619**

Furniture & fittings comprise leasehold improvements as well as office equipment. IT includes computers and other IT related machinery. Other includes motor vehicles. No borrowing costs were required to be capitalized under property, plant and equipment.

11 Financial Instruments

The carrying amounts and fair value of financial assets and liabilities measured at amortised cost

	Carrying amount		Fair value	
1000 EUR	2018	2017	2018	2017
Bond*)	78 984	79 267	79 580	65 513
Shareholder loans (Preferred Equity Certificates)	202 260	176 461	123 406	100 884
Total	**281 243**	**255 728**	**202 986**	**166 397**

*) The fair value of the bond (fair value hierarchy level 2) as of 31 December 2018 of TEUR 79,580 (2017: TEUR 65,513) excludes TEUR 0 (2017: TEUR 65,287) of bonds held by the group. The fair value of the bond is based on the market price as of the 31 December 2018 on Nasdaq Stockholm. The Group has extended the bond maturity in March 2018, and as there hasn't been any transactions with the bond in 2018, the Group determines the fair value of the bond to equal the par value.

The Group has financial instruments measured at fair value. Other investments consist of unquoted shares, which are measured in the Group at their acquisition price in the absence of a reliable fair value.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other financial assets
- Loan receivables from related parties
- Cash and cash equivalents
- Trade payables
- Other current liabilities

No fair value hierachy information is disclosed for financial assets and financial liabilities which are not measured at fair value, since their carrying amounts are a reasonable approximation of their fair value.

The following table shows the carrying amounts of financial assets and financial liabilities.

Classification of financial assets and liabilities

	2018		
1000 EUR	FVTPL - equity instrument	Amortised cost	Total
Assets as per balance sheet			
Trade and other receivables	-	42 577	**42 577**
Cash and cash equivalents	-	27 787	**27 787**
Other investments	4 388	-	**4 388**
Other financial assets	-	879	**879**
Loan receivables	-	350	**350**
Loan receivables from related parties	-	1 877	**1 877**
Book value total	**4 388**	**73 470**	**77 858**
Liabilities as per balance sheet			
Bond	-	78 984	**78 984**
Shareholder loan	-	202 260	**202 260**
Trade payables	-	12 484	**12 484**
Current financial liabilities	-	3 143	**3 143**
Book value total	**-**	**296 870**	**296 870**

	2017			
1000 EUR	Available for sale financial assets	Loans and receivables	Measured at amortised cost	Total
Assets as per balance sheet				
Trade and other receivables	-	48 075	-	**48 075**
Cash and cash equivalents	-	23 961	-	**23 961**
Available-for-sale financial assets	3 231	-	-	**3 231**
Other financial assets	-	1 877	-	**1 877**
Loan receivables	-	137	-	**137**
Loan receivables from related parties	-	350	-	**350**
Book value total	**3 231**	**74 400**	**-**	**77 631**
Liabilities as per balance sheet				
Bond	-	-	79 267	**79 267**
Shareholder loan	-	-	176 461	**176 461**
Trade payables	-	10 330	-	**10 330**
Other current financial liabilities	-	14 260	-	**14 260**
Other current liabilities	-	32 987	-	**32 987**
Book value total	**-**	**57 578**	**255 728**	**313 306**

12 Investments in associates

The Group has disposed its holdings in associated companies during 2018. The result of the disposal is presented in net finance costs. The balance sheet movements are detailed as follows.

1000 EUR	2018	2017
At 1 January	**280**	**403**
Disposals	-280	-123
At 31 December	**-**	**280**

All the associated companies owned by the Group are unlisted companies and none of them are considered material compared to the Group's operations.

13 Other investments

1000 EUR	2018	2017
At 1 January	**3 231**	**1 471**
Additions	-	1 760
Other changes	1 157	-
At 31 December	**4 388**	**3 231**

Other investments consist mainly of listed securities and shares in unlisted companies. In case the fair value cannot be reliably determined, the shares are measured at cost less possible impairment. Other investments include an investment (3.4%) in Spotzer Media Group B.V. of TEUR 298 (2017: TEUR 298), an investment (14.83%) in Bokadirekt i Stockholm Ab of TEUR 2,305 (2017: TEUR 1,152) and an investment in Eniro Ab preferred shares of TEUR 1,760 (2017: TEUR 1,760). Other changes include Bokadirect i Stockholm Ab shares' measurement to fair value. This movement is presented in net finance costs.

14 Loan receivables from related parties

As of 31 December 2018 the Group has a loan receivable from Leafy S.à r.l. totalling TEUR 1,877 (2017: TEUR 1,877). See Note 30 Related parties for detailed information.

15 Trade and other receivables

1000 EUR	2018	2017
Trade receivables	26 559	25 268
Unbilled receivables from customer contracts	5 696	7 010
Prepayments	4 205	3 569
Accrued income	41	7 427
Personnel receivables	51	40
Social security and pension receivables	235	622
VAT receivable	503	525
Corporate income tax receivable	747	95
Other	4 539	3 520
Total	**42 577**	**48 075**

Trade receivables

1000 EUR	2018	2017
Trade receivables	29 191	28 612
Provision for impairment of trade receivables	-2 632	-3 345
At 31 December	**26 559**	**25 267**

Provisions for impairment of trade receivables

1000 EUR	2018	2017
At 1 January	**3 345**	**2 761**
Receivables written off during the year	-1 660	-1 318
Unused amounts reversed	1 520	1 896
Exchange rate differences and other changes	-573	6
At 31 December	**2 632**	**3 345**

The exposure (in euros) to trade receivables (i.e. after allowance for impairment) at the reporting date per geographic region was as follows:

1000 EUR	2018	2017
Euro-zone countries	29 191	28 612
At 31 December	**29 191**	**28 612**

Lifetime expected credit loss of trade receivables is as follows:

1000 EUR	Current	1-30 days past due	31-60 days past due	61-90 days past due	90 days past due or more	2018
Default rate	0,3-1,2%	1,3-4,9%	3,6-11,7%	6,6-18,5%	20,0-100%	Total
Gross carrying amount	20 767	3 264	1 099	662	3 399	29 191
Lifetime expected credit loss	**110**	**66**	**84**	**92**	**2 280**	**2 632**

16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet		
1000 EUR	2018	2017
Cash at bank and in hand	27 783	23 498
Short-term bank deposits	4	463
Cash and cash equivalents	**27 787**	**23 961**

17 Equity

The amounts in this note are stated in exact Euro amounts.

Share capital

The issued share capital consists of 4,990,000 Class A shares, 4,010,000 Class B shares and 1,000,000 Class C shares. Each share class has a nominal value of Euro 0.01 and all shares are fully paid up. Each share entitles the holder to one vote at the Annual General Meeting.

According to the Articles of Association, profits shall be allocated between the different share classes as follows:
a) the Class C shares shall be entitled to receive an amount up to 15% of the aggregate amount to be distributed;
b) the Class A shares shall be entitled to receive an amount equal to 49.9% of the aggregate amount of the distributable amount after subtraction of the C share entitlement;
c) the Class B shares shall be entitled to receive an amount equal to 50.1% of the aggregate amount of the distributable amount after subtraction of the C share entitlement; and
d) the holders of each class of shares shall be entitled to participate in those proceeds of a distribution which are to be distributed in respect of that class, pro rata to the number of shares they hold within that class.

At the end of 2018 the entirely paid share capital registered in the Luxembourg trade register was Euro 100,000.

Share premium

This represents the amount subscribed for share capital in excess of its nominal value, less directly attributable issue costs.

Other reserves

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to shareholders.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

18 Capital management

The objective of capital management is to secure the Group's ability to continue as a going concern and to optimize the cost of capital in order to enhance value to shareholders.

The Group monitors the capital structure based on adjusted net debt to EBITDA. Adjusted net debt is calculated as interest-bearing liabilities (excluding the shareholder loan) less cash and cash equivalents. EBITDA is calculated by adding back depreciation, amortisation and impairment charges and capital gains and losses to operating profit/(loss).

On 31 December 2018, total net debt was TEUR 54,339 (2017: TEUR 69,566) and adjusted net debt to EBITDA was 1.6 (2017: 1.6).

19 Non-controlling interests

Non-controlling interests (NCI) comprise the equity portions of Suomen Numeropalvelu Oy (45%) and Dogado GmbH (30%) which are not controlled by the Group. The balance sheet movements are as follows.

Non-controlling interests 1000 EUR	2018	2017
At 1 January	**1 383**	**1 074**
Acquisition of non-controlling interest	-	-71
Capital injection to subsidiary with a non-controlling interest	-	715
Dividend to non-controlling interests	-225	-113
Non-controlling interest from income statement	-345	-223
At 31 December	**813**	**1 383**

The increase during 2017 of the non-controlling interests of TEUR 645 relates to the increased ownership via share subscription of Dogado GmbH (from 66% to 70% share), after which a non-controlling interest for 30% remained.

The following table summarises the information regarding each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 December 2018	Dogado GmbH	Other individually immaterial subsidiaries	Intra-group eliminations	Total
NCI percentage	**30 %**			
Non-current assets	27 785			
Current assets	4 721			
Non-current liabilities	-22 707			
Current liabilities	-8 067			
Net assets	**1 732**			
Net assets attributable to NCI	**520**	**298**	**-5**	**813**
Revenue	14 885			
Profit/loss for the period	-1 779			
OCI	-			
Total comprehensive income	**-1 779**			
Profit/loss allocated to NCI	**-534**	**193**	**-4**	**-345**
Net cash from operating activities	2 516			
Net cash used in investing activities	-3 496			
Net cash used in financing activities	36			
Net increase (decrease) in cash and cash equivalents	**-944**			

20 Financial liabilities

1000 EUR	2018	2017
Bond	78 984	79 267
of which bonds issued	*78 984*	*158 833*
of which bonds held by the Group	*-*	*-79 566*
Shareholder loans (Preferred Equity Certificates)	202 260	176 461
Current financial liabilities	3 143	14 260
Total financial liabilities	**284 386**	**269 988**

Bond

On 10 December 2013 a direct subsidiary of European Directories Midco S.à r.l., European Directories BondCo S.C.A. issued senior secured callable floating rate bonds in the amount of TEUR 160,000 to the market. The proceeds of the bonds were used to repay all bank debt. The interest rate for the bonds is charged at 3 months EURIBOR rate plus a 7% margin. Interest is payable quarterly in arrears. The bonds have a maturity date of 10 December 2018 and rank above the preferred equity certificates. European Directories Midco S.à r.l. has issued a guarantee for the obligations of European Directories BondCo S.C.A. under the bonds (see Note 27 Guarantees). The bonds were listed on Nasdaq Stockholm in December 2014. The figures in following paragraphs relating to the nominal and market value of the bond are stated in exact Euro thousand amounts.

During 2017 European Directories (DH7) B.V. (a European Directories group company) purchased TEUR 17,928 nominal value of the bonds for a total consideration of TEUR 13,916. The gain and amortized cost was booked to other financial income. The amortisation of the bond transaction costs during January-December 2018 was TEUR 513. The amortised cost of the bond as of 31 December 2018 was TEUR 78,984 and nominal value TEUR 79,580.

On 30 January 2018, the Group's subsidiary, European Directories BondCo S.C.A., announced a proposal to amend certain bond terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The accepted principal terms include an extension to the bond maturity date from 10 December 2018 to 9 June 2021, an increase in the interest margin of 150bps to 8.5%, a consent fee of 1% to all bondholders and cancellation by the Group of those bonds which it holds. The full details of the amended bond terms and conditions were sent out to the bondholders and are published on the Group's website.

Bond issuance costs and other refinancing cost directly linked to issue of the bond are included in the carrying value of the liability and are amortised over its term. The interest expense in 2018 on the bond is TEUR 6,633 (2017: TEUR 5,875).

The movement of the bond during the year is as follows:

1000 EUR	2018	2017
At January	**79 267**	**99 016**
Amortisation of bond transaction costs	513	348
Bond extension cost	-796	-
Repurchase of the bonds by the Group	-	-20 097
At 31 December	**78 984**	**79 267**

Shareholder loan

On 10 December 2013 European Directories Midco S.à r.l. issued 103,313,950 preferred equity certificates (“PECs”) with nominal value of Euro 1.00 each. Leafy S.à r.l., the parent company of European Directories Midco S.à r.l. has subscribed all issued PECs. The maturity date of the PECs is 10 December 2043. The PECs are unsecured and subordinated to all other obligations of the Company and no cash interest will be paid whilst the senior secured callable floating rate bonds issued by European Directories BondCo S.C.A. are outstanding.

Each PEC carries the right to receive a fixed yield of 7.24% p.a. and a compounding profit yield of 6.26% p.a. The principal as well as accrued interest is payable on the PECs at their maturity or if the PECs would be redeemed by the Company at an earlier date. Such optional redemption is possible only to the extent that i) the Company will have sufficient funds available to settle its liabilities to all other creditors as a result of the redemption payment, and ii) the Company is not insolvent and will not become insolvent after making the redemption payment. Whilst the PECs mature in 2043, it would be the Board's intention to prepay this loan as early as possible after maturing of the bond, potentially in 2022.

The accrued interest on the PECs as of 31 December 2018 was TEUR 98,946 (2017: TEUR 73,147) and is included in the Consolidated balance sheet under Shareholder loan and accrued interest.

Interest PECs

The Group is entitled to satisfy its obligation to pay the fixed yield in respect of any accrual period in full or in part by issuing new preferred equity certificates to the holders (the " Interest PECs"). The Interest PECs carry the right to receive a fixed yield of 7.24% p.a., which is payable on the Interest PECs at maturity or if the PECs would be redeemed by the Company at an earlier date. Such optional redemption is possible only to the extent that i) the Company will have sufficient funds available to settle its liabilities to all other creditors as a result of the redemption payment, and (ii) the Company is not insolvent and will not become insolvent after making the redemption payment. Whilst the PECs mature in 2043, it would the Board's intention to prepay this loan as early as possible after maturity of the bond, potentially in 2022.

The Company issued Interest PECs for TEUR 7,480 in 2018 covering the fixed yield of 2017. The Interest PECs for the accrual period of 2018 of TEUR 7,480 will be issued in 2019. The accrued interest on the Interest PECs as of 31 December 2018 was TEUR 6,014 (2017: TEUR 3,558).

Other non-current financial liabilities

The put option relating to the acquisition of the non-controlling interest in Dogado GmbH has ended in October 2017. The put option entitled the non-controlling interest of Dogado GmbH to sell their shares to the Group during 2018-2019. The carrying amount of the liability TEUR 8,264 was derecognised with an adjustment to retained earnings.The unwind of the discount for January-October 2017 was TEUR 583 (2016: TEUR 843).

Current financial liabilities

On 20 March 2017, the Group utilised the Permitted Basket under the bond terms to raise bank funding of MEUR 12.5 for general corporate purposes. The borrowing facility was arranged by group holding company European Directories (DH7) B.V. and was repayable within 12 months. In February 2018 the Group agreed on an extension of 12 months to the maturity date of this liability. The Group repaid MEUR 10 of this liability in June 2018 and MEUR 2.5 in September 2018.

Covenants

The Bond terms and conditions include an incurrence test (ratio of net interest bearing debt to Group EBITDA as well as interest cover ratio) which must be met i) in a situation where any Group company acquires another entity which holds indebtedness which is not immediately repaid, or ii) in a situation where any Group company incurs any new financial indebtedness not permited by the bond terms. No events occurred which require testing during 2018 or subsequent to year-end or before the Consolidated Financial Statements were authorised for issuance on 8 April 2019. PECs do not include covenants.

The changes in financial liabilities arising from financing activities during the financial year are as follows:

			Non-cash changes				
1000 EUR	Jan 1 2018	Changes arising from cash flows	Acquisitions	Interest accrued/ Amortisation	Gain on repurchase	Other	Dec 31 2018
Bond	79 267	-796	-	513	-	-	78 984
Shareholder loan	176 461	-	-	25 798	-	-	202 260
Bank loans	13 967	-11 566	-	-	-	-	2 401
Other financial liabilities	293	104	-	-	-	346	743
Total changes in financial liabilities arising from financing activities	**269 988**	**-12 258**	**-**	**26 311**	**-**	**346**	**284 387**

21 Pension obligations

The Group operates defined benefit pension plans in DTG and Herold. All arrangements are presented and calculated in line with IAS 19 Employee Benefits. The net obligations are as outlined below.

The amounts recognised in the balance sheet are determined as follows:

1000 EUR	Dec 31 2018	Jan 1 2018
Present value of funded obligations	**223 458**	**225 938**
Fair value of plan assets	-223 458	-225 938
Deficit of funded plans	**-**	**-**
Present value of unfunded obligations	4 792	5 203
Liability in the balance sheet	**4 792**	**5 203**

The Group's net obligations in respect of long-term service benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the value of any plan assets is deducted. The discount rate is the yield of high-quality corporate bonds with at least a rating of AA or higher.

DTG

In addition to a defined contribution arrangement, DTG has a number of defined benefit arrangements with employees. The net defined benefit liability as of 31 December 2018 of TEUR 2,142 (2017: TEUR 2,458) includes asset TEUR 0 (2017: TEUR 0 liability) related to the main defined benefit pension plan, TEUR 304 (2017: TEUR 451) related to the jubilee plan and TEUR 1,838 (2017: TEUR 2,006) relating to the transitional plans. These defined benefit arrangements have been calculated in accordance with IAS 19 taking into account significant changes to the assumptions used.

DTG's main defined benefit pension plan has been closed since 31 December 2014. The plan was an average-pay pension plan in which old-age pension and survivor's pension were accrued. As of 1 January 2015 all employees of DTG started pension accrual in a new pension plan, which classifies as a defined contribution pension plan under IAS 19. As a result of this new pension plan, no future pension accrual has taken place within the main defined benefit pension plan since 1 January 2015.

The main defined benefit pension plan is subject to the regulations as stipulated in the Pensions Act (Pensioenwet). As stipulated in the Pensions Act the plan needs to be fully funded and needs to be operated outside the company at a separate legal entity. The separate legal entity that operates and fully insures the plan is AEGON. Since the plan has been closed since 31 December 2014, DTG no longer pays annual contributions to AEGON to fund the annual accrual of pension entitlements. AEGON guarantees that all pension entitlements that have accrued until 31 December 2016 are paid to the pension plan participants.

AEGON is responsible for operating the DTG main defined benefit pension plan in accordance with the financing agreement. AEGON is responsible for the investment policy with regard to the assets of the plan and DTG has no additional responsibilities for the governance of the pension plan.

The Group estimates to pay TEUR 97 in contributions to its defined benefit plans (jubilee and transitional plans) in 2019.

Herold

The obligation for post-employment benefits is calculated in compliance with IAS 19 amounting to TEUR 2,650 (2017: TEUR 2,745). This defined benefit is not backed by assets for this respective purpose. Therefore, a provision is recorded for the full obligation.

An amount of TEUR 1,976 (2017: TEUR 2,068) relates to a provision for severance payments – exclusively for employees of Austrian companies – and is recorded based on actuarial calculation in compliance with IAS 19. According to Austrian labour law, a company is obliged to pay a certain severance payment on termination of the employment or retirement of all employees who joined the company before 1 January 2003. Employees who leave voluntarily or are dismissed are not entitled to such a payment. The severance payment depends on the number of years of employment and the entitlement to Severance Payment (old) remains for the full duration of the employment. For those employees who opted to switch to a new system, Severance Payment (new), old severance payment obligations were frozen[*)].

An amount of TEUR 733 (2017: TEUR 677) relates to a provision for jubilee bonuses. The liability is calculated in line with IAS 19 and based upon actuarial assumptions.

The Group estimates to pay TEUR 261 in contributions to its defined benefit plans (severance payments and jubilee bonuses) in 2019.

[*)] The related costs of these severance payments are recorded under salaries and wages and not under pension costs.

Change in defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for defined benefit obligation:

1000 EUR	2018	2017
Balance 1 January	**231 141**	**240 577**
Items recognised in the income statement		
Current service costs	306	375
Other	-611	-775
Service cost total included in personnel expenses	**-305**	**-400**
Interest expenses	4 347	4 299
Included in income statement total	**4 042**	**3 899**
Remeasurement recognised through other comprehensive income		
Changes in demographic actuarial assumptions	-	-
Changes in financial actuarial assumptions	-2 939	-5 130
Experience adjustments on plan obligation	321	-3 297
Remeasurements recognised through other comprehensive income total	**-2 618**	**-8 427**
Contributions/Payments from plans		
Contributions from employers	50	-556
Benefit payments	-4 366	-4 351
Contributions/payments from plans total	**-4 316**	**-4 907**
Balance 31 December	**228 249**	**231 141**

Change in fair value of plan assets

The following table shows a reconciliation from the opening balances to the closing balances for fair value of plan assets:

1000 EUR	2018	2017
Balance 1 January	**-225 938**	**-234 052**
Items recognised in the income statement		
Interest income	-4 253	-4 178
Included in income statement total	**-4 253**	**-4 178**
Remeasurement recognised through other comprehensive income		
Changes in demographic actuarial assumptions	-	-
Changes in financial actuarial assumptions	2 859	5 081
Experience adjustments on plan obligation	-315	3 269
Remeasurements recognised through other comprehensive income total	**2 545**	**8 350**
Contributions/Payments from plans		
Contributions from employers	-95	-32
Benefit payments	4 284	3 974
Contributions/payments from plans total	**4 189**	**3 942**
Balance 31 December	**-223 457**	**-225 938**

Change in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability:

1000 EUR	2018	2017
Balance 1 January	**5 203**	**6 525**
Items recognised in the income statement		
Current service costs	306	375
Other	-611	-775
Service cost total included in personnel expenses	**-305**	**-400**
Interest expense/income	94	121
Included in income statement total	**-210**	**-279**
Remeasurement recognised through other comprehensive income		
Actuarial loss (gain) arising from:		
Changes in demographic actuarial assumptions	-	-
Changes in financial actuarial assumptions	-80	-49
Experience adjustments on plan obligation	6	-28
Return on plan assets excluding interest income	-	-
Remeasurements recognised through other comprehensive income total	**-74**	**-77**
Contributions/Payments from plans		
Contributions to/from employers	-46	-584
Benefit payments	-82	-381
Contributions/payments from plans total	**-128**	**-965**
Balance 31 December	**4 792**	**5 203**

1000 EUR	2018	2017
Present value of obligation	228 249	231 141
Fair value of plan assets	-223 457	-225 938
Net defined benefit liability	**4 792**	**5 203**

Risks

European Directories Group is exposed to risks mainly through the DTG defined benefits pension plan. The most significant risks and considerations are detailed below:

Most of the risks associated with the DTG pension plan have been reinsured by DTG with AEGON. AEGON guarantees that all pension entitlements that have accrued are paid to the pension plan participants. The DTG pension plan exposes the entity to risks such as risk of individual value transfers and the risk of default by AEGON. The DTG transitional plans expose DTG to interest rate risk and longevity risk. This is due to the fact that the tariffs at financing the pension entitlements resulting from the transitional plans may deviate from the tariffs currently observed in the market.

As the DTG pension plan has been closed since 31 December 2014, no annual contributions for the accrual of pension entitlements have been made since or have to be made in the future. However, DTG can be held liable to pay additional contributions. These additional contributions include outgoing individual value transfers of accrued pension entitlements and contributions for cost surcharges that are determined as a percentage of the pension provision, in case there is not enough excess return to cover the cost surcharges. The excess return will first be used to finance the cost surcharges, the remainder of the excess return will be transferred to a buffer pool. If the buffer pool holds more than MEUR 7.5, the excess funds will be transferred to the indexation pool for the (former) employees. If in any year the excess return is insufficient to pay for the cost surcharges, these will be financed from the buffer pool. Only when both the excess return and buffer pool are insufficient to finance the cost charges, DTG has to pay an additional contribution. The current value of the buffer pool is MEUR 7.5. Due to these arrangements, the likelihood of DTG needing to make an additional contribution in near future is considered to be remote.

Fair value of plan assets

1000 EUR	2018	2017
Equity instruments	-	-
Debt instruments	-	-
Cash and cash equivalents	-	-
Real estate	-	-
Derivatives	-	-
Investment funds	-	-
Asset-backed securities	-	-
Structured debt	-	-
Other	-	-
Insurance contract	223 458	225 938
Total	**223 458**	**225 938**

At 31 December, DTG defined benefit pension plan assets are classified as qualifying insurance contracts.

Amounts recognised in the balance sheet by country 2018

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	223 458	-	223 458
Value of plan assets	-223 458	-	-223 458
Deficit(+)/surplus(-)	**-**	**-**	**-**
Present value of unfunded obligations	2 142	2 650	4 792
Net asset(-)/liability(+) in the balance sheet	**2 142**	**2 650**	**4 792**

Amounts recognised in the balance sheet by country 2017

1000 EUR	Netherlands	Austria	Total
Present value of funded obligations	225 938	-	225 938
Fair value of plan assets	-225 938	-	-225 938
Deficit(+)/surplus(-)	**-**	**-**	**-**
Present value of unfunded obligations	2 458	2 745	5 203
Net asset(-)/liability(+) in the balance sheet	**2 458**	**2 745**	**5 203**

As at the last valuation date, in the Netherlands the present value of the defined benefit obligation was comprised of approximately TEUR 2,142 (2017: TEUR 2,458) relating to active employees, TEUR 145,250 (2017: TEUR 149,364) relating to deferred members, TEUR 58,078 (2017: TEUR 57,112) relating to members in retirement and TEUR 20,131(2017: TEUR 19,462) relating to other participants (disabled participants and participants' surviving relatives).

The principal actuarial assumptions used

	2018		2017	
	Netherlands	Austria	Netherlands	Austria
Discount rate, %	1,90 %	1,75 %	1,90 %	1,90 %
Future salary increases, %	2,00 %	3,00 %	2,00 %	3,00 %
Future pension increases, %	0,50 %	0,00 %	0,50 %	0,00 %
Rate of inflation, %	2,00 %	0,00 %	2,00 %	0,00 %

The discount, inflation and salary growth rates used are the key assumptions used when calculating defined benefit obligations. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on net defined benefit obligation increase (+)/decrease (-)

	Netherlands	
Change in the assumption	2018	2017
0.5%-point increase in discount rate	-9,94 %	-10,22 %
0.5%-point decrease in discount rate	11,60 %	11,98 %
0.5%-point increase in benefit	11,44 %	11,82 %
0.5%-point decrease in benefit	-9,89 %	-10,18 %
0.5%-point increase in salary growth rate	0,01 %	0,01 %
0.5%-point decrease in salary growth rate	-0,01 %	-0,01 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

In the Netherlands the average duration of the defined benefit obligation at the end of 2018 is 22 (2017: 22) years.

22 Income tax

The Group's tax position at 31 December 2018 is based on the Group's best estimate using the available information on local taxation rules and regulations of the various fiscal territories and taking into account tax facilities and non-deductible costs.

Income taxes

1000 EUR	2018	2017
Current tax expense		
Current year	1 326	-311
Adjustment for prior years*)	-8	-2 945
Total	**1 318**	**-3 256**
Deferred tax income		
Origination and reversal of temporary differences	957	357
Change in recognised deductible temporary differences**)	-	67
Total	**957**	**424**
Income tax	**2 275**	**-2 832**

*) Please see Note 24 Provisions for further details
**) Change in recognised deductible temporary difference relates mostly to goodwill amortizations in Finland.

The table below explains the difference between theoretical tax cost calculated with Luxembourg nominal tax rate 26.01% (2017: 27.08%) and tax expense in the consolidated income statement.

1000 EUR	2018	2017
Loss before income tax	-83 147	-9 260
Taxes calculated using the Luxembourg tax rate	21 627	1 016
Differences in tax rates and regulations	-2 419	839
Impairment of Goodwill	-14 154	-
Non-deductible expenses	-12	-708
Current year losses for which no deferred tax asset was recognised	-5 932	-616
Utilisation of previously unrecognised tax losses	1 417	94
Remesurement of deferred tax- Tax rate changes	-	-5
Change in recognised deductible temporary differences*)	-	67
Adjustment recognised for taxes of prior periods	2 119	-2 945
Other	-370	-574
Income tax, total	**2 275**	**-2 832**

*) Change in recognised deductible temporary difference relates mostly to goodwill amortizations in Finland.

Effective tax rate was 2.7% (2017: 123.8%).

Deferred tax assets and liabilities

The Group has evaluated the nature and classification of deferred tax assets. Based on the evaluation of the Finnish and Dutch companies, deferred tax assets and liabilities levied by the same taxing authority meet the requirements for offset eligibility in accordance with IAS12. The deferred tax assets and liabilities for Finnish and Dutch companies are shown net on the balance sheet. For the other countries, the offsetting requirements were not fulfilled.

Changes in deferred taxes during 2018:

Net deferred tax assets and liabilities 1000 EUR	Employee benefits	Goodwill amortisation	Other intangible assets	Tax losses	Other	Total
1 January 2017	**726**	**-20 328**	**-12 181**	**-**	**976**	**-30 807**
Recognised in the income statement*)	-328	-911	1 158	-	505	424
Recognised in other comprehensive income	17	-	-	-	-	17
Acquisition of subsidiary	-	-	-1 612	-	-	-1 612
31 December 2017	**415**	**-21 239**	**-12 635**	**-**	**1 481**	**-31 979**
Of which deferred tax assets	356	750	-	-	1 270	2 376
Of which deferred tax liabilities	59	-21 989	-12 635	-	210	-34 356
1 January 2018	**415**	**-21 239**	**-12 635**	**-**	**1 481**	**-31 979**
Recognised in the income statement	-19	-329	1 752		-446	958
Recognised in other comprehensive income	-60	-	-	-	-	-60
Acquisition through business combinations	-	-	-	-	-	-
31 December 2018	**336**	**-21 568**	**-10 883**	**-**	**1 035**	**-31 080**
Of which deferred tax assets	313	473	-	-	880	1 666
Of which deferred tax liabilities	23	-22 041	-10 883	-	152	-32 749

*) Change in recognised deductible temporary difference relates mostly to goodwill amortizations in Finland.

According to the Group's forecast, future profits should result in taxable income which would off-set the temporary difference arising from the tax losses.

Tax losses carried forward

Unrecognised tax losses carried forward expire as follows.

1000 EUR	2018	Expiry date	2017	Expiry date
Expire	317 988	2019-2028	394 128	2018-2027
Never expire	25 734		25 859	

A significant part of these unrecognised deferred tax assets can only be realised within the fiscal entity in which they were incurred. Since some of these fiscal entities do not generate taxable income it is unclear whether some of these losses can be realised in the foreseeable future. Furthermore, in several tax jurisdictions, these losses can only be utilised for a limited period (i.e. 9 to 10 years). Consequently, tax losses carried forward may be lost in future. For most fiscal territories no tax return has been filed yet for the period ended 31 December 2017 and part of the tax losses carried forward are related to the open tax cases in Finland. Unrecognised tax losses carried forward as of 31 December 2017 include losses for the Netherlands and Luxembourg until 2015. Losses for 2016 in these two fiscal territories have not been included in the table above as management has deemed their impact immaterial. More information on these tax cases can be found in Note 24 Provisions.

Of the deferred tax liabilities, TEUR 10,883 (2017: TEUR 12,635) arise as a result of Purchase Price Accounting (PPA) adjustments under IFRS 3. The remaining TEUR 21,866 (2017: TEUR 20,681) is due mainly to timing differences in (local) goodwill amortisation. Deferred tax assets are capitalised only to the extent there is a deferred tax liability against it unless there is a reasonable assumption that this will be realised.

23 Other current liabilities

1000 EUR	2018	2017
Accrued expenses	11 750	11 389
Customer advance payments	538	683
VAT and advertising tax payable	6 122	6 487
Wage tax payable	1 422	1 249
Social securities payable	1 438	1 589
Accrued interest	394	312
Net wages payable (recoverable)	877	1 879
Holiday & vacation accrual	6 092	6 710
Pension premium liability	627	400
Deferred consideration relating to acquisitions	288	1 514
Other	259	775
Total	**29 808**	**32 987**

Fees billed to European Directories Midco S.à r.l. and subsidiaries by audit firms amount to MEUR 0.74 for audit services, MEUR 0.02 for audit related services, MEUR 0.26 for tax services as well as MEUR 0.02 for advisory services.

24 Provisions

1000 EUR	Restruc-turing provision	Tax provision	Other	2018	Restruc-turing provision	Tax provision	Other	2017
1 January	**633**	**12 468**	**2 741**	**15 842**	**-**	**9 447**	**4 886**	**14 333**
Additions	2 220	-	963	**3 183**	3 053	3 021	2 689	**8 763**
Provisions used	-71	-1 030	-323	**-1 424**	-2 315	-	-4 834	**-7 149**
Provisions reversed	-	-2 168	-2 199	**-4 367**	-105	-	-	**-105**
Other	-	-	-219	**-219**	-	-	-	**-**
31 December	**2 781**	**9 270**	**963**	**13 014**	**633**	**12 468**	**2 741**	**15 842**
Of which non-current	-	-	756	**756**	-	-	2 314	**2 314**
Of which current	2 781	9 270	207	**12 258**	633	12 468	427	**13 528**
Total	**2 781**	**9 270**	**963**	**13 014**	**633**	**12 468**	**2 741**	**15 842**

Other provisions as of 31 December 2018 include provisions for onerous leases of TEUR 828 (2017: TEUR 2,639), which are expected to be utilised in two years.

Uncertain tax positions/Tax provisions

The Group is involved in various discussions with local tax authorities.

Austria

In tax audits related to years 2007-2009, the tax authority denied Herold tax deduction for goodwill amortization relating to a previous acquisition. The tax authority considers the transaction a related party transaction (thereby disqualifying goodwill amortization from 2005 and interest deduction as of 2011). In addition, the tax authority questions the arm's length nature of certain intercompany interest expenses. The financial impact for all years up to 31 December 2016 is estimated to be maximum MEUR 10 (including interest and penalties). Herold has appealed the decision to the local court but provided for the majority of the amount claimed.

In tax audits related to years 2010-2012, the tax inspector challenged the company on calculations in relation to advertising tax, VAT deductibility of certain expenses, and on tax deductions related to refinancing cost, certain expenses and intercompany recharges. Herold has allocated revenue for certain bundled products between print and online revenue from 2010 onwards. The print revenue is subject to advertising tax, whereas the online revenue is not taxed under the current tax law. The allocation of revenue between print and online has been made based on an external study of consumer behavior by a market research company. The tax inspector challenged the allocation and claimed that the online share of revenue should be subject to advertising tax. This claim represented a MEUR 0.6 advertising tax exposure for 2010-2016. The tax inspector also challenged MEUR 0.4 tax and VAT deductions for specific barter transactions and certain customer events (event marketing). Related to the same tax audit, the tax inspectors also challenged tax deductions related to refinancing cost, certain expenses and intercompany recharges and claimed interest on the unpaid tax amounts. This claim represented a MEUR 2.0 tax and associated interest exposure for 2010-2015. The Group recorded an additional MEUR 3.0 provision in December 2017 for the above mentioned tax and interest on the unpaid tax exposures. However, the Group has agreed to a compromise with the local tax authorities in 2018. The agreement regards advertising tax and VAT deductibility of certain expenses for the financial years 2010 - 2012. As a result the Group has paid MEUR 1.0 VAT and advertising taxes in cash and reversed unused provisions for MEUR 2.2.

Finland

The Finnish tax office decided in October 2016 that it does not accept the tax deductibility of intragroup loan interest costs for two Finnish holding companies. According to the decision, the Finnish holding companies are not allowed to deduct MEUR 16 interest for tax year 2015. Furthermore, in accordance with the 2016 decision, such interests are also non-deductible for tax years 2016 and 2017 for MEUR 14 and MEUR 12, respectively. Loss carry-forwards from previous tax years have been sufficient to cover the related increase in taxable income, such that the decision has not triggered immediate cash tax for the companies until the end of tax year 2018. However, if the tax office's decision is upheld and applied for all years from 2014 onwards, tax losses carried forward could be absorbed and therefore no longer available to offset current and future taxable profits. In October 2018 the Tax Administration's board ruled against appeals made by the companies. The companies find the decision unfounded and have launched further appeal processes to Helsinki Administrative Court.

Tax provisions

The MEUR 9.3 tax provisions amount in the consolidated financial statements of the Group represents the total provision for the Austrian tax cases.

25 Personnel numbers

	FTE's	Headcount
1 January 2018	1 294	1 400
31 December 2018	1 242	1 336
Average for the period	**1 268**	**1 368**

	FTE's	Headcount
1 January 2017	1 500	1 673
31 December 2017	1 294	1 400
Average for the period	**1 397**	**1 537**

26 Financial Risk Management

A group-wide control framework process is in place. The objective of this process is to synchronise and, where necessary, improve the various internal controls and risk management procedures across the Group.

Risk includes strategic, operational, financial, regulatory and other issues that cause uncertainty or hazard to the business, and is measured in terms of likelihood and consequences. The objectives of risk management in the Group are:
- to identify and manage risks appropriately across the Group;
- to ensure and assist operating companies to identify, analyse and manage risks, which might affect the Group's ability to achieve its strategic objectives; and
- to validate how the decisions to reduce or eliminate risks have been implemented.

The overall objectives of the group-wide control framework process are to ensure that:
- risk management is an integral part of business management;
- risk management is a continuous process;
- risk management is supported by effective internal control system; and
- risk management effected by continuous reporting and review mechanisms to ensure risks are identified, escalated and addressed in a timely and appropriate manner.

The risk register that is currently maintained by all operating companies was developed to address all of the above. The register is split into strategic risks, legal risks, financial risks, commercial risks, HR & people risks, Technical & IT risks, operational risks and health & safety risks. All risks follow a consistent qualification process in which the risk & consequences including the impact, likelihood and inherent risk rating are categorised. This results in an overall risk level against which the specific controls are described including the effectiveness of the controls and the ultimately remaining residual risk. The risks identified in the risk registers are in general common risks as one would assume to see with a company active in this industry. Where necessary, the notes to the financial statements include specific risk information. Information on the financial risks, and specific information as required by IFRS 7 Financial Instruments: Disclosures, are included in the following notes.

Corporate Governance

The Group has corporate governance rules and rules of procedure in place, which have been adopted by the board of directors of European Directories MidCo S.à r.l. and are applicable to work carried out by the Board, the Group CFO, the local managing directors ("OpCo CEO's") and other executive management of the Company and its subsidiaries.

Code of Conduct

The Group is committed to doing business only in full compliance with all laws and regulations and in line with high ethical standards. Only a business conduct which is fully compliant with all laws and regulations and high ethical standards secures the long-term success of the Group and serves society best. The Group has implemented a Code of Conduct which provides the legal and ethical framework for the conduct of all directors, officers and employees of the Group and defines the basic rules of conduct within the Group and in relation to its business partners and the general public. It also reflects the underlying basic values pursued by the Group.

Audit Committee

The Group's audit committee assists the Board of Managers by concentrating on matters pertaining to financial reporting and control. The audit committee oversees financial reporting and disclosure process, performance of external auditors, regulatory compliance as well as internal control processes. It also discusses risk management policies and practices with operating company management.

Financial risks

Exposure to liquidity and interest risks arises in the normal course of the Group's business, whereas exposure to credit and markets risks arises in the normal course of the local operating companies' business. This note presents information about the Group's and local operating companies' exposure to these financial risks.

Liquidity risk

The goal of the Group is to maintain good liquidity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing mid- to long-term liquidity is mainly focused towards its ability to service debt both under normal as well as under stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. On a yearly basis, the Group prepares a three-year plan that projects cash flows and investigates the necessity to change the financing structure of the Group.

In addition to the cash & equivalents MEUR 28 balances available to the Group, the Group has limited credits. The Group has a possibility to utilize a "Permitted Basket" under the Bond terms and conditions to gain short- to mid-term financing in case needed. At the end of 2018 the Group sees the liquidity risk reasonably remote due to its good liquidity situation.

31 December 2018 1000 EUR Maturity of financial liabilities	Carrying amount	2019	2020	2021	2022	2023	Later	Total
Bond	78 984	6 764	6 764	82 586	-	-	-	96 115
Shareholder loan and accrued interest	202 260	-	-	-	304 954	-	-	304 954
Other current financial liabilities	3 143	3 143	-	-	-	-	-	3 143
Trade payables	12 484	12 484	-	-	-	-	-	12 484
Other current liabilities	29 808	29 808	-	-	-	-	-	29 808
Total	**326 678**	**52 199**	**6 764**	**82 586**	**304 954**	**-**	**-**	**446 504**

31 December 2017 1000 EUR Maturity of financial liabilities	Carrying amount	2018	2019	2020	2021	2022	Later	Total
Bond	79 267	84 539	-	-	-	-	-	84 539
Shareholder loan and accrued interest	176 461	-	-	-	-	304 954	-	304 954
Other non-current financial liabilities	-	-	-	-	-	-	-	-
Other current financial liabilities	14 260	14 260	-	-	-	-	-	14 260
Trade payables	10 330	10 330	-	-	-	-	-	10 330
Other current liabilities	32 987	32 987	-	-	-	-	-	32 987
Total	**313 306**	**142 117**	**-**	**-**	**-**	**304 954**	**-**	**447 071**

After the approval of amended bond terms and conditions on 9 March 2018, including bond maturity extension to 9 June 2021, most of the financial liabilities will mature in 2021-2022. The contractual maturity of the shareholder loan is 10 December 2043. Whilst the shareholder loan matures in 2043, it would be the Board's intention to prepay this loan as early as possible after the proposed and now accepted new maturity of the bond, potentially in 2022.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risks on sales and purchases that are denominated in a currency other than the euro. The Group considers its foreign exchange risk related to investments in foreign subsidiaries acceptable as the nature of the main currencies are stable due to the fact that the respective countries are part of the European Union. The remaining foreign exchange risk at the end of 2018 is minimal.

The following year-end rates and average rates are used for the consolidation:

	2018	2017
Average rates		
Pounds sterling	0,8865	0,8753
Year-end rates		
Pounds sterling	0,8945	0,8872

Interest rate risk

Interest rate risk means the cash flow and financial performance uncertainty arising from interest rate fluctuations. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. A future increase in interest rates could increase the interest payments, which may have an adverse effect on the Group’s cash flow, financial position and earnings. The bonds have a floating interest rate (3 months EURIBOR) which is not hedged.

On the closing date, a 0.5%-point rise in the interest rate increases the annual interest expense of the bond by approximately MEUR 0.2.

Credit risk - general

Credit risk is the risk of a financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations. In the case of the Group, this risk arises mainly from the local operating companies’ receivables from customers. On an ongoing basis, local management monitors its credit risks. Furthermore, investments are allowed only in cash and short-term deposits with a stable well recognised credit institution with the exception of severance related securities which are invested in instruments equal to or comparable to low risk state bonds. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group’s customer base is highly fragmented and is represented mainly by a large number of customers representing relatively low outstanding balances. There are no single customers representing a material amount of the Group’s sales transactions. All operating companies manage strict guidelines as to new customer acceptance, discounts and abnormal payment conditions.

Credit risk - exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2018	2017
Trade receivables	15	26 559	25 267
Cash and cash equivalents	16	27 787	23 961
Total		**54 346**	**49 228**

27 Guarantees

European Directories Midco S.à r.l. is a guarantor for the obligations of European Directories BondCo S.C.A. under the Bond (see Note 20 Financial liabilities). No other Group companies are guarantors. European Directories Midco S.à r.l. and European Directories BondCo S.C.A. have provided security for certain assets (loan receivables and accounts) to secure the obligations of European Directories BondCo S.C.A. under the finance documents.

The following UK subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006:
- European Directories UK Limited, United Kingdom
- EDUK2 Limited, United Kingdom

28 Lease commitments

Non-cancellable operating lease rentals are payable as follows:

2018	Rent	Cars	Other	Total
< 12 months	3 330	1 218	325	**4 873**
12 – 60 months	5 547	760	481	**6 788**
> 60 months	955	3	106	**1 064**

2017	Rent	Cars	Other	Total
< 12 months	3 933	2 063	206	**6 202**
12 – 60 months	7 855	1 861	219	**9 935**
> 60 months	4 195	1	-	**4 196**

The Group has no substantial sublease payments.

29 Immediate parent and Ultimate parent company

European Directories Midco S.à r.l. is the parent company of the European Directories Group. Leafy S.à r.l., a company incorporated in Luxembourg is the immediate and ultimate parent company of European Directories Midco S.à r.l..

30 Related parties

Related parties of the Group include its subsidiaries, key management personnel and associated companies. Subsidiaries are listed in Note 31 and associates in Note 12.

Transactions with key management personnel

Key management personnel compensation

The Board of Managers (also referred to as the Board of Directors) of European Directories Midco S.à r.l. and the CEOs in the operating companies (Fonecta, DTG, Herold) are considered as key management personnel who have authority and responsibility for planning, directing and controlling the activities of the European Directories Group.

Key management personnel received the following benefits:

1000 EUR	2018	2017
Short-term employee benefits[*)]	1 957	2 243
Post-employment benefits	18	154
Other long-term benefits	-	-
Total	**1 975**	**2 397**

[*)] Includes amounts paid as remuneration to individuals or as reimbursement for services paid to entities providing the service.

The above represents the expense arising in the relevant period. Management has not been granted any loans.

Certain members of senior management and the Board of the Managers of the Group have invested into a Management Pooling Vehicle ("MPV"), which holds shares in the Company as part of a management incentive plan ("MIP"). The MIP participants are required to make a financial commitment and are exposed to real investment risk. MIP participants provide non-compete and non-solicit undertakings, and shares held by MIP participants are subject to strict transfer and leaver limitations. Timing and method of exit will be controlled by the majority shareholder Leafy S.à r.l., having imposed tag-along and drag-along rights, obligation to reinvest and allocation of certain exit costs to MIP participants. The above MIP is analysed as shareholder investments and as investments made at fair value. There is no employee benefit expense recorded in these consolidated financial statements in relation to the above MIP since the transactions are outside the scope of IFRS 2.

Other related party transactions

1000 EUR	2018	2017
Interest on loan receivables	8	6
Shareholder loan and accrued interests (Note 20)	202 260	176 461
Long-term interest-bearing loan receivables (Note 14)	1 877	1 877

On 10 December 2013 European Directories Midco S.à r.l. issued 103,313,950 preferred equity certificates (“PECs”) with nominal value of 1 Euro each. Leafy S.à r.l., the parent company of European Directories Midco S.à r.l. has subscribed all issued PECs. The PECs have a maturity date of 10 December 2043. The PECs are unsecured and subordinated to all other obligations of the Company and no cash interest will be paid whilst the bond is outstanding. Please refer to Note 19 for further details on PEC. Whilst the PECs mature in 2043, it would be the Board's intention to prepay this loan as early as possible after maturing of the bond, potentially in 2022.

Long-term interest-bearing loan receivables and interest on loan receivables at 31 December 2018 represent receivables from Leafy S.à r.l.. The loans carry an interest rate of 0.1% payable in arrears of 30 June and 30 December each year. The Company does not have the intention to ask for repayment in the next 12 months from the date of the financial statements.

All transactions with related parties, with exemption of above mentioned loan, are at arm’s length, and are on similar terms to transactions carried out with independent parties.

31 Group companies on 31 December 2018

Company name	Country, City	Ownership (%) direct or indirect
European Directories GP S.à r.l.	Luxembourg, Luxembourg City	100 %
European Directories BondCo S.C.A.	Luxembourg, Luxembourg City	100 %
European Directories Opholdco S.à r.l.	Luxembourg, Luxembourg City	100 %
European Directories UK Ltd.	England & Wales, London	100 %
ED UK 2 Ltd	England & Wales, London	100 %
European Directories (DH7) B.V.	The Netherlands, Amsterdam	100 %
European Directories (DH1) B.V.	The Netherlands, Amsterdam	100 %
European Directories Services B.V.	The Netherlands, Amsterdam	100 %
European Directories (DH8) B.V.	The Netherlands, Amsterdam	100 %
European Directories Holdings GmbH	Austria, Mödling	100 %
DTG Holding B.V.	The Netherlands, Amsterdam	100 %
DTG B.V.	The Netherlands, Amsterdam	100 %
Suurland Outdoor B.V.	The Netherlands, Rijswijk	100 %
ClearSense B.V.	The Netherlands, Amsterdam	100 %
European Directories Corporations Oy	Finland, Helsinki	100 %
Fonecta Services Oy	Finland, Helsinki	100 %
Fonecta Holding B.V.	The Netherlands, Rotterdam	100 %
Fonecta Media Oy	Finland, Helsinki	100 %
Fonecta Oy	Finland, Helsinki	100 %
Kontaktia Oy	Finland, Helsinki	100 %
020202 Palvelut Oy	Finland, Helsinki	100 %
Suomen Numeropalvelu Oy	Finland, Helsinki	55 %
Herold Business Data GmbH	Austria, Mödling	100 %
Herold Mediatel Limited	Gibraltar, Gibraltar	100 %
Herold Medien Data GmbH	Germany, München	100 %
Dogado GmbH	Germany, Dortmund	70 %
Busymouse Business Systems GmbH	Germany, Hannover	70 %
Alfahosting GmbH	Germany, Halle	70 %
Selskabet DGS AF 2011 A/S (in liquidation)	Denmark, Ballerup	100 %
Finderia Oy (in liquidation)	Finland, Helsinki	100 %

32 Restatements of prior period statements

Investigation into Austrian business

In the third quarter of 2018 an internal investigation was launched into the validity of certain sales contracts and invoices due to suspicion of inapproproate practices in the Austrian business segment. The investigation was assisted by an independent review by Deloitte Austria.

This internal investigation has now been completed. As a result, the suspicions were confirmed and a number of sales invoices regarding financial year 2017 proved to be invalid. These activities have resulted in an overstatement of net income and a misstatement of balance sheet in the Austrian business segment leading to the necessary restatement of the prior period of 2017 as well as published January-March 2018 and January-June 2018 figures. The quantitative effect of the restatement is presented in the tables below.

A broader review of financial processes, controls and systems has been initiated across the Group in order to identify and address any continuing weaknesses.

Condensed consolidated income statement

1000 EUR	Note	As published 2017	IFRS 15 transition effect*	Restated 2017 with IFRS 15 effect	IAS 8 restatement effect**	Restated 2017
Revenues	4,5	**245 850**	**-3 107**	**242 743**	**-2 795**	**239 948**
Other income		1 160	-	1 160	79	1 239
Cost of consumables		-53 299	412	-52 887	-86	-52 973
Personnel expenses		-104 412	-	-104 412	515	-103 897
Other operating expenses		-41 322	-	-41 322	-520	-41 842
EBITDA	4,5	**47 977**	**-2 695**	**45 282**	**-2 808**	**42 475**
Depreciation, amortisation and impairment charges		-28 309	-	-28 309	-	-28 309
Operating result		**19 668**	**-2 695**	**16 973**	**-2 808**	**14 166**
Finance income		6 467	-	6 467	-	6 467
Finance expense		-29 894	-	-29 894	-	-29 894
Net finance costs		-23 427	-	-23 427	-	-23 427
Result before income tax		**-3 759**	**-2 696**	**-6 454**	**-2 808**	**-9 260**
Income tax		-4 652	736	-3 917	1 085	-2 832
Result for the period		**-8 411**	**-1 960**	**-10 371**	**-1 722**	**-12 092**
Attributable to:						
Owners of the parent		-8 188	-1 959	-10 147	-1 722	-11 870
Non-controlling interests		-223	-	-223	-	-223
		-8 411	**-1 959**	**-10 370**	**-1 722**	**-12 092**

*) Refer to Note 2.4 Application of new and amended IFRS standards and IFRIC interpretations

**) Refer to the current Note 32 paragraph Investigation into Austrian business

Consolidated balance sheet

1000 EUR	Note	As published 2017	IFRS 15 transition effect*	2017 with IFRS 15 effect	IAS 8 restatement effect**	Restated 2017
ASSETS						
Non-current assets						
Deferred tax assets		1 701	736	2 437	-62	2 374
Total non-current assets		**316 275**	**736**	**317 011**	**-62**	**316 948**
Current assets						
Trade and other receivables		55 590	-4 438	51 152	-3 076	48 076
Total current assets		**79 837**	**-4 438**	**75 398**	**-3 076**	**72 322**
Total assets		**396 112**	**-3 703**	**392 409**	**-3 138**	**389 270**
EQUITY						
Equity attributable to owners of the parent						
Retained earnings		-34 343	-1 042	-35 385	-1 722	-37 108
Total		**-17 784**	**-1 042**	**-18 826**	**-1 722**	**-20 549**
Non-controlling interests		1 383	-	1 383	-	1 383
Total equity		**-16 401**	**-1 042**	**-17 443**	**-1 722**	**-19 166**
LIABILITIES						
Non-current liabilities						
Pension obligations		5 759	-	5 759	-556	5 203
Total non-current liabilities		**218 889**	**-**	**218 889**	**-556**	**218 333**
Current liabilities						
Deferred revenues		42 391	-2 661	39 730	-	39 730
Current tax liabilities		477	-	477	-477	-
Provisions		14 067	-	14 067	-539	13 528
Other current liabilities		32 830	-	32 830	156	32 987
Total current liabilities		**193 623**	**-2 661**	**190 962**	**-860**	**190 103**
Total liabilities		**412 513**	**-2 661**	**409 852**	**-1 416**	**408 436**
Total equity and liabilities		**396 112**	**-3 703**	**392 409**	**-3 138**	**389 270**

*) Refer to Note 2.4 Application of new and amended IFRS standards and IFRIC interpretations

**) Refer to the current Note 32 paragraph Investigation into Austrian business

33 Events after the end of the period

In January 2019, the Group completed the acquisition, through its subsidiary Dogado GmbH, of checkdomain GmbH, a closely similarly sized business, which is one of Germany's leading domain registration and hosting providers.

On 2 January 2019, the Group utilised the Permitted Basket under the bond terms to raise bank funding of MEUR 11.5 for above mentioned transaction. The borrowing facility has been arranged by group holding company European Directories (DH7) B.V. and is repayable within 12 months.

Luxembourg, 8 April 2019

The Board of Managers,

Marcus Englert

Peder Prahl

Marco Sodi

Björn Osterloff

Hannu Syrjänen

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L-1855 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of European Directories Midco S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 32 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended has been restated. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, 8 April 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

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