Nordic Morning Plc

Financial Statements Jan. 1 – Dec. 31, 2015

Nordic Morning Plc
P.O. Box 110
FI-00043 NORDIC MORNING
Business ID: 0912752-6

Contents

Board of Directors' report for the financial year January 1–December 31, 2015

Market Review

Nordic Morning's home markets, Finland and Sweden, developed in different directions in 2015. In Sweden, media investments grew by 1.8 percent*, while in Finland, media investments declined by 2.1 percent from the previous year**. The Internet dominated investments in both markets, led by mobile, online TV and search services. Customers' needs are increasingly directed to new technology, data, analytics and strategic services that help them operate efficiently in the changing digital environment.

The Nordic Morning Group and Changes in Group Structure

In order to meet changes in customer needs, Nordic Morning renewed its service strategy and reorganized its operations into three business areas starting from January 1, 2015.

- *Visibility & Service Design*, comprised of Klikkicom Oy, Klikki AB, Ottoboni Sweden AB and Ottoboni Finland Oy. Ottoboni is specialized in business and service design. Klikkicom and Klikki are specialized in media optimization.
- *Content*, comprised of Sitrus Agency AB, Sitrus Agency Oy, Sitrus Ukraine LLC, Edita Publishing Ltd and Mods Graphic Studio AB. Sitrus is specialized in strategic content and content marketing, Mods is specialized in image retouching and Edita Publishing is specialized in professional content, information services and learning solutions.
- *Campaigns & Dialogue*, comprised of Edita Prima Oy, Edita Bobergs AB, Seed Digital Media Ltd and the associated companies BrandSystems AB and Edita Bobergs Förvaltings AB. Edita Prima and Edita Bobergs are specialized in personalized print and Seed is specialized in loyalty marketing.

The Visibility & Service Design business area was strengthened in March with the acquisition of the Swedish digital communications agency Ottoboni. In September, Ottoboni began operating in Finland, where the company was established by acquiring the business operations of Alkuvoima East Oy and merging it with Citat Oy, and changing the name of the resulting entity to Ottoboni Finland.

In the Content business area in May, the professional development business of the National Centre for Professional Development in Education Educode Oy was sold to Edita Publishing Oy, which will continue the professional development business under the Educode brand. In September, the Group's subsidiary JG Communication AB was merged with Citat AB, and the name was changed to Sitrus Agency AB. The company will be reported under the Content business area. In September, Sitrus also began operations in Finland, where the company was established by transferring business operations to the National Centre for Professional Development in Education Educode, the name of which was changed to Sitrus Agency Oy. Citat Ukraine LLC changed its name to Sitrus Ukraine LLC.

In the Campaigns & Dialogue business area, Arkpressen i Västerås AB was liquidated and the property owned under the property company Kiinteistö Oy Vantaan Hakamäenkuja 4–6 was sold to Sagax Finland Oy in June. In Other Operations, Citat Communication Management Ltd. was liquidated on November 30, 2015. The liquidated companies had no actual operations.

Consolidated Net Revenue

Consolidated net revenue was EUR 104.9 million (EUR 106.6 million). Net revenue in Finland was EUR 39.9 million (EUR 43.6 million). Net revenue in other EU countries was EUR 62.0 million (EUR 60.3 million) and exports outside the EU totaled EUR 3.0 million (EUR 2.7 million). Of the Group's net revenue, 39 percent (42) came from Finland and 61 percent (58) from Sweden and other Nordic countries. The decline in consolidated net revenue was primarily due to the lower demand for printed products, the contraction of the net revenue of the Content business area, and the depreciation of the Swedish krona.

*Institute for Advertising and Media Statistics (Institutet för Reklam- och Mediestatistik IRM), Revised Advertising and Media Forecast 2015–2016, December 8, 2015.
**Finnish Advertising Council, TNS Gallup, Media advertising 2015, January 26, 2016.

Revenue (EUR 1,000)	2015	2014	Change 2015–2014
Visibility & Service Design	28 775	20 032	43,6 %
Content	38 038	41 663	-8,7 %
Campaigns & Dialogue	39 695	46 536	-14,7 %
Group-internal revenue and other operations	-1 600	-1 647	2,9 %
Group	**104 909**	**106 584**	**-1,6 %**

The **Visibility & Service Design** business area’s net revenue was EUR 28.8 million (EUR 20.0 million). The acquisition of Ottoboni increased the net revenue by EUR 10.3 million. In the Klikki Group, net revenue was reduced by a decline in subcontract invoicing.

The **Content** business area’s net revenue was EUR 38.0 million (EUR 41.7 million). Net revenue declined the most in Sitrus Agency AB due to the major customers’ declining marketing budgets. Edita Publishing Oy’s net revenue was EUR 0.5 million higher than in the previous year.

The **Campaigns & Dialogue** business area’s net revenue was EUR 39.7 million (EUR 46.5 million). Net revenue was 15 percent lower than in the previous year in both Finland and Sweden, primarily due to lower demand for direct marketing and general printed products. However, net revenue from multi-channel and dynamic data services nearly doubled from the previous year.

Consolidated Operating Profit

The Group’s operating profit was EUR -0.2 million (EUR 3.4 million), which is EUR 3.6 million lower than in the previous year. The operating profit included a significantly lower amount of non-recurring items than in the previous year at EUR -0.2 million (EUR 2.4 million). The costs of one-time measures totaled EUR 2.7 million (EUR 5.5 million), of which salaries paid for the period of notice accounted for EUR 1.9 million (EUR 1.4 million), impairment for EUR 0.5 million (EUR 3.3 million) and losses on the disposal of fixed assets for EUR 0.0 million (EUR 0.8 million). Non-recurring income totaled EUR 2.6 million (EUR 7.9 million), of which value-added tax refunds in Sweden accounted for EUR 2.0 million (EUR 1.9 million) and gains on the disposal of fixed assets accounted for EUR 0.3 million (EUR 5.2 million).

Operating profit/loss (EUR 1,000)	2015	2014
Visibility & Service Design	-695	-427
Content	2 181	1 311
Campaigns & Dialogue	1 325	2 126
Other operations	-3 034	360
Group	**-224**	**3 370**
Operating Profit %	**-0,2 %**	**3,2 %**

The Group’s operating profit excluding non-recurring items was EUR -0.1 million (EUR 1.0 million). The operating profit was weighed down primarily by the restructuring costs of Ottoboni Sweden AB and Sitrus Agency AB being higher than estimated, as well as profitability issues with the sheet-fed offset printing business in Sweden. The profit of Other operations was lower than in the previous year because the profit in 2014 included a net gain of EUR 2.4 million on a property sold by the parent company.

The **Visibility & Service Design** business area’s operating loss was EUR -0.7 million (EUR -0.4 million). The result was weighed down by non-recurring items of EUR -0.5 million (EUR -0.9 million), primarily due to the rationalization of the business operations of Ottoboni Sweden AB. Ottoboni Finland Oy was established in September by acquiring the business operations of Alkuvoima East Oy and merging it with Citat Oy. Klikki Group recorded a profit, but its result was weaker than in the previous year both in Finland and in Sweden.

The **Content** business area's operating profit was EUR 2.2 million (EUR 1.3 million). The operating profit included non-recurring items amounting to EUR -1.2 million (EUR -2.7 million). The operating profit of Edita Publishing Oy was lower than in the previous year, which was expected due to the company's investments in the development of digital products and services. In Sitrus Agency AB, the rationalization of operations in conjunction with the merger and cost saving measures by a significant customer meant that the result showed a substantial loss. Mods Graphic Studio improved its result compared to the previous year.

The **Campaigns & Dialogue** business area's operating profit was EUR 1.3 million (EUR 2.1 million). The operating profit includes EUR 1.8 million (EUR 3.6 million) in non-recurring items related to value-added tax refunds and property sales, but it also includes write-downs on the impairment of goodwill of associated companies. While the operating profit excluding non-recurring items showed a loss, it was significantly better than in the previous year.

Other Operations include group administration, the operating profit of which was EUR -3.0 million (EUR 0.4 million). The result largely consists of group administration costs. The costs were higher than in the previous year, but the amounts charged to the subsidiaries by the parent company were lower than in the previous year. The operating profit for 2014 also included EUR 2.4 million in non-recurring profit from the sale of land owned by Nordic Morning Plc.

The Group's Parent Company

The net revenue of the Group's parent company, Nordic Morning Plc, was EUR 3.3 million (EUR 3.5 million), and profit for the financial year was EUR 8.1 million (EUR 6.6 million). The parent company's balance sheet totaled EUR 95.3 million (EUR 92.5 million) at the end of the period.

Financial Position

The net cash flow from the Group's operating activities was EUR 0.5 million (EUR 7.3 million). Investments totaled EUR 8.7 million (EUR 3.7 million). Loan installments and repayments of leasing liabilities amounted to EUR 9.2 million (EUR 8.6 million). The Group's cash and cash equivalents at the end of the year totaled EUR 4.8 million (EUR 9.3 million).

The Group's equity ratio was 48.6 percent (51.4 percent). The equity ratio declined slightly due to loans taken for the purpose of acquisitions as well as the result for the year showing a loss.

	2015	2014
Return on equity (ROE), %	-0,6 %	9,6 %
Equity-to-assets ratio, %	48,6 %	51,4 %

Investments

The Group's gross capital expenditure, as per international financial statements standards (IFRS), was EUR 7.8 million (EUR 4.0 million). The most significant investment was the acquisition of Ottoboni Sweden AB. The parent company's gross capital expenditure, as per Finnish accounting legislation, was EUR 6.9 million (EUR 2.3 million).

Personnel

During the financial year, the Group employed an average of 709 (660) persons (full-time equivalents). The parent company employed an average of 31 (30) persons. The number of personnel employed by the parent company increased as a result of the establishment of the Group's financial management service centre.

The average number of employees fell by 34 persons in the Campaigns & Dialogue business area and by 14 persons in the Content business area. In the Visibility & Service Design business area, the number of employees grew by 95 persons due to the acquisition of Ottoboni Sweden AB.

Of the Group's employees, 38 percent (43%) work in Finland and 62 percent (57%) in other countries, mainly in Sweden.

Average number of employees in full-time equivalents	**2015**	**2014**	**Change 2015–2014**
Visibility & Service Design	171	76	125,0 %
Content	280	294	-4,8 %
Campaigns & Dialogue	219	253	-13,4 %
Other operations	39	38	2,6 %
Group	**709**	**660**	**7,4 %**
Per country			
Finland	271	286	-5,2 %
Sweden	416	354	17,5 %
Other countries	22	21	4,8 %
Group	**709**	**660**	**7,4 %**
Employee benefits expense (EUR 1,000)	**50 645**	**41 921**	**20,8 %**

We drafted a new HR strategy, the cornerstones of which are Learning and Development, Leadership, and Culture of Engagement. The key strategic themes were strengthening the commitment of personnel and developing the employer image.

The Nordic Bond 002 program launched in the previous year ended in the spring with a Shark Tank day where the participants presented their business ideas. The programme's mentoring phase started in the fall and will continue in 2016.

In March, we launched a social game, HEIMO, for our personnel to strengthen cooperation and the sense of togetherness. HEIMO won the Group's internal Innovation Awards competition and was shortlisted by the European Digital Communication Awards.

We arranged several personnel training and coaching events on topics such as presentation skills, lateral thinking and facilitation. The leadership development program for managers and supervisors outside the Management Team was completed in early 2015.

In May, we launched an Employer Brand project aimed at strengthening the commitment of our employees and clarifying Nordic Morning's employer promise.

Risks and Risk Management

The Nordic Morning Group's most significant risks are related to the development of the general economic situation, the structural changes in and the development of the marketing communications industry, as well as the development of the value of the Swedish krona. The Group's risks are assessed on a regular basis as part of operational planning and reporting.

Sluggish economic development and cost-saving pressures among organizations have an impact on the demand for communication services. At the same time, technical development and changes in media consumption influence the communication needs of organizations. The Group strives to predict its operational development needs by co-operating closely with customers.

The Group's balance sheet includes EUR 23.0 million in goodwill, which has been allocated to the Content and Visibility & Service Design business areas. If the structural change of the communication market is larger than anticipated, the Group may have to consider write-downs of goodwill.

The Group's currency risk is related to developments in the value of the Swedish krona. Currency risks are monitored regularly and hedged when necessary. No hedging of the Group's transaction or translation positions took place during the year.

Financing risks are managed by hedging part of the interest rates on current loans. The Group hedged the interest on the long-term loans it took out in the spring. The hedging arrangements will remain in force until the loans mature.

Corporate Responsibility

Nordic Morning releases annual Corporate Responsibility Reports as part of its Annual Reports available at http://reporting.nordicmorning.com. The report is prepared according to the GRI (Global Reporting Initiative) guidelines.

Nordic Morning's goal is to produce financial added value for the company's key stakeholders, personnel, customers and owner. Important stakeholders also include partners, investors and the countries and municipalities in which the Group operates. The Group's tax footprint is reported annually as part of the corporate responsibility report.

The Group's values and ethical guidelines provide guidance to all Group employees in their work and stakeholder interaction. Service providers and partners are also required to act according to the Group's values and ethical guidelines. The Group invests in good leadership, being a good employer, and attracting and securing the commitment of the best employees who share the Group's values. Nordic Morning supports the operations of Nuorten Akatemia (Finnish Youth Academy), which works to prevent social exclusion among young people. In 2015, we granted support to six group projects carried out by young people and related to communications. We also supported the John Nurminen Foundation's Clean Baltic Sea initiative by donating printed products.

The Group's environmental strategy is based on environmental awareness, environmentally responsible operations, services and products. The Group's production plants in Helsinki and Falun are ISO14001 certified, climate-neutral, and entitled to use the Swan ecolabel. Moreover, they have been granted the right to use the paper chain of custody labels. Of the Group's offices, the head offices in Helsinki and Stockholm as well as the offices of Edita Publishing, Klikkicom and Ottoboni Finland in Helsinki are included in the Green Office system.

Nordic Morning also encourages environmental responsibility on the part of its customers by reducing the environmental impact of its own operations and by offering sustainable products and services. The Group maintains websites informing people about sustainable publishing and providing advice on taking environmental aspects into account at various stages of planning and producing a printed publication (ekojulkaisu.fi and miljoanpassadtrycksak.se).

Board of Directors, CEO and Auditors

Nordic Morning Plc's Annual General Meeting on April 23, 2015, decided that Jussi Lystimäki (Chairman), Carina Brorman, Maritta Iso-Aho and Petri Vihervuori will continue as members of Nordic Morning's Board of Directors, with Anni Ronkainen (Vice Chairman) and Anne Årneby joining the Board of Directors as new members.

Timo Lepistö, LLM, is the company's CEO.

The Annual General Meeting elected KPMG Oy AB, Authorized Public Accountants, as the Auditor, and Minna Riihimäki, APA, as the principal auditor.

Outlook for 2016

Due to the better economic development in Sweden, the demand for communication services is expected to grow more in Sweden than in Finland. As in previous years, the growth in demand will be focused mainly on content services, online services accessed via mobile devices, and social media services*. Nordic Morning will continue to reinforce its position as a provider of diverse communication services in the Nordic countries. We will respond to customer needs by focusing on data and analytics-based solutions, strategic content services, user-oriented service design, visibility optimization and engaging customer dialogue. Our strength lies in our diverse expertise and close internal cooperation, which enable us to take a broad-based approach to the customer's challenges.

Board's Proposal on the Disposal of Distributable Funds

Nordic Morning Plc's equity was EUR 63,642,453.24 at the end of the financial year. The company's distributable funds are EUR 31,772,842.90, of which the financial year's profit is EUR 8,096,780.32.

The Board of Directors proposes to the Annual General Meeting that the parent company's distributable funds be used as follows:

- distribute a dividend of EUR 0.33/share, totaling	EUR 2,000,000.00
- transfer to the profit and loss account of previous financial periods	EUR 29,772,842.90
	EUR 31,772,842.90

No substantial changes have taken place in the company's financial standing since the end of the financial year. The company's liquidity is good and, according to the view of the Board of Directors, the proposed profit distribution will not compromise the company's solvency.

*Association of Finnish Advertisers, Advertising Barometer 2016, January 12, 2016.

Consolidated income statement (IFRS) (EUR 1,000)

	Note	1.1.–31.12.2015	1.1.–31.12.2014
Net revenue	**2,3**	**104 909**	**106 584**
Other operating income	5	3 027	7 997
Change in inventories of finished and unfinished goods		-181	-549
Work performed for company use		158	116
Materials and services	6	-32 455	-36 611
Employee benefits expense	7	-50 645	-45 671
Depreciation	8	-4 373	-4 718
Impairment	8	-535	-3 293
Other operating expenses	9	-20 253	-20 532
Share of profit in associates	18	124	47
Operating profit		**-224**	**3 370**
Financial income	11	84	239
Financial expenses	12	-215	-190
Profit before taxes		**-356**	**3 419**
Income taxes	14	132	102
Profit for the financial year		**-224**	**3 520**
Distribution			
Parent company's shareholders		-133	4 093
Non-controlling interest		-90	-573
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR		-0,02	0,68

Consolidated statement of comprehensive income (IFRS) (EUR 1,000)

	Note	1.1.–31.12.2015	1.1.–31.12.2014
Profit for the financial year		**-224**	**3 520**
Other comprehensive income			
Items that may be recognized through profit and loss later			
Available-for-sale financial assets	13	57	16
Translation differences	13	149	-834
Taxes relating to OCI items	14	-11	-3
Post-tax OCI items for the financial year		195	-822
Accumulated comprehensive income for the financial year		**-28**	**2 699**
Distribution of comprehensive income			
Parent company's shareholders		55	3 339
Non-controlling interest		-84	-640

Consolidated statement of financial position (IFRS) (EUR 1,000)

ASSETS	**Note**	**31.12.2015**	**31.12.2014**
NON-CURRENT ASSETS			
Tangible fixed assets	15	16 606	20 320
Goodwill	16	23 024	18 051
Other intangible assets	16	2 318	1 772
Interests in associated companies	18	1 340	1 862
Other financial assets	19	451	413
Deferred tax assets	20	92	132
		43 832	42 550
CURRENT ASSETS			
Inventories	21	2 527	2 741
Sales receivables and other receivables	22, 23	24 339	20 337
Tax receivables based on taxable income for the financial year		46	98
Other current financial assets	19	164	107
Cash and cash equivalents	24	4 823	9 277
		31 899	32 560
Total assets		**75 731**	**75 110**

EQUITY AND LIABILITIES	**Note**	**31.12.2015**	**31.12.2014**
SHAREHOLDERS' EQUITY			
Share capital		6 000	6 000
Share premium fund		25 870	25 870
Translation differences		-536	-679
Fair value fund		116	70
Retained earnings		3 343	5 476
Shareholders' equity attributable to parent company shareholders	25	34 793	36 737
Non-controlling interest	17	272	356
Total shareholders' equity		35 065	37 093
LIABILITIES			
Non-current liabilities			
Financial liabilities	28	7 188	3 530
Non-current provisions	27	245	328
Deferred tax liabilities	20	790	695
		8 223	4 553
Current liabilities			
Current financial liabilities	28	7 485	6 680
Accounts payable and other current liabilities	22, 29	24 873	26 499
Tax liabilities based on taxable income for the financial year		85	286
		32 443	33 464
Total liabilities		40 666	38 017
Total shareholders' equity and liabilities		**75 731**	**75 110**

Consolidated statement of cash flows (EUR 1,000)

	Note	1.1.–31.12.2015	1.1.–31.12.2014
Cash flow from operating activities			
Profit for the financial year		-224	3 520
Adjustments			
Non-cash transactions	32	4 172	3 583
Interest expenses and other financial expenses		215	190
Interest income		-84	-239
Dividend income		-6	-7
Taxes		-132	-102
Changes in working capital			
Change in sales receivables and other receivables		-521	5 846
Change in inventories		214	1 022
Change in accounts payable and other liabilities		-2 668	-6 278
Change in provisions		-83	19
Interest paid		-301	-370
Interest received		83	240
Taxes paid (-) received (+)		-156	-172
Net cash flow from operating activities (A)		**510**	**7 253**
Cash flow from investing activities			
Sale of business operations (net of cash)		0	77
Sale of tangible fixed assets		2 232	5 679
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	4	-7 371	-989
Investments in tangible fixed assets		-1 154	-2 299
Investments in intangible assets		-214	-402
Dividends received		151	256
Net cash flow from investing activities (B)		**-6 355**	**2 321**
Cash flow from financing activities			
Borrowing		12 500	0
Repayment of loans		-8 465	-7 749
Finance lease liabilities		-767	-899
Dividends paid		-2 000	-1 500
Net cash flow from financing activities (C)		**1 269**	**-10 148**
Change in cash and cash equivalents (A+ B + C)		**-4 576**	**-574**
Cash and cash equivalents at start of the period		9 277	10 134
Effect of changes in exchange rates		121	-283
Cash and cash equivalents at end of the period	**24**	**4 823**	**9 277**

Consolidated statement of changes in shareholders' equity (IFRS) (EUR 1,000)

	Note	Share capital	Share premium fund	Translation differences	Fair value fund	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
		Shareholders' equity attributable to parent company shareholders							
Shareholders' equity, January 1, 2014		**6 000**	**25 870**	**89**	**58**	**2 883**	**34 899**	**1 489**	**36 387**
Comprehensive income									
Profit for financial year						4 093	4 093	-573	3 520
Other comprehensive income (adjusted with tax effect)									
Available-for-sale financial assets					13		13		13
Translation differences				-767			-767	-67	-834
Accumulated comprehensive income for the financial year				**-767**	**13**	**4 093**	**3 339**	**-640**	**2 699**
Transaction with owners									
Dividend distribution	25					-1 500	-1 500		-1 500
Changes in subsidiary holdings									
Changes in non-controlling interests that resulted in changes in control								-493	-493
Shareholders' equity, December 31, 2014		**6 000**	**25 870**	**-679**	**72**	**5 476**	**36 737**	**356**	**37 093**
Shareholders' equity, January 1, 2015		**6 000**	**25 870**	**-679**	**72**	**5 476**	**36 737**	**356**	**37 093**
Comprehensive income									
Profit for financial year						-133	-133	-90	-224
Other comprehensive income (adjusted with tax effect)									
Available-for-sale financial assets					46		46		46
Translation differences				143			143	6	149
Accumulated comprehensive income for the financial year				**143**	**46**	**-133**	**55**	**-84**	**-28**
Transaction with owners									
Dividend distribution	25					-2 000	-2 000		-2 000
Shareholders' equity, December 31, 2015		**6 000**	**25 870**	**-536**	**116**	**3 343**	**34 793**	**272**	**35 065**

Notes to the Consolidated Financial Statements

1. Accounting Policies Applied to the Consolidated Financial Statements

Basic Information

The Nordic Morning Group produces communication products and services. The Group's parent company, Nordic Morning Plc, is a Finnish public limited company domiciled in Helsinki. The registered address of the parent company is Kuninkaantammenkierto 3, FI-00430 Helsinki, Finland. The consolidated financial statements are available on the Group's website at the address www.nordicmorning.com or at the parent company's head office.

These financial statements were approved for publication by the Board of Directors of Nordic Morning Plc at its meeting held on February 12, 2016. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to accept or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide to amend the financial statements.

Accounting Basis for the Financial Statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing them, the International Accounting Standards (IAS) and IFRS, together with their Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, valid on December 31, 2015, were applied. The IFRS refer to the standards and associated interpretations given in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. The Notes to the Consolidated Financial Statements also meet the provisions of Finnish accounting and company law that supplement the IFRS.

The consolidated financial statements' figures are presented in thousands of euros and are based on original acquisition costs unless otherwise notified in the accounting policies.

In order to prepare the financial statements in compliance with the IFRS, the Group management must make estimates and use their judgment in selecting and applying accounting policies. Information on the judgment-based decisions made by the management in applying the financial statements accounting policies of the Group, and which have the greatest impact on the figures presented in the financial statements, as well as information about presumptions about the future and key assumptions related to estimates is presented in the accounting policies section "Accounting Policies Requiring the Management's Judgment, and Key Uncertainties Associated with Estimates".

New and Revised Standards and Interpretations Applied

The Group has applied the following new and revised standards and interpretations as of January 1, 2015:

- IAS 19 *Employee Benefits* amendment *Defined Benefit Plans: Employee Contributions* (effective for financial periods beginning on or after July 1, 2014). The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments to the standard have not had an effect on the consolidated financial statements.

- Annual Improvements to IFRSs 2010–2012 and 2011–2013 (mainly effective for financial periods beginning on or after July 1, 2014). Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impact varies from standard to standard, but they have not had a significant effect on the consolidated financial statements.

Subsidiaries

Subsidiaries are companies in which the Group exercises control. The criteria for control are fulfilled when the Group is exposed, 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.

Accounting for the subsidiaries is reported using the acquisition method. Acquisition value for the subsidiaries is allocated in accordance with identifiable assets and assumed liabilities, which are valued at fair value at the time of acquisition. Costs associated with acquisitions are recorded as expenses. A possible contingent additional purchase price is valued at fair value at the time of acquisition and it is recognized as a liability. An additional purchase price classified as a liability is valued at fair value on the ending date of each reporting period and any profit or loss derived from this is recorded as either profit or loss.

Any shares held by non-controlling interests in the acquiree are measured either at fair value or at an amount which corresponds to the share of the share held by the non-controlling interests relative to the identifiable net assets of the acquiree. The basis of measurement is defined separately for each acquisition. The treatment of goodwill generated in conjunction with subsidiary acquisitions is described in the section “Goodwill”.

Subsidiaries acquired are consolidated in the consolidated financial statements from the date when the Group obtained control, while subsidiaries divested are consolidated up to the date when control ceases. All business transactions within the Group, internal receivables and liabilities and internal distribution of profit are eliminated in the consolidated financial statements.

The allocation of profit or loss for the financial period to the parent company shareholders and non-controlling interests is presented in a separate income statement and the allocation of comprehensive income to the parent company shareholders and non-controlling interests is presented in connection with the comprehensive income statement. Comprehensive income is allocated to the parent company shareholders and non-controlling interests, even if this should mean that the shares held by the latter become negative. The share of shareholders’ equity owing to non-controlling interests is presented as a separate item on the balance sheet under shareholders’ equity. Changes in the parent company’s shareholding in the subsidiary, which do not lead to loss of control, are treated as equity-related transactions.

A previous shareholding in a staggered acquisition is measured at the fair price and any profit or loss derived from this is recorded as either profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at the fair price on the date of the expiry of control and the difference derived from this is recorded as either profit or loss.

Associates

Associates are companies in which the Group has significant influence. Significant influence is reached when the Group owns more than 20 percent of the company’s voting power or when the Group otherwise has significant influence, but not control.

Associates are consolidated by using the equity method.

If the Group’s share of an associate’s losses exceeds the carrying amount of the investment, the investment is recognized at zero value on the balance sheet. Losses exceeding the carrying amount are not aggregated, unless the Group is committed to fulfilling the obligations of the associates.

An investment in an associate includes the goodwill resulting from the acquisition. A share of associates’ profits for the financial year that corresponds with the Group’s holding is presented as a separate item under operating profit. The Group’s share in associates’ changes recognized in other items of comprehensive income are recognized accordingly in the Group’s other items of comprehensive income.

Translation of Items Denominated in Foreign Currencies

The figures related to the profit and financial position of the Group's units are defined in the currency of each unit's main operating environment ("the operating currency"). The consolidated financial statements are presented in euros, which is the operating and reporting currency of the Group's parent company.

Gains and losses arising from transactions denominated in foreign currencies and from the translation of monetary items are recognized through profit or loss. Exchange rate gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange rate gains and losses related to foreign currency loans are included in financial income and expenses, with the exception of exchange rate differences from those loans, the payment of which has not been planned and the payment of which is not likely and which are, on the basis of their actual content, part of net investments in foreign units and their exchange rate differences are treated in the same manner as translation differences in shareholders' equity. The exchange differences arising from these loans are recognized in other comprehensive income and the accumulated translation differences are presented as a separate item in equity until the foreign unit is relinquished completely or partially.

Translation of Foreign Group Companies' Financial Statements

Income and expense items on the comprehensive income statements and separate income statements of foreign Group companies are translated into euros at the average exchange rate of each company's financial year and their balance sheets are translated at the exchange rates of the end date of the reporting period.

Translating income and comprehensive income for the year at different exchange rates in the income statement and comprehensive income statement and in the balance sheet results in a translation difference, which is recognized under shareholders' equity, in the balance sheet. Changes in translation difference are recognized under other items of comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition, as well as the effect of hedging instruments on net investments are recognized under other items of comprehensive income. When subsidiaries are divested in whole or in part, the aggregated translation differences are recognized in the income statement under sales gains or losses.

Goodwill resulting from the acquisition of foreign units, and fair value adjustments made to the carrying amounts of said foreign units' assets and liabilities in conjunction with the acquisition, are treated as assets and liabilities of said foreign units and are translated into euros using the exchange rates of the balance sheet date.

Tangible Fixed Assets

Tangible fixed assets are recognized at cost less accumulated depreciation and, when applicable, impairment.

Expenses arising directly from the acquisition of a tangible fixed asset are included in the acquisition cost. If a fixed asset comprises several parts whose useful lives are of different lengths, each part is treated as a separate asset. In this case, the costs associated with renewing each part are capitalized and, in connection with the renewal, any remaining carrying amount is recognized off balance sheet. In other cases, costs arising later are included in the carrying amount of a tangible fixed asset only when it is likely that the future financial benefit associated with the asset will benefit the Group and when the acquisition cost of the asset can be reliably calculated. Other repair and maintenance costs are recognized through profit or loss, once they are realized.

Tangible fixed assets are depreciated using the straightline method throughout their estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings and structures	10–30 years
Machinery and equipment	4–15 years

The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by the management. When tangible fixed assets are classified as for sale (or is included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Sales gains and losses resulting from the retiring and sale of tangible fixed assets are included in other operating income or expenses. Sales gains or losses are defined as the difference between the sale price and the remaining acquisition cost.

Intangible Assets

Goodwill

Goodwill derived from business mergers is recognized as the amount at which the compensation paid out, the share held by non-controlling interests in the acquiree and any previously owned holding combined exceed the fair value of acquired net assets.

Goodwill is not subject to depreciation, but is tested for impairment annually and whenever there is any indication of potential impairment. For this purpose goodwill is allocated to cash-generating units, or, in the case of associates, is included in the acquisition cost of the said associates. Goodwill is measured at cost less impairment.

Research and Development Expenditure

Research expenses are recognized as expenses through profit or loss. Development expenses from the planning of newer or significantly improved products are capitalized as intangible assets in the balance sheet once expenses of the development phase can be calculated reliably, once the completion of the product can be implemented technically, once the Group can use or sell the product, once the Group can prove how the product will generate likely future financial benefit and once the Group has both the intention and the resources for completing the development work and for using or selling the product. Capitalized development expenses include the material, work and testing costs that are directly associated with completing the asset for its intended purpose. Development expenses that have already been recorded as expenses are not capitalized later.

Assets are subject to depreciation as soon as they are ready for use. An asset that is not yet ready for use will be tested annually for impairment. After their initial recognition, capitalized development expenses are measured at acquisition cost less accumulated depreciation and impairment. The useful life of capitalized development expenditure is 3–5 years, during which time the capitalized costs are recognized as expenses depreciated using the straight line method.

Other Intangible Assets

Intangible assets are recognized in the balance sheet at original acquisition cost when the acquisition cost can be calculated reliably and when it is likely that the expected economic benefits of the asset will flow to the Group.

Intangible assets with limited useful life are recognized in the income statement as expenses depreciated using the straightline method during their known or estimated useful life. The depreciation periods of intangible assets are as follows:

Customer agreements and associated customer relationships	2–8 years
Patents and licenses	4 years
IT software	4–5 years
Trademarks	5–10 years

The consolidated financial statements do not cover trademarks which have unlimited useful lives. The residual value, useful life and depreciation method of an asset are checked at the end of each financial year at the minimum and, if necessary, are adjusted to reflect changed conditions.

Depreciation on intangible assets is started when the asset is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by the management. When intangible assets are classified as for sale (or is included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

Inventories

Materials, accessories and unfinished and finished goods are recognized under inventories. Inventories are measured at the lower of cost or net realizable value. Acquisition cost is calculated using the first in, first out (FIFO) method. All purchasing costs, including direct transportation, handling and other costs, are included in the acquisition cost of products that have been purchased as finished products. The acquisition cost of finished and unfinished products manufactured by the company is made up of raw materials, direct costs resulting from work carried out, other direct costs and a systematically applied share of the variable and fixed general costs of manufacturing at a normal level of activity. The acquisition cost of inventories does not include borrowing costs. The net realizable value is the estimated sales price obtainable through normal business, less the estimated expenses of completing the product and the estimated essential expenses of selling the product.

Leases

Group as the tenant

Leases of tangible assets in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. They are recognized on the balance sheet at the start of the lease term, at fair value of the leased asset at the time of signing the agreement or at the present value of minimum lease payments, whichever is lower.

The assets acquired through finance leases are depreciated during the useful life of the assets or during the lease term, whichever is shorter. Leasings due for payment are distributed to financial expenditure and liability reduction during the lease term, so that each liability remaining during the period receives the same percentage of interest at the end of each month. Contingent rents are recognized as expenses for those periods during which they are realized. Lease liabilities are recorded under financial liabilities.

Leases in which substantially all the risks and rewards incidental to ownership remain with the lessor are classified as operating leases. Operating lease expenses are recognized under other operating expenses and the total value of future minimum lease payments are disclosed in the Notes as off-balance sheet liabilities.

Group as the tenant

Assets leased out by the Group in which substantially all the risks and rewards incidental to ownership have been transferred to the lessee are classified as finance leases and recognized on the balance sheet as receivables. The receivable is originally recognized at the present value of the lease.

Assets leased out under agreements other than finance leases are included in tangible fixed assets on the balance sheet. They are depreciated during their useful life in a similar manner as corresponding tangible fixed assets used by the Group itself. Income from rent is recognized through profit or loss in equal items throughout the lease period.

Arrangements that may contain a lease

When an arrangement begins, the Group will, on the basis of the actual content of the arrangement, determine whether the arrangement is a lease or contains a lease. A lease is considered to exist if the following conditions are met:

- realization of the arrangement depends on the use of certain asset(s), and
- the arrangement creates the right to use the asset.

If the arrangement contains a lease, the requirements of IAS 17 are applied to the component constituted by the lease. Provisions of IFRS standards applicable to other components of the arrangement are applied to these components.

Impairment of Tangible and Intangible Assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Recoverable amounts are also evaluated annually for the following asset items, irrespective of whether or not there is any indication of impairment: goodwill, intangible assets if they have unlimited useful life, and unfinished intangible assets.

In addition to annual testing, goodwill is tested for impairment whenever there is any indication of potential impairment. The requirement to recognize impairment is considered at the cash-generating unit (CGU) level, i.e. at the lowest unit level which is mainly independent of other units and whose cash flows can be extracted from and are mainly independent of cash flows of other equivalent units. A cash-generating unit (CGU) is the lowest level in the Group where goodwill is monitored for internal management. Six cash-generating units have been defined in the Group:

1. Ottoboni Sweden
2. Ottoboni Finland
3. Klikki Group
4. Content Sweden
5. Content Finland
6. Campaigns & Dialogue

Such assets that are common to the entire Group, serve several cash-generating units and do not generate a separate cash flow have been allocated to cash-generating units in a reasonable and coherent manner and are tested as part of each cash-generating unit.

The recoverable amount is the fair value of the asset less expenses arising from sale or the value in use, whichever is higher. The value in use is the estimated future net cash flows expected to be derived from an asset or cash-generating unit, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recorded immediately as either profit or loss. If an impairment loss affects a cash-generating unit, it is first allocated by lowering the goodwill allocated to the cash-generating unit and then by lowering the unit’s other assets in the same ratio. The useful life of an asset subject to depreciation is reassessed when the impairment loss is recognized.

An impairment loss recognized for any assets other than goodwill is reversed if there is a change in the assessments used to calculate the asset’s recoverable amount. However, an impairment loss can only be reversed up to the carrying value of the asset before recognition of the impairment loss. An impairment loss recorded for goodwill cannot be reversed under any circumstances.

Employee Benefits

Pension obligations

Post-employment benefits comprise pensions and other benefits, such as life insurance, provided on the basis of employment. Benefits are classified into defined contribution plans and defined benefit plans. Under contribution plans, the Group makes fixed payments to a separate entity. The Group has no legal or de facto obligation to make any additional payments if the payment receiver is unable to pay out the pension benefits. Contributions to defined contribution plans are recognized through profit or loss for the period in which the contributions are payable. Those plans that do not fulfill the definition of defined contribution plans are classified as defined benefit plans. The Group has no defined benefit pension plans in effect.

Share-based compensation

One of the Group’s subsidiaries had an option scheme valid until 2015 that was targeted at the company’s employees and certain persons selected by the Board of Directors of the company and that came into effect before the Group acquired a majority interest in the company. The Group repurchased the options during the financial year 2015. Benefits granted by the arrangement were valued at fair value at the time of granting and were recognized as expenses evenly throughout the period during which they arose. The profit impact of the arrangement was presented under expenses resulting from employee benefits in the consolidated income statement. Determined expenses were based on the Group’s estimate of the economic development of the acquired company.

Provisions and Contingent Liabilities

A provision is recognized when the Group has an existing legal or factual obligation resulting from an earlier event, the fulfillment of the payment obligation is probable and its magnitude can be reliably quantified. Provisions are valued according to the current value of the expenditure required to settle the obligation. The provision is discounted if the time value has fundamental significance for the size of the provision. Provision amounts are assessed on each reporting date and are adjusted to correspond with the best estimate at the time of review. Any adjustments to provisions are entered in the income statement in the same item as where the provision in question was originally entered.

Provisions in the Group include rental expenses for empty business premises (onerous contracts), other restructuring provisions and pension expense provisions concerning unemployment pension insurance.

A restructuring provision is made when the Group has compiled a company-specific restructuring plan and launched its implementation or informed the affected parties accordingly. A provision for environmental obligations is made when the Group has an obligation, based on environmental legislation and the Group’s environmental responsibility policies, which relates to site decommissioning, repairing environmental damage or moving equipment from one place to another.

A contingent liability is an obligation that may arise as a result of earlier events and whose existence will be confirmed only if an uncertain event outside the control of the Group is realized. A contingent liability is also considered to be an existing obligation where the payment obligation will probably not need to be fulfilled or whose magnitude cannot be reliably defined. Contingent liabilities are disclosed in the Notes.

Income Taxes for the Year and Deferred Taxes

The tax liability in the income statement is made up of income tax for the financial year and deferred tax. Taxes are recognized through profit or loss, except when they relate directly to shareholders’ equity or to items recognized in the comprehensive income statement. Thus, tax is also recognized in the relevant items. Income tax for the financial year is calculated on the basis of the valid tax rate for the country in question. Tax is adjusted with any taxes related to earlier financial years. The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off the recorded items and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount. However, deferred tax liabilities are not recognized on the initial recognition of goodwill, or if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

For investments made in subsidiaries, deferred tax is recognized, except when the Group is able to determine the moment when the temporary difference no longer exists and it is likely that the temporary difference exists in the foreseeable future.

The largest temporary differences are caused by the depreciation of tangible fixed assets, fair value assessments made in conjunction with acquisitions, and the measurement of derivative contracts at fair value.

Deferred taxes are calculated using the official tax rates valid on the balance sheet date or those that were approved in practice by the end date of the reporting period.

Deferred tax assets are recognized only to the extent that, in the future, taxable profits against which the temporary difference can be utilized are likely to be available. Recognition of deferred tax assets is evaluated in this respect on the end date of each reporting period.

The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off tax receivables and tax liabilities based on the taxable income for the period against each other and the deferred tax receivables and liabilities are related to income taxes levied by the same tax recipient, either from the same taxpayer or different taxpayers, who intend either to set off the tax receivables and liabilities based on the taxable income for the period against each other, or to realize the receivable and pay the liabilities simultaneously in each such future period during which a significant amount of deferred tax liabilities are expected to be paid or a significant amount of deferred tax receivables are expected to be utilized.

Recognition Policies

Revenue includes the income from the sale of products and services measured at fair value adjusted with indirect taxes, discounts granted and exchange rate differences for foreign currency sales.

Sale of Goods

Income from the sale of goods is recognized when the major risks, rewards and control incidental to ownership of the goods have been transferred to the buyer. This occurs normally at the time of transfer of the goods in accordance with the contract terms and conditions.

Revenue from Sale of Services and Percentage-of-completion Projects

Income from the sale of services is recognized according to an income recognition method based on degree of completion, provided that the degree of completion and the associated income and expenses can be reliably calculated. The degree of completion is defined according to the amount of work carried out in relation to the estimated amount of work required to complete the whole project. If the derived costs and recognized profits are greater than the amount charged from the project, the difference is presented on the balance sheet under the item “sales receivables and other receivables”. If the derived costs and recognized profits are less than the amount charged from the project, the difference is presented on the balance sheet under the item “accounts payable and other liabilities”.

Otherwise, the income from the service is recognized once the service has been provided and it is likely that the service will generate financial benefit. If it is likely that the overall expenses required to complete the service will exceed the overall income from the project, the expected loss is immediately recognized as an expense.

License and Royalty Receivables

License and royalty receivables are recognized according to the actual content of the contract.

Income from Rent

Rental income from properties is recognized in other operating income through profit or loss, in equal items throughout the rental period.

Interest and Dividends

Interest income is recognized using the effective interest method and dividend income is recognized when right to dividends has been established.

Non-current Assets Classified as Held for Sale and Discontinued Operations

Business operations are treated as discontinued or held for sale when the management is committed to discontinuing or selling a separate business whose associated assets, liabilities and operating income can be extracted as a separate unit, both operationally and in reporting.

Once the characteristics of assets held for sale are fulfilled, the non-current assets are recognized at the lower of the balance sheet value or the fair value less sales expenses. Depreciation is no longer recognized for fixed assets. The assets and liabilities included in the group of assets held for sale are presented separately from the assets and liabilities of continuing operations. The profit after taxes from discontinued or held-for-sale operations and the sales profit or loss from their sale are recognized separately from continuing operations in the income statement.

A discontinued operation is the part of the Group which has been abandoned or which has been classified as held for sale and fulfils one of the following criteria:

1. It is a significant separate business unit or a unit representative of a geographical area.
2. It is part of a co-ordinated plan which involves the abandonment of a separate central business area or geographical area of operations.
3. It is a subsidiary which has been acquired for the sole purpose of being resold.

In the financial years 2015 and 2014, the Group had no business operations to be treated as a non-current asset classified as held for sale or discontinued operation.

Financial Assets and Liabilities

Financial assets

The Group's Financial assets are classified as follows: at fair value through profit or loss, loans and other receivables, and available-for-sale financial assets. The classification is based on the purpose of the acquisition of the financial asset and takes place in conjunction with the original acquisition.

The transaction date is generally used when recognizing financial instruments, and refers to the date on which the Group commits to purchase or sell the financial instrument. Financial assets are removed from the balance sheet when the Group has lost the contractual right to cash flows or when it has transferred substantially all the risks and rewards to an outside party.

Financial instruments in the *Financial assets at fair value through profit or loss* group are entered on the income statement for the period in which they arise. The derivative instruments that are in use in the Group are included in this group. The Group uses derivative instruments to hedge against changes in the interest rates of loans. Derivative contracts drawn up for this purpose are measured at fair value on the balance sheet date, and changes in the fair value are recognized through profit or loss under financial income or expenses.

Loans and other receivables are assets to which no derivatives are applied, and which are specifically classified in this group or not classified in any other group. They are valued at amortized cost and are recognized in the balance sheet, according to their nature, as current assets or non-current assets (those maturing in over 12 months). In the Nordic Morning Group, this group includes sales receivables and other receivables. The amount of uncertain receivables is estimated on the basis of the risk of individual assets. Impairment losses are recognized as an expense in the income statement under other operating expenses.

Available-for-sale financial assets are assets to which no derivatives are applied, and which are specifically classified in this group or not classified in any other group. Available-for-sale financial assets comprise listed and unlisted equities. They are valued at fair value. If the fair value of unlisted shares cannot be reliably assigned, the assets are valued at the original cost or probable value, whichever is the lowest.

Changes in the fair value of available-for-sale financial assets are recognized in other items of comprehensive income and are disclosed in the fair value reserve, less the tax effect. Accumulated changes in fair value are transferred from shareholders' equity to the income statement when the investment is sold or when its value has been impaired to such an extent that an impairment loss should be recognized. Available-for-sale investments are included in noncurrent assets, except when the intention is to keep them for less than 12 months from the balance sheet date, in which case they are included in current assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits and other current, extremely liquid, investments, which are easily exchangeable for a previously known amount of cash assets and whose risk of a change in value is minimal. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Accounts with overdraft facility are included in current financial liabilities if they have been used.

Impairment of Financial Assets

On the last day of each reporting period, the Group estimates whether there is objective proof indicating an impairment of a single item or group of items classified as financial items. If the fair value of unlisted equity investments is significantly below the acquisition cost, this indicates an impairment of an available-for-sale investment. If there is proof of impairment, the loss in the fair value fund is transferred into an item recognizable through profit or loss.

The Group recognizes an impairment loss for sales receivables once there is objective proof indicating that the receivable cannot be collected in full. Significant hardships of the debtor, the likelihood of bankruptcy, failure to make payments or major delays in payments constitute proof of sales receivable impairment. If the impairment loss sum decreases during a later period and the depreciation can objectively be deemed as tied to an event that took place after the recognition of the impairment, the recognized impairment will be reversed through profit and loss.

Financial Liabilities and Borrowing Costs

Financial liabilities are initially recognized at fair value. Derivative instruments used to hedge against changes in financial liabilities are recognized at fair value through profit or loss. All other financial liabilities are measured at amortized cost after their initial recognition.

Financial liabilities are included in non-current and current liabilities. Financial liabilities are classified as current if the Group has no unconditional right to postpone repayment of the debt for at least 12 months from the ending date of the reporting period.

Expenses arising from interest-bearing liabilities are recognized as liabilities during the financial period during which they arose.

Fair value determination principles for all financial assets and liabilities are presented in Note 29 “Fair value of financial assets and liabilities”.

Derivative Contracts and Hedge Accounting

The Group has not hedged any exchange contracts. On the date of the balance sheet for the financial year or the comparison year, the Group had no open derivative contracts to which the Group had applied hedge accounting.

Derivative contracts are originally recognized at fair value at the date on which the Group became a party to the contract, and they are still measured later at fair value. Gains and losses arising from measurement at fair value are accounted for as determined by the purpose of the derivative contracts.

The profit impacts of the value changes of those derivative contracts to which hedge accounting has been applied and which are effective hedges are recognized together with the hedged item.

The Group documents the hedge accounting at the beginning of the relationship between the hedged item and the hedging instrument, as well as the objectives of the Group's risk management and the hedging strategy applied. When initiating the hedge and thereafter when publishing all financial statements, the Group Management documents and assesses the effectiveness of the hedging relationships by examining the ability of the hedging instrument to nullify changes in the fair value of the hedged item or changes in cash flows. The gains and losses originating from the hedging of a net investment in a foreign operation and accumulated in the translation differences in shareholders' equity are recognized in the income statement when the net investment is relinquished completely or partially.

In spite of the fact that certain hedging relationships fulfill the requirements for effective hedging set by the Group's risk management, hedge accounting is not applied to them. Changes in their fair value are recognized in financial income or expenses in accordance with the method of recognition followed in the Group. Fair values of hedging instruments are presented in Note 31 "Fair value of financial assets and liabilities".

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Nordic Morning Group defines operating profit as the net sum arrived at by adding other operating income to net revenue, deducting the costs of materials and services (adjusted for changes in inventories of finished and unfinished goods), employee benefit expenses, personnel expenses depreciation, impairment and other operating expenses, and taking account of the share of profit/loss from associates. All income statement items other than the above-mentioned are disclosed in the lines below operating profit. Exchange rate differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations. Otherwise, they are recognized in financial items.

Accounting Policies Requiring the Management's Judgment, and Key Uncertainties Associated with Estimates

In order to draw up the financial statements in compliance with the IFRS, the Group management must make estimates and assumptions concerning the future, the outcome of which may differ from that of earlier estimates and assumptions. It is also necessary to employ judgment in applying the accounting policies.

Management's judgment related to the selection and application of accounting policies

The Group management makes solutions based on its judgment with regard to the selection and application of accounting policies for the financial statements. Such judgment is required in particular with regard to cases where the existing IFRS standards include alternative options for recognition, measurement or presentation. The management must also employ judgment in assessing receivables and product development capitalization, tax risks and the utilization of deferred tax assets against future taxable income.

Uncertainties Associated with Estimates

The estimates made in conjunction with preparing the financial statements are based on the management's best assessments on the reporting period end date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors the realization of estimates and assumptions, as well as changes in the underlying factors, on a regular basis. Any changes made to the estimates and assumptions are entered in the financial statements for the year during which the changes are made, and in all subsequent years.

In the preparation of the financial statements, estimates have been used, for example, in the calculations for impairment testing, in fair value adjustments in connection with acquisitions, and when defining the life of tangible and intangible assets.

The Group engaged an external consultant for the estimate of the fair values of tangible and intangible assets in conjunction with significant business mergers. With regard to tangible assets, comparisons were made with the market prices of corresponding goods, and value impairment due to the acquired goods' age, wear and other such factors was estimated. Intangible assets' value was defined on the basis of estimates of the cash flows associated with the assets, because no market information from transactions involving corresponding assets was available. More information about the measurement of intangible assets acquired in conjunction with business mergers is provided in Note 4 “Acquired business operations”.

The Group tests its goodwill and work-in-progress for impairment annually. In impairment testing, the recoverable amounts from the CGUs have been defined on the basis of value in use. These calculations require estimates. More information about the sensitivity of recoverable amounts to changes in the applied estimates is in Note 16 “Intangible Assets”.

New and Revised Standards and Interpretations to be Applied Later

The International Accounting Standards Board (IASB) has announced the following new or amended standards and interpretations, which the Group has not yet adopted. The Group will apply each standard and interpretation from the effective date. However, if this date is not the first day of the financial year, it will apply the standard and interpretation from the beginning of the following financial year.

- *Annual Improvements to IFRSs* 2012–2014 (effective for financial periods beginning on or after January 1, 2016). Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impacts vary standard by standard but are not significant.

- IAS 27 *Separate Financial Statements* amendment *Equity Method in Separate Financial Statements* (effective for financial periods beginning on or after January 1, 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, which has been a local requirement in certain countries. This allows more entities than before to prepare their separate financial statements under IFRS. The amendment to the standard has no effect on the consolidated financial statements.

- IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* amendment *Bearer Plants* (effective for financial periods beginning on or after January 1, 2016). These amendments allow biological assets that meet the definition of a bearer plant to be alternatively recognized at acquisition cost, when previously the standard required that they be recognized at fair value. However, the products obtained from bearer plants must still be recognized at fair value less the costs arising from their sale, pursuant to IAS 41. The amendment to the standard has had no effect on the consolidated financial statements.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* amendment, *Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial periods beginning on or after January 1, 2016). The amendment specifies that the revenue-based method cannot be used to amortize intangible assets. As an exception, amortization of intangible assets can only be based on revenue if there is a very high degree of correlation between the revenue and the decrease in the economic value of the intangible asset. Nor can the revenue-based method be used to amortize property, plant and equipment. The amendment to the standard has had no effect on the consolidated financial statements.

- IFRS 11 *Joint Arrangements* amendment *Accounting for Acquisitions of Interests in Joint Operations* (effective for financial periods beginning on or after January 1, 2016). The amendment requires the use of business combination accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendment to the standard has no effect on the consolidated financial statements.

- IAS 1 *Presentation of financial statements* amendment *Disclosure Initiative* (effective for financial periods beginning on and after January 1, 2016). The amendment clarifies the IAS 1 guidelines concerning materiality, the combination of income statement and balance sheet items, the presentation of subheadings, as well as the structure of the financial statements and accounting policies. The Group is currently assessing the potential effects of the amendment.

- IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in Associates and Joint Ventures* amendment *Investment Entities: Applying the Consolidation Exception* (effective for financial periods beginning on or after January 1, 2016). The amendment clarifies the exemption from the requirement to prepare consolidated financial statements when the Group includes investment entities. The amendment also makes it easier for investors that are not investment entities to account for investments in associates and joint ventures that themselves are investment entities. The amendment to the standard has had no effect on the consolidated financial statements.

- IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in Associates and Joint Ventures* amendment *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The amendments provide more specific guidance for dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will not have an effect on the consolidated financial statements.

- IFRS 15 *Revenue from Contracts with Customers* (effective for financial periods beginning on or after January 1, 2018). The new standard establishes a five-stage framework for recognizing revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognized over time or at a specific time, with the central criterion being the transfer of control. The standard will also increase the notes presented with financial statements. The Group will assess the potential effects of the standard during the financial year 2016.

- IFRS 9 *Financial Instruments* and amendments thereto (effective for financial periods beginning on or after January 1, 2018). The new standard replaces the existing IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group will assess the potential effects of the standard during the financial year 2016.

Notes on consolidated financial statements (IFRS)

2. Operating Segments

The Group's operations are steered and reported on by the separate business areas which make up the following operating segments:

The **Visibility & Service Design** business area is responsible for strategic media planning, digital service management, programmatic display advertising, search engine optimization and marketing, as well as strategic service design and user experience development. The business area comprises the Finnish subsidiaries Klikkicom Oy and Ottoboni Finland Oy. In Sweden, the business area comprises Klikki AB and Ottoboni Sweden AB.

The services of the **Content** business area cover strategic content design, production and marketing, social media services, digital and printed customer magazines and reports. The business area includes the publishing of learning materials and non-fiction books, as well as the production of professional information services to businesses and organizations. The business area comprises the Finnish subsidiaries Edita Publishing Ltd and Sitrus Agency Oy. In Sweden, the business area comprises Sitrus Agency AB and Mods Graphic Studio AB, and it also comprises Sitrus Ukraine LLC, which operates in Ukraine.

The **Campaign & Dialogue** business area is responsible for loyalty marketing and complete graphic production services which, in addition to printing services, include the following value-added services: administration of registers and databases, printing of changing information, and logistics and storage solutions. The business area includes the Finnish subsidiaries Edita Prima Ltd and Seed Digital Media Ltd. In Sweden, the business area comprises Edita Bobergs AB, Edita Västra Aros AB and the associated companies Edita Bobergs Förvaltnings AB (33.33%) and BrandSystems International AB (40%).

Other Operations includes the administrative operations of Nordic Morning Sweden AB and the operations of the parent company Nordic Morning Plc, which owns the Group's subsidiaries and steers the Group's operations and supports them with expert and administrative services. Other operations also include small interests in companies which have no actual operations.

The Group has not combined operating segments to form the reporting segments mentioned above. Segment-based data is consolidated according to the accounting principles (IFRS) applied on the Group level, and reporting to the Board of Directors and the Group Management Team forms the basis of segment reporting. Figures for the operating segments are reported and the company's management uses these figures to allocate the Group's resources to the segments and to assess their performance. Transfer prices between the segments are based on market prices.

The segment's assets and liabilities are operating items that the segments use in their operations. Business segment assets comprise fixed assets, sales receivables, receivables from percentage-of-completion projects and inventories, while liabilities comprise accounts payable as well as advances received. All other assets and liabilities are presented in unallocated items in the reconciliation of segment information. Investments, depreciation and impairment have been allocated to the reporting segments. The main items in the monitoring and reporting of segments are net revenue and operating profit/loss (described in Note 1).

2015 financial year, EUR 1,000 Operating Segments	Visibility & Service Design	Content	Campaigns & Dialogue	Other operations	Elim.	Total
External net revenue	28 045	37 794	39 069	1		104 909
Inter-segment net revenue	730	244	626	3 281	-4 882	0
Net revenue, total	**28 775**	**38 038**	**39 695**	**3 283**	**-4 882**	**104 909**
Depreciation	-533	-134	-2 717	-989		-4 373
Impairment	0	0	-535	0		-535
Investments in associates	0	0	124	0		124
Operating profit/loss	**-695**	**2 181**	**1 325**	**-3 034**		**-224**
Assets and liabilities						
Goodwill	8 707	14 317	0	0		23 024
Associates	0	0	1 340	0		1 340
Segment assets	8 282	10 513	10 988	11 666	-415	41 034
Segment assets, total	**16 988**	**24 830**	**12 328**	**11 666**	**-415**	**65 397**
Segment liabilities	**3 124**	**3 386**	**2 193**	**320**	**-415**	**8 608**
Investments	**6 744**	**264**	**653**	**284**	**-159**	**7 786**

2014 financial year, EUR 1,000 Operating Segments	Visibility & Service Design	Content	Campaigns & Dialogue	Other operations	Elim.	Total
External net revenue	19 529	41 390	45 641	25		106 584
Inter-segment net revenue	504	273	894	3 544	-5 216	0
Net revenue, total	**20 032**	**41 663**	**46 536**	**3 569**	**-5 216**	**106 584**
Depreciation	-248	-395	-3 049	-1 025		-4 718
Impairment	-1 268	-1 709	-316	0		-3 293
Investments in associates	0	0	47	0		47
Operating profit/loss	**-427**	**1 311**	**2 126**	**360**		**3 370**
Assets and liabilities						
Goodwill	3 864	14 187	0	0		18 051
Associates	0	0	1 862	0		1 862
Segment assets	3 040	11 236	15 014	12 346	-599	41 038
Segment assets, total	**6 904**	**25 423**	**16 876**	**12 346**	**-599**	**60 951**
Segment liabilities	**2 128**	**3 938**	**2 912**	**739**	**-599**	**9 118**
Investments	**0**	**202**	**1 922**	**1 856**		**3 980**

Reconciliations between the consolidated data and the reported segment data

EUR 1,000	2015	2014
Net revenue		
Reported segment net revenue	104 909	106 584
Consolidated Net Revenue	**104 909**	**106 584**
Profit/loss before taxes		
Reported segment operating profit/loss	-224	3 370
Consolidated net financial income (+) / expenses (-)	-132	48
Consolidated profit/loss before taxes	**-356**	**3 419**
Assets		
Reported segment assets	65 397	60 951
Assets not allocated to a segment	10 334	14 159
Consolidated assets	**75 731**	**75 110**
Equity and liabilities		
Reported segment liabilities	8 608	9 118
Liabilities not allocated to a segment	32 059	28 899
Group equity	35 065	37 093
Group equity and liabilities	**75 731**	**75 110**

Information concerning geographical areas

During the financial year, the Group's segments operated in Finland and Sweden. The Group also has a company in Ukraine. The sales of the Ukrainian operations are internal and therefore not presented separately in geographical terms. The revenue of geographical areas are presented in accordance with the location of the sales point, and their assets are presented in accordance with location of the asset. Sales income from external customers have been defined in accordance with the International Financial Reporting Standards (IFRS).

EUR 1,000

2015 financial year	Net revenue	Assets	Liabilities
Finland	40 647	43 782	20 844
Sweden	64 262	31 905	19 810
Ukraine	0	44	12
Group, total	**104 909**	**75 731**	**40 666**

2014 financial year	Net revenue	Assets	Liabilities
Finland	44 910	45 974	17 914
Sweden	61 674	29 013	20 068
Ukraine	0	124	35
Group, total	**106 584**	**75 111**	**38 017**

3. Net revenue

EUR 1,000	2015	2014
Sale of services	61 057	53 842
Sale of goods	42 617	51 473
Other revenue	1 235	1 269
Group, total	**104 909**	**106 584**

Digital services accounted for EUR 47.3 million (40.9) of service revenue. The item Other revenue primarily consists of advertising sales revenue.

During the current financial year or the reference year, the Group did not have any individual external customers accounting for 10% or more of the Group’s total revenue.

4. Acquired business operations

Acquisitions in the 2015 financial year

Visibility & Service Design – Sweden

On March 5, 2015, the Group acquired three subsidiaries: Ottoboni Group AB, Ottoboni Göteborg AB and Ottoboni Öresund AB, which were merged on December 1, 2015. The name of Ottoboni Group AB was changed to Ottoboni Sweden AB in fall 2015.

The companies are fully consolidated in the Group's income statement. The Ottoboni companies provide "one stop shop" services in the area of digital communications, including digital strategies, service design and technical solutions for implementing websites and mobile applications as well as e-commerce, CRM and web analysis solutions.

The purchase price was EUR 6.5 million. No additional purchase price became payable in relation to the acquisition. The Group recognized EUR 0.2 million in fees related to consulting, determination of value and other such services. These fees are included in the "Other operating expenses" item in the consolidated income statement.

The total acquisition cost and the values of the acquired assets and received liabilities on the acquisition date were as follows:

Consideration transferred	**EUR 1,000**
Cash in hand	6 476
Total acquisition cost	**6 476**

The values of the acquired assets and received liabilities on the acquisition date were as follows:

	Notes	Entered values
Tangible fixed assets	15	281
Trademarks (incl. in intangible assets)	16	481
Customer agreements and customer relationships (included in intangible assets)	16	780
Sales receivables and other receivables	23	3 517
Cash and cash equivalents		140
Total assets		**5 199**
Deferred tax liabilities	20	-328
Financial liabilities	28	-507
Other current liabilities	29	-2 752
Total liabilities		**-3 587**
Net assets		**1 612**

Goodwill resulting from acquisition

Acquisition value	6 476
Identifiable net capital of acquired item	-1 612
Goodwill	**4 865**

The 10-month net revenue of the merged Ottoboni Sweden AB, EUR 10.3 million, and operating profit, EUR -0.5 million, are included in the Group's 2015 consolidated statement of comprehensive income. In 2015, the Group's net revenue would have been EUR 106.9 million and the operating loss for the financial year EUR -0.3 million, if the business operations acquired during the financial year had been consolidated in the consolidated financial statements from the beginning of the financial year 2015.

Visibility & Service Design – Finland

On August 31, 2015, the Group's subsidiary Ottoboni Finland Oy acquired the business operations of Alkuvoima East Finland Oy. The acquisition strengthens the Nordic Morning Group's comprehensive communication services expertise particularly in the area of digital transformation, customer experience design and service design.

The purchase price was EUR 0.2 million. The estimated additional purchase price, EUR 0.2 million, is recognized as expenses in 2015–2016 under the "Payroll expenses and employee benefits" item in the consolidated income statement. The final amount of the additional purchase price will be determined by sales margin on the acquired entity's customer accounts during the period 2015–2016. The final estimated non-discounted range is EUR 0.0–0.2 million.

The Group has recorded EUR 27 thousand in remunerations related to consulting, determination of value and other such services. These remunerations are included under the "Other operating expenses" item of the consolidated income statement.

The total acquisition cost and the values of the acquired assets and received liabilities on the acquisition date were as follows:

EUR 1,000

Consideration transferred	
Cash in hand	194
Total acquisition cost	**194**

The values of the acquired assets and received liabilities on the acquisition date were as follows:

	Notes	Entered values
Customer agreements and customer relationships (included in intangible assets)	16	220
Sales receivables and other receivables	23	16
Total assets		**236**
Other current liabilities	29	-42
Total liabilities		**-42**
Net assets		**194**
Goodwill resulting from acquisition		
Acquisition value		194
Identifiable net capital of acquired item		-194
Goodwill		**0**

Acquisitions in the 2014 financial year

Subsidiary acquisitions – Campaigns & Dialogue business area

On September 30, 2014, the Group acquired 100% of Seed Digital Media Oy. The acquisition strengthens the Nordic Morning Group's communication services expertise particularly in the area of digital and automated marketing services. The purchase price was EUR 0.4 million. The estimated additional purchase price, EUR 0.5 million, will be recorded as expenses in 2014–2016 under the "Payroll expenses and employee benefits" item in the Group's income statement. The final amount of the additional purchase price will be determined by the acquired entity's sales margin and EBIT during the period 2014–2016. The figures will be reviewed annually. The final estimated non-discounted range is EUR 0.0–0.5 million.

The Group has recorded EUR 45 thousand of remunerations related to consulting, determination of value and other such services. These remunerations are included under the "Other operating expenses" item of the Group's income statement.

The total acquisition cost and the values of the acquired assets and received liabilities on the acquisition date were as follows:

Consideration transferred	**EUR 1,000**
Cash in hand	400
Total acquisition cost	**400**

The values of the acquired assets and received liabilities on the acquisition date were as follows:

	Notes	Entered values
Tangible fixed assets	15	1
Customer agreements and customer relationships (incl. in other intangible assets)	16	462
Sales receivables and other receivables	23	271
Cash and cash equivalents		1
Total assets		**735**
Deferred tax liabilities	20	-92
Financial liabilities	28	-6
Other current liabilities	29	-237
Total liabilities		**-335**
Net assets		**400**
Goodwill resulting from acquisition		
Acquisition value		400
Identifiable net capital of acquired item		-400
Goodwill		**0**

No goodwill arose from this acquisition.

5. Other operating income

EUR 1,000	2015	2014
Income from divestment of business operations	0	250
Sales profit from tangible fixed assets	485	5 169
Income from rent	349	479
VAT returns	1 979	1 915
Other income items	213	184
Total	**3 027**	**7 997**

6. Materials and services

EUR 1,000	2015	2014
Purchases made during the financial year	-7 271	-9 139
Change in stocks	-105	-179
	-7 377	-9 318
Outsourced services	-25 078	-27 294
Total	**-32 455**	**-36 611**

7. Employee benefits expense

EUR 1,000	2015	2014
Salaries	-37 275	-33 903
Pension costs – defined contribution plans	-6 863	-6 801
Other related expenses	-6 507	-4 968
Total	**-50 645**	**-45 671**

Average number of employees during the financial year by business area	2015	2014
Visibility & Service Design	171	76
Content	280	294
Campaigns & Dialogue	219	253
Other operations	39	38
Group, total	**709**	**660**
In Finland	271	286
In Sweden	416	354
Ukraine	22	21
Group, total	**709**	**660**

The employee benefits of management are presented under Note 35 “Related party transactions”. Stock options granted are described in Note 26 “Share-based compensation".

8. Depreciation and impairment

EUR 1,000	Notes	2015	2014
Depreciation by asset group			
Intangible assets			
Trademarks		-134	-89
Capitalized development costs		-36	-36
Other intangible assets		-759	-645
Total		**-929**	**-770**
Tangible fixed assets			
Buildings		-670	-688
Machinery and equipment		-2 775	-3 260
Total		**-3 444**	**-3 948**
Total depreciation		**-4 373**	**-4 718**
Impairment by asset group	Notes		
Shares in associates	16	-535	-316
Goodwill	16	0	-2 977
Total		**-535**	**-3 293**

9. Other operating expenses

EUR 1,000	2015	2014
Royalties and order commissions	-1 332	-1 375
Rents	-4 393	-3 347
Other business premises expenses	-1 715	-2 427
Logistics and transport costs	-1 526	-2 068
IT and data communications	-3 974	-3 414
Marketing and representation costs	-895	-714
Consulting and specialist fees	-1 174	-718
Losses on sales of tangible fixed assets	0	-808
Other operating expenses	-5 244	-5 661
Total	**-20 253**	**-20 532**

Auditor’s fees

Authorized Public Accountants KPMG	2015	2014
Audit	-88	-83
Activities referred to in the Finnish Auditing Act, Section 1.1,2.	0	0
Tax consultation	-27	-25
Other services	-118	-34
Total	**-233**	**-142**

Authorized Public Accountants PWC	2015	2014
Audit	-16	-19
Other services	-11	-9
Total	**-27**	**-28**

10. Research and Development Expenditure

Direct development expenses of ERP systems have been capitalized as development expenses. No capitalizations took place in the financial year 2015 (2014: EUR 0.0 million). The unamortized acquisition cost is EUR 0.1 million (EUR 0.1 million) (Note 16).

11. Financial income

EUR 1,000	2015	2014
Dividend income from available-for-sale financial assets	6	7
Interest income on bank balances (loans and other receivables)	77	231
Total	**84**	**239**

12. Financial expenses

Items recognized through profit and loss

EUR 1,000	2015	2014
Interest expenses on financial liabilities measured at amortized cost	-181	-231
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	72	130
Interest expenses on finance leases	-54	-98
Other financial items	-53	9
Total	**-215**	**-190**

In the income statement, currency rate differences are recognized in revenue, other operating expenses and other financing expenses. Currency rate differences recognized through profit and loss totaled EUR 61 thousand in 2015 (EUR 27 thousand in 2014).

13. Other comprehensive income items that may be recognized through profit and loss later

Items recognized in OCI items and the related adjustments due to classification changes are as follows:

EUR 1,000		2015			2014	
	Recognized in OCI	Change in classification	Total	Recognized in OCI	Change in classification	Total
Available-for-sale financial assets	57	0	57	16	0	16
Translation differences	149	0	149	-834	0	-834
Total	**206**	**0**	**206**	**-818**	**0**	**-818**

Taxes relating to OCI items are presented in Note 14 “Income taxes”.

14. Income taxes

EUR 1,000	2015	2014
Income tax paid for the financial year	-88	-59
Taxes relating to previous financial years	10	-7
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	211	168
Taxes in the income statement	**132**	**102**

Reconciliation of tax liability and the Group's taxes according to the Finnish tax rate, 20.0%:

EUR 1,000	2015	2014
Profit before taxes	-356	3 419
Taxes at the parent company’s tax rates	71	-684
Tax-free income	64	355
Non-deductible expenses	-304	-140
Goodwill impairment	-107	-659
Unrecognized referred tax assets on losses subject to tax	-582	-395
Use of losses subject to tax	928	1 621
Taxes relating to previous financial years	10	-7
Share of profit in associates less taxes	25	9
Other items and different tax rates of foreign subsidiaries	27	1
Taxes in the income statement	**132**	**102**

Taxes relating to OCI items

EUR 1,000		2015			2014	
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Available-for-sale financial assets	57	-11	46	16	-3	13
Translation differences	149	0	149	-834	0	-834
Total	**206**	**-11**	**195**	**-818**	**-3**	**-822**

15. Tangible Fixed Assets

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Advance payments	Total
Acquisition cost January 1, 2015	5 339	18 746	31 406		55 490
Exchange rate differences		0	58		58
Business mergers			534		534
Increases		123	1 102		1 224
Decreases	-273	-2 435	-6 119		-8 827
Acquisition cost, December 31, 2015	**5 066**	**16 434**	**26 979**		**48 479**
Accumulated depreciation and impairment on January 1, 2015	0	11 117	24 403		35 519
Business mergers			250		250
Decreases		-961	-6 097		-7 057
Depreciation for the financial year		670	2 775		3 444
Accumulated depreciation, December 31, 2015	**0**	**10 825**	**21 331**		**32 156**
Carrying amount, December 31, 2015	**5 066**	**5 608**	**5 649**	**283**	**16 606**
Carrying amount, January 1, 2015	5 339	7 629	7 002	350	20 320

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Advance payments	Total
Acquisition cost January 1, 2014	6 160	18 978	41 313		66 450
Exchange rate differences		-17	-311		-328
Transfer between balance sheet items			-190		-190
Increases		1 312	1 538		2 850
Decreases	-821	-1 527	-10 944		-13 292
Acquisition cost, December 31, 2014	**5 339**	**18 746**	**31 406**		**55 490**
Accumulated depreciation and impairment on January 1, 2014	0	11 680	31 646		43 326
Transfer between balance sheet items			-91		-91
Decreases		-1 251	-10 404		-11 655
Depreciation for the financial year		688	3 251		3 939
Accumulated depreciation, December 31, 2014	**0**	**11 117**	**24 403**		**35 519**
Carrying amount, December 31, 2014	**5 339**	**7 629**	**7 002**	**350**	**20 320**
Carrying amount, January 1, 2014	6 160	7 298	9 667	10	23 134

Finance leases

Tangible fixed assets include assets leased under finance leases as follows:

EUR 1,000	2015 Machinery and equipment	2014 Machinery and equipment
Acquisition cost	4 855	4 889
Accumulated depreciation	-4 028	-2 901
Carrying amount, December 31	**827**	**1 987**

In 2015, the acquisition cost increases of tangible fixed assets included assets leased under finance leases worth EUR 0.1 million (2014: EUR 0.2 million).

16. Intangible Assets

EUR 1,000	Goodwill	Trade-marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2015	24 310	396	380	5 612		30 698
Exchange rate differences	108	8		3		119
Increases	0			356		356
Business mergers	4 864	481		794		6 140
Decreases		0	-67	-1 170		-1 237
Acquisition cost, December 31, 2015	**29 283**	**885**	**313**	**5 595**		**36 075**
Accumulated depreciation and impairment on January 1, 2015	6 259	182	271	4 355		11 068
Accumulated depreciation on decreases and transfers		0	-67	-1 170		-1 237
Depreciation for the financial year		134	36	759		929
Accumulated depreciation, December 31, 2015	**6 259**	**316**	**240**	**3 944**		**10 759**
Carrying amount, December 31, 2015	**23 024**	**569**	**73**	**1 651**	**25**	**25 342**
Carrying amount, January 1, 2015	18 051	214	109	1 257	193	19 823

EUR 1,000	Goodwill	Trade-marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2014	24 709	396	380	4 863		30 348
Exchange rate differences	-399			-32		-431
Transfer between balance sheet items				190		190
Increases				188		188
Business mergers				462		462
Decreases		**0**		-59		-59
Acquisition cost, December 31, 2014	**24 310**	**396**	**380**	**5 612**		**30 698**
Accumulated depreciation and impairment on January 1, 2014	3 282	94	235	3 738		7 348
Accumulated depreciation on decreases and transfers		0	0	32		32
Depreciation for the financial year		89	36	585		710
Impairment	2 977					2 977
Accumulated depreciation, December 31, 2014	**6 259**	**182**	**271**	**4 355**		**11 068**
Carrying amount, December 31, 2014	**18 051**	**214**	**109**	**1 257**	**193**	**19 823**
Carrying amount, January 1, 2014	21 427	303	145	1 125	59	23 059

Other intangible assets include IT software, licences, customer agreements acquired through mergers, and the associated customer relationships.

Allocation of goodwill

Nordic Morning Group comprises three business segments: Visibility & Service Design, Content and Campaigns & Dialogue.

The Visibility & Service Design business area is divided into three separate cash-generating units: Klikkicom Group, Ottoboni Sweden and Ottoboni Finland. The Content business area is divided geographically into two cash-generating units: Content Finland and Content Sweden. Campaigns & Dialogue constitutes an independent cash-generating unit.

Goodwill in the Group is allocated to Ottoboni Sweden, Klikkicom Group and Content Sweden. In addition, the shares held in the associated company BrandSystems International AB include goodwill that has been tested separately. The following shows the carrying amounts of the tested business units and the allocation of goodwill to them:

EUR 1,000	**Ottoboni Sweden**	**Klikkicom Group**	**Content Sweden**	**Total**
2015				
Goodwill	4 843	3 864	14 317	**23 024**
Carrying amount	7 896	5 439	19 239	
2014				
Goodwill	0	3 864	14 187	**18 051**
Carrying amount	-	5 104	-	

Allocation and recording of impairment losses

The shares of the associated company BrandSystems International AB included goodwill of EUR 0.5 million, and the Group recorded a full write-down of this amount during the financial year 2015. After the recognition of this impairment loss, shares in associated companies no longer include goodwill. A key factor leading to impairment is the shift of demand in the communications market to digital communications services.

Impairment testing, December 31, 2015

In impairment testing, the recoverable amounts from the business areas have been defined on the basis of value in use. Cash flow forecasts are based on forecasts approved by the management and which cover a period of three years. The cash flow after the management-approved forecast period has been extrapolated using a discount rate and zero growth percentage.

The key assumptions when calculating the value in use are as follows:

1. Net revenue – Based on the budget for the following year and estimated forecasts for the coming years.
2. EBITDA – Based on the budget for the following year and on strategy forecasts for the coming years. The prices based on the overhead cost index are also taken into account.
3. Discount rate – Defined by means of the weighted average cost of capital (WACC), which describes the total cost of equities and liabilities, taking into account the special risks associated with assets.

Discount rate before taxes	**Ottoboni Sweden**	**Klikkicom Group**	**Content Sweden**
2015	11,6 %	11,7 %	9,4 %
2014	-	11,3 %	-

Sensitivity analysis in impairment testing

The assumptions used in sensitivity analyses are related to net revenue, profitability, the applied discount rate and the growth rate following the forecast period. In assessing the results of the sensitivity analyses, attention has been paid to the effect of changes in net revenue to profitability (gross margin).

Due to impairment losses recognized during the reporting period on shares in the associated company BrandSystems, the recoverable amounts of the shares correspond to their carrying amounts.

In the Ottoboni Sweden unit, the recoverable amount exceeds the carrying amount of the unit by EUR 2.2 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount:
• the increase of the discount rate from 11.6% to 14.9%
• the decrease of the gross margin used in the calculation of the value in use from 9.4% to 7.7%.
• the decrease of the zero growth percentage following the forecast period to -5.0%.

In the Klikkicom Group business area, the recoverable amount exceeds the carrying amount of the unit by EUR 1.7 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount:
• the increase of the discount rate from 11.7% to 15.2%
• the decrease of the gross margin used in the calculation of the value in use from 4.4% to 3.3%.
• the decrease of the zero growth percentage following the forecast period to -5.7%.

In the Content Sweden unit, the recoverable amount exceeds the carrying amount of the unit by EUR 6.8 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount:
• the increase of the discount rate from 9.4% to 12.9%
• the decrease of the gross margin used in the calculation of the value in use from 9.4% to 6.7%.
• the decrease of the zero growth percentage following the forecast period to -5.2%.

17. Subsidiaries and material non-controlling interests

Group structure

The following table presents information on the Group’s structure on the balance sheet date.

		Number of wholly-owned subsidiaries	
Operating segment	**Country**	**2015**	**2014**
Visibility & Service Design	Finland / Sweden	4	3
Content	Finland, Sweden and Ukraine	6	7
Campaigns & Dialogue	Finland / Sweden	4	5
Other operations	Finland, Sweden and United Kingdom	2	3

		Number of partly-owned subsidiaries	
Operating segment	**Country**	**2015**	**2014**
Campaigns & Dialogue	Sweden	1	1

A full list of the Group’s subsidiaries is presented in Note 35 “Related party transactions”.

Itemized list of non-controlling interests

In the table, the non-controlling interest corresponds to the non-controlling interest presented in the consolidated income statement and balance sheet, and they also include shares of eliminations in the consolidated income statement and balance sheet that are not allocated to subsidiaries and are divided between parent company shareholders and non-controlling interest.

		Share of votes held by non-controlling interests %		Share of profit or loss allocated to non-controlling interests EUR 1,000		Share of equity allocated to non-controlling interests EUR 1,000	
Subsidiary	**Country**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Edita Bobergs AB	Sweden	32,8 %	32,8 %	-90	-573	272	356

Summary of financial information for subsidiaries that have a non-controlling interest

	Edita Bobergs AB	
EUR 1,000	**2015**	**2014**
Current assets	3 143	3 842
Non-current assets	2 569	3 740
Current liabilities	3 378	4 148
Non-current liabilities	1 661	2 718
Net revenue	17 749	20 321
Expenses and other items	17 809	21 866
Profit (loss)	-60	-1 545
Share of profit(/loss) allocated to parent company shareholders	-40	-1 038
Share of profit(/loss) allocated to non-controlling interests	-20	-507
Comprehensive income for the financial year	-60	-1 545
Share of comprehensive income allocated to parent company shareholders	-40	-1 038
Share of comprehensive income allocated to non-controlling interests	-20	-507
Cash flow from operating activities	1 684	512
Cash flow from investing activities	50	-134
Cash flow from financing activities	-491	-510

The share of profit/loss allocated to non-controlling interests may deviate from the amount presented in the consolidated income statement, as non-controlling interests may be allocated purchase price allocations to items such as intangible assets, which are depreciated over their useful lives and for which the non-controlling interest's share is separated.

Changes in holdings in subsidiaries

2015

On March 5, 2015, the Group acquired three subsidiaries: Ottoboni Group AB, Ottoboni Göteborg AB and Ottoboni Öresund AB, which were merged to form a single company, Ottoboni Sweden AB, on December 1, 2015.

In September 2015, the Group's subsidiary JG Communication AB was merged with Citat AB, which changed its name to Sitrus Agency AB. The company is reported under the Content business area.

The Campaigns & Dialogue business area liquidated Arkpressen i Västrås AB, while Other Operations liquidated Citat Communication Management Ltd on November 30, 2015. The liquidated companies had no actual operations.

2014

The Campaigns & Dialogue business area was strengthened on October 1, 2014, with the acquisition of 100 percent of the share capital of Seed Digital Media Ltd, a specialist in loyalty marketing.

In the Visibility & Service Design business area, the Group's wholly-owned subsidiaries Klikki AS and Klikki ApS were liquidated in March and May respectively. No business operations took place in the liquidated subsidiaries in 2014.

In July, the Group sold its subsidiary Sandviken Tryckeri och Bokbinderi AB. The company was reported under the Campaigns & Dialogue business area.

18. Interests in associated companies

EUR 1,000	2015	2014
Acquisition cost, January 1	1 862	2 513
Share in result	124	47
Dividend distribution from associates	-143	-248
Depreciation of goodwill included in shares	-535	-306
Translation differences	31	-144
Total investments in associated companies, December 31	**1 340**	**1 862**

The goodwill impairment related to the share value of BrandSystems International AB is presented in the consolidated income statement on the line "impairment".

Information on the Group's material associated companies

Name	Operating segment	Domicile	Holding
Edita Bobergs Förvaltnings AB	Campaigns & Dialogue	Falun	33,33 %
BrandSystems International AB	Campaigns & Dialogue	Stockholm	40,00 %

Summary of financial information concerning associated companies

The Group's significant associated companies mentioned in the table are accounted for in the consolidated financial statements using the equity method. The summary of financial information presented in the table below is based on the associated companies' IFRS financial statements.

	Edita Bobergs Förvaltnings AB		BrandSystems International AB	
EUR 1,000	**2015**	**2014**	**2015**	**2014**
Current assets	2 071	2 161	848	1 578
Non-current assets	559	573	29	37
Current liabilities	51	111	499	1 052
Non-current liabilities	0	0	0	39
Net revenue	470	443	1455	1 341
Profit for financial year	557	519	33	-148
Dividends received from the associated company during the peri	143	248	0	0
Reconciliation of the associated company's financial information with the balance sheet value recognized by the Group:				
Associated company's net assets	2 579	2 622	378	525
Group's holding, %	33,33 %	33,33 %	40,00 %	40,00 %
Group's share of net assets	859	874	151	210
Goodwill	0	0	0	532
Other adjustments	259	246	71	0
Associated company's balance sheet value in the consolidated b	1 118	1 120	222	743

The carrying amount of the Group's associates includes not only goodwill, but also tangible fixed assets acquired and recognized in the merger of businesses. Tangible assets were measured at fair value on the basis of the market price of corresponding assets, taking into account the age, wear and other corresponding factors of the acquired assets.

19. Other financial assets

The "Other financial assets" balance sheet item includes the following financial assets

EUR 1,000	2015	2014
Available-for-sale financial assets		
Unlisted share investments	451	413
Publicly listed share investments	164	107
Total	**615**	**520**

In the financial years 2014 and 2015, the Group has not re-classified financial assets recognized at fair value through proftit and loss or financial assets recognized at cost. Unlisted equity investments measuring principles can be found in Note 31.

Available-for-sale financial assets EUR 1,000	**2015**	**2014**
At the beginning of the financial year	520	504
Increases arising from business combinations	38	0
Other increases	58	16
At the end of the financial year	**615**	**520**
in which non-current	451	413
Current available-for-sale financial assets	164	107

No capitalized sales profit or loss was recognized for available-for-sale financial assets for the financial years 2015 or 2014. 'Changes in the fair value fund are presented in Note 25 "Equity management".

20. Deferred tax assets and liabilities

Change in deferred taxes during 2015 EUR 1,000	1.1.2015	Recognized in the income statement	Recog-nized in OCI	Exchange rate ifferences	Acquired subsidiaries	31.12.2015
Deferred tax assets						
Internal margin in inventories	2	-2				0
Provisions	65	-17				49
Financial instruments	21	-21				0
Finance leases	43	0		1		43
Total	**132**	**-40**	**0**	**1**		**92**
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	298	-217		1	282	365
Accumulated depreciation differences and appropriations	379	-35		1	52	397
Financial instruments	17	0	11			28
Total	**695**	**-251**	**11**	**1**	**334**	**790**

Change in deferred taxes during 2014 EUR 1,000	1.1.2014	Recognized in the income statement	Recog-nized in OCI	Exchange rate ifferences	Acquired subsidiaries	31.12.2014
Deferred tax assets						
Internal margin in inventories	5	-3				2
Provisions	51	15				65
Financial instruments	47	-26				21
Finance leases	39	6		-2		43
Total	**142**	**-8**	**0**	**-2**		**132**
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	321	-107		-8	92	298
Accumulated depreciation differences and appropriations	453	-69		-5		379
Financial instruments	14	0	3			17
Total	**788**	**-176**	**3**	**-13**	**92**	**695**

The Group had EUR 12.0 million in losses confirmed on December 31, 2015, for which deferred tax assets were not recognized due to the uncertainty of their use.

21. Inventories

EUR 1,000	2015	2014
Materials and supplies	610	634
Unfinished products	430	561
Finished products/goods	1 487	1 547
Total	**2 527**	**2 741**

EUR 130,000 was recognized as expenses for the financial year, the carrying amount of inventories was reduced to correspond to their net realizable value (EUR 172,000 in 2014).

22. Recognizing income as profit, and expenses as expenditures based on degree of completion

Where realized expenses and recognized gains exceed the amount billed from the customer, the gross receivables are included in Note 23 under "Accrued income on percentage-of-completion projects". Advances received for work that has not yet been started or the share already billed for percentage-of-completion projects which exceeds the amount of expenses and profit are included in Note 29 under "Percentage-of-completion projects".

For unfinished percentage-of-completion projects, realized expenses and profit (excluding loss) and advances received for unfinished percentage-of-completion projects were recognized as follows:

Accrued income on percentage-of-completion projects

EUR 1,000	Note 23	2015	2014
Income / assignment expense		2 790	2 781
Amount invoiced from customers		-333	-332
Total		**2 456**	**2 449**

Advances received from customers for percentage-of-completion projects

EUR 1,000	Note 29	2015	2014
Income / assignment expense		-494	-338
Amount invoiced from customers		3 788	2 812
Total		**3 294**	**2 474**

23. Sales receivables and other receivables

EUR 1,000	2015	2014
Loans and other receivables		
Sales receivables	18 959	15 522
Receivables from associates	17	4
Accrued income on percentage-of-completion projects	2 456	2 449
Prepaid expenses and accrued income		
Rents	442	134
Royalty receivables	106	69
Social security expense accruals	339	108
Sales accruals	70	131
IT service accruals	306	179
Other prepaid expenses and accrued income	627	571
Other receivables	1 016	1 171
Total of sales receivables and other receivables	**24 339**	**20 337**

The Group recognized EUR 22 thousand in impairment losses for sales receivables during the financial year. There are no major credit risk concentrations associated with receivables, as sales receivables are distributed across a broad group of customers in different businesses. Statement of financial position values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparties to a contract are unable to fulfil the obligations associated with financial instruments.

Age distribution of sales receivables and items recognized as impairment losses

EUR 1,000	2015	Impair-ment loss	Net 2015	2014	Impair-ment loss	Net 2014
Not due	16 330		16 330	14 153		14 153
Less than 30 days overdue	2 308		2 308	1 262		1 262
31–60 days overdue	8		8	92		92
Over 60 days overdue	336	22	314	133	117	16
Total	**18 981**	**22**	**18 959**	**15 639**	**117**	**15 522**

Sales receivables by currency

EUR 1,000	2015	2014
EUR	4 266	4 620
SEK	14 569	10 767
NOK	25	118
DKK	40	17
Other	58	0
Total	**18 959**	**15 522**

24. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement are formed as follows:

EUR 1,000	2015	2014
Cash in hand and at the bank	4 823	9 277
Total	**4 823**	**9 277**

Balance sheet values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparts to a contract are unable to fulfil the obligations associated with financial instruments. There are no major credit risk concentrations associated with cash and cash equivalents. In the statement of cash flows, items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Fair values of certificates of deposit included in cash and cash equivalents are presented in Note 31 “Fair value of financial assets and liabilities”.

25. Equity and capital management

EUR 1,000	Number of shares (1,000)	Share-holders’ equity	Share premium fund
31.12.2013	6 000	6 000	25 870
31.12.2014	6 000	6 000	25 870
31.12.2015	6 000	6 000	25 870

The company has one share class, and so there are no vote differentials. One share carries one vote. The share has no nominal value. The company’s shares do not belong to the book-entry system. All shares issued have been fully paid for.

Shareholders’ equity comprises share capital, the share premium fund, translation differences, the fair value fund and retained earnings.

Share premium fund
The share premium fund was created when Valtion painatuskeskus (the State Printing Centre) was turned into an independent company and ceased to operate as a state-owned public corporation. In connection with the business transfer, the company's equity was increased as capital contribution. The share premium fund is a non-distributable fund.

Treasury shares
In 2015 and 2014 the Group held no treasury shares.

Translation differences
The translation differences fund comprises translation differences arising from the translation of the financial statements of foreign units. The profits and losses arising from the hedging of net investments in foreign units are included in translation differences, provided that the requirements for hedging have been met. In addition, the translation differences fund includes exchange rate differences arising from the Group's internal equity-based loans.

Fair value fund
The fair value fund comprises changes in the fair values of available-for-sale investments.

EUR 1000	2015	2014
Fair value fund	116	70

Distributable assets
The profit for the year is recognized in retained earnings. The distributable assets of the Group’s parent company were EUR 31,772,842.90 in the financial statements dated December 31, 2015.

Dividends and capital management
The goal of the Group's capital management is to support business operations by means of an optimal capital structure that ensures normal operating conditions and by increasing value generated to owners in the long term. The company has no fixed dividend policy. The equity-to-assets ratio and the company's needs form the basis for dividend distribution, concerning which the Board of Directors makes a proposal to the Annual General Meeting. After the end date of the reporting period, the Board of Directors proposed to the Annual General Meeting that a dividend of EUR 0.33 (EUR 0.25) per share be distributed, totaling EUR 2.0 million (EUR 1.5 million).

The covenants relating to the Group's bank loans are normal terms that, for example, restrict the placement of collateral, large-scale mergers and acquisitions, essential changes in business and changes of qualified majority in ownership. The Group met the terms of the covenants in the 2015 and 2014 financial years.

The Group's capital structure is continually monitored by means of the equity-to-assets leverage ratio and the gearing ratio. At the end of 2015, the Group's interest-bearing net liabilities stood at EUR 9.9 million (2014: EUR 0.9 million) and the net gearing ratio was 28.1% (2014: 2.5%). When calculating net indebtedness, interest-bearing net liabilities are divided by shareholder's equity. Net liabilities include interest-bearing financial liabilities less interest-bearing receivables and cash and cash equivalents.

EUR 1,000	**31.12.2015**	**31.12.2014**
Interest-bearing liabilities	14 673	10 210
Cash and cash equivalents	4 823	9 277
Net indebtedness	**9 850**	**932**
Total shareholders' equity	35 065	37 093
Equity-to-assets ratio, %	48,6 %	51,4 %
Gearing ratio %	28,1 %	2,5 %

26. Share-based compensation

One of the Group’s subsidiaries had an option scheme targeted at the company’s employees and certain persons selected by the Board of Directors of the company. The maximum number of options granted on the basis of the scheme was 1,286 on 31 December 2014. The scheme came into effect before the Group acquired a majority interest in the company. Benefits granted by the arrangement were valued at fair value at the time of granting and were recognized as expenses evenly throughout the period during which they arose. The profit impact of the arrangement was presented under expenses resulting from employee benefits in the Group’s income statement. The determined expenses were based on the Group’s estimate of economic development of the acquired company. The key terms and conditions of the arrangement, such as conditions under which a right is created, are presented in the table below. The arrangement expired during the 2015 financial year, and the Group’s parent company has repurchased all issued options.

Arrangement	**1:**	**2:**	**3:**
Granting date	24.6.2009	21.5.2010	24.5.2012
Number of instruments granted	1 080	515	1 181
Subscription price	13.45 / 26.90	13.45 / 26.90	15.85 / 31.70
Validity (in years)	6,5	5,6	3,6
Execution	As shares	As shares	As shares

The condition for acquiring the right and the requirement for subscription is that the holder of the option rights stays in the company’s or Group’s employ until 2015.

The share subscription price for options granted in 2010 and 2009 is EUR 162.32 and for options granted in 2012 EUR 169.83. The Group repurchased the options during the financial year 2015.

In 2009, altogether 175 options were subscribed at EUR 13.45 and 905 options at EUR 26.90.
In 2010, altogether 375 options were subscribed at EUR 13.45 and 140 options at EUR 26.90.
In 2011, the company repurchased 150 options at EUR 13.45.
In 2012, altogether 391 options were subscribed at EUR 15.85 and 790 options at EUR 31.70.
In 2012, the company repurchased 525 options at EUR 34.41.
In 2013, Nordic Morning Plc repurchased 220 options at EUR 15.85 and
420 options at EUR 26.90.
In 2014, Nordic Morning Plc repurchased 35 options at EUR 34.41.
In 2015, Nordic Morning Plc repurchased 961 options at EUR 83.13 and
325 options at EUR 90.64.

Options issued	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
At the beginning of the year	1286	1321	1 961	1 305	1 595	1 080	0
Options granted		0	0	1 181	0	515	1 080
Options lost		0	0	0	-140	0	0
Options exercised	-1286	-35	-640	-525	-150	0	0
At the end of the financial year	**0**	**1 286**	**1 321**	**1 961**	**1 305**	**1 595**	**1 080**

27. Provisions

EUR 1,000	Rearrange-ments	Other provisions	Total
Provisions on December 31, 2014	**228**	**100**	**328**
Increases	30	0	30
Amounts used	-38	0	-38
Reversal of unused amounts	-75	0	-75
Provisions on December 31, 2015	**145**	**100**	**245**

Restructuring provision
Restructuring provisions are related to restructuring of the Campaigns & Dialogue business area, aiming to adjust business operations to the changing market situation.

Other provisions
The Other provisions item contains the obligations, other than the events mentioned above, that have previously taken place (legal or actual), which can be reliably measured and which are likely to require the transfer of financial resources out of the Group in order for the obligations to be fulfilled.

28. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	2015	2014
Bank loans and other financial loans	7 014	2 554
Finance lease liabilities	174	976
Total	**7 188**	**3 530**

Current financial liabilities amortized at cost	2015	2014
Loan repayments due in the following year and other current interest-bearing liabilities	6 620	5 988
Finance lease payments due in the following year	866	691
Total	**7 485**	**6 680**

Maturing of contract-based financial liabilities by maturity class	Interest-bearing liabilities		Interest	
	2015	**2014**	**2015**	**2014**
2015		6 680		112
2016	7 485	2 031	116	48
2017	2 220	1 050	60	16
2018	2 144	205	42	5
2019	2 073	154	19	2
2020	750	90	4	0
Total	**14 673**	**10 210**	**240**	**182**

Weighted averages of effective interest rates of non-current interest-bearing liabilities	2015	2014
	1,3 %	1,4 %

Non-current interest-bearing liabilities are divided by currency as follows	2015	2014
EUR	5 353	929
SEK	1 835	2 601
Total	**7 188**	**3 530**

Current interest-bearing liabilities are divided by currency as follows	2015	2014
EUR	6 620	5 988
SEK	866	691
Total	**7 485**	**6 680**

Maturity periods of finance lease liabilities

EUR 1,000	2015	2014
Gross finance lease liabilities – minimum leases by maturity period		
Within one year	887	733
Between one and five years	177	998
Total	**1 064**	**1 731**
Financial expenses accrued in the future	-24	-64
Finance lease liabilities, current value	**1 040**	**1 667**
Maturity of finance lease liabilities' current value		
Within one year	866	691
Between one and five years	174	976
Total	**1 040**	**1 667**

29. Accounts payable and other liabilities:

EUR 1,000	Notes	2015	2014
Current financial liabilities amortized at cost			
Accounts payable	31	5 030	6 110
Liabilities to associates		201	173
Advances received		341	491
Advances received from customers for percentage-of-completion projects	22	3 294	2 474
Accrued liabilities and deferred income			
Wages and salaries with related expenses		6 285	5 536
Social insurance contribution expense provision from previous years		712	792
Sales accruals		1 242	1 247
Rents		1 317	0
Interests		7	59
IT Services		50	3
Long-term bonuses of management		201	94
Other accrued expenses		1 294	1 217
Other current liabilities	31	4 864	8 198

Financial liabilities recognized at current fair value through profit or loss

Derivative contracts, hedge accounting not applied	35	107
Total accounts payable and other liabilities	**24 873**	**26 499**

The fair values of accounts payable and other liabilities are essentially equivalent to their carrying amounts. The discounting effect is not significant.

Current non-interest-bearing liabilities by currency	**2015**	**2014**
EUR	8 158	10 088
SEK	16 606	16 214
NOK	46	129
DKK	13	27
UAH	12	35
Other currencies	38	6
Total	**24 873**	**26 499**

30. Financial risk management

The Group is exposed to a number of financial risks in its normal business operations. The goal of the Group's risk management policy is to minimize the adverse effects of financial market movements on the Group's result. The main financial risks are currency and interest rate risks. Under the risk management policy, risks are managed through a risk management process. This process identifies the risks threatening operations, assesses and updates them, develops the appropriate risk management actions and regularly reports on risks to the Group management team and Board of Directors. Financial risk management is an integral part of the Group's risk management policy. Financial risks are divided in the Group as follows:

Currency risk

A significant proportion of the cash flow from the Group's operations is denominated in euros. Business outside the euro zone accounts for just over 60% of the net revenue and consists mainly of sales denominated in Swedish krona. No currency derivatives were open in the Group on the balance sheet date. The risk due to the translation of long-term foreign net investments was not hedged on the balance sheet date, December 31, 2015. According to the currency risk policy confirmed by Nordic Morning's Board of Directors, currency risks are monitored regularly and hedged when necessary.

The parent company's operating currency is the euro. The assets and liabilities of foreign subsidiaries, denominated in foreign currencies and translated into euros at the rate of the balance sheet date, are as follows. Exchange rate changes have been taken into account for the Swedish krona as the company operating in Ukraine is consolidated with the sub-group using SEK.

Nominal values **EUR 1,000**	**2015**	**2014**
Non-current assets	11 157	12 870
Non-current liabilities	2 205	2 788
Exchange rate changes in non-current items	223	-1 701
Current assets	20 748	16 143
Current liabilities	17 605	17 280
Exchange rate changes in current items	-25	215

Currency risk sensitivity analysis in accordance with IFRS 7
The table below shows the strengthening of the euro against the Swedish krona. The sensitivity analysis is based on the assets and liabilities denominated in foreign currencies on the balance sheet date.

EUR 1,000	2015	2014
Percentage of change	10 %	10 %
Effect on Group's profit after tax	56	-82
Effect on the Group's shareholders' equity	-1 249	-1 225

Interest rate risk
The Group's interest rate risk mainly comprises movements in market rates and margins affecting the loan portfolio. The effect of the interest rate risk on the Group's net profit was reduced by hedging with interest rate derivatives. The Group had a total of EUR 14.7 million (EUR 10.2 million) in interest-bearing debt from financial institutions on December 31, 2015. Interest rate risk has been reduced by using interest rate derivatives to convert variable rate loans to fixed rate loans. On the reporting date, 46% of debt was fixed rate debt, and the duration was 2.1. In analyzing the interest rate risk, a +1 percentage unit change in the interest rate is assumed. The effect of such a change over 12 months on the amount of variable rate debt prevailing on December 31, 2015, with all other factors remaining the same, is EUR -54 thousand (-67) on the Group's pre-tax profit.

Liquidity risk
The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. The Nordic Morning Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income, by maintaining a sufficient investment reserve and sufficient credit limit reserves and by evening out loan repayment schedules between different calendar years.

Despite the challenging market situation, the Group's liquidity remained good in 2015. The Group withdrew EUR 12.5 million in new short-term and long-term financing during the year to finance investments and maturing loans. At the end of the year, cash and cash equivalents totaled EUR 4.8 million (EUR 9.3 million on December 31, 2014), in addition to which the Group had confirmed credit limits of EUR 5.0 million and a consolidated account credit limit of EUR 6.3 million available for withdrawal.

Loan covenants are reported to investors semi-annually. During the 2015 financial year, the Group was able to meet all of the covenant terms of its loans relating to operating cash flow targets and the equity-to-assets ratio. The management regularly monitors the fulfillment of loan covenant terms. The Group's management has not identified any material liquidity risk concentrations in its financial assets or sources of finance. The liquidity risk is monitored constantly and liquidity forecasts are made regularly. The following table shows a maturity analysis based on agreements made.

EUR 1,000

Breakdown of maturities of financial liabilities 2015	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years
Financial liabilities	13 634	13 849	6 714	2 153	4 982
Finance lease liabilities	1 040	1 064	887	127	50
Accounts payable and other liabilities	24 838	24 838	24 838		
Maturity breakdown of derivative liabilities					
Interest rate derivatives, hedge accounting not applied	35	35	35		

Breakdown of maturities of financial liabilities 2014	Balance sheet value	Cash flow*	12 months or less	1–2 years	2–5 years	more than 5 years
Financial liabilities	8 543	8 661	6 059	1 367	1 145	90
Finance lease liabilities	1 667	1 731	733	711	287	0
Accounts payable and other liabilities	26 392	26 392	26 392			
Maturity breakdown of derivative liabilities						
Interest rate derivatives, hedge accounting not applied	107	107	107			

*Contractual cash flow from agreements cleared in gross amounts.

Credit risk
The Nordic Morning Group's credit risks relate to operating activities. The Group's credit risk policy defines the creditworthiness requirements for the Group's customers. The Group has no significant credit risk concentrations because, with the current business areas, it has a wide range of customers, and these are mainly divided between the two domestic markets of Finland and Sweden. The Group has seen no need to use credit insurance policies, letters of credit or bank guarantees provided by customers. The operating units are responsible for the credit risks related to operating activities, and all decisions on provisions and impairment losses are made by the Group on the basis of their assessments. The balance sheet values of sales receivables and other receivables best describe the cash sum that the receivables are expected to generate. The Group's total amount of credit risk corresponds to the carrying amount of financial assets at the end of the financial year. A list of the age distribution of sales receivables is presented in Note 23.

The table below shows the fair values of derivative contracts on the balance sheet date.

EUR 1,000	2015 Positive fair value	2015 Negative fair value	2015 Fair value, net	2014 Fair value, net
Interest rate swaps				
Maturity:				
in under one year	13	-48	-35	
Interest rate options				
Maturity:				
in under one year				107

31. Fair value of financial assets and liabilities

EUR 1,000	Note	Carrying value 2015	Fair value 2015	Carrying value 2014	Fair value 2014
Financial assets					
Other financial assets	19	451	451	413	413
Sales receivables and other receivables	23	24 339	24 339	20 337	20 337
Other current financial assets	19	164	164	107	107
Cash and cash equivalents	24	4 823	4 823	9 278	9 278
Financial liabilities					
Financial loans	28	13 634	13 355	8 543	8 376
Finance lease liabilities	28	1 040	1 040	1 667	1 667
Accounts payable and other liabilities	29	24 838	24 838	26 392	26 392
Financial liabilities recognized at fair value through profit or loss:					
Interest rate derivatives, hedge accounting not applied	29	35	35	107	107

Fair value determination principles applied by the Group on all financial instruments
When determining the fair values of the financial assets and liabilities shown in the table, the following price quotations, assumptions and measurement models have been used.

Financial assets, equity and fund investments and other investments
Financial assets consist of cash, demand deposits and other current, extremely liquid investments. Other financial assets comprise unlisted equity investments. Unlisted equity investments were measured at acquisition cost because it was not possible to measure them at fair value using the methods of measurement. There are no functional markets for unlisted equities and, for the time being, the Group has no intention of disposing of these investments. Other current financial assets comprise Finnish equities listed on the NASDAQ OMX Helsinki Stock Exchange and are measured at the price quotation on the reporting period's end date.

Derivatives
For derivatives, the measurement principle is counterparty price quotation.

Sales receivables and other receivables
The initial carrying amount of sales receivables corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the receivables.

Bank loans and financial lease liabilities
Financial liabilities are initially recognized at fair value. Subsequently, all financial liabilities are measured at amortized cost. The fair values of liabilities are based on discounted cash flows. The discount rate applied is the rate at which the Group could acquire corresponding loan funding externally at the reporting period's end date. Interest-bearing liabilities are as a rule tied to six-month market interest rates. Expenses arising from interest-bearing liabilities are recognized as liabilities during the financial period during which they arose.

Accounts payable and other liabilities
The initial carrying amount of accounts payable and other liabilities corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the liabilities.

Fair value hierarchy of financial assets and liabilities recognized at fair value

EUR 1,000	**Fair values on balance sheet date**		
Assets measured at fair value	**31.12.2015**	**Level 1**	**Level 2**
Available-for-sale financial assets			
Share investments	615	164	451
Liabilities measured at fair value			
Financial liabilities recognized at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	35		35

EUR 1,000	**Fair values on balance sheet date**		
Assets measured at fair value	**31.12.2014**	**Level 1**	**Level 2**
Available-for-sale financial assets			
Share investments	520	107	413
Liabilities measured at fair value			
Financial liabilities recognized at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	107		107

During the past financial year and the financial year before that, no transfers occurred between levels 1 and 2 of the fair value hierarchy.

Fair values of the hierarchy level 1 are based on the listed (unadjusted) prices of identical assets or liabilities in a well-functioning market. Fair values of the level 2 instruments are based to a significant extent on other input information than listed prices included in the level 1; however, they are based on information that can be determined for the asset or liability in question, either directly (i.e. as a price) or indirectly (i.e. derived from prices). For determining the fair value of these instruments, the Group utilises generally accepted measurement models, input information of which are, nevertheless, based to a significant extent on verifiable market information. Fair values of the level 3 instruments are based on input information concerning the asset or liability that is not based on observable market information (unobservable inputs).

Fair value hierarchy of financial assets and liabilities recognized at fair value, which are not recognized at fair value on the balance sheet but whose fair value is presented in the financial statements

EUR 1,000	**Fair values on balance sheet date**			
	31.12.2015	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Sales receivables and other receivables	24 339		24 339	
Financial liabilities:				
Bank loans	13 355			13 355
Finance lease liabilities	1 040		1 040	
Accounts payable and other liabilities	24 838		24 838	
Total	39 233		25 878	13 355

EUR 1,000	**Fair values on balance sheet date**			
	31.12.2014	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Sales receivables and other receivables	20 337		20 337	
Financial liabilities:				
Bank loans	8 376			8 376
Finance lease liabilities	1 667		1 667	
Accounts payable and other liabilities	26 392		26 392	
Total	**36 435**		**28 059**	**8 376**

32. Adjustments to cash flow from operating activities

Non-cash transactions

EUR 1,000	**2015**	**2014**
Depreciation and impairment	4 908	8 011
Adjustments to sales gains	-485	-4 611
Exchange rate differences	-115	234
Profit/loss at fair value through profit or loss from the measurement of recognizable assets and liabilities	-12	-3
Share of profit in associates	-124	-47
Total	**4 172**	**3 583**

33. Other leases

Group as the tenant

Minimum leases payable on the basis of non-cancellable operating leases

EUR 1,000	2015	2014
Within one year	3 769	3 206
Between one and five years	4 612	6 140
Total	**8 381**	**9 346**

The Group leases many of its office premises in Finland and Sweden. Production facilities in Finland are owned by the Group, while those in Sweden are leased from an associated company. The lengths of the leases are 3-5 years on average and normally include the possibility to continue the agreement after the original date of termination. Leases generally include an index clause. On November 27, 2015, Nordic Morning Plc signed a 10-year lease that will enter into effect if all of the conditions set for its entry into force are satisfied. For this reason, the lease in question has not been included in the above figures.

The 2015 income statement contains lease expenses for operating leases of EUR 4.4 million (EUR 3.3 million).

34. Contingent liabilities

Collateral and other contingent liabilities

EUR 1,000	2015	2014
Liabilities to credit institutions, secured by mortgages and pledges		
Liabilities to credit institutions	625	2 104
Corporate mortgages	2 002	500
Property mortgages	0	2 018
Pledged machinery and equipment	625	1 093
Mortgages given as security, total	**2 627**	**3 611**
Other collateral given on behalf of shareholders		
Property mortgages	82	0

Off-balance sheet financial liabilities

Real estate investments

The Group is obligated to review the VAT reductions made on real estate investments completed in the years 2008–2015, if the property’s taxable use decreases during the review period. The last review year is 2024. The maximum amount of the liability is EUR 210,350.85.

Disputes and legal proceedings

Four former employees of a Group subsidiary have contested the grounds of their termination in relation to the restructuring of the Campaigns & Dialogue business area. The cases are not pending at a court, and according to the Group's view, the cases are unlikely to have a significant effect on the Group's financial position.

35. Related party transactions

The Group's related parties include the parent company, subsidiaries and associate companies. Members of the company's management are also considered to be related parties (members of the Board and the Group Management Team).

The Group's parent company and subsidiary relationships are as follows

The company	Parent company's holding %	Sub-Group's parent company's holding %	Group's holding and votes, %
Parent company Nordic Morning Plc, Helsinki, Finland			
Edita Prima Oy, Helsinki, Finland	100 %		100 %
Edita Publishing Oy, Helsinki, Finland	100 %		100 %
Ottoboni Finland Oy, Helsinki, Finland	100 %		100 %
Seed Digital Media Oy, Helsinki, Finland	100 %		100 %
Sitrus Agency Oy, Helsinki, Finland	100 %		100 %
Real estate company Vantaan Hakamäenkuja, Vantaa, Finland	100 %		100 %
Ottoboni Sweden AB, Stockholm, Sweden	100 %		100 %
Klikkicom Oy, Helsinki*	100 %		100 %
Klikki AB, Stockholm, Sweden		100 %	100 %
Edita Västra Aros AB*, Stockholm, Sweden	100 %		100 %
Edita Bobergs AB, Falun, Sweden		50,2 %	67,2 %
Nordic Morning Sweden AB*, Stockholm, Sweden	100 %		100 %
Sitrus Agency AB, Stockholm, Sweden		100 %	100 %
Mods Graphic Studio AB, Stockholm, Sweden		100 %	100 %
Citat Robot AB, Stockholm, Sweden		100 %	100 %
Journalistgruppen, JG AB, Stockholm, Sweden		100 %	100 %
Sitrus Ukraine LLC, Kharkov, Ukraine		100 %	100 %

*Sub-Group's parent company

Sales of goods and services conducted with a related party are based on market prices. The group had not significant related party transactions outside the group during the financial year. A list of associated companies is presented in Note 18.

Related party transactions with associated companies

EUR 1,000	2015	2014
Sales of goods and services	187	28
Purchases of goods and services	664	468
Sales receivables, loan receivables and other receivables	17	4
Accounts payable	1 863	1 799

Employee benefits of management

More information on members of the Group Management Team and members of the Board of Directors can be found in the Group's annual report available online.

Salaries and fees

The Group had a long-term incentive program for management related to the financial years 2013–2015. The total provision at the end of the financial year 2015 amounted to EUR 144 thousand. The CEO's share of the provision is EUR 41 thousand, and that of other members of the Group Management Team is EUR 103 thousand. Long-term incentives have not been included in the figures presented below, as some of the provisions have already been recognized in previous financial periods.

EUR 1,000		**2015**	**2014**
Managing Director		260	260
Other members of the Group Management Team		975	828
Termination benefits		96	0
Group Management Team, total		**1 331**	**1 088**
Members of the Board			
Lystimäki Jussi	Chairman of the Board	43	35
Ronkainen Anni	Vice-Chairman of the Board	23	0
Brorman Carina	Member of the Board	35	29
Iso-Aho Maritta	Member of the Board	29	32
Vihervuori Petri	Member of the Board	30	32
Årneby Anne	Member of the Board	24	0
Björklund Persson Eva	former Member of the Board	9	28
Friman Kaj	former Member of the Board	16	50
Nordic Morning Plc's Board, total		**209**	**206**
Total		**1 540**	**1 294**

The agreed retirement age of the Managing Director of the parent company is 62 years. The annual payment for the defined contribution plan supplementary pension of the CEO was EUR 108,279 (76,651) in 2015, while that of the CFO was EUR 21,091 (13,692). The Managing Director and the members of the Board of Directors do not own any company shares, nor have they been granted any share options. The Managing Director and the members of the Board of Directors have not been granted any loans, and no collateral or contingent liabilities have been provided on their behalf.

36. Post-statement events

In the Group, there are no such substantial post-statement events, the non-disclosure of which might influence financial decisions made by the readers of the financial statements on the basis of the financial statements.

37. Breakdown of share ownership and information on shareholders

The Republic of Finland owns 100% of the shares of Nordic Morning Plc and the shares are administered by the ownership steering department of the Prime Minister's Office.

Consolidated key indicators

		IFRS 2015	IFRS 2014	IFRS 2013
Net revenue	k€	104 909	106 584	121 292
Exports and foreign operations %		61,9 %	59,1 %	57,5 %
Gross margin before non-recurring items	k€	61 259	55 582	60 912
% of net revenue		58,4 %	52,1 %	50,2 %
EBITDA before non-recurring items	k€	4 216	5 602	8 506
% of net revenue		4,0 %	5,3 %	7,0 %
Operating profit before non-recurring items	k€	-64	993	3 978
% of net revenue		-0,1 %	0,9 %	3,3 %
Operating profit/loss	k€	-224	3 370	4 025
% of net revenue		-0,2 %	3,2 %	3,3 %
Profit before taxes	k€	-356	3 419	4 045
% of net revenue		-0,3%	3,2 %	3,3 %
Profit for financial year	k€	-224	3 520	3 922
Return on equity (ROE), %	%	-0,6	9,6	11,5
Return on capital employed, %	%	-0,3	7,2	8,4
Equity-to-assets ratio (%)	%	48,6	51,4	42,2
Gearing (%)	%	28,1	2,5	17,0
Gross capital expenditure	k€	7 786	3 980	3 579
% of net revenue		7,4	3,7	3,0
Average number of employees		709	660	668
Earnings per share (EPS)	€	-0,02	0,68	0,66
Dividends per share	€	0,33	0,33	0,25
Equity per share	€	5,80	6,12	5,82
No. of shares, adjusted for share issue		6 000 000	6 000 000	6 000 000

Formulae for calculating key indicators

Return on equity (ROE), %

$$\frac{\text{Profit for financial year}}{\text{Shareholders' equity (average during the year)}}$$

Return on capital employed, %

$$\frac{\text{Profit before tax, interest, and other financial expenses}}{\text{Total assets — non-interest-bearing liabilities (average during the year)}}$$

Equity-to-assets ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Total assets — advances received}}$$

Gross margin

Operating income — variable cost

EBITDA

Operating profit — depreciation and impairment

Operating profit

Profit before tax and financial items

Undiluted EPS, EUR

$$\frac{\text{Profit for financial year attributable to parent company shareholders}}{\text{Average number of shares (adjusted for share issue)}}$$

Net gearing ratio, %

$$\frac{\text{Interest-bearing liabilities — cash and cash equivalents}}{\text{Shareholders' equity}}$$

Equity per share, EUR

$$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares on closing date}}$$

Dividends per share, EUR

Dividend per share approved by Annual General Meeting.
For the previous year, the proposal of the Board of Directors to the Annual General Meeting regarding the amount of dividends.

Parent company income statement (FAS) (EUR)

	Note	1.1.–31.12.2015	1.1.–31.12.2014
Net revenue	**2**	**3 281 439,91**	**3 544 309,20**
Other operating income	3	1 566 524,82	4 543 145,50
Personnel expenses	4	-2 737 746,93	-2 441 035,97
Depreciation and impairment	5	-777 098,84	-754 449,78
Other operating expenses	6	-2 360 092,23	-3 010 142,14
Operating profit		**-1 026 973,27**	**1 881 826,81**
Financial income and expenses	7	7 071 500,74	4 714 764,51
Profit/loss (-) before extraordinary items		**6 044 527,47**	**6 596 591,32**
Extraordinary items +/-	8	1 900 000,00	0,00
Profit/loss (-) before appropriations and taxes		**7 944 527,47**	**6 596 591,32**
Appropriations	9	152 675,41	46 398,98
Income taxes	10	-422,56	-422,56
Profit/loss (-) for the financial year		**8 096 780,32**	**6 642 567,74**

Parent company balance sheet (FAS) (EUR)

ASSETS	Note	31.12.2015	31.12.2014
NON-CURRENT ASSETS			
Intangible assets	11	133 104,26	91 886,75
Tangible assets	12	11 126 819,27	11 711 745,83
Investments in Group companies	13	71 490 657,28	66 811 108,71
Other investments	13	1 182 892,14	882 892,14
Total non-current assets		83 933 472,95	79 497 633,43
CURRENT ASSETS			
Current receivables	14	8 308 825,95	5 046 025,82
Financial securities	15	15 152,33	15 152,33
Cash and bank balances		3 685 503,17	7 955 885,02
Total current assets		12 009 481,45	13 017 063,17
Total assets		**95 942 954,40**	**92 514 696,60**

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31.12.2015	31.12.2014
SHAREHOLDERS' EQUITY	16		
Share capital		6 000 000,00	6 000 000,00
Legal reserve		25 869 610,34	25 869 610,34
Profit/loss (-) from previous years brought forward		23 676 062,58	19 033 494,84
Profit/loss (-) for the financial year		8 096 780,32	6 642 567,74
Shareholders' equity, total		63 642 453,24	57 545 672,92
ACCUMULATED APPROPRIATIONS	17	1 133 067,73	1 285 743,14
LIABILITIES			
Non-current liabilities	18	5 250 000,00	0,00
Current liabilities	19	25 917 433,43	33 683 280,54
Total liabilities		31 167 433,43	33 683 280,54
Liabilities total		**95 942 954,40**	**92 514 696,60**

Parent company cash flow statement (FAS) (EUR)

	1.1.–31.12.2015	1.1.–31.12.2014
Cash flow from operating activities		
Profit/loss (-) before extraordinary items	6 044 527,47	6 596 591,32
Adjustments:		
Planned depreciation and impairment	777 098,84	754 449,78
Unrealized exchange rate gains/losses	-18 788,81	-2 481,46
Other adjustments	-8 499 080,45	-1 358 915,13
Gains on disposal of fixed assets and other investments	0,00	-2 377 374,00
Financial income and expenses (+)	-7 071 500,74	-4 714 764,51
Change in working capital:		
Increase (+) decrease (-) in non-interest-bearing current trade receivables	-115 794,95	-46 712,20
Increase (+) decrease (-) in non-interest-bearing current liabilities	-457 215,54	-404 697,18
Interest paid	-251 960,02	-217 938,28
Dividends received	8 845 197,39	5 802 817,10
Interest received	80 752,88	127 037,35
Taxes paid	-422,56	-422,56
Cash flow from operating activities	**-667 186,49**	**4 157 590,23**
Cash flow from investing activities		
Investments in shares of subsidiaries	-7 119 805,57	-460 042,77
Investments in intangible and intangible assets	-233 389,79	-1 377 107,32
Income from investment transfers	0,00	3 198 000,00
Cash flow from investing activities	**-7 353 195,36**	**1 360 849,91**
Cash flow from financing activities		
Current loans withdrawn	5 000 000,00	0,00
Non-current loans withdrawn	7 500 000,00	0,00
Repayments on non-current borrowings	-6 450 000,00	-4 950 000,00
Capital loans	-300 000,00	-600 000,00
Dividends paid	-2 000 000,00	-1 500 000,00
Contributions received from subsidiaries	0,00	750 000,00
Cash flow from financing activities	**3 750 000,00**	**-6 300 000,00**
Change in cash and cash equivalents, increase (+)/decrease (-)	**-4 270 381,85**	**-781 559,86**
Cash and cash equivalents at January 1	7 955 885,03	8 737 444,89
Cash and cash equivalents at December 31	**3 685 503,18**	**7 955 885,03**

Notes to the Parent Company Financial Statements

1. Accounting Policies Applied to the Parent Company's Financial Statements (FAS)

Basic Information

Nordic Morning Plc is a Finnish public limited company domiciled in Helsinki and established in accordance with Finnish law. Nordic Morning Plc's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). Nordic Morning Plc is the parent company of the Nordic Morning Group. The consolidated financial statements have been drawn up in accordance with the latest IFRS regulations. As the accounting policies of the FAS and the IFRS are in most respects convergent in Nordic Morning Plc, a description of the most important accounting policies can be found in the accounting policies applied to the consolidated financial statements.

Non-current assets

Intangible and tangible assets are recognized in the balance sheet at original cost less planned depreciation. Planned depreciation is calculated from original acquisition values and estimated useful life. Land is not depreciated. The depreciation periods are as follows:

Buildings and structures	30 years
Machinery and equipment	4–15 years
Other non-current expenditure	4–5 years

Investments and receivables with an estimated life of over one year are presented under investments.

Any impairment requirement of non-current assets is reviewed annually and an impairment is recognized immediately when necessary.

Financial Assets

Cash and cash equivalents include cash in hand and at the bank, deposits of less than three months and other cash equivalents.

Shares and participations included in financial asset securities are measured at the lower of cost or market value.

Derivatives

Interest rate swaps used to convert the variable rates of the company's loans from financial institutions to fixed rates are recognized on the balance sheet at fair value. Interest rate swaps are defined for five years, until the end of the loan period.

Taxes

Income tax in the income statement is the tax on the year's profit/loss and tax adjustments from previous years. Deferred taxes are not recognized in the parent company's accounts.

Pension Plans

The statutory and individual pension insurance of parent company employees is arranged by external pension insurance companies.

Extraordinary Items

The parent company's extraordinary items include contributions received from subsidiaries.

Notes to the Parent Company Financial Statements (FAS) (EUR)

	31.12.2015	31.12.2014

2. Net revenue

By market area		
Finland	3 281 439,91	3 544 309,20

3. Other operating income

Profit from sales of non-current assets	0,00	3 156 591,00
Income from rent	245 121,82	237 447,80
Group-internal administrative services and Management Fee	1 317 759,68	1 146 348,20
Other	3 643,32	2 758,50
	1 566 524,82	4 543 145,50

4. Personnel

Personnel expenses		
Salaries and fees	-2 191 684,76	-1 979 367,90
Pension expenses and pension insurance contributions	-319 367,82	-309 302,00
Other personnel expenses	-226 694,35	-152 366,07
	-2 737 746,93	-2 441 035,97
Employees in the company during the financial year		
Employees on salary	31	30
Management salaries and fees		
Managing Directors	-260 175,89	-260 175,89
Members of the Board	-208 800,00	-205 800,00
	-468 975,89	-465 975,89

5. Depreciation and impairment

Depreciation on tangible and intangible assets	-777 098,84	-754 449,78

6. Other operating expenses

Rents	-90 869,96	-96 075,67
Other business premises expenses	-368 358,42	-378 812,72
Logistics	-3 176,76	-9 996,98
IT and data communications	-602 960,98	-584 715,77
Marketing and representation expenses	-262 261,97	-233 457,06
Other operating expenses	-1 032 464,14	-1 707 083,94
Other operating expenses, total	-2 360 092,23	-3 010 142,14
Auditor's fees		
Audit fees	-30 000,00	-30 000,00
Tax consultation	-26 638,70	-15 525,00
Other fees	-104 754,78	-5 000,00
	-161 393,48	-50 525,00

7. Financial income and expenses

Dividend income		
From Group companies	8 842 336,95	5 800 000,00
From others	2 860,44	2 817,10
	8 845 197,39	5 802 817,10
Other interest income		
From Group companies	49 200,61	50 670,14
From others	31 552,27	50 218,48
	80 752,88	100 888,62
Interest income and other financial income, total	8 925 950,27	5 903 705,72
Exchange rate gains and losses	-18 788,81	-2 481,46
Impairment and impairment refunds from non-current asset investments	-1 600 000,00	-900 000,00
Interest expenses		
To Group companies	-36 842,94	-79 020,51
To others	-193 777,78	-207 439,24
	-230 620,72	-286 459,75
Interest expenses and other financial expenses, total	-235 660,72	-286 459,75
Total financial income and expenses	7 071 500,74	4 714 764,51

8. Extraordinary Items

Extraordinary income		
Contributions received from subsidiaries	1 900 000,00	0,00

9. Appropriations

Difference between planned depreciation and depreciation made for taxation purposes	152 675,41	46 398,98

10. Notes on income taxes

Income taxes on extraordinary items	-380 000,00	0,00
Income tax on normal operations	379 577,44	-422,56
	-422,56	-422,56

Non-current assets

11. Intangible Assets

Intellectual property		
Acquisition cost, January 1	977 800,49	914 923,69
+ Increases	50 512,95	62 876,80
Acquisition cost, December 31	1 028 313,44	977 800,49
Accumulated depreciation, January 1	885 913,74	855 041,65
+ Depreciation for the year	34 435,75	30 872,09
Accumulated depreciation, December 31	920 349,49	885 913,74
Carrying amount, December 31	107 963,95	91 886,75
Intangible assets, total		
Acquisition cost, January 1	977 800,49	914 923,69
+ Increases	50 512,95	62 876,80
Acquisition cost, December 31	1 028 313,44	977 800,49
Accumulated depreciation, January 1	885 913,74	855 041,65
+ Depreciation for the year	34 435,75	30 872,09
Accumulated depreciation, December 31	920 349,49	885 913,74
Carrying amount, December 31	107 963,95	91 886,75

12. Tangible assets

Land areas		
Acquisition cost, January 1	5 065 951,43	5 886 577,43
- Decreases	0,00	-820 626,00
Acquisition cost, December 31	5 065 951,43	5 065 951,43
Carrying amount, December 31	5 065 951,43	5 065 951,43
Buildings and structures		
Acquisition cost, January 1	16 463 384,31	15 151 683,79
+ Increases	122 868,61	1 311 700,52
Acquisition cost, December 31	16 586 252,92	16 463 384,31
Accumulated depreciation, January 1	10 352 280,17	9 775 284,32
+ Depreciation for the year	625 807,51	576 995,85
Accumulated depreciation, December 31	10 978 087,68	10 352 280,17
Carrying amount, December 31	5 608 165,24	6 111 104,14
Machinery and equipment		
Acquisition cost, January 1	2 611 033,57	2 608 503,57
+ Increases	34 867,92	2 530,00
Acquisition cost, December 31	2 645 901,49	2 611 033,57
Accumulated depreciation, January 1	2 076 343,31	1 929 761,47
+ Depreciation for the year	116 855,58	146 581,84
Accumulated depreciation, December 31	2 193 198,89	2 076 343,31
Carrying amount, December 31	452 702,60	534 690,26
Tangible assets, total		
Acquisition cost, January 1	24 140 369,31	23 646 764,79
+ Increases	157 736,53	1 314 230,52
Acquisition cost, December 31	24 298 105,84	24 140 369,31
Accumulated depreciation, January 1	12 428 623,48	11 705 045,79
+ Depreciation for the year	742 663,09	723 577,69
Accumulated depreciation, December 31	13 171 286,57	12 428 623,48
Carrying amount, December 31	11 126 819,27	11 711 745,83
Of the carrying amount, December 31		
Share of machinery and equipment in production	452 702,60	534 690,26

13. Investments

Share in Group companies, January 1	66 811 108,71	67 073 526,42
+ Increases	6 657 256,73	992 092,21
- Decreases	-377 708,16	-654 509,92
- Impairment	-1 600 000,00	-600 000,00
Total, December 31	71 490 657,28	66 811 108,71
Other shares and holdings, January 1	412 892,14	412 892,14
Total, December 31	412 892,14	412 892,14
Loan receivables from Group companies, January 1	470 000,00	170 000,00
+ Increases	300 000,00	600 000,00
- Decreases	0,00	-300 000,00
Total, December 31	770 000,00	470 000,00

Parent company's holdings in subsidiaries December 31, 2015

Company and domicile	Holding %	Votes %
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
Sitrus Agency Oy, Helsinki	100 %	100 %
Ottoboni Finland Oy, Helsinki	100 %	100 %
Klikkicom Oy, Helsinki	100 %	100 %
Real estate company Vantaan Hakamäenkuja, Vantaa	100 %	100 %
Seed Digital Media Oy, Helsinki	100 %	100 %
Edita Västra Aros AB, Stockholm, Sweden	100 %	100 %
Nordic Morning AB, Stockholm, Sweden	100 %	100 %
Ottoboni Sweden AB, Stockholm, Sweden	100 %	100 %

14. Receivables

Receivables from Group companies		
Sales receivables	45 131,68	47 967,62
Loan receivables	6 154 451,98	4 907 446,80
Contributions from subsidiaries	1 900 000,00	0,00
Prepaid expenses and accrued income	61 269,24	32 917,87
	8 160 852,90	4 988 332,29
Prepaid expenses and accrued income		
Social security expense accruals	13 978,00	9 145,91
Rents	0,00	4 592,90
IT expenses accruals	37 726,46	19 351,83
Other	96 268,59	20 941,51
	147 973,05	54 032,15
Receivables, total	8 308 825,95	5 046 025,82

15. Financial securities

Replacement value	75 491,93	51 834,64
Carrying amount	15 152,33	15 152,33
Difference	60 339,60	36 682,31

16. Shareholders' equity

Share capital, January 1	6 000 000,00	6 000 000,00
Share capital, December 31	6 000 000,00	6 000 000,00
Legal reserve, January 1	25 869 610,34	25 869 610,34
Legal reserve, December 31	25 869 610,34	25 869 610,34
Profit/loss from previous years brought forward, January 1	25 676 062,58	20 533 494,84
Dividend distribution	-2 000 000,00	-1 500 000,00
Profit/loss from previous years brought forward, December 31	23 676 062,58	19 033 494,84
Profit/loss (-) for the financial year	8 096 780,32	6 642 567,74
Total shareholders' equity	63 642 453,24	57 545 672,92
Funds at the disposal of the Annual General Meeting, December 31		
Profit/Loss from previous years brought forward	23 676 062,58	19 033 494,84
Profit/loss (-) for the financial year	8 096 780,32	6 642 567,74
	31 772 842,90	25 676 062,58

The parent company had distributable funds of EUR 31,772,842.90 on December 31, 2015.

The company has 6,000,000 shares. The share has no nominal value. All shares are associated with equal voting rights and equal entitlement to dividends.

17. Accumulated appropriations

Accumulated excess depreciation	1 133 067,73	1 285 743,14

18. Non-current liabilities

Liabilities to credit institutions	5 250 000,00	0,00

19. Current liabilities

Liabilities to credit institutions	6 500 000,00	5 700 000,00
Accounts payable	231 879,11	214 170,83
	6 731 879,11	5 914 170,83
Liabilities to Group companies		
Loans	18 258 204,96	25 510 280,23
Accounts payable	22 347,47	85 292,68
	18 280 552,43	25 595 572,91
Other current liabilities	208 539,30	1 482 072,50
Accrued liabilities and deferred income		
Wages and salaries with related expenses	367 185,31	327 760,56
Social insurance contribution expense provision	1 388,91	851,80
Interests	6 090,00	57 663,30
Interest rate swaps	35 274,00	0,00
Long-term bonuses of management	110 000,00	94 000,00
Other	176 524,37	210 513,48
	696 462,59	691 464,30
Current liabilities, total	25 917 433,43	33 683 280,54
Interest-bearing liabilities		
Non-current	5 250 000,00	0,00
Current	24 758 204,96	31 210 280,23
	30 008 204,96	31 210 280,23
Non-interest-bearing liabilities		
Current	1 159 228,47	2 473 000,31

20. Contingent liabilities

Amounts payable under leasing agreements		
Due for payment in the next financial year	45 545,43	47 283,60
Due for payment later	42 930,84	21 661,77
	88 476,27	68 945,37
Guarantees given on behalf of Group companies	674 683,06	0,00
Amounts payable under rent agreements		
Due for payment in the next financial year	133 904,00	0,00
Due for payment later	120 238,00	0,00
	254 142,00	0,00

On November 27, 2015, Nordic Morning Plc signed a 10-year lease that will enter into effect if all of the conditions set for its entry into force are satisfied.

Off-balance sheet financial liabilities
Real estate investments
The company is obligated to review the VAT reductions made on real estate investments completed in the years 2008–2015, if the property's taxable use decreases during the review period. The last review year is 2024. The maximum amount of the liability is EUR 210,350.85.

21. Derivative agreements

Interest rate options		
Fair value	0,00	-106 869,88
Interest rate swaps		
Fair value	-35 274,00	0,00
Underlying security	6 750 000,00	0,00

The interest rate swaps in effect at the end of the reporting period are used to hedge the interest rate risk of a variable rate bank loan. The contracts mature in the financial year beginning on January 1, 2020.

List of accounting books and document types consulted and their method of storage

Document types consulted:

2 Accounts receivable payments, paper copy	Electronic
3 Accounts receivable payments, computerized	Electronic
5 Purchase invoices	Electronic
6 Other purchase invoices (Basware)	Hard copy
7 Payslips	Hard copy
8 Memo vouchers	Hard copy
9 Invoices	Electronic
10 Invoices	Electronic
12 Credit note allocation	Electronic
15 Holiday pay reserve	Hard copy
17 Travel expenses	Electronic
39 Additional invoicing	Electronic

Accounting books consulted:

Daily cash books	Electronic
Fixed assets register	Electronic
Accounts receivable ledger	Electronic
Accounts payable ledger	Electronic
Wage slips	Electronic
Pay sheets	Electronic
Payroll	Electronic
Book of first entry	Electronic
Book of final entry	Electronic
Supporting schedules	Hard copy
Annual accounts book	Bound copy

Accounting materials archived pursuant to Ministry of Trade and Industry decision 47/1998 are stored electronically on a server maintained by Ficolo Oy (1574703-5), located in Ulvila, Finland. Data storage media intended for permanent archival and their contents are described in a separate description contained on a compact disc in connection with the book of first entry and the book of final entry.
Other accounting materials are stored at the company’s premises.

Signing of financial statements and Board of Directors' report

Helsinki, February 12, 2016

Jussi Lystimäki
Chairman of the Board

Anni Ronkainen
Vice Chairman of the Board

Maritta Iso-Aho

Petri Vihervuori

Carina Brorman

Anne Årneby

Timo Lepistö
CEO

Auditor's statement

A report has been issued today on the audit performed by us.

Helsinki, February 12, 2016

KPMG Oy
APA member

Minna Riihimäki
Authorized Public Accountant